



Agenda

CITY OF SANTA FE AUDIT COMMITTEE MEETING
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM
Wednesday, October 8, 2014 - 2:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES:
 - Wednesday September 10, 2014.
5. CAFR AND OTHER FINANCIAL AUDIT(S) UPDATE:
 - Report from External Auditors - Update on Timeline and Benchmarks;
 - Report from Finance – Update on Timeline and Benchmarks;
 - Final Accounting Promised to POSAC;
 - Status of S.T.O.P. audit and False Alarm reporting.
6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:
 - Quarterly Investment Report from Helene Hausman;
 - Status of Audits (Internal Audit);
 - ITT Follow-Up Audit;
 - Public Utilities Audit.
7. SUB-COMMITTEE REPORTS:
 - External Audit Subcommittee;
 - Status of Review of City's Financial Reports;
 - Internal Audit Subcommittee.
 - Amend Audit Plan to include actuals for 1st quarter
8. UNFINISHED BUSINESS
 - Park Bond Audit – contract has been signed, and is with the City Clerk's Office;
 - Fraud and Abuse Hotline – Vendor Selected – in the process of negotiating the contract;
 - Review and Discussion of Ordinance Duties (No. 2013-35);
 - Review and Discussion of *Rules and Procedures for City Committees*
9. NEW BUSINESS
 - Update on tracking of audit findings;
 - (11) AAA Findings Cleared;
 - (4) FMO Transit Findings Cleared – Pending – i.e. management has sent everything in to clear the findings, this has been acknowledged by Grantor, but not officially cleared;
 - New Format for Agenda;
10. OTHER MATTERS FROM THE COMMITTEE
11. ITEMS TO REPORT TO THE CITY MANAGER
12. NEXT MEETING DATE:
 - Next meeting scheduled – November 5, 2014
13. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

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MINUTES OF THE
CITY OF SANTA FÉ
AUDIT COMMITTEE

October 8, 2014
2:00 p.m. – 4:00 p.m.

1. CALL TO ORDER

A regular meeting of the City of Santa Fé Audit Committee was called to order by Mr. Clark de Schweinitz, Chair on this date at approximately 2:09 p.m. in the Convention Center Administrative Conference Room, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Clark de Schweinitz, Chair
Hazeldine Romero, Vice Chair [arriving later]
Cheryl Pick-Sommer
Marc A. Tupler [arriving later]
Loretta Valencia

Members Absent:

Others Attending:

Liza Kerr, Internal Auditor
Teresita Garcia, Finance Department
Helene Hausman, Investment Officer.
Carl Boaz, Stenographer
Morgan Browning, Auditor
Bette Booth, POSAC Chair
Anna Hansen, POSAC

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Audit Committee packet is on file in the Finance Department.

Chair de Schweinitz asked everyone to introduce themselves to the group and they did.

3. APPROVAL OF AGENDA

Chair de Schweinitz requested a change to the agenda to consider the CAFR report first, then the Investment Quarterly Report by Ms. Hausman and then the Park Bond Audit and POSAC.

Ms. Pick-Sommer moved to approve the agenda as amended. Ms. Valencia seconded the motion and it passed by unanimous voice vote. Mr. Tupler and Ms. Romero were not present for the vote.

4. APPROVAL OF MINUTES

- **September 10, 2014**

Approval of the minutes was delayed until later in the meeting when all members were present.

5. CAFR AND OTHER FINANCIAL AUDIT(S) UPDATE:

a. Report from External Auditors - Update on Timeline and Benchmarks;

Ms. Garcia reported that the packet had the listing of the present status. The Trial Balance was submitted and ready for the Financial Statements.

Mr. Morgan Browning said the Trial Balance will be completed by October 15th. They have finished most of the capital assets and this week they focused on risk management and a little punch list. The statement prep is already begun which is encouraging, and they had a good handle on the rest.

Chair de Schweinitz asked what the next major step is.

Mr. Browning said the final trial balance is next and making sure it ties to City's Trial Balance to support the auditor's opinion. Ms. Garcia will have a timeline for them on what is posted and what is yet to be posted. We have good communication and the whole Finance Department gets involved putting the statements together with each having their own section to do. Mr. Browning was helping out to catch things beforehand and do what he could to expedite it.

Mr. Tupler joined the meeting and Chair de Schweinitz explained the changes in the agenda.

Ms. Valencia asked if once Mr. Browning had all of the adjusting entries the City required if he saw a needed adjustment whether it would be the auditor's task or the city's task.

Mr. Browning said it would be his. Usually the quality control process is not yet done on Ms. Garcia's end. There is an element of judgment but he didn't anticipate many adjustments.

Ms. Garcia said they usually come in with the statements. After further review, maybe not all entries are made and there might be an account receivable change between two entries to record it in the correct fund.

Ms. Valencia understood the City might have adjusting journal entries (AJEs) after October 15th. Ms. Garcia agreed.

Ms. Kerr asked what the final date was for AJEs.

Ms. Garcia said it was when they get through them.

Ms. Kerr recalled the date was set at November 1.

Ms. Garcia said if it is material enough, they could go to December. The State Auditor requires the City to do the adjustments until the date we issue statements and include that in the letter to the Auditor, e.g., if we didn't catch one.

Ms. Romero arrived at 2:30.

Mr. Browning explained that the City is so big that when they are auditing at a detail level they can't see something wrong so Ms. Garcia catches most of them when the statements are put together.

Ms. Kerr referred to item O on the third to last page and asked if they had received those yet.

Ms. Garcia said that was part of the financial statement so that was given when we did the presentations.

Ms. Kerr asked if reconciliation was presentations. Ms. Garcia agreed.

Ms. Kerr was curious about the date of final budget adjustments being set at 7/15 and they didn't have that yet.

Ms. Garcia affirmed that it was complete. Mr. Browning agreed.

Mr. Browning said the budget is done and the budget to actual for compliance is being finished, making sure it was a balanced budget. That is part of CAFR process. They have all their adjustments to DFA for BARs. He could see them in the system.

Ms. Kerr noted on the last page nothing has been filled out yet - nor the fund balance on the previous page.

Ms. Garcia said that was part of the Financial Statement.

Ms. Kerr reasoned that the dates are wrong. The City hasn't sent out confirmations.

Mr. Browning said the auditor sends those out.

Ms. Garcia agreed. This was the last year the City was required to send out confirmations.

Mr. Browning said he had sent off many confirmations already.

Ms. Kerr understood but it just isn't marked off.

Ms. Garcia said this auditor doesn't require the City to sign those like the previous auditors.

Ms. Valencia said at last month's meeting, Erica explained this to the Committee and that you used an internal tool that was developed under Atkinson. One question the Committee had was on the chart "Completed Date by City" and were told that if it was not a current date or had no date, it still had to be done.

Ms. Garcia said she was only working part time at present so she hadn't reviewed it. She said when the staff hands it off, it is ready for the auditors. Some of these are out of her control. It is just a mechanism for the City - to determine what is lacking. The previous auditor required that but this one doesn't. She agreed to clean it up for the next meeting. Most of these are at a point of completion.

Ms. Kerr asked then, if both Ms. Garcia and Mr. Browning were saying there were no problems or delays from finishing this one time. Mr. Browning agreed.

Chair de Schweinitz said the Committee got email from Patrick Lucero about staff being included in the CAFR.

Mr. Browning as soon as Ms. Garcia decides how to handle it, he would do a risk analysis on it and determine how to handle it.

Ms. Garcia said right now the Council has decided to not go forward with the contracting stuff. Based on that decision, she would go back and evaluate whether or not to include it. We just need to make sure we don't mis-state the revenues and expenditures in the financial statements for the year. She agreed to discuss it further with Ms. Kerr.

b. Report from Finance – Update on Timeline and Benchmarks;

This item was considered as part of the CAFR report.

Ms. Garcia's document is called Audit Benchmarking and Time line - Exhibit 1.

Chair de Schweinitz thanked Mr. Browning for coming and he was excused from the meeting.

c. Final Accounting Promised to POSAC;

Chair de Schweinitz said he was lost about what was promised to POSAC and asked whoever knew to speak up.

Ms. Kerr recapped the status that they selected a vendor and were still in the contract signing phase so she could not release the name of the contractor. Everyone had signed it except for Ms. Garcia. When that signature is done would determine the start date. Part of the issue with POSAC and the audit was that Accounting had said six months ago that they would have the final accounting ready by September 1. But circumstances beyond our control were impacting that.

Ms. Garcia said she assumed both the City Manager and the previous Finance Director had determined where the funding would come from for the audit but they didn't identify the source. Her responsibility was to assure the funding was identified for it. So she talked with Mr. Snyder and he didn't remember identifying the source. Consequently, she had to get a budget adjustment request approval to increase the budget for this. She asked if it should come under the realm of Internal Auditor. She would ask Mr. Snyder to make that decision. But right now she had to get authorized funding for it to move forward.

Ms. Romero asked when that would likely happen.

Ms. Garcia said it would be within the next two weeks.

Chair de Schweinitz asked if there wasn't funding identified if the contracting wouldn't happen.

Ms. Garcia said there is a directive to include it so they will find the money. It was just due to lack of a Finance Director and she didn't know where the identification of funds stopped. Probably it would have to be pulled out of cash balance in the General Fund and need to make sure that it didn't jeopardize the one twelfth minimum balance for the State.

Ms. Valencia asked how much the contract cost was.

Ms. Garcia said it was under \$50,000 so Mr. Snyder could sign off on it.

Mr. Tupler asked if anything else was holding it up.

Ms. Garcia said no, but she couldn't sign it if she didn't have budget for it.

Ms. Kerr said time was an issue. There was no Finance Director and Ms. Garcia has been sick. They can finish it if they can start by November 1. Otherwise it will have to wait to 1/1/2015.

Mr. Tupler asked if there was any way to expedite it since time was of the essence.

Ms. Garcia said one problem was that they were using the same staff people to do those audits as well as their regular duties and also preparing the Financial Statements. Adding a third audit on top of that meant she didn't have enough staff for that, plus requests for holidays. And the City Manager requires them to use their leave or lose it because he will not allow them to roll it over. So adding the Park Bond Audit will jeopardize the conclusion of this audit. Right now the CAFR is top priority.

Ms. Kerr said she had talked to the vendor about the start date and he agreed to change the date to November 1. She wasn't sure he could change it again.

Mr. Tupler said the Park Bond Audit may be at risk then.

Ms. Valencia asked who required it.

Ms. Hansen said City Council required it.

Ms. Valencia asked at what meeting they made that decision.

Ms. Garcia said it went to Finance and was a Council resolution asking for this audit. Events have happened since then. The City Manager retired who knew more about the distribution. There were two Park Supervisors taking control of the Bond who since retired. The Office Manager who kept the time sheets has resigned. The only stable staffing is Finance and Payroll. If the staffing had remained consistent, we could have done it. But the only people who have understanding of the Park Bond are in Finance.

Ms. Valencia said the City Manager is aware of that and he has to report to the Finance Committee. Ms. Garcia agreed.

Ms. Kerr agreed to send the resolution to Ms. Valencia. The resolution assigned the task to Ms. Kerr.

Mr. Tupler suggested that Plan A might still work but the vendor might think it could be done but staff thought not.

Ms. Kerr said if the vendor would be able to start 1/1/ 15 then it would go to March 31, 2015.

Ms. Hansen asked if Plan B is 1/1/15 to 3/31/15.

Ms. Garcia said that was not what was first decided.

Ms. Kerr added that the contractor is a public firm so they will be busy at the first of the year with other work.

Ms. Garcia said the deadline for using leave time is December 31 so January 1 would probably be the best time.

Ms. Valencia asked if Ms. Kerr would discuss this with the City Manager tomorrow.

Ms. Kerr said she would and she would update the Internal Sub-committee and POSAC as well as this Committee.

Ms. Hansen asked if with Plan B the audit could start sooner if they get into a crunch and if the final accounting was done or was something they were still waiting for.

Ms. Garcia thought the final accounting could probably be done as they were finishing the CAFR audit.

Ms. Kerr said the final accounting has not been started yet and this is October.

Ms. Garcia said it is audited numbers so it would just add another year of auditing numbers.

Ms. Booth said we've talked about it before and the format of final accounting is the big question. What we heard last time was a promise that we would be showed a sample of what final accounting would look like. That is what POSAC had been asking for all along. This is what it said would be done in the Master Plan that Council approved in the resolution. "This is how much money was spent and what was actually done." What started this need for an audit was that POSAC began getting reports on accomplishments including some very odd things. Ms. Hansen, as Chair, called for a financial accounting over a year ago.

Ms. Kerr said she would bring that to Mr. Snyder tomorrow. She asked if they could even get a sample.

Ms. Garcia said she lost a whole month of work and the loss of the Finance Director made it worse. And we have critical things to deal with now so she was working with what was critical. She would rather have organized audit complete rather than dumping information with the auditor. With loss of staff, it is fragmented. She offered to go back and get that one fund and present a report.

Ms. Kerr said that would be very helpful.

Ms. Valencia asked if that fund was still active.

Ms. Booth said it has remaining funds that are committed but frozen.

Ms. Garcia said there were adjustments to be made.

Ms. Hansen said the only thing moving forward is the St. Francis underpass and that is the only thing that could possibly move forward. No reallocations have taken place until the audit is done.

Mr. Tupler asked who froze it.

Ms. Booth said the reallocation is frozen and won't be reallocated until after the audit.

Ms. Garcia said the money was divided between trails and parks and the trails projects are still moving forward but the money from the Park Bond has not been reallocated. They will audit to know that each park is complete and funds left could then be reallocated.

The questions are: 1) Were the funds used correctly? 2) Were the projects done that were approved? 3) Is there money left to reallocate?

The last report she saw had a \$5,000 difference and they found that \$200,000 came from the Water Company.

So they were able to identify that funding source but she couldn't tell the Committee now where it is at. She hadn't looked at it.

Mr. Tupler asked if that was commingled with the General Fund or if there was a separate Park Bond account.

Ms. Garcia said each park has its own fund with its own fund number. The physical dollars were not just sitting there waiting but all is accounted for.

Ms. Kerr offered to meet with Ms. Valencia and go over what had transpired.

Ms. Booth said POSAC asked for who actually got paid out of the bond.

Ms. Garcia said that will be included as information given - payroll and allocation from the payroll time sheets. Actual names probably won't be in the report but would be in the auditor's documentation.

Ms. Booth asked how the auditors would know who was a regular employee (parks maintenance staff) and who wasn't.

Ms. Garcia didn't know what the scope of the audit was so she couldn't answer that. But she would provide the information to the auditor.

Chair de Schweinitz asked if Plan B was having Ms. Kerr do the audit.

Ms. Garcia said no.

Ms. Kerr said her role in Plan B would be to change the delivery date and would have to ask permission from Council to change it.

Chair de Schweinitz asked if that leave time required would affect the CAFR.

Ms. Garcia said it would not. Most of the audit work is done and she had backup staff to do that. She briefly explained the leave time accrual policy that was enforced when Mr. Romero came on as City Manager.

d. Status of S.T.O.P. audit and False Alarm reporting.

This item was considered as part of Unfinished Business later in the meeting.

6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:

a. Quarterly Investment Report from Ms. Helene Hausman;

Ms. Hausman referred to her printed report [attached as Exhibit 2].

She said this report is as of June 30th and a little longer report. There were a lot of changes in financial markets and the way she handled City investments. Cash was kept higher because they couldn't get more return than a savings account for two years out.

The City had \$38 million debt that was repaid. That gap in short-term securities had everything to do with the market.

The strategy she used a couple of years ago has changed, using callable bonds and could reinvest for lot of things. So they didn't lose anything but this year the market changed - increasing rate bonds are mostly gone and back interest less callable bonds - go to maturity.

Everything was bought for specific laddering and now the City was finally moving back to that stability. It takes a whole lot less time this way. In the back of the report was the strategy used and had the basic guidelines. The City ended the year with 0.54% on the portfolio and it has gone up and down.

She referred to the tables on page 4 of portfolio by maturity and assumed they wouldn't get called early. In April they had \$11 million and in June had \$87 million because the debt service got paid.

Ms. Garcia said there was a critical need for a new bond issue now. And with new requirements of underwriters the City has to do more justification on them.

Ms. Hausman briefly explained who the bond raters changed their rules to do annual updates and much more detailed.

Ms. Garcia said that update had all kinds of information and went well. They held the City's ratings where they were at AA+, one step below AAA. They identified what we needed to look like and included how the City deals with cash. We haven't laid off staff or curtailed services. But we've done it by using cash balances. They are doing a 3- year comparison and only gave us a few days to do it.

Ms. Hausman said the bond raters want the City to change how we use cash balances. They want us to use other tools like how important it is to do this project this year. So it would take more time. She also had the problem with regulation of underwriters and had to be clear about keeping them at arm's reach. The SEC passed some highly contested rules about self- reporting for continuing disclosure items. It has gotten far more complex to do and she wanted to ask that it be contracted out.

She asked to change the report date to April so she could get it off of the audit time line.

Ms. Garcia pointed out that municipal bond market was short so the City's bonds were snapped up and the City did very well issuing them in August and September but it is much more work to do.

Ms. Hausman said it put a bigger burden on Public Works for how they keep track of things in the new requirements of the IRS code.

Chair de Schweinitz asked if the debt policy was completed.

Ms. Hausman said it was and agreed to send it to Ms. Kerr so she could distribute it to the Committee.

Chair de Schweinitz thanked her for the report.

Ms. Hausman was excused from the meeting.

7. SUB-COMMITTEE REPORTS:

a. External Audit Subcommittee;

- **Status of Review of City's Financial Reports;**

Ms. Romero said she had called Ms. Garcia several times for these reports.

Ms. Garcia said she would do them ASAP.

Ms. Romero asked if they could have them by the November meeting.

Ms. Garcia agreed. She said she was going to take one section of special revenue and roll it up to the CAFR as much as she could and then report on all funds and be able to break it out. There are lots of misleading items like the bond issue - when we budget and then don't spend anything - it is a very positive basis until paid.

She was going to prepare something on a temporary basis but wanted to make sure we don't misinterpret it. What is important are the names of the reports and definition of them so that third party people don't misinterpret those reports. It became very confusing to them because of misinterpreting what the report is.

Ms. Valencia explained the sub-committee was trying to zero on which type of report they could present to the Committee and follow the ordinance.

Ms. Garcia didn't know what kind of report that was.

Ms. Kerr asked Ms. Garcia if she didn't book accruals on a monthly basis.

Ms. Garcia said she didn't. The only one was Utilities. It was not worth the time and energy and the City budgeted on a cash basis. Most of the department managers are doing it on a cash basis.

Ms. Kerr said that seemed unusual.

Ms. Garcia said most cities don't even know the difference between cash and accrual basis. We do the accruals on June 29th. The managers are using it correctly.

Ms. Valencia asked if she booked interest on a monthly basis.

Ms. Garcia said it was done on a quarterly basis.

Ms. Valencia explained that once the Audit Committee understands Ms. Garcia's system, we can make our reports work.

Ms. Kerr asked if she booked expenditures on a monthly basis.

Ms. Garcia said expenditures were booked as they were paid.

Ms. Valencia asked if the federal revenue was by reimbursement.

Ms. Garcia agreed but the departments don't know how to treat receivables.

Ms. Kerr concluded that they wouldn't have Accounts Receivable on the report.

Ms. Garcia agreed. If they did accruals they would always be two months behind.

Ms. Pick-Sommer asked how she reported to the Finance Committee.

Ms. Garcia said she included GRT and Lodgers' revenue only and the Finance Committee looks at overall instead of specific funds. She briefly explained how the system worked in their reporting to Finance.

Mr. Tupler agreed that was easier but it doesn't show an accurate picture until the end of the year.

Ms. Garcia agreed.

Mr. Tupler asked about the Finance Director status.

Ms. Garcia said the City says there is no update.

Mr. Tupler said there had to be candidates out there.

Ms. Garcia said Mr. Snyder is looking for a stable finance director that is not close to retirement. He is under pressure to find someone but hampered by the approved salary range and someone with local government experience.

Ms. Kerr pointed out that the savings from no Finance Director salary would almost cover the Parks bond audit costs.

Mr. Tupler said they had to get the position filled soon.

Ms. Kerr said Mr. Snyder thought it was better to have the right person and in the long range that will pay off.

Chair de Schweinitz thanked Ms. Garcia for attending. Ms. Garcia departed the meeting at 3:45.

4. APPROVAL OF MINUTES

- **September 10, 2014**

Ms. Valencia requested the following changes to the minutes:

On page 4, third paragraph, it should say, "Ms. Valencia said it should say..."

On page 6, fourth paragraph, "completed city" should be capitalized.

On page 8, third paragraph, "issued audits" should be capitalized.

On page 10, first paragraph, the quotation marks should be removed.

On page 10, seventh paragraph, "get behind" should be "gets behind."

Ms. Romero moved to approve the minutes of September 10, 2014 as amended. Ms. Pick-Sommer seconded the motion and it passed by unanimous voice vote.

The Committee went back to Status of Audits.

6. STATUS REPORT FROM CITY OF SANTA FE, AUDIT & FINANCE DEPARTMENTS:

b. Status of Audits (Internal Audit);

Ms. Kerr said she got good suggestions from Ms. Valencia and provided colored reports for the Committee [attached to the minutes as exhibits]. She added a field on open findings and would try to keep track of it. She explained she had to do them manually.

Ms. Valencia wanted a 4-year history.

Mr. Tupler said the Committee followed it through and once it falls off she should file it.

Ms. Kerr said it had been suggested that she would keep it on the report if it has open findings.

Mr. Tupler agreed on that and asked to put the due date on it as separate field and change criteria to greater than zero on it if it had open findings.

Ms. Pick-Sommer noted there were 18 findings from the 2011 audit.

Ms. Kerr agreed and there were nine for Parking and required a full-blown audit. Once ITT and Public Utilities were done she would get that done.

Ms. Kerr described the format changes. She has been deleting last month's comments but agreed to include them with a date.

Ms. Pick-Sommer said it seem that the Park Bond Audit has problems because of the way the City handles the transactions.

Ms. Kerr agreed and it is endemic. Financial statements should use the standard format. Ms. Garcia had first told them that the final accounting for Park Bond would be completed by August 1 and had said that in May. And she still didn't have an example done. She was concerned that it would keep being pushed out later and later and she would talk with Mr. Snyder about it.

Mr. Tupler was concerned because the press was involved and they needed to make sure it didn't look like the City was just stalling.

Ms. Kerr agreed. They needed to make a strong stand on this one.

The Committee members agreed.

Ms. Romero found it surprising that the financial report wasn't being provided to the Finance Committee. She thought that might be why the Audit Committee had to look at it because no one else was.

Ms. Pick-Sommer pointed out that oversight was impossible without having the information.

The Committee discussed the processes that were being used.

Mr. Tupler suggested asking the Councilors what they would like to see in the reports.

Ms. Kerr agreed to follow up on that.

- **ITT Follow-Up Audit;**

Ms. Kerr met with Ms. Romero as part of the Internal Sub-committee to set it up as a follow-up review but decided to call it an audit. She was meeting with the new IT Director tomorrow to go over that list. And at peer review, it is one more audit to look at. That will move up to the front and it would get done at the same time as the CAFR.

- **Public Utilities Audit.**

Ms. Kerr reported that this is still on the back burner until the engagement letter for ITT is finished. The IT audit is about half finished.

Ms. Valencia asked what the engagement letter included.

Ms. Kerr agreed to send one to her. It is in the policies and procedures with an example. An engagement letter is required for every audit she did. They are performance audits.

The Committee went back to Sub-Committee Reports.

7. SUB-COMMITTEE REPORTS:

b. Internal Audit Subcommittee.

- **Amend Audit Plan to include actuals for 1st quarter**

Ms. Kerr said she met with the Internal Audit Subcommittee and she couldn't find in the minutes where she was to audit her own time. Ms. Romero had asked that she amend the Annual Audit Plan to do this tracking on a regular basis and report on it quarterly. She included a legal sized worksheet in the packet [attached as an exhibit] to show how she was tracking her time. She would take it to Council to make it official. Then when she met with Ms. Valencia they noted there was so much time spent in administrative. And she noticed that tracking of audit findings was included in administration but should be put in audit hours.

Ms. Kerr said the original workload percentages were 45% for audit and 45% for administration. That was pretty close until she put in tracking of audit hours in administration and it came out to be about 62% and 27%.

In this quarter's report, the actual hours were 38.45% in audit and 49% in administration. And in the next quarter she would spend 47.92% in audit and 33.52% in Administration. The third quarter is the follow up review on parking for which she only allocated 40 hours and now had 100 hours. So if she amended it on a quarterly basis it would help.

She thanked Ms. Romero for that suggestion. She would give it to Mr. Snyder and show the amended side by side with the original and also give it to City Council. It is to be approved by them but last time it was on the discussion agenda but not approved. She didn't intend to report the audit plan again.

Ms. Kerr said she really appreciated the subcommittee feedback and recommendations. Tracking is helpful to see where she was spending her time.

Ms. Pick-Sommer moved to approve the annual audit plan recommendation. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

Ms. Kerr will take this to Mr. Snyder and report it as approved and request that it be on Council agenda as a consent item.

8. UNFINISHED BUSINESS

a. Fraud and Abuse Hotline – Vendor Selected – in the process of negotiating the contract;

Ms. Kerr said the proposal is going through approvals and now is at Legal.

b. Review and Discussion of the Proposed Agenda Format

Ms. Kerr said the document was in the packet [attached as an exhibit]. The Committee reviewed the document.

Chair de Schweinitz thought it did track the duties of the Committee very well.

Ms. Romero said when Ms. Kerr issued an Audit Report, it would be good to have it like the External Audit Report. The Committee looks at the findings and follows up with the City's department status, implementing the recommendations or what they would do regarding the findings. When the Committee gets the audit report it would be good to have the same breakout. She said Section 5-b is to actually have a review of that audit report and review the findings and the completed audit report.

Ms. Pick-Sommer clarified that section b is to review the status of the audit report and c would be what b was labeled now.

Ms. Romero agreed - the report itself and then the findings.

Chair de Schweinitz said Agenda item 6 looked okay.

Ms. Pick-Sommer asked that they switch 6 and 5 because 6 sometimes brings people in.

Ms. Kerr agreed.

Ms. Pick-Sommer thought they should consider Financial Reports from the City earlier too.

Ms. Romero agreed. It should be before 5 also so 6 and 7 would be placed before 5 for people who would come to the meeting.

Ms. Valencia asked what the policy was on having these other reports. The report from Ms. Hausman was good today.

Chair de Schweinitz noted that she made her report quarterly. The cash balance issue was big one a couple of years back. It is worth spending that time for it. He also noted that the Rules for Committees has

Unfinished Business and that Adjournment is required at the end of the agenda.

The Committee thanked Ms. Pick-Sommer for this proposed agenda.

Ms. Valencia moved to adopt the Meeting Format with the modifications discussed today which is in compliance with city rules. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

c. Review and Discussion of *'Rules and Procedures for City Committees'*

A discussion on the rules and procedures was not needed.

9. NEW BUSINESS

a. Update on tracking of audit findings;

- **(11) AAA Findings Cleared;**

Ms. Kerr said this was included in the report in the packet [attached as an exhibit].

- **(4) FMO Transit Findings Cleared – Pending** – i.e. management has sent everything in to clear the findings, this has been acknowledged by Grantor, but not officially cleared;

Ms. Kerr agreed to report to the Audit Committee as findings are cleared. She now had a format to use. She said FMO thanked her that they got everything they requested.

Ms. Valencia added that the number of findings would go down.

- **New Format for Agenda;**

This item was considered earlier in the meeting.

10. OTHER MATTERS FROM THE COMMITTEE

There were no other matters from the Committee.

11. ITEMS TO REPORT TO THE CITY MANAGER

There were no items to report to the City Manager.

12. NEXT MEETING DATE: Next meeting scheduled – November 5, 2014

The December meeting was moved to Tuesday, December 2, 2014.

13. ADJOURNMENT

Ms. Romero moved to adjourn the meeting. Ms. Pick-Sommer seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 4:42 p.m.

Approved by:


Clark de Schweinitz, Chair

Submitted by:


Carl Boaz for Carl G. Boaz, Inc.

Exhibit I

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			Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SWAMA	Completed BDD
		Copies of the cash reconciliations and supporting documentation (i.e. bank statements) for all cash accounts. Also, please provide us with a listing of current authorized signers for each account.	07/31/2014	Accounting	Michelle Montoya/Jennifer Peabody	09/24/2014	08/31/2014	08/31/2014
		listing of current authorized signers for each account.	08/15/2014	Cash Investment	Helene Hausman	06/15/2014	06/15/2014	06/15/2014
		A listing of all bank accounts and investment Accounts(including any opened or closed during the fiscal year) with the information to support the schedule of cash accounts.	06/15/2014	Cash Investment	Helene Hausman	09/10/2014	07/01/2014	07/01/2014
		The deposit account authorizations. (New Accounts only)	06/15/2014	Cash Investment	Helene Hausman	09/10/2014	06/15/2014	06/15/2014
		List of all petty cash funds and their custodians.	07/15/2014	Cashiers	Clarence Romero	09/10/2014	07/12/2013	N/A
		Access to the cash reconciliations and supporting documentation for all funds and cash accounts as of July 31, 2014 and August 31, 2014.	Upon request	Accounting	Michelle Montoya/Jennifer Peabody	09/24/2014	09/30/2013	
		Access to cash receipts records for FYE6-30-2014.	Upon request	Cashiers offices	Clarence Romer	09/22/2014	08/30/2014	06/30/2014
		Detail listing of advances to service providers (aged if available):						
		- Federal	07/31/2014	Accounts Rec.	Erica Martinez	08/15/2014	N/A	N/A
		- Interest	07/31/2014	Accounts Rec.	Helene Hausman	08/30/2014	08/30/2014	08/30/2014
		Amorization of Premium.Discount June Final Interest Distribution						
		- Taxes & Franchise Fees	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		State of New Mexico	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		GRT Report for May and June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		MVD for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Gasoline for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Santa Fe County	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Property Taxes for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Franchise Fees	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Electric (prepaid & Estimated 6 Months)	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Gas for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Cable for June	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A
		Telephone Quarterly	08/31/2014	Finance	Teresita Garcia	09/29/2014	N/A	N/A

		Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SWAMA	Completed BDD
	A copy of the calculation of estimated reserve for uncollectible accounts.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/31/2014	N/A
	A copy of the reconciliation of adjusted trial balance to subsidiary system.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/19/2014	N/A
	A copy of subsidiary system accounts receivable reports.	07/31/2014	Accounts Rec.	Various	09/01/2014	07/19/2014	N/A
	A computation of accrued interest receivable b at June 30, 2014 and copies of reports.	07/31/2014	Accounts Rec.	Halene Hausman	08/30/2014	08/30/2014	08/30/2013
E.							
1	Central Warehouse (Closed)	6/17-26-2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
2	Utility Warehouse	N/A		Robert Rodarte	07/31/2014	N/A	N/A
1	Fuel Inventory	6/17-26-2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
3	Auto parts	07/24/2014	Purchasing	Halona Crowe	07/24/2014	N/A	N/A
4	Transit Auto Parts.			Robert Rodarte	07/31/2014	N/A	N/A
						N/A	N/A
	A copy of the year-end inventory count and pricing sheets at June 30, 2014 for all locations with inventories which will be recorded in the general ledger at the end of the year.	07/15/2014	Purchasing	Robert Rodarte	07/31/2014	N/A	N/A
	Independent Auditor observation actual count.	6/17-26-2014					
F.							
	An auction report for deletions, if any.	06/30/2014	Purchasing	Robert Rodarte	09/22/2014	N/A	N/A
	Inventory of Capital Assets						
	Copies of the fixed asset certifications.	07/31/2014	Accounting	Available in File	09/22/2014	06/30/2014	
	Fixed asset detail reports.	08/15/2014	Accounting	Available upon Request	09/22/2014	N/A	
	Fixed asset totals by type. This listing should take the following format:						
	- Additions					N/A	
	- Additions					N/A	
	- Disposals (listing threshold change disposals separately)					N/A	
	- Balance by category of fixed assets at end of FY 2011.			John Tennyson & Halona Crowe		N/A	
	Fund 5100 Convention Center	07/31/2013	Accounting	John Tennyson	09/16/2014	N/A	
		07/31/2014	Accounting			N/A	

			Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SWAMA	Completed BDD
	Reverse Prior Year Interest Payable		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Record Accrued Interest Payable for Debt FYE 06/30/2014							
	Fund 5100 Convention Center		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5260 Environmental Services (SW)		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5300 Water		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5391 Water		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5450 Waste Water Services		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5600 MRC		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5850 Rallyard		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5856 Market Station		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5912 College of Santa Fe		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5500 SWMA		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014	07/25/2014	
	Reclass Principal Payment Against Current Payable							
	Fund 5100 Convention Center		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5250 Environmental Services (SW)		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5300 Water		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5391 Water		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5368 Water		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5450 Waste Water Services		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5600 MRC		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5850 Rallyard		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5856 Market Station		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5912 College of Santa Fe		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5500 SWMA		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014	07/25/2014	
	Reclass Long-term to Current Payable							
	Fund 5100 Convention Center		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5260 Environmental Services (SW)		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5300 Water		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5358 Water		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5450 Waste Water Services		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5391 Water		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5600 MRC		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5850 Rallyard		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5856 Market Station		07/31/2014	Cash/Investment	Helene Hausman	07/26/2014		
	Fund 5912 College of Santa Fe		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014		
	Fund 5500 SWMA		07/31/2014	Cash/Investment	Helene Hausman	07/25/2014	07/25/2014	
	Reclass Unamortized Premium/Discount to Amortized Expense							

		Estimated Completion Date	Responsible Department	Responsible Person	Completed City	Completed SWAMA	Completed BDD
	Posting accounts payable listing which should include the following information: vendor name, invoice #, PO #, invoice amount, encumbrance #, fund # and account #.	07/31/2014	Accts. Payable	Amy Martinez-Duran	08/31/2014	08/31/2014	08/31/2014
I.							
	A schedule of operating lease payments for financial statement disclosure. The schedule should show the amount to be paid out for the next five years and thereafter.	07/15/2014	Accounting	Edward Vigil	09/30/2014	08/31/2014	
	A schedule of leases in effect in FY 2014.	07/15/2014	Accounting			N/A	
J.	A reconciliation of revenue per the trial balance.	08/01/2014	Accounting	Erica	09/08/2014	09/15/2014	
K.	A copy of the listing of transfers to/from for FY 2014.	08/01/2014	Accounting	Erica	09/08/2014	N/A	
	Access to the JEs & operating transfers showing the transfers to and from Funds.	Upon request	Accounting	Erica	09/08/2014	N/A	
L.	Access to payment vouchers issued from July 1, 2014 through the end of fieldwork.	Upon request	Payables	Amy Martinez-Duran			
	Reclass Accounts Payable 7-5-2014		Payables	Amy Martinez-Duran	07/05/2014	07/05/2014	07/05/2014
	Reclass Accounts Payable 7-11-2014		Payables	Amy Martinez-Duran	07/12/2014	07/12/2014	07/12/2014
	Reclass Accounts Payable 7-16-2014		Payables	Amy Martinez-Duran	07/19/2014	07/19/2014	07/19/2014
	Reclass Accounts Payable 7-25-2014		Payables	Amy Martinez-Duran	07/26/2014	07/26/2014	07/26/2014
	Reclass Accounts Payable 8-1-014		Payables	Amy Martinez-Duran	08/02/2014	08/02/2014	08/02/2014
	Listing of payments by check number, vendor amount, fund charged, general ledger account number and if charged to a federal program.	08/12/2014	Available upon request	Amy Martinez-Duran	08/31/2014	08/31/2014	08/31/2014
	List of any sole source or emergency procurements.	09/09/2014	Purchasing	Robert Rodarte	08/15/2014	08/15/2014	08/15/2014
	Sample for Travel /Per Diem	09/09/2014	Payables	Amy Martinez-Duran	06/14/2014	06/14/2014	06/14/2014
	Sample for and Bids/RFP	09/09/2014	Purchasing	Robert Rodarte	06/14/2014	06/14/2014	06/14/2014
M.							
	A listing of any encumbrances carried forward to next fiscal year.	Upon request	Budget	Cal Probasco	08/31/2014	08/31/2014	08/31/2014
N.							


[illegible]

[illegible]

City of Santa Fe, New Mexico

memo

TO: FINANCE COMMITTEE

FROM: Helene R. Hausman, Cash Management & Investment Officer 

DATE: September 15, 2014

RE: Fiscal Year End Cash & Investment Report

ITEM AND ISSUE:

Status of the City's cash and investment portfolio as of June 30, 2014.

BACKGROUND AND SUMMARY:

Since there are several changes in Councilors and members of the Finance Committee, Scott McIntyre, Senior Vice President of First Southwest Asset Management (FSAM) is attending this meeting to be introduced and to discuss our investment portfolio. FSAM has been the City's investment advisor for several years, through two rounds of purchasing RFP's. We have a well-established and productive working relationship that has provided guidance and assistance through a number of difficult changes in the financial markets. Attached is information on the firm as well brief bios of the staff.

A. Purpose of Report

This report is a summary of all City bank accounts containing all of the cash the City has in the various departments and their associated funds. Every dollar in this cash and investment report reflects a department's budget and the funds that support that department. This report cannot be used to determine if the City has any extra cash available for purposes not previously budgeted or accounted for in multi-year plans. Any determination of cash availability has to come from the Finance Director, the Budget Officer and the relevant Department Director based on a departmental budget and cash flow analysis.

The accounts the City holds in its portfolio include operating accounts, trust accounts, and restricted or special purpose accounts used to meet the City's needs, including regulatory and reporting requirements. The City's portfolio consists of cash accounts and certificates of deposit at various local banks, and securities held in two trust accounts at Wells Fargo. There are investment standards set by State Statute Chapter 6 and reiterated in our Council Approved Investment Policy that determine what we can and cannot do with our public funds.

B. Portfolio Accounts and Activity

In June the cash and investment portfolio consisted of:

CDs	7.18%
Cash Accounts	36.90%
Securities	48.65%
Restricted Accounts	<u>7.27%</u>
	100.00%

June's average interest yield of 0.54% was the highest average yield since the prior June's 0.56%. Changes in yields are detailed in the attached table. The account summary follows with total comparisons to prior years.

<u>TYPE</u>	<u>FUND</u>	<u>AMOUNT OF INVESTMENT</u>	<u>% OF TOTAL</u>	<u>INT RATE/WAY</u>
Certificates of Deposit	7000	\$ 15,250,000.00	7.1812%	0.518%
WFB Adv Govt MnMkt-Custodial	7000	46,340.57	0.0218%	0.010%
WFB Business Savings	7000	67,844,728.29	31.9479%	0.220%
FNB Savings	7000	9,770,986.04	4.6011%	0.250%
NM LGIP	7000	682,557.29	0.3214%	0.112%
U.S. Agency Securities	7000	93,700,000.00	44.1231%	0.850%
U.S. Treasuries	7000	5,000,000.00	2.3545%	0.569%
GNMA Pass-Through Securities	7000	70,773.59	0.0333%	5.044%
New Mexico Municipal Bonds	7000	4,550,000.00	2.1426%	0.349%
Subtotal 7000 Fund		\$ <u>196,915,385.78</u>	<u>92.73%</u>	<u>0.50%</u>
<u>TYPE</u>	<u>FUND</u>	<u>AMOUNT OF INVESTMENT</u>	<u>AS % OF TOTAL</u>	<u>INT RATE/WAY</u>
<u>Restricted Investment Accounts</u>				
Library Endowment Fund - CD	2716	\$ 267,755.34	0.13%	0.40%
NM LGIP - Reserve Cont. Fund	7000	20,301.10	0.01%	0.00%
2009AB Reserve - Securities	5391	5,275,000.00	2.48%	1.00%
2009AB Reserve - Cash	5391	43,137.65	0.02%	0.01%
NMFA Loan #20 Reserve	5912	1,108,155.83	0.52%	0.22%
Restricted Cash		8,730,840.40	4.11%	0.22%
Subtotal Other Funds		\$ <u>15,445,190.32</u>	<u>7.27%</u>	<u>0.04%</u>
GRAND TOTAL		\$ <u>212,360,576.10</u>	100.00%	0.54%
June 2013 Comparison		\$ 219,135,091.45		0.81%
June 2012 Comparison		\$ 214,922,102.89		0.88%
June 2011 Comparison		\$ 199,096,247.24		1.20%
June 2010 Comparison		\$ 206,874,046.57		1.92%

Dedicated accounts (non-investment accounts) held \$8,872,635.64, of which 93% was in the Common account and 3.8% was in the Payroll account.

DEDICATED ACCOUNT SUMMARY

	AMOUNT OF	<u>INT</u>
	<u>INVESTMENT</u>	<u>RATE</u>
Dedicated Operating Accounts		
Common Account - WFB	\$ 8,278,889.12	*
Workers Compensation - WFB	55,325.16	*
General Liability - WFB	44,231.26	*
Payroll Account - WFB	336,357.12	*
Public Safety - WFB	58,973.65	
Redflex Systems Inc. - Huntington	3,926.00	0.00%
<i>* WFB Interest is netted against bank fees.</i>	\$ <u>8,777,702.31</u>	
 Cash in Trust - NMFA Loan Accounts		
NMFA #8 Railyard Cash in Trust	\$ 0.01	0.01%
NMFA #8 Railyard Cash in Trust Reserve	52,954.61	0.57%
NMFA #15B Railyard Cash in Trust	0.05	0.01%
NMFA #18 Land Acquisition Cash in Trust	0.16	0.01%
NMFA #DW2 Water Cash in Trust	5.66	0.01%
NMFA #22 Water Cash in Trust	0.00	0.01%
NMFA #DW3 Water Cash in Trust	0.00	0.01%
NMFA #20 College of Santa Fe - Cash in Trust	1.09	0.01%
	\$ <u>\$52,961.58</u>	
 Cash in Trust - Other Loans		
HUD Section 108	\$ 41,971.75	0.01%
	\$ <u>41,971.75</u>	
 TOTAL DEDICATED ACCOUNTS	\$ <u>8,872,635.64</u>	

The following is June's investment activity.

INVESTMENT ACTIVITY	
	<u>ACTIVITY</u>
Agency Purchases:	
US Treasury 06/15/16	\$ 2,500,000.00
US Treasury 12/31/16	2,500,000.00
FHLB 05/26/17	3,200,000.00
	\$ <u>8,200,000.00</u>
 Agency Maturities, Calls, Sales	
FHLB 06/13/14	(3,000,000.00)
GNMAs	(3,277.14)
	\$ <u>(3,003,277.14)</u>
 Certificate of Deposit Renewals	
Library Endowment CD 4/3/15	267,843.37
 Interest Earned	
Net Interest posted to GL - June	\$ 70,607.06
Amort. of premium/discount	(16,987.07)
Net Interest Earned = Actual Yield	\$ <u>53,619.99</u>

C. Examination of Portfolio by Maturity and by Call

The Portfolio by Maturity table below shows the weighted average maturity (WAM) at 471 days, slightly over 1.25 years. Now that the large cash debt service payment has been made, securities constituted the larger percentage of the portfolio at the end of June – 51% - with cash and short term securities constituting 49%, insuring continuing and sufficient liquidity.

The WAM looks at securities by stated maturity and provides the most conservative view of the portfolio. However, it considerably overstates the actual average maturity since 51% of the securities we held at June 30th were callable.

PORTFOLIO BY MATURITY

<u>Short-Term</u>	<u>Apr</u>	<u>%/Total</u>	<u>May</u>	<u>%/Total</u>	<u>June</u>	<u>%/Total</u>
Immediately - 24 Hrs. Notice	\$ 111,240,836	47.57%	\$ 91,763,806	43.36%	\$ 87,544,189	41.22%
NM Local Gov't Invest. Pool	682,557	0.29%	682,557	0.32%	682,557	0.32%
Less than Six Months	26,050,000	11.14%	18,550,000	8.77%	16,050,000	7.56%
Subtotal Short Term	\$ 137,973,393	59.00%	\$ 110,996,363	52.45%	\$ 104,276,746	49.10%
<u>Long Term</u>	<u>Apr</u>	<u>%/Total</u>	<u>May</u>	<u>%/Total</u>	<u>June</u>	<u>%/Total</u>
One Year	\$ 3,788,954	1.62%	\$ 1,288,825	0.61%	\$ 2,538,691	1.20%
Two Years	31,150,000	13.32%	35,150,000	16.61%	35,650,000	16.79%
Three Years	29,088,075	12.44%	35,336,509	16.70%	43,034,522	20.26%
Three to Five Years	31,862,748	13.62%	28,861,685	13.64%	26,860,617	12.65%
Subtotal Long Term	\$ 95,889,777	41.00%	\$ 100,637,019	47.55%	\$ 108,083,830	50.90%
TOTAL	\$ 233,863,170	100.00%	\$ 211,633,382	100.00%	\$ 212,360,576	100.00%
Weighted Average Maturity - Days		386		445		471

The Portfolio by Maturity and Average Yield table below shows the changes in the weighted average yield within each maturity term compared to the prior two months. Our own yield curve for the portfolio can be seen in the attached chart Yield Curve – 3 Months. The two-year term has become a pivot point in determining securities to purchase for the portfolio. For quite some time securities of less than two years have offered a yield less than we can earn in the WFB savings account. As securities of six months or less have been called or matured we have replaced them with longer term securities. In addition, the \$27 million debt service payment was made at the very end of May. These structural changes within the portfolio can be seen below.

PORTFOLIO BY MATURITY AND AVERAGE YIELD

<u>Short-Term</u>	<u>April</u>	<u>Ave. Yield</u>	<u>May</u>	<u>Ave. Yield</u>	<u>June</u>	<u>Ave. Yield</u>
Immediately - 24 Hrs. Notice	\$ 111,240,836	0.21%	\$ 91,763,806	0.21%	\$ 87,544,189	0.22%
NM LGIP	682,557	0.10%	682,557	0.11%	682,557	0.11%
Less than Six Months	26,050,000	0.86%	18,550,000	0.46%	16,050,000	0.46%
Subtotal Short Term	\$ 137,973,393	0.33%	\$ 110,996,363	0.25%	\$ 104,276,746	0.26%

Weighted Average Maturity - Days	386	445	471
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Not all callable bonds are redeemed on their first call date – it depends on the financial markets. At June 30th we held sixteen callable bonds, some with first call dates back to September 2013. Generally this means market yields were higher than the yields of these bonds. Since we cannot know in advance which bonds will be called at what time, it is important to look at the portfolio from both perspectives and plan cash flow from the most conservative, i.e. the maturity date perspective. Cash from calls is then simply an earlier opportunity to reposition investments.

<u>Short-Term</u>		<u>April</u>	<u>WAY</u>		<u>May</u>	<u>WAY</u>		<u>June</u>	<u>WAY</u>
Immediately - 24 Hrs. Notice	\$	111,240,836	0.21%	\$	91,763,506	0.21%	\$	87,544,189	0.22%
NM LGIP		682,557	0.10%		682,557	0.11%		682,557	0.11%
Less than Six Months		91,595,301	0.86%		87,345,301	0.78%		88,545,301	0.77%
Subtotal Short Term	\$	203,518,694	0.50%	\$	179,791,364	0.49%	\$	176,772,047	0.50%
<u>Long Term</u>		<u>April</u>	<u>WAY</u>		<u>May</u>	<u>WAY</u>		<u>June</u>	<u>WAY</u>
One Year	\$	10,268,653	0.70%	\$	7,768,524	0.57%	\$	6,518,390	0.96%
Two Years		11,750,000	0.44%		15,750,000	0.45%		18,250,000	0.46%
Three Years		5,038,076	0.76%		8,036,509	1.06%		10,534,522	1.02%
Five Years		3,287,748	1.31%		286,685	2.04%		285,617	2.03%
Subtotal Long Term	\$	30,344,477	0.67%	\$	31,841,718	0.65%	\$	35,588,529	0.73%
TOTAL	\$	233,863,171	0.52%	\$	211,633,082	0.51%	\$	212,360,576	0.54%

Ave. Portfolio Yield by Term chart (attached) compares this month over three years grouped by maturity and shows the related yield curve.

D. Securities by Type

The distribution among the Federal agencies has shifted due to calls and reinvestments. Two U.S. Treasuries were added in June for the first time since June 2010 as two-year yields finally reached 0.50%.

SECURITIES BY TYPE

	<u>Apr</u>	<u>%</u>	<u>May</u>	<u>%</u>	<u>June</u>	<u>%</u>
FFCB	\$ 21,700,000	22.57%	\$ 15,700,000	15.64%	\$ 18,700,000	17.22%
FHLB	22,050,000	22.93%	25,300,000	25.20%	28,000,000	25.78%
FHLMC	20,600,000	21.42%	27,600,000	27.49%	25,100,000	23.11%
FNMA	27,175,000	28.26%	27,175,000	27.07%	27,175,000	25.02%
US Treas.	0	0.00%	0	0.00%	5,000,000	4.60%
GNMA	76,903	0.08%	74,051	0.07%	70,774	0.07%
MUNI'S	4,550,000	4.73%	4,550,000	4.53%	4,550,000	4.19%
	<u>\$ 96,151,903</u>	<u>100.00%</u>	<u>\$ 100,399,051</u>	<u>100.00%</u>	<u>\$ 108,595,774</u>	<u>100.00%</u>

No municipal securities have been purchased since May 2013 due in part to a lack of supply and in part due to lower yields. Holders of Muni's have generally not been trading them so there has not been a very active secondary market.

E. Interest Activity

As can be seen by the Changes in Interest Rates table attached, several items of note occurred during the past year and the first two months of the new fiscal year.

1. Certificates of deposit declined both in volume from \$25.5 million to \$15.25 million, and in yield from 0.92% to 0.52%. Two three-year CDs at Los Alamos National Bank matured that had been paying 1.50% and the funds were repositioned to agencies.
2. Municipals declined in yield as bonds matured – from 0.90% to 0.55%.
3. The December portfolio yield of 0.49% reflected the run up in cash being accumulated to pay the June 1st debt service of \$27 million.
4. The June portfolio yield of 0.54% reflected the payout of cash and the purchase of certain securities with a higher yield.
5. July 2014's 0.49% yield was primarily due to \$7 million in securities that did not settle until August, so they were held as cash in the Trust account which pays 0.01% - an incentive to turn over calls and maturities quickly!
6. August 2014's average yield of 0.52% reflected the settling of the securities and other calls and reinvestments.

Much of the structural fluctuation is normal to the management of our portfolio and it is predictable from year to year, so it is not primarily driven by financial market changes. On the other side, as securities are called and reinvested, market changes affect the security structures offered and the yields available across the term structure.

The attached FY 13-14 Interest Earnings vs. Budget chart compares monthly interest collected to an average monthly budget. The FY 13-14 budget assumed a 0.36% yield on a projected average portfolio balance of \$191,744,953, for an interest budget of \$734,288 (of which \$34,288 was for the two securities held in the 2009 A&B Water Bond Reserve Account). The

table below shows cash vs. budget on an adjusted cash basis (adjusted for premium/discount, not including accrued interest).

The annual interest budget was met in February. Total interest earned was higher than budget because the total portfolio balance and yields were higher than projected.

MONTHLY INTEREST EARNINGS - Cash Basis				
	Ave. Budget	Collected	Over(Under)	% Budget
July	61,191	50,394	(10,796)	82.36%
Aug	61,191	135,239	74,049	221.01%
Sep	61,191	134,431	73,240	219.69%
Oct	61,191	55,800	(5,391)	91.19%
Nov	61,191	88,600	27,409	144.79%
Dec	61,191	123,616	62,425	202.02%
Jan	61,191	56,478	(4,713)	92.30%
Feb	61,191	148,669	87,478	242.96%
Mar	61,191	120,280	59,090	196.57%
Apr	61,191	69,875	8,684	114.19%
May	61,191	98,579	37,389	161.10%
Jun	61,191	53,620	(7,571)	87.63%
Cumulative	734,288	1,135,581	401,293	154.65%

The attached chart Major Cash Accounts - Yields compares interest rates on the cash accounts. The WFB Savings account holds the majority of cash.

The attached Benchmark Comparison chart shows average interest yield for the portfolio relative to one and two-year Treasuries. The two-year Treasury yield has been increasing. The portfolio yield for all twelve months on this Benchmark Comparison chart combined with the longer term yield Average Portfolio Yield by Fiscal Year chart lead to the possibility that we have bottomed out and may see the beginnings of improvement during FY 14-15.

OBSERVATIONS AND CURRENT COMMENTS:

A. NM Local Government Investment Pool

A conversation with the LGIP on 6/16/14 indicated there may be a distribution from the remaining Reserve Fund assets the second or third quarter of the calendar year. The City's NMLGIP Reserve Contingency account has held \$20,301.10 since 6/28/12. If there is a distribution, it will go from this Contingency account into our regular NMLGIP account ; if not, the Contingency account may be liquidated and declared a loss by the State during FY 14-15, and would be reflected in our GL accordingly.

B. Treasury and Agency Yields

The Federal Reserve continues to reduce its bond purchases under its quantitative easing program and anticipates terminating it in October. Market reaction continues to be minimal as investor focus has moved on to other concerns. The Fed still has not made any declarative statement regarding when they might raise interest rates since signals regarding the health of the economy are still highly mixed.

Of more direct importance to us is the fact that the US Treasury yields reached their highest level in June since May 2011 (three years). As it continues to slide backward and

forward it has been creeping slowly upwards and dragging agency yields along. Purchases in the last three months have been at yields higher than a year ago. For example, we purchased a 2.5-year \$2 million FHLMC on 3/05/13 at a 0.42% coupon, and a 2.5 year \$2 million FHLMC on 7/02/14 at a 0.88% coupon. So, financial market signs for bonds, as they have been for stocks, have been improving overall.

C. Investment Activities

1. The sudden shifts in the financial markets that resulted from Chairman Bernanke's May 22, 2013 speech are slowly working their way out (see attached Portfolio History).
 - a. Our reported unrealized gain for June 2013 of \$786,359.81 has slowly dropped to \$100,193.08 for June 2014. June 2013 was our first unrealized loss since August 2007, and because the reason for it was based purely on one individual's speculation rather than on anything tangible that actually happened to upset the markets, it is not clear how to identify what exactly the financial markets have done to reverse the effects. All we can say is that they have and that hopefully during FY 14-15 we will return to showing unrealized gains. There has been no clear action we could have taken to address this so we have held the course in how we manage the portfolio in the best interest of the City and let this other issue resolve itself.
 - b. The trend towards market value loss on longer term securities is changing as shown in the report Sort by Market Value Gain/(Loss) attached. A year ago and for most of the past year, the farther out the maturity date, the greater the potential market value loss. Column K of this report shows that as of this June, potential gains and losses are smaller and less dependent on how far out the maturity date is. This report shows we have a very healthy distribution in the portfolio and are not at risk for actual losses.
2. We have increasingly moved into purchasing non-callable (bullet) securities and as of 6/30/14 these made up 48% of the securities holdings. We expect this shift in our purchases to continue as more bullet issues are being offered and the yield spread between callables and bullets has decreased.

D. Other Federal, State and Local Issues

1. The Senate Banking Committee continues to discuss and not decide about unwinding Fannie Mae (FNMA) and Freddie Mac (FHLMC) from the Federal—government umbrella. The final structure will affect our ability to continue to invest in these securities.

E. Bank Information

1. LANB is continuing their efforts to address their bank rating problems. Both CDs matured in May and June and the funds have been reinvested in securities until such time as the bank rating improves to at least satisfactory: *** on bankrate.com and a ***+ on Bauer Financial.

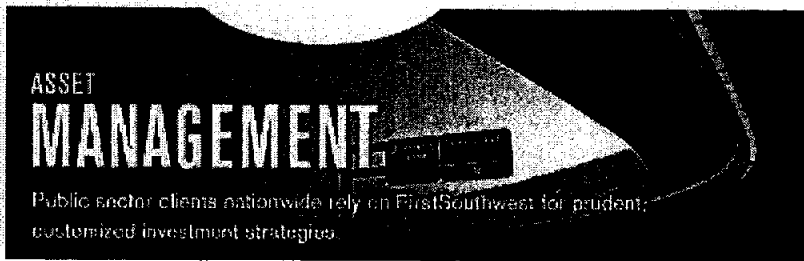
2. The \$250,000 CD at Century Bank has been reduced to \$200,000 in July due to the existence of the Employee Benefits account at Century. When combined with the City's CD, the accounts tied to the City's tax ID were over the \$250,000 FDIC limit. Since it is not Century's policy to provide collateral for public funds over the FDIC limit, we reduced the CD. While the Employee Benefits account does not constitute public funds, they have historically been afforded the privilege of using the City's tax identification number so none of the members have to claim it on their individual tax returns.

F. Overall Status

1. The attached updated Investment Strategy will provide guidance in the coming months or until the financial markets significantly change. Updating is done on an as-needed basis to stay current with actions being taken to appropriately balance our portfolio. It is reviewed carefully with our investment advisors during each update and is used in conjunction with the investment policy to provide continuity to the investment function.
2. Our portfolio continues to be well-balanced between investment types, well-laddered for regular cash availability, and with sufficient liquidity to serve the City's needs.

Attachments:

First Southwest Asset Management Information and Bios
Bank vs. GL Reconciliation
SYMPRO Portfolio Management Report
Changes in Interest Rates
Chart: Yield Curve – 3 Month
Chart: Ave. Portfolio Yield by Term
Chart: Ave. Portfolio Yield by Fiscal Year
Chart: Distribution by Investment Type
Chart: Investments Within the Aging Period
Chart: Major Cash Accounts
Chart: Benchmark Comparison
Chart: FY 13-14 Interest Earnings vs. Budget
Table: Bank Ratings
Portfolio History
Portfolio Sort By Market Value Gain/(Loss)
Investment Strategy



Investment Management

For over 20 years, FirstSouthwest Asset Management has specialized in providing focused and appropriate investment advice to local government clients. Our professionals offer personalized expertise, insight and experience to supplement clients' investment staff. FirstSouthwest Asset Management is a SEC-registered investment advisor and currently provides investment advice on more than \$10 billion in public sector client assets.

Focused Approach

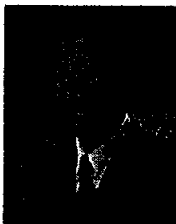
Our customized focused approach to the management of public funds offers our municipal clients a number of tangible benefits, including:

- Safety of principal while providing adequate liquidity
- Proactive advice from our SEC-registered investment advisors
- Cost-effective and competitive access to the capital markets through dozens of independent brokers
- Investment opportunities that help protect earnings
- Customized investment strategies to help clients realize their goals
- Regular updates on changing market conditions and their potential effect on client portfolios

Comprehensive Services

We provide a full range of personalized investment management and advisory services.

- **Portfolio Management.** We assist with investment management by reviewing estimated cash flow needs, developing investment policies, formulating strategies, analyzing investment alternatives, selecting securities, overseeing security settlement and preparing reports.
- **Investment Policy and Portfolio Compliance Review.** We perform in-depth checks of the entire investment process, assess risks, and review transactions, strategies and procedures. We then offer useful suggestions on how to improve earnings and reduce exposures.
- **Advisor Services.** Our professionals perform regular oversight of client portfolios. We understand the unique objectives and constraints of the public sector and offer investment support for existing staff at larger local governments.



Scott McIntyre, CFA
Senior Vice President and
Sr. Portfolio Manager

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Areas of Focus

Specializes in investment consulting and portfolio management for local governments

Profile

- Joined FirstSouthwest in 1998 as Senior Portfolio Manager
- Is the primary manager of FirstSouthwest Asset Management's Investment Management Division and oversees the daily operations of the group
- Develops economic and interest rate outlook
- Determines appropriate investment policies and strategies for fixed income clients.
- Reviews client revenue and expense cash flows
- Analyzes investment alternatives and calculates relative value of individual securities
- Presents various investment options to clients
- Purchases investment securities on a competitive basis
- Reviews monthly and quarterly reports
- Evaluates policy compliance and account performance

Past experience includes market and securities analysis, management of the mortgage-backed securities portfolio and active trading of short Treasury positions

Education

- Bachelor of Science in Management, Texas State University

Current Affiliations

- CFA Institute
- Government Finance Officers Association (GFOA)
- Government Treasurers Organization of Texas

Licenses and Designations

- Chartered Financial Analyst (CFA) designation from the CFA Institute
- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Principal, Series 24
 - General Securities Representative, Series 7
 - Uniform Securities Agent, Series 63
 - Uniform Investment Adviser, Series 65



Greg Warner, CTP
Senior Vice President and
Sr. Portfolio Manager

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Telephone: 512.481.2012
greg.warner@firstsw.com

Areas of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest in 1998
- Responsibilities include client communications, analyzing portfolios, evaluating securities, coordinating the reinvestment of upcoming security maturities, executing trades, reviewing investment policies and investment strategies, monitoring broker-dealer relationships and valuing investment portfolios
- Works closely with clients to create and implement appropriate investment strategies
- Oversees client account documentation and supervises the investment reporting function
- Frequent presenter on investment topics at industry conferences
- Began his career in the banking industry, working in the accounting and investment management divisions of banks in Chicago, Illinois and Austin, Texas
- Work experience includes portfolio management, asset/liability management, investment accounting, mortgage banking, and extensive analysis and reporting on fixed income investment portfolios

Education

- Bachelor of Business Administration, The University of Texas at Austin

Current Affiliations

- Certified Treasury Professional (CTP) designation from the Associated for Financial Professionals
- Government Finance Officers Association (GFOA)
- Government Treasurer's Organization of Texas

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Uniform Securities Agent, Series 63
 - Uniform Investment Adviser, Series 65



Dan Grant
Portfolio Manager

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Area of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest in May 2011
- Responsibilities include trade execution, trade documentation, coordinating the reinvestment of upcoming security maturities, analysis of investment securities and fund data, monitoring call status, collateral review, economic research, and other special projects.
- Prior experience includes 18 years at Fidelity Investments with the most recent role being Corporate Bond Trader for both institutional and retail customers. Other securities traded include equity and Index options, equities and mutual funds.

Education

- Bachelors of Science – Finance, Bently University 1989

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Uniform Securities Agent, Series 63
 - Uniform Combined Securities Agent and Investment Advisor Representative, Series 66
 - Registered Options Principal, Series 4
 - Equity Trader Limited Representative, Series 55



Jodi K. Jones
Reporting Coordinator

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Area of Focus

Specializes in reporting for investment management

Profile

- Joined FirstSouthwest in February 2007

- Manages and maintains client accounts through SS&C Technologies' CAMRA investment accounting and portfolio system
- Responsibilities include generating monthly and quarterly reports for all investment management clients and assisting in trade operations and security documentation
- Participates in the creation of custom client reports, investment-related consulting projects and other special assignments
- Two years of experience as a Post Foreclosure Sales Specialist at Baxter & Schwartz, a real estate law firm in Houston
- Past employment includes practical experience in bookkeeping, accounting, reporting, and project research

Education

- Bachelor of Business Administration in Accounting and Finance, The University of Houston



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Trading Assistant

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Area of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest In May 2013
- Responsibilities include trade execution, trade documentation, coordinating the reinvestment of upcoming security maturities, monitoring call status, generating monthly and quarterly reports for investment management clients, and other special projects.
- Prior experience includes over 20 years in administrative, development and marketing management positions.

Education

- Bachelor of Arts, University of Washington

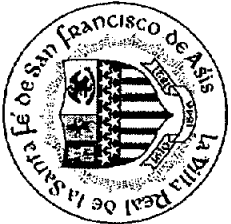
Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7

City of Santa Fe
Investment Portfolio Summary
June 30, 2014

		<u>Balance per Bank</u>	<u>Balance per GL</u>	<u>Difference</u>
<u>MARKETABLE SECURITIES (Face Value)</u>				
#7000 Securities - WFB Custodial Account	101725	\$ 103,320,773.59	\$ 103,320,773.59	\$ 0.00
#5391 Securities - 2009AB Reserve	101725	5,275,000.00	5,275,000.00	0.00
Subtotal Securities		\$ 108,595,773.59	\$ 108,595,773.59	\$ 0.00
<u>CASH, EQUIVALENTS & MONEY MARKETS</u>				
#7000 Pooled - FNB Savings	101127	9,770,986.04	9,770,986.04	0.00
#7000 Pooled - WFB Adv Govt Mny Mkt	101730	46,340.57	46,340.57	0.00
#7000 Pooled - WFB Business Svgs	101740	67,844,728.29	67,844,728.29	0.00
#7000 Pooled - NM State LGIP	101750	682,557.29	682,557.29	0.00
#7000 Pooled - NM State LGIP Reserve	101751	20,301.10	20,301.10	0.00
#7000 Pooled - Certificates of Deposit	101650	15,250,000.00	15,250,000.00	0.00
#5391 2009AB Reserve Cash (Water)	101500	43,137.65	43,137.65	0.00
#2716 Library Endowment Cert. of Deposit	101500	267,755.34	267,755.34	0.00
#5912 College of Santa Fe DS Reserve - WFB	101500	1,108,155.83	1,108,155.83	0.00
#Various - Restricted Cash - WFB	100750	8,730,840.40	8,730,840.40	0.00
Subtotal Cash, Equivalents & Mny Mkt		\$ 103,764,802.51	\$ 103,764,802.51	\$ 0.00
SUBTOTAL SECURITIES & CASH		\$ 212,360,576.10	\$ 212,360,576.10	\$ 0.00
<u>DEDICATED OPERATING ACCOUNTS</u>				
#7000 Pooled - Common Account	100900	\$ 8,278,889.12	8,278,889.12	\$ 0.00
#6109 Worker's Compensation - WFB	101125	55,325.16	55,325.16	0.00
#6104 General Liability - WFB	101200	44,231.26	44,231.26	0.00
#4203 HUD Section 108 - WFB	100961/962	41,971.75	41,971.75	0.00
#7104 Payroll Account - WFB	101050	336,357.12	336,357.12	0.00
#2224 Public Safety Account - WFB	101501	58,973.65	58,973.65	0.00
#2724 Reflex Traffic - Huntington Nat'l Bank	101501	3,926.00	3,926.00	0.00
Subtotal Dedicated Op. Accounts		\$ 8,819,674.06	\$ 8,819,674.06	\$ 0.00
<u>CASH IN TRUST - NMFA LOAN ACCOUNTS</u>				
		<u>Loan #</u>		
#5850 Railyard #8-capitalized int taxbl	101500	8	\$ 0.01	\$ 0.01
#5850 Railyard NMFA #8 -reserve tax'bl	101501	8	52,954.61	52,954.61
#5850 Railyard NMFA #15b -tax'bl	101503	15B	0.05	0.05
#4209 #18 Land Acquisition Loan	101500	18	0.16	0.16
#5300 #DW-2 Drinking Water Loan	101500	DW-2	5.66	5.66
#5912 #20 College of Santa Fe	101503	20	1.09	1.09
Subtotal - Trust Cash - Loan Accounts			\$ 52,961.58	\$ 52,961.58
SUBTOTAL DEDICATED/CASH IN TRUST ACCOUNTS			\$ 8,872,635.64	\$ 8,872,635.64
TOTAL INVESTMENT PORTFOLIO			\$ 221,233,211.74	\$ 221,233,211.74

Prepared: 9/3/14



City of Santa Fe

City of Santa Fe
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Portfolio Summary
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Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
Certificates of Deposit - Bank	15,250,000.00	15,250,000.00	15,250,000.00	7.18	591	149	0.518
Money Market Accounts	89,478.22	89,478.22	89,478.22	0.04	1	1	0.010
Local Government Investment Pool	702,858.39	702,858.39	702,858.39	0.33	1	1	0.108
Federal Agency Coupon Securities	95,975,000.00	95,910,192.25	96,018,337.82	45.19	1,241	407	0.841
Treasury Coupon Securities	5,000,000.00	5,016,200.00	5,013,951.29	2.36	834	815	0.569
Pass Through Securities	70,773.59	73,496.75	74,179.78	0.03	5,192	1,083	5.045
Municipal Bonds	4,550,000.00	4,598,292.50	4,593,098.30	2.16	610	133	0.349
Savings Account	87,454,710.56	87,454,710.56	87,454,710.56	41.16	1	1	0.223
Compounding CDs	267,755.34	267,755.34	267,755.34	0.13	365	276	0.400
Federal Agency Continuous Calls	3,000,000.00	2,998,140.00	2,996,947.39	1.41	1,088	615	0.511
Investments	212,360,576.10	212,361,124.01	212,461,317.09	100.00%	654	226	0.540

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	75,162.10	1,139,349.74	1,139,349.74
Average Daily Balance	213,106,283.87	228,136,240.68	
Effective Rate of Return	0.43%	0.50%	


Helene Hausman, Cash & Investment Officer

Reporting period 06/01/2014-06/30/2014

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Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
Certificates of Deposit - Bank	15,250,000.00	15,250,000.00	15,250,000.00	7.18	591	149	0.518
Money Market Accounts	89,478.22	89,478.22	89,478.22	0.04	1	1	0.010
Local Government Investment Pool	702,858.39	702,858.39	702,858.39	0.33	1	1	0.108
Federal Agency Coupon Securities	95,975,000.00	95,910,192.25	96,018,337.82	45.19	1,241	948	0.850
Treasury Coupon Securities	5,000,000.00	5,016,200.00	5,013,951.29	2.36	834	815	0.569
Pass Through Securities	70,773.59	73,496.75	74,178.78	0.03	5,192	1,083	5.045
Municipal Bonds	4,550,000.00	4,598,292.50	4,593,098.30	2.16	610	133	0.349
Savings Account	87,454,710.56	87,454,710.56	87,454,710.56	41.16	1	1	0.223
Compounding CDs	287,755.34	287,755.34	287,755.34	0.13	385	276	0.400
Federal Agency Continuous Calls	3,000,000.00	2,998,140.00	2,996,947.39	1.41	1,088	615	0.611
Investments	212,360,576.10	212,361,124.01	212,461,317.09	100.00%	654	471	0.544

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	75,162.10	1,139,349.74	1,139,349.74
Average Daily Balance	213,106,283.87	228,136,240.68	
Effective Rate of Return	0.43%	0.50%	

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Helene Hausman, Cash & Investment Officer

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM	Maturity Date
Certificates of Deposit - Bank												
SYS10721	10721	Century Bank		07/28/2013	250,000.00	250,000.00	250,000.00	0.400	365	27	0.400	07/28/2014
SYS10703	10703	Community Bank		03/26/2013	500,000.00	500,000.00	500,000.00	0.500	548	86	0.500	08/25/2014
SYS10749	10749	Community Bank		04/15/2014	2,500,000.00	2,500,000.00	2,500,000.00	0.450	213	136	0.450	11/14/2014
SYS10679	10679	First National Bank of Santa F		10/09/2012	3,000,000.00	3,000,000.00	3,000,000.00	0.500	729	99	0.500	10/08/2014
SYS10680	10680	First National Bank of Santa F		10/12/2012	3,500,000.00	3,500,000.00	3,500,000.00	0.550	729	102	0.550	10/11/2014
SYS10697	10697	First National Bank of Santa F		12/04/2012	1,000,000.00	1,000,000.00	1,000,000.00	0.600	729	155	0.600	12/03/2014
SYS10712	10712	First National Bank of Santa F		06/04/2013	2,000,000.00	2,000,000.00	2,000,000.00	0.450	729	337	0.450	06/03/2015
SYS10720	10720	First National Bank of Santa F		07/17/2013	2,000,000.00	2,000,000.00	2,000,000.00	0.500	364	15	0.500	07/16/2014
SYS10758	10758	Guadalupe CU		06/19/2014	250,000.00	250,000.00	250,000.00	0.560	365	363	0.560	06/19/2015
SYS10760	10760	State Employee CU		07/08/2013	250,000.00	250,000.00	250,000.00	1.460	1,481	1,103	1.460	07/08/2017
		Subtotal and Average	15,300,000.00		15,250,000.00	15,250,000.00	15,250,000.00		591	149	0.518	
Money Market Accounts												
SYS10210	10210	Wells Fargo Bank MM		07/01/2007	46,340.57	46,340.57	46,340.57	0.010	1	1	0.010	
SYS10237	10237	Wells Fargo Bank MM		06/01/2007	0.00	0.00	0.00	0.030	1	1	0.030	
SYS10416	10416	Wells Fargo Bank MM		12/15/2009	43,137.65	43,137.65	43,137.65	0.010	1	1	0.010	
SYS10461	10461	Wells Fargo Bank MM		03/31/2010	0.00	0.00	0.00	0.010	1	1	0.010	
		Subtotal and Average	4,836,630.50		89,478.22	89,478.22	89,478.22		1	1	0.010	
Local Government Investment Pool												
SYS10213	10213	NM Local Gov Inv. Pool		07/01/2007	682,557.29	682,557.29	682,557.29	0.112	1	1	0.112	
SYS10381	10381	NM Local Gov Inv. Pool		03/06/2009	20,301.10	20,301.10	20,301.10		1	1	0.000	
		Subtotal and Average	702,858.39		702,858.39	702,858.39	702,858.39		1	1	0.108	
Federal Agency Coupon Securities												
3133EAX29	10672	Federal Farm Credit Bank		09/21/2012	2,500,000.00	2,494,450.00	2,498,390.37	0.980	1,823	1,175	1.001	09/18/2017
3133ECJX3	10705	Federal Farm Credit Bank		03/28/2013	3,000,000.00	2,984,250.00	2,996,633.76	1.040	1,824	1,364	1.071	03/26/2018
3133EDEN8	10731	Federal Farm Credit Bank		02/05/2014	2,500,000.00	2,501,575.00	2,499,718.25	0.300	807	461	0.309	10/05/2015
3133EDEC2	10733	Federal Farm Credit Bank		02/11/2014	2,000,000.00	2,004,380.00	2,004,665.77	0.550	807	667	0.421	04/28/2016
3133EDFZ0	10740	Federal Farm Credit Bank		03/04/2014	3,000,000.00	2,994,270.00	2,998,475.42	0.770	1,096	976	0.789	03/03/2017
3133EDHJ4	10743	Federal Farm Credit Bank		03/20/2014	2,700,000.00	2,700,243.00	2,698,776.25	0.930	1,086	993	0.947	03/20/2017
3133813R4	10685	Federal Home Loan Bank		01/17/2013	2,800,000.00	2,777,600.00	2,800,000.00	1.000	1,757	1,227	1.000	11/09/2017
3130A0KX7	10730	Federal Home Loan Bank		01/22/2014	3,000,000.00	3,000,960.00	2,999,753.00	0.680	912	752	0.694	07/22/2016
3133782N0	10735	Federal Home Loan Bank		02/21/2014	3,000,000.00	3,005,520.00	3,006,559.93	0.875	1,113	983	0.793	03/10/2017
3130A0SD3	10738	Federal Home Loan Bank		02/21/2014	3,000,000.00	3,000,210.00	3,000,000.00	0.375	728	598	0.375	02/19/2016
3130A0Y53	10742	Federal Home Loan Bank		03/10/2014	3,000,000.00	2,999,370.00	2,999,730.83	0.900	1,086	983	0.903	03/10/2017

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term Maturity	Days to Maturity	YTM	Maturity Date
Federal Agency Coupon Securities												
3130A1LK2	10748	Federal Home Loan Bank		04/30/2014	2,500,000.00	2,499,975.00	2,499,396.18	0.625	1,826	1,764	2.869	04/30/2019
3130A1NN4	10750	Federal Home Loan Bank		05/01/2014	2,000,000.00	2,000,080.00	1,994,799.18	0.875	1,119	1,058	0.986	05/24/2017
3130A1VQ8	10754	Federal Home Loan Bank		05/22/2014	3,000,000.00	3,004,170.00	3,000,000.00	1.125	1,096	1,056	1.125	05/22/2017
3130A1XK9	10757	Federal Home Loan Bank		06/13/2014	3,200,000.00	3,204,672.00	3,200,000.00	1.100	1,078	1,060	1.100	05/28/2017
3130A2B21	10759	Federal Home Loan Bank		06/26/2014	2,500,000.00	2,498,225.00	2,500,000.00	1.000	1,826	1,821	2.025	06/26/2019
3134G3K33	10675	Federal Home Loan Mtg Corp		08/27/2012	3,500,000.00	3,500,945.00	3,498,020.49	0.700	1,461	819	0.713	08/27/2016
3134G3L40	10677	Federal Home Loan Mtg Corp		10/04/2012	2,500,000.00	2,500,075.00	2,500,000.00	0.600	1,278	643	0.600	04/04/2016
3134G36F2	10701	Federal Home Loan Mtg Corp		03/18/2013	2,500,000.00	2,506,125.00	2,500,000.00	0.420	914	444	0.420	09/18/2015
3134G4EJ3	10722	Federal Home Loan Mtg Corp		08/01/2013	1,600,000.00	1,600,624.00	1,600,000.00	0.860	1,093	759	0.850	07/29/2016
3137EADQ9	10732	Federal Home Loan Mtg Corp		02/11/2014	2,000,000.00	2,000,860.00	2,002,184.83	0.500	822	582	0.441	05/13/2016
3137EADF3	10739	Federal Home Loan Mtg Corp		03/04/2014	3,000,000.00	3,030,420.00	3,037,746.45	1.250	1,165	1,048	0.804	05/12/2017
3134G3L24	10744	Federal Home Loan Mtg Corp		04/01/2014	3,000,000.00	3,010,050.00	3,007,607.87	0.500	542	451	0.294	09/25/2015
3137EADQ9	10751	Federal Home Loan Mtg Corp		05/01/2014	2,000,000.00	2,000,860.00	2,001,285.25	0.500	743	582	0.485	05/13/2016
3134G3R4	10752	Federal Home Loan Mtg Corp		05/20/2014	3,000,000.00	3,000,630.00	2,998,434.17	0.500	731	689	0.510	05/20/2016
3134G3Q6	10753	Federal Home Loan Mtg Corp		05/21/2014	2,000,000.00	1,998,880.00	2,000,000.00	0.800	915	874	0.800	11/21/2016
3136GRRP8	10658	Federal National Mtg Assn		07/27/2012	2,775,000.00	2,775,971.25	2,776,065.31	0.875	1,825	1,121	1.230	07/26/2017
3135G0PH0	10676	Federal National Mtg Assn		09/27/2012	2,500,000.00	2,496,675.00	2,498,623.47	1.000	1,826	1,184	1.017	09/27/2017
3135G0QW6	10693	Federal National Mtg Assn		11/08/2012	2,000,000.00	1,984,460.00	1,998,694.72	1.000	1,826	1,226	1.005	11/08/2017
3135G0LN1	10688	Federal National Mtg Assn		12/19/2012	3,000,000.00	3,009,720.00	3,003,285.77	0.500	925	366	0.390	07/02/2015
3135G0VQ3	10704	Federal National Mtg Assn		03/26/2013	2,000,000.00	1,987,000.00	1,988,744.44	0.650	1,280	818	0.656	09/26/2016
3135G0WA7	10706	Federal National Mtg Assn		03/28/2013	2,500,000.00	2,505,100.00	2,500,000.00	1.125	1,826	1,366	1.125	03/28/2018
3135G0WM1	10707	Federal National Mtg Assn		05/14/2013	3,500,000.00	3,449,950.00	3,500,000.00	1.000	1,812	1,399	1.000	04/30/2018
3135G0WY5	10710	Federal National Mtg Assn		05/24/2013	3,500,000.00	3,483,725.00	3,498,208.70	0.550	1,270	867	0.572	11/14/2016
3135G0XB4	10711	Federal National Mtg Assn		05/24/2013	3,400,000.00	3,395,172.00	3,399,681.91	0.500	1,071	668	0.505	04/29/2016
3136G1NU9	10713	Federal National Mtg Assn		08/19/2013	2,000,000.00	2,001,000.00	1,998,887.50	1.000	1,461	1,084	1.019	08/19/2017
Subtotal and Average			94,276,245.60		95,975,000.00	95,910,192.26	96,018,337.82		1,241	948	0.850	
Treasury Coupon Securities												
912828RX0	10755	U.S. Treasury		06/12/2014	2,500,000.00	2,513,075.00	2,511,097.44	0.875	933	914	0.695	12/31/2016
912828VG2	10756	U.S. Treasury		06/12/2014	2,500,000.00	2,503,125.00	2,502,853.85	0.500	734	715	0.441	08/15/2018
Subtotal and Average			3,175,594.44		5,000,000.00	5,016,200.00	5,013,951.29		834	815	0.569	
Pass Through Securities												
362258TS7	10006	GNMA		04/30/2003	634.78	636.10	678.02	6.500	4,309	228	4.882	02/15/2015
362258N61	10007	GNMA		04/30/2003	6,116.33	6,314.68	6,471.84	6.000	4,825	745	4.773	07/15/2016
36213ULS7	10008	GNMA		04/30/2002	10,043.71	10,354.56	10,164.96	6.000	5,221	776	5.717	08/15/2016

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Pass Through Securities												
36202DPY1	10009	GNMA		06/30/2003	12,467.55	12,865.26	13,083.15	6.000	4,831	812	4.951	09/20/2016
362258RY6	10010	GNMA		08/31/2003	5,894.42	6,151.12	6,097.04	6.000	4,917	960	5.113	02/15/2017
36202SGG7	10011	GNMA		04/30/2003	35,616.80	37,175.03	37,664.77	6.000	5,433	1,353	4.932	03/15/2018
		Subtotal and Average	75,852.33		70,773.59	73,496.75	74,178.78		5,192	1,083	5.045	
Municipal Bonds												
801901JJ9	10708	Santa Fe Community College		05/16/2013	3,300,000.00	3,311,055.00	3,310,232.28	4.000	442	31	0.271	08/01/2014
788359JR7	10671	San Juan Cnty NM School Dist		09/21/2012	1,250,000.00	1,287,237.50	1,282,866.02	3.000	1,044	396	0.550	08/01/2015
		Subtotal and Average	4,599,265.84		4,550,000.00	4,598,292.50	4,593,098.30		610	133	0.349	
Savings Account												
SYS10403	10403	First National Bank of Santa F		10/09/2009	0.00	0.00	0.00	0.210	1	1	0.210	
SYS10474	10474	First National Bank of Santa F		07/23/2010	0.00	0.00	0.00	0.250	1	1	0.250	
SYS10729	10729	First National Bank of Santa F		12/23/2013	9,770,986.04	9,770,986.04	9,770,986.04	0.250	1	1	0.250	
SYS10408	10408	Los Alamos Nat.		10/19/2009	0.00	0.00	0.00	0.300	1	1	0.300	
SYS10235	10235	Wells Fargo Bank Savings		07/01/2007	67,844,728.29	67,844,728.29	67,844,728.29	0.220	1	1	0.220	
SYS10724	10724	Wells Fargo Bank Savings		07/01/2013	1,108,155.83	1,108,155.83	1,108,155.83	0.220	1	1	0.220	
SYS10727	10727	Wells Fargo Bank Savings		07/01/2013	8,730,840.40	8,730,840.40	8,730,840.40	0.220	1	1	0.220	
		Subtotal and Average	86,876,172.95		87,454,710.56	87,454,710.56			1	1	0.223	
Forward Purchase Agreement												
SYS10218	10218	JPMorgan Chase		07/01/2007	0.00	0.00	0.00	0.470	1	1	0.470	
		Subtotal and Average	0.00		0.00	0.00	0.00		0	0	0.000	
Compounding CDs												
SYS10745	10745	First National Bank of Santa F		04/03/2014	267,755.34	267,755.34	267,755.34	0.400	365	276	0.400	04/03/2015
		Subtotal and Average	267,749.47		267,755.34	267,755.34	267,755.34		365	276	0.400	
Federal Agency Continuous Calls												
3133ECHB3	10700	Federal Farm Credit Bank		03/15/2013	3,000,000.00	2,998,140.00	2,996,947.39	0.450	1,088	615	0.511	03/07/2016
		Subtotal and Average	2,996,874.35		3,000,000.00	2,998,140.00	2,996,947.39		1,088	615	0.511	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM
Total and Average			213,106,283.87		212,360,576.10	212,361,124.01	212,461,317.09		654	471	0.544

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CHANGES IN INTEREST RATES

	FY 12-13	FY 13-14	FY 13-14	FY 13-14	FY 13-14	FY 13-14	FY 13-14	FY 14-15	FY 14-15
	June	Sept.	Dec. ¹	Mar	April	May	June ²	July ³	Aug ⁴
Cash Accounts									
Certificates of Deposit	0.92%	0.92%	0.92%	0.92%	0.92%	0.54%	0.52%	0.52%	0.52%
Library Endowment Fund - CD	0.65%	0.65%	0.65%	0.65%	0.45%	0.45%	0.40%	0.40%	0.40%
WFB Adv Govt MntMkt	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
WFB Business Svgs	0.23%	0.23%	0.23%	0.23%	0.22%	0.22%	0.22%	0.22%	0.22%
FNB Savings	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
NM State LGIP	0.11%	0.10%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%
Securities									
U.S. Agency Securities	0.66%	0.68%	0.72%	0.73%	0.78%	0.80%	0.85%	0.79%	0.79%
GNMA Pass-Through Securities	4.98%	5.05%	5.05%	5.04%	5.04%	5.04%	5.04%	0.51%	0.51%
U.S. Treasuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%	0.57%	0.57%
NM Bonds	0.90%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.55%
2009A&B Reserve - Securities	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
TOTAL	0.56%	0.52%	0.49%	0.51%	0.51%	0.51%	0.54%	0.49%	0.52%

FY 13-14

¹ Dec.: Total Yield lower because cash volume was increased in WFB Savings account to prepare for debt service payment for June 1st.

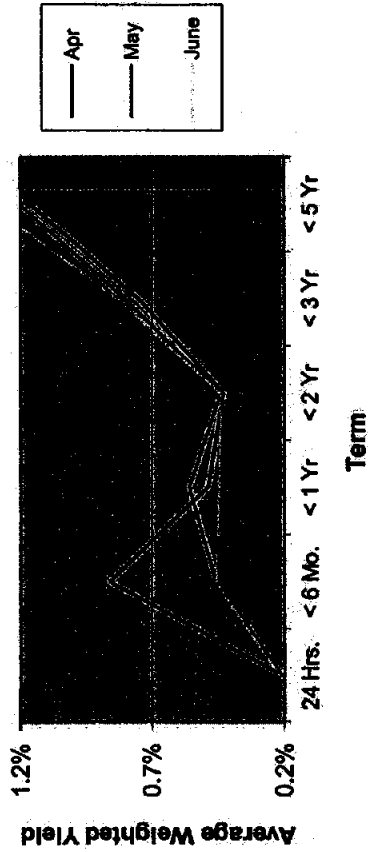
² June: Total Yield higher because \$27 million in cash was paid out for debt service lowering cash in WFB Savings account.

FY 14-15

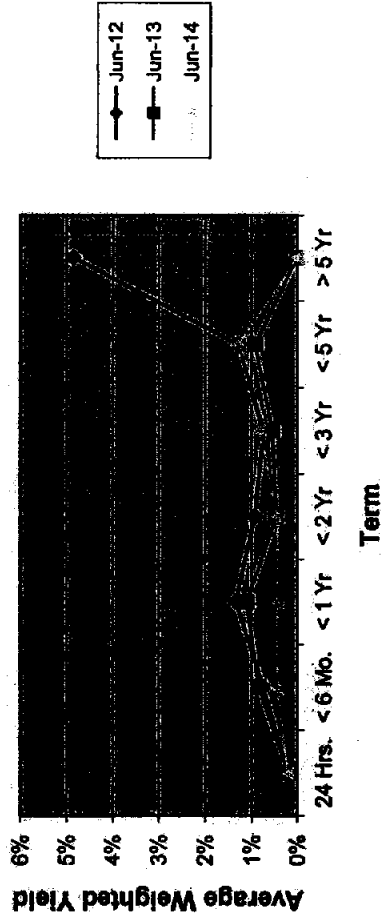
³ July: \$7 million in securities purchases had not settled before month end so cash was in the Trust account at .01% until settled.

⁴ Aug.: Muni matured and remaining Muni carries a higher yield; Securities were settled out of Trust cash account.

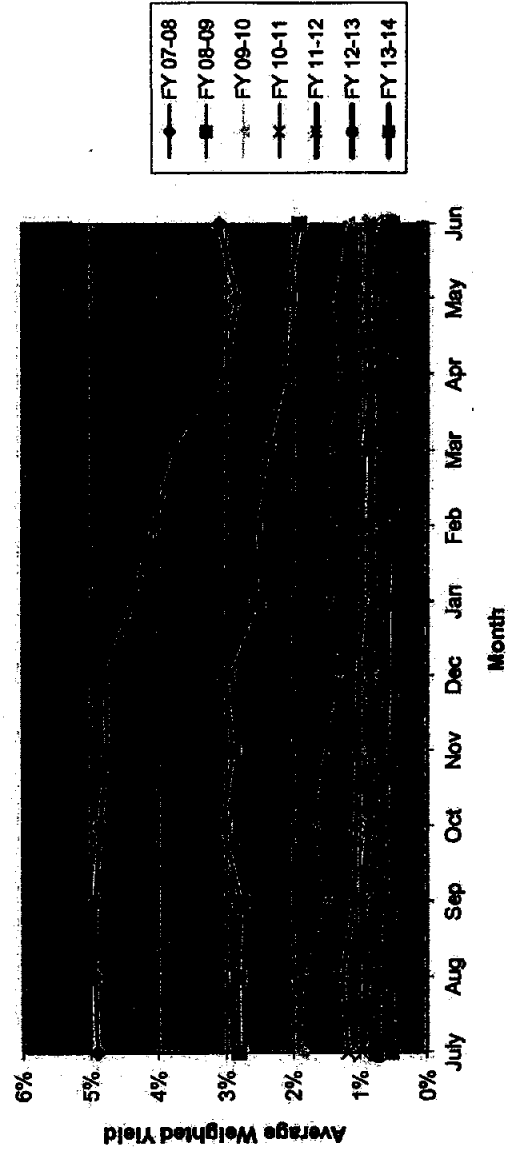
Yield Curve - 3 Month



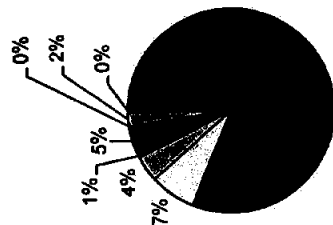
Ave. Portfolio Yield By Term



Ave. Portfolio Yield by Fiscal Year

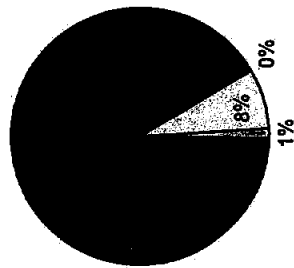


Investment Type June 30, 2014



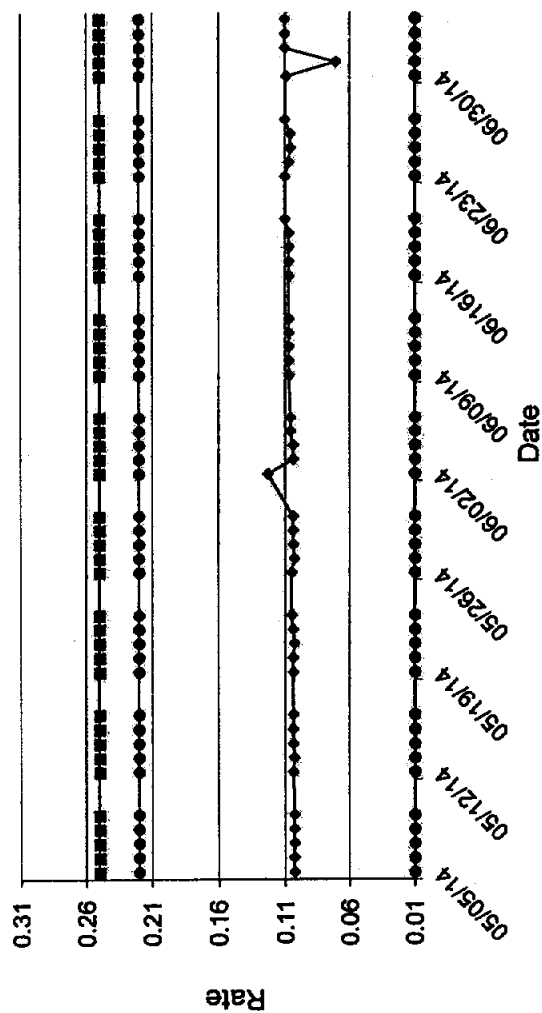
- U.S. Agency Securities
- WFB Business Savings
- Certificates of Deposit
- Restricted Cash
- NMFA# 20 DS Reserve
- FNB Savings
- WFB Adv Govt Money Market
- New Mexico Municipal Bonds
- NM LGIP

Investments Within the Aging Period June 30, 2014

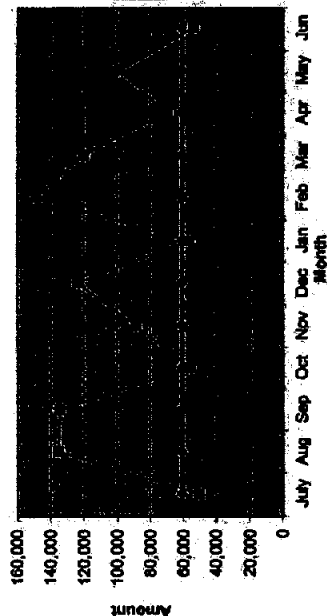


- 24 Hrs. Notice
- NM LGIP
- Less than Six Months
- Less than One Year
- Less than Two Years
- Less than Three Years
- Less than Five Years

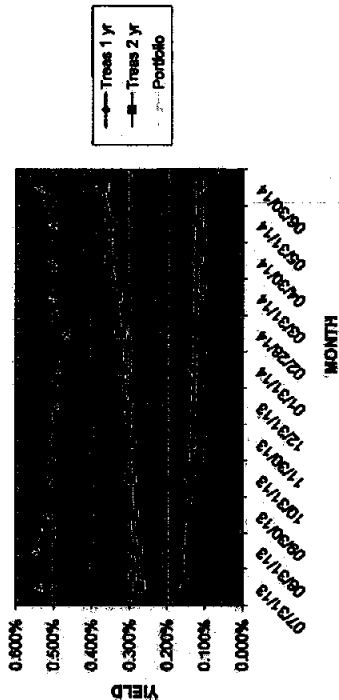
Major Cash Accounts - Yields



FY 13-14 Interest Earnings vs Budget



Benchmark Comparison



BANK RATINGS AS OF DECEMBER 31, 2013 bankrate.com - Updated 9/04/14

	06/30/12	06/30/13	06/30/13	12/31/13	03/31/2014	06/30/14	Balances	FDIC/NCUA	Agencies	Collateral Type	LOC
BANKS WITH CDs											
First National Bank of Santa Fe	***	***	***	***	***	***	11,500,000	X		X	
Los Alamos National Bank *	***	***	***	***	***	***	0				
Community Bank	***	***	***	***	***	***	3,000,000	X		X	
Century Bank	***	***	***	***	***	***	250,000	X			
State Employees Credit Union	***	***	***	***	***	***	250,000	X			
Guadalupe Credit Union	***	***	***	***	***	***	250,000	X			
TOTAL CDs							15,250,000				
OTHER MAJOR BANK ACCOUNTS											
FNB Money Market - Savings	***	***	***	***	***	***	9,770,988.04	X		X	
FNB Library Endowment CD	***	***	***	***	***	***	267,753.34	X		X	
Wells Fargo Bank Savings	***	***	***	***	***	***	67,844,728.28	X		X	
TOTAL OTHER							77,883,469.67				

*LANB had a "B" rating since March 31, 2012 with one exception. The new rating for 3/31/14 dropped to "C", the lowest rating on bankrate.com. Baur Financial still has the bank rated as "B", defined as problematic. At last check, the bank was working on restoring its financials in response to new legislative requirements and expected to have the financials refiled in the coming months.

SYMPRO PORTFOLIO HISTORY *

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
31-Jul-07	250,334,088.53	249,500,427.75	249,869,193.97	(368,766.22)	4.985%		Housing prices increased from July 1995 to May 2006, masking foreclosures. Owners pulled extra cash out of their houses and spent it - eliminating any cushion. Housing market turned 2007 - beginning mortgage crisis. June 2007 - collapse of 2 Bear Sterns hedge funds.
31-Aug-07	246,087,500.91	245,571,130.95	245,633,778.85	(62,647.90)	4.917%		
30-Sep-07	250,858,920.97	250,731,360.21	250,446,249.45	285,110.76	4.913%		
31-Oct-07	233,053,946.83	233,054,185.45	232,700,447.87	353,737.58	4.839%		
30-Nov-07	231,105,094.72	232,232,173.31	231,317,382.92	914,790.39	4.562%	Paid DS	
31-Dec-07	229,121,678.68	230,405,169.83	229,485,267.67	919,902.16	4.448%		
31-Jan-08	223,197,140.52	224,790,057.39	223,556,112.70	1,233,944.69	4.191%		
29-Feb-08	220,758,250.52	223,390,265.62	221,175,285.47	2,214,980.15	3.889%		
31-Mar-08	221,265,484.71	223,869,188.78	221,718,418.84	2,150,769.94	3.568%		
30-Apr-08	255,360,328.64	257,565,202.08	256,071,725.56	1,493,476.52	3.140%	2008 CIP/CCTR - \$28.7 mill	
31-May-08	232,403,220.66	234,194,821.36	233,101,631.19	1,093,190.17	3.068%	Paid DS	
30-Jun-08	236,653,564.47	238,534,347.89	237,601,047.90	933,299.99	3.029%	2008GO \$20 mill	
31-Jul-08	236,401,084.27	238,180,729.39	237,285,870.15	894,859.24	3.013%		
31-Aug-08	236,748,262.40	238,665,280.88	237,655,861.38	1,009,419.50	3.019%		
30-Sep-08	248,243,974.69	249,541,042.38	248,999,976.97	541,065.41	2.935%		FNMA & FHLMC went into Federal conservatorship. Lehman Bros. filed for bankruptcy. The Reserve Fund failed due to Lehman Bros. Fed's seized control of AIG. Major mortgage lenders were out of business (Countrywide, WAMU).
31-Oct-08	241,795,771.52	243,268,491.63	242,546,946.70	721,544.93	3.094%		
30-Nov-08	238,920,089.05	241,634,146.04	239,774,296.30	1,859,849.74	2.927%	Paid DS	
31-Dec-08	233,039,874.66	236,519,977.19	233,800,523.67	2,719,453.52	3.050%		
31-Jan-09	220,812,527.03	224,616,909.57	222,424,858.89	2,192,050.68	2.616%		Began slide in unrealized gain and yield.
28-Feb-09	222,832,060.41	226,425,566.43	224,486,306.68	1,939,259.75	2.632%		
31-Mar-09	237,465,143.41	240,892,675.41	238,961,299.55	1,931,375.86	2.299%		
30-Apr-09	233,131,759.62	236,367,637.91	234,460,328.09	1,907,309.82	2.176%		
31-May-09	212,213,539.83	215,272,769.14	213,407,708.48	1,865,060.66	2.132%	Paid DS	
30-Jun-09	202,156,324.45	204,978,766.65	203,242,507.10	1,736,259.55	1.974%		
31-Jul-09	187,414,508.19	189,975,819.96	188,403,310.72	1,572,509.24	1.944%		
31-Aug-09	166,799,596.52	169,282,166.91	167,700,116.54	1,582,050.37	1.956%		
30-Sep-09	181,992,783.64	184,433,574.15	182,938,901.58	1,494,672.57	1.581%		
31-Oct-09	170,012,153.00	172,267,343.75	170,847,364.21	1,419,979.54	1.799%		
30-Nov-09	174,704,212.20	176,833,639.44	175,443,535.12	1,390,104.32	1.647%	Paid DS	
31-Dec-09	231,380,249.78	233,155,522.46	232,081,161.30	1,074,361.16	1.335%	2009AB Bonds - \$59.9 mill	

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
31-Jan-10	226,530,383.23	228,353,625.58	227,243,161.90	1,110,463.68	1.508%		
28-Feb-10	227,109,436.97	228,941,610.61	227,888,692.47	1,052,918.14	1.462%		Major concerns over Greece, European debt crisis
31-Mar-10	224,538,153.21	226,099,323.46	225,299,637.54	799,685.92	1.512%		
30-Apr-10	217,674,242.48	219,743,494.14	218,997,336.79	746,157.35	1.377%		
31-May-10	201,085,784.16	203,020,170.84	202,290,847.90	729,322.94	1.395%	Paid DS	Flash crash 05/06/10 - 600 pt swing in DJI
30-Jun-10	194,414,812.06	196,216,122.13	195,474,482.29	741,639.84	1.313%		
31-Jul-10	193,241,973.82	194,839,515.65	194,162,819.74	676,695.91	1.250%		
31-Aug-10	189,375,871.93	190,896,898.28	190,289,559.37	607,338.91	1.368%		
30-Sep-10	191,018,683.33	192,358,597.52	191,820,219.62	538,377.90	1.183%		
31-Oct-10	199,150,871.23	200,393,125.49	199,873,713.31	519,412.18	1.111%		
30-Nov-10	202,533,549.46	203,629,447.00	203,229,580.67	399,866.33	1.099%	Paid DS; 2010 GO \$10.3 mill	
31-Dec-10	198,364,378.70	199,283,262.58	198,999,039.49	284,223.09	1.084%		
31-Jan-11	208,686,750.28	209,534,036.07	209,244,752.98	289,283.09	1.014%		
28-Feb-11	212,294,788.15	212,931,862.60	212,753,715.35	178,147.25	1.029%		
31-Mar-11	208,914,668.79	209,463,165.64	209,293,492.69	169,672.95	1.013%		
30-Apr-11	204,104,410.44	204,622,996.39	204,308,702.78	314,293.61	0.936%		
31-May-11	195,543,866.80	196,069,414.72	195,737,057.31	332,357.41	0.950%	Paid DS	
30-Jun-11	189,296,668.52	189,747,220.06	189,462,594.94	284,625.12	0.945%		
31-Jul-11	194,520,182.43	194,945,154.74	194,661,835.84	283,318.90	1.017%		
31-Aug-11	197,207,397.42	197,638,513.84	197,333,253.26	305,260.58	0.958%		
30-Sep-11	196,981,993.35	197,301,459.38	197,093,245.54	208,213.84	1.037%		
31-Oct-11	205,157,573.14	205,455,114.58	205,244,181.80	210,932.78	0.914%		
30-Nov-11	199,857,819.05	200,126,387.96	199,934,654.43	191,733.53	0.888%	Paid DS	
31-Dec-11	196,576,108.56	196,807,397.14	196,619,923.80	187,473.34	0.935%		
31-Jan-12	201,235,543.72	201,485,361.68	201,273,593.52	211,768.16	0.869%		
29-Feb-12	203,389,058.95	203,593,753.53	203,427,145.77	166,607.76	0.903%		
31-Mar-12	230,554,121.35	230,732,854.70	230,576,412.17	156,442.53	0.875%	2012A Ref/CIP \$32.7 mill	
30-Apr-12	229,644,285.21	229,973,726.60	229,665,970.87	307,755.73	0.896%		
31-May-12	203,564,258.38	203,845,234.65	203,577,751.34	267,483.31	0.972%	Paid DS	
30-Jun-12	200,962,979.53	201,218,061.31	200,980,027.36	238,033.95	0.863%		
31-Jul-12	207,503,049.81	207,977,843.16	207,667,788.14	310,055.02	0.758%		
31-Aug-12	215,788,823.19	216,298,956.44	215,972,851.16	326,105.28	0.774%		
30-Sep-12	216,820,201.63	217,354,396.71	217,071,989.63	282,407.08	0.738%		
31-Oct-12	225,085,033.83	225,542,486.30	225,325,059.58	217,426.72	0.683%		
30-Nov-12	214,882,969.58	215,387,108.19	215,110,290.39	276,817.80	0.687%	Paid DS	
31-Dec-12	227,327,505.14	227,765,689.98	227,543,639.86	222,050.12	0.603%	2012C \$4.7 mill	
31-Jan-13	228,481,542.26	228,799,777.80	228,692,315.29	107,462.51	6.230%		
28-Feb-13	233,336,062.17	233,663,246.88	233,536,079.44	127,167.44	0.590%		
31-Mar-13	233,566,942.45	233,889,981.84	233,746,960.53	143,021.31	0.541%		
30-Apr-13	230,670,190.64	231,047,824.14	230,840,491.07	207,333.07	0.546%		
31-May-13	210,158,959.72	210,311,215.72	210,471,326.96	(160,111.24)	0.572%	Paid DS	5/22/13 Fed "may" start QE rollback "sometime"

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
30-Jun-13	197,905,607.57	197,405,221.58	198,191,581.39	(786,359.81)	0.602%		(Bernanke opened his mouth - nothing changed)
31-Jul-13	210,411,079.12	210,046,825.81	210,667,813.77	(620,987.96)	0.540%	2013GO \$12 mill	
31-Aug-13	227,026,301.65	226,417,751.99	227,264,405.54	(846,653.55)	0.550%		NASDAQ glitch 8/22/13; Goldman glitch 8/21/13
30-Sep-13	232,185,034.92	231,892,394.66	232,409,121.86	(516,727.20)	0.520%		
31-Oct-13	234,162,853.62	234,123,936.31	234,367,755.76	(243,819.45)	0.520%		Federal Gov't shutdown 16 days: 10/1 - 10/16
30-Nov-13	223,175,206.67	223,168,934.48	223,360,534.39	(191,599.91)	0.510%	Paid DS	
31-Dec-13	227,111,498.44	226,804,326.34	227,283,265.54	(478,939.20)	0.490%		
31-Jan-14	233,574,510.78	233,506,702.95	233,727,128.94	(220,425.99)	0.491%		
28-Feb-14	239,706,418.09	239,668,861.29	239,838,295.60	(169,434.31)	0.467%		
31-Mar-14	236,817,245.98	236,660,203.53	236,968,178.11	(307,974.58)	0.510%		
30-Apr-14	233,863,170.61	233,761,912.83	234,004,171.29	(242,258.46)	0.510%	Paid DS	
31-May-14	211,633,382.08	211,658,466.68	211,750,675.64	(92,208.96)	0.510%		
30-Jun-14	212,360,576.10	212,361,124.01	212,461,317.09	(100,193.08)	0.540%		

* BASED ON SYMPRO - DOES NOT INCLUDE COMMON, GENERAL LIABILITY, WORKER'S COMPENSATION, PAYROLL, HUD, REDFLEX, PUBLIC SAFETY, RESTRICTED CASH, OR NMFA#20
DEBT SERVICE ACCOUNTS

FOOTNOTES:

- (1) PAR
 - (2) Market Value
 - (3) Book Value
 - (4) Unrealized Gain (Loss)
 - (5) City Activity
 - (6) External Impacts
- Face value of securities and cash value of bank accounts and CDs. We record this in the GL and use it to plan.
Value of securities if sold at the price available on the last day of the month. This is an accounting requirement, not a criteria we use.
Cost of securities at purchase - may be bought at a discount, a premium, or at PAR.
Difference between market value and book value. Accounted for at end of each fiscal year. Not a cash item to the City.
Debt service payments and bonds issued - affect cash available but do not affect market value.
Activities that have affected market value and so our potential unrealized gain or loss.

PORTFOLIO SORT BY MARKET VALUE GAIN/(LOSS)

06/30/14

number	fund	cusip	type	issuer	days	maturity	rem. face	book value	mkt. value	gain/(loss) [Mkt-Book]
CASH										
10210	7000	SYS10210	LA1	WFBMM	365	- -	46,340.57	46,340.57	46,340.57	
10213	7000	SYS10213	LA5	NMLA	365	- -	682,557.29	682,557.29	682,557.29	
10729	7000	SYS10729	RRP	FNBSF	365	- -	9,770,986.04	9,770,986.04	9,770,986.04	
10235	7000	SYS10235	RRP	WELLS	365	- -	67,844,728.29	67,844,728.29	67,844,728.29	
							<u>78,344,612.19</u>			0.00
RESTRICTED CASH										
10381	7000	SYS10381	LA5	NMLA	365	- -	20,301.10	20,301.10	20,301.10	
10416	5391	SYS10416	LA1	WFBMM	365	- -	43,137.65	43,137.65	43,137.65	
10724	5912	SYS10724	RRP	WELLS	365	- -	1,108,155.83	1,108,155.83	1,108,155.83	
10727	POOLED	SYS10727	RRP	WELLS	365	- -	8,730,840.40	8,730,840.40	8,730,840.40	
10745	2716	SYS10745	RR4	FNBSF	365	04/03/2015	267,755.34	267,755.34	267,755.34	
							<u>10,170,190.32</u>			0.00
CERTIFICATES OF DEPOSIT										
10721	7000	SYS10721	BCD	CENT	365	07/28/2014	250,000.00	250,000.00	250,000.00	
10703	7000	SYS10703	BCD	CMBK	365	09/25/2014	500,000.00	500,000.00	500,000.00	
10749	7000	SYS10749	BCD	CMBK	365	11/14/2014	2,500,000.00	2,500,000.00	2,500,000.00	
10679	7000	SYS10679	BCD	FNBSF	365	10/08/2014	3,000,000.00	3,000,000.00	3,000,000.00	
10680	7000	SYS10680	BCD	FNBSF	365	10/11/2014	3,500,000.00	3,500,000.00	3,500,000.00	
10697	7000	SYS10697	BCD	FNBSF	365	12/03/2014	1,000,000.00	1,000,000.00	1,000,000.00	
10712	7000	SYS10712	BCD	FNBSF	365	06/03/2015	2,000,000.00	2,000,000.00	2,000,000.00	
10720	7000	SYS10720	BCD	FNBSF	365	07/16/2014	2,000,000.00	2,000,000.00	2,000,000.00	
10758	7000	SYS10758	BCD	GUAD	365	06/19/2015	250,000.00	250,000.00	250,000.00	
10760	7000	SYS10760	BCD	STEC	365	07/08/2017	250,000.00	250,000.00	250,000.00	
							<u>15,250,000.00</u>			0.00
AGENCIES WITH MARKET VALUE GAIN										
10708	7000	801901JJ9	MUN	SFCC	360	08/01/2014	3,300,000.00	3,310,232.28	3,311,055.00	822.72
10688	7000	3135G0LN1	FAC	FNMA	360	07/02/2015	3,000,000.00	3,003,285.77	3,009,720.00	6,434.23
10671	7000	798359JR7	MUN	SNJSCD	360	08/01/2015	1,250,000.00	1,282,866.02	1,287,237.50	4,371.48
10701	7000	3134G36F2	FAC	FHLMC	360	09/18/2015	2,500,000.00	2,500,000.00	2,506,125.00	6,125.00
10744	7000	3134G3L24	FAC	FHLMC	360	09/25/2015	3,000,000.00	3,007,607.87	3,010,050.00	2,442.13
10731	7000	3133EDEN8	FAC	FFCB	360	10/05/2015	2,500,000.00	2,499,716.25	2,501,575.00	1,858.75
10738	7000	3130A0SD3	FAC	FHLB	360	02/19/2016	3,000,000.00	3,000,000.00	3,000,210.00	210.00
10700	7000	3133ECB3MC5	FAC	FFCB	360	03/07/2016	3,000,000.00	2,996,947.39	2,998,140.00	1,192.61
10677	7000	3134G3L40	FAC	FHLMC	360	04/04/2016	2,500,000.00	2,500,000.00	2,500,075.00	75.00
10752	7000	3134G53R4	FAC	FHLMC	360	05/20/2016	3,000,000.00	2,999,434.17	3,000,630.00	1,195.83
10756	7000	912828VG2	TRC	USTR	365	06/15/2016	2,500,000.00	2,502,853.85	2,503,125.00	271.15
10730	7000	3130A0KX7	FAC	FHLB	360	07/22/2016	3,000,000.00	2,999,753.00	3,000,960.00	1,207.00
10722	7000	3134G4EJ3	FAC	FHLMC	360	07/29/2016	1,600,000.00	1,600,000.00	1,600,624.00	624.00

PORTFOLIO SORT BY MARKET VALUE GAIN/(LOSS)

06/30/14

number	fund	cusip	type	issuer	days	maturity	rem. face	book value	mkt. value	gain/(loss) [Mkt-Book]
10008	7000	36213ULS7	GN1	GNMA	360	08/15/2016	10,043.71	10,184.96	10,354.56	169.60
10675	7000	3134G3K33	FAC	FHLMC	360	09/27/2016	3,500,000.00	3,499,020.49	3,500,945.00	1,924.51
10755	7000	912828RX0	TRC	USTR	365	12/31/2016	2,500,000.00	2,511,097.44	2,513,075.00	1,977.56
10010	7000	36225BRY6	GN1	GNMA	360	02/15/2017	5,894.42	6,097.04	6,151.12	54.08
10743	7000	3133EDHJ4	FAC	FFCB	360	03/20/2017	2,700,000.00	2,698,776.25	2,700,243.00	1,466.75
10754	7000	3130A1VQ8	FAC	FHLB	360	05/22/2017	3,000,000.00	3,000,000.00	3,004,170.00	4,170.00
10750	7000	3130A1NN4	FAC	FHLB	360	05/24/2017	2,000,000.00	1,994,799.18	2,000,080.00	5,280.82
10757	7000	3130A1XK9	FAC	FHLB	360	05/26/2017	3,200,000.00	3,200,000.00	3,204,672.00	4,672.00
10713	7000	3136G1NU9	FAC	FNMA	360	06/19/2017	2,000,000.00	1,998,887.50	2,001,000.00	2,112.50
10706	7000	3135G0WA1	FAC	FNMA	360	03/28/2018	2,500,000.00	2,500,000.00	2,505,100.00	5,100.00
10748	7000	3130A1LK2	FAC	FHLB	360	04/30/2019	2,500,000.00	2,499,396.18	2,499,975.00	578.82
							58,065,938.13			54,336.54

AGENCIES WITH MARKET VALUE LOSS

10006	7000	36225BTS7	GN1	GNMA	360	02/15/2015	634.78	678.02	636.10	(41.92)
10733	7000	3133EDC2	FAC	FFCB	360	04/28/2016	2,000,000.00	2,004,665.77	2,004,380.00	(285.77)
10711	7000	3135G0XB4	FAC	FNMA	360	04/29/2016	3,400,000.00	3,399,681.91	3,395,172.00	(4,509.91)
10751	7000	3137EADQ8	FAC	FHLMC	360	05/13/2016	2,000,000.00	2,001,285.25	2,000,860.00	(425.25)
10732	7000	3137EADQ8	FAC	FHLMC	360	05/13/2016	2,000,000.00	2,002,184.83	2,000,860.00	(1,324.83)
10007	7000	36225BN61	GN1	GNMA	360	07/15/2016	6,116.33	6,471.84	6,314.68	(157.16)
10009	7000	36202DPY1	GN1	GNMA	360	09/20/2016	12,467.55	13,083.15	12,865.26	(217.89)
10704	7000	3135G0VQ3	FAC	FNMA	360	09/26/2016	2,000,000.00	1,998,744.44	1,997,000.00	(2,744.44)
10710	7000	3135G0WY1	FAC	FNMA	360	11/14/2016	3,500,000.00	3,498,208.70	3,483,725.00	(14,483.70)
10753	7000	3134G53Q6	FAC	FHLMC	360	11/21/2016	2,000,000.00	2,000,000.00	1,999,880.00	(120.00)
10740	7000	3135EDFZ0	FAC	FFCB	360	03/03/2017	3,000,000.00	2,998,475.42	2,994,270.00	(4,205.42)
10742	7000	3130A0Y53	FAC	FHLB	360	03/10/2017	3,000,000.00	2,999,730.83	2,999,370.00	(360.83)
10735	7000	3133782N0	FAC	FHLB	360	03/10/2017	3,000,000.00	3,006,559.93	3,005,520.00	(1,039.93)
10739	7000	3137EADF3	FAC	FHLMC	360	05/12/2017	3,000,000.00	3,037,746.45	3,030,420.00	(7,326.45)
10658	5391	3136G0RP8	FAC	FNMA	360	07/26/2017	2,775,000.00	2,776,065.31	2,775,971.25	(94.06)
10672	7000	3133EAX29	FAC	FFCB	360	09/18/2017	2,500,000.00	2,498,390.37	2,494,450.00	(3,940.37)
10676	7000	3135G0PH0	FAC	FNMA	360	09/27/2017	2,500,000.00	2,498,623.47	2,496,675.00	(1,948.47)
10683	7000	3135G0QW1	FAC	FNMA	360	11/08/2017	2,000,000.00	1,999,664.72	1,984,460.00	(15,204.72)
10695	7000	3133813R4	FAC	FHLB	360	11/09/2017	2,800,000.00	2,800,000.00	2,777,600.00	(22,400.00)
10011	7000	36202SGG7	GN1	GNMA	360	03/15/2018	35,616.80	37,664.77	37,175.03	(489.74)
10705	7000	3133ECJX3	FAC	FFCB	360	03/26/2018	3,000,000.00	2,986,633.76	2,984,250.00	(12,383.76)
10707	7000	3135G0WM	FAC	FNMA	360	04/30/2018	3,500,000.00	3,500,000.00	3,449,950.00	(50,050.00)
10759	5391	3130A2B21	FAC	FHLB	360	06/26/2019	2,500,000.00	2,500,000.00	2,489,225.00	(10,775.00)
							50,529,835.46			(154,529.62)
							108,595,773.59			(100,193.08)
							212,360,576.10			

CITY OF SANTA FE INVESTMENT STRATEGY

Helene Hausman
Cash Management & Investment Officer
Revised 6/18/14

Successful management of the City's investment portfolio requires flexibility to accommodate changes in the financial markets in ways that benefit the City and meet the City's cash requirements within the confines of State Statute and the City's Investment Policy. While State Statute and the Investment Policy state what we can and cannot invest in, what the longest term can be, diversity and other related concerns, there are still a myriad nuances that need attention in order to successfully meet the priorities of safety, liquidity and yield. Toward that end, this Investment Strategy is reviewed regularly and periodically updated to recognize and address the most important of these nuances.

OBJECTIVE:

To manage the City's investment portfolio in such a way that:

1. Cash is available as needed for ongoing expenses.
2. Cash not needed for near-term expenses is rolled into investments in as timely a manner as possible.
3. All terms and conditions of the Council Approved Investment Policy are met.

CONCERNS:

1. Revised Federal banking regulations continue to constrain local banks. As a result:
 - a. Bank ratings have been problematic for most local banks and credit unions. Most have managed to adapt and restore their favorable ratings. LANB is still working on it.
 - i. Consequence: We recently reallocated funds from matured CDs at LANB to securities until such time as the bank can obtain at least a *** on bankrate.com and improve its ranking on bauerfinancial.com.
 - b. Local banks continue to be unable to handle any increased public funds in the face of the new regulations and the decline in interest rates.
 - i. Consequence: We were unsuccessful with recent efforts to place more funds locally.
2. The Federal Reserve does not foresee increasing interest rates until sometime in 2015. On the other hand, the financial markets are pushing up investment yields on Treasuries from record lows (i.e. 0.0%) but bank rates are still dropping. There is a growing divergence between financial sectors.

INVESTMENT STRATEGY

- a. Consequence: Our CD rates are dropping as they rollover, but our securities purchases are having brief periods of yield improvement. The overall portfolio yield still continues to drop but it has held up better than projected this past fiscal year.
3. Federal agencies continue to change characteristics of bond offerings, including: call structures, interest rate coupon steps, and security issue amounts.
 - a. Consequences:
 - i. The constant turnover from calls generated increased yield and the opportunity to be more flexible with maturity dates but recent changes in the financial market have made it advisable to move back into bullets.
 - ii. We have moved into more bullets to put some rigidity back into our ladder of investments. This gives up some yield but increases portfolio stability and predictability.
 - iii. We are still continuing to hold more cash than in the past because the cash accounts earn more interest than securities maturing inside of one-year. Short term investment options continue to be scarce.

SUMMARY OF CHANGES TO THE PORTFOLIO IN THE LAST YEAR:

Financial market changes in the last year and a half have resulted in several changes to the balance within our portfolio. The following shifts have occurred:

1. Between agencies and cash,
2. Between agencies,
3. Towards more bullets,
4. Towards shorter terms, and
5. The purchase of US Treasuries for the first time since March 2010.

STRATEGY:

In order to best address the above ongoing changes, we will continue to:

1. Focus on security, liquidity and interest earnings in that order.
 - a. Security will include:
 - i. Regular monitoring of bank and agency ratings and making appropriate decisions accordingly.
 - ii. Regular review of municipal bond ratings.
 - iii. Staying informed regarding US credit ratings and possible privatization of FNMA and FHLMC.
 - b. Liquidity will involve regular cash flow analysis to:
 - i. Maintain appropriate daily to six-month bank balances.
 - ii. Roll over certificates of deposit and securities to maintain cash inflow to match required cash outflow, recognizing variations during the fiscal year.

INVESTMENT STRATEGY

- c. Interest earnings will involve:
 - i. Investment decisions that generate reasonable yields within the laddering needs of the portfolio and the associated diversity requirements.
- 2. Hold 4-6 months of cash for short-term liquidity:
 - a. As long as bank account rates out-perform other short term investment options, recognizing variations during the fiscal year.
 - b. Accumulate more cash prior to December 1st and June 1st each year for debt service payments.
- 3. Regularly evaluate the portfolio structure on the basis of maturity date to predict cash flow as the most conservative approach to liquidity.
 - a. Consider calls as an unpredictable benefit increasing the opportunity to reposition investments, but not as the sole determinate of projecting cash flow or making purchase decisions.
 - b. Purchase securities with staggered maturity dates first and call dates second to fill in the ladder.
 - c. Use the changes in spread between bullets and callables, and between agencies and Treasuries, to help determine the appropriate security selection for diversity.
 - d. If purchasing callables, purchase securities with staggered lockout terms, i.e. any time, monthly, quarterly, annually, or 1 time calls, to add stability to the portfolio while benefitting from the generally higher callable yield.
- 4. Be aware of international financial concerns that are rolling over on the U.S. as they affect the availability of issues. There continue to be significant shifts between purchases of European and US securities by Asian countries that affect both availability and price/yield to us. This is reflected in periods of time where little is available to fit our portfolio criteria and where cash may be held for 1-3 weeks before settling back out into securities.
- 5. Use 0.30% as the revised target portfolio minimum yield for FY 14-15, allowing for lesser yields on shorter terms that might prove advantageous. Use the WFB Savings account rate of .22% as the individual yield floor, below which it is better to just leave the cash in Savings.

2014 / 2015

FIRST QUARTER - Actual Hours		Type of Work	Audit Hours	Admin Hours	Training Hours	Holiday & Leave Hours
Public Utilities - (Billing, Debt Forgiveness & Deposits)	Audit		30.5			
Cash Handling - (Rec Centers, Golf Course, Cashiers, Parking, Convention Ctr., Muni Court, Police Department)	Audit / Proj		6			
ITT Follow-Up Audit (Moved forward from 4th Quarter)	Admin / Proj		52			
Transit Walkthrough	Admin / Proj		15.5			
Tracking of Audit Findings	Admin		99			
Park Bond Audit - Determining Scope of Audit and RFP	Admin / Proj			53		
Policies and Procedures	Admin / Proj			15		
Fraud, Waste, and Abuse Hotline	Admin / Proj			20.5		
RFP's, Contracts, Time Keeping (Lodger's Tax, Park Bond Audit, Fraud, Waste and Abuse Hotline)	Admin			72		
Audit Committee Agenda / Special Requests / Status of Audits / Audit Plan Amendments	Admin			45.5		
Meetings (AC, FC, CC, other)	Admin			53		
Training / CPE / Holiday	Training				21.5	20
Vacation / Sick						24.5
TOTAL FOR QUARTER		528	203	259	21.5	44.5
Hours available / Actual Percentage Allocated		528	38.45%	49.05%		

Exhibit 3

2014 / 2015

SECOND QUARTER		Type of Work	Audit Hours	Admin Hours	Training Hours	Holiday & Leave Hours
Public Utilities - (Billing, Debt Forgiveness, Deposits)	Audit		143			
Cash Handling -(Rec Centers, Golf Course, Cashiers, Parking, Convention Ctr., Muni Court, Police Department)	Audit / Proj		40			
ITT Follow-Up Audit (Moved forward from 4th Quarter)	Audit / Proj		40			
Tracking Findings			30			
Park Bond Audit Coordinator	Admin / Proj			42		
City Wide Policy on Policies (added)	Admin / Proj			40		
Other Admin (Set up RFP for Fraud, Waste and Abuse Hotline, P&P, Track Findings)	Admin / Proj			35		
Audit Committee Agenda / Special Requests / Status of Audits / Audit Plan Amendments / Tracking Findings	Admin			40		
Meetings (AC, FC, CC, SS, other)	Admin			20		
Training / CPE	Training				8	
Holiday	H & L					40
Vacation / Sick	H & L					50
						90
TOTAL FOR QUARTER		528	253	177	8	
Hours available / Actual Percentage Allocated		528	47.92%	33.52%		

2014 / 2015

Type of Work Audit Admin Training Holiday &
Hours Hours Hours Hours Leave
Hours

THIRD QUARTER									
Family Medical Leave Act - Sick Leave	Audit		130						
Follow Up Review - False Alarm Monitoring System	Follow Up		45.5						
Follow up Review of Parking (Shifted 60 hours from Admin)	Follow Up		100						
Audit Plan / Risk Assessment	Admin / Proj			100					
Other Administrative (Park Bond Task Force, P&P, Hotline)	Admin			30					
Tracking of Audit Findings	Admin			10					
Status of Audit Report	Admin			10					
Meetings (AC, FC, CC, SS, other) (Shifted 60 hours to audit)	Admin			20					
Training / CPE	Training				10.5				
Holiday	H & L								16
Vacation / Sick	H & L								40
TOTAL FOR QUARTER		512		275.5		170		10.5	56
Hours available / Actual Percentage Allocated		512		53.81%		33.20%			

FOURTH QUARTER

Family Medical Leave Act - Sick Leave	Audit		130						
Fixed Assets < \$5,000 (moved from 2nd quarter, added 60 hours)	Audit / Proj		100						
Audit Plan	Admin / Proj			100					
Other Administrative (Ordering Supplies, Driving to City Hall, Making Copies, Scanning Items in at Purchasing)	Admin / Proj			22					
Policies and Procedures	Admin / Proj			10					
Tracking of Audit Findings	Admin			40					
Status of Audit Report	Admin			10					
Meetings (AC, FC, CC, SS, other)	Admin			40					
Training / CPE	Training				20				
Holiday	H & L								8
Vacation / Sick	H & L								40
TOTAL FOR QUARTER		520		230		222		20	48
Hours available / Actual Percentage Allocated		520		44.23%		42.69%			
GRAND TOTAL		2088		961.5		828		60	238.5
				46.05%		39.66%			

AUDIT PLAN ROLL FUTURE YEARS

FY 2015 / 2016

Type of Work		Audit Hours	Hours	Percent of Time
Accounts Payable / Vendor Review Overpayment of Gross Receipts Tax	Audit	315		
IT Security (User Access)	Audit	315	790	37.84%
Follow Up Reviews - Cash Handling	Follow Up	40		
Follow Up Review of FMLA	Follow Up	40		
Follow Up Review - Public Utilities	Follow Up	80		
Follow Up Review - Fixed Assets < \$5,000	Follow Up	80		
Admin_Misc (Meetings, policies & procedures, benchmarking, email, memos, risk assessment, audit plan, lodger's tax, park bond audit, fraud, waste & abuse coord.)	Admin & Projects	900	900	43.10%
Training	Training	60		
Holiday / Sick	H & L	258		
TOTAL FOR FYE 2014 / 2015		2088		

FYE 2016 / 2017

Type of Work		Audit Hours	Hours	Percent of Time
Airport (Phase 1) (Assessments, Walkthroughs)	Audit	160		
DWI Forfeitures	Audit	400		
Follow Up Review - Accounts Payable / Gross Receipts Tax	Follow Up	200		
Follow Up Review - IT Security	Follow Up	110	870	41.67%
Peer Review - (Audit of Internal Audit)	Admin	100		
Admin_Misc (Meetings, policies & procedures, benchmarking, email, memos, risk assessment, audit plan, lodger's tax, park bond audit, fraud, waste & abuse coord.)	Admin & Projects	800	900	38.31%
Training	Training	60		
Holiday / Sick	H & L	258		
TOTAL FOR FYE 2015 / 2016		2088		

Completed Audits Last 4 Years

Exhibit 4

Status		Issued			
Audit	Year	Open Findings	Due Date of Audi	Date Report Issued	
City of Santa Fe					
Airport	2013	0	N/A	06/06/2014	
Area Agency Aging	2013	0	N/A	04/11/2013	
Area Agency Aging	2014	0	N/A	06/09/2014	
CAFR	2011	0	12/01/2011	02/21/2012	
CAFR	2012	0	12/01/2012	03/05/2013	
CAFR	2013	12	12/02/2013	12/02/2013	
Cash - Transit	2014	1	N/A	07/03/2014	
Data Center Audit	2013	8	N/A	08/15/2013	
False Alarms	2014	11	N/A	03/17/2014	
FMO FU	2013	0	N/A	07/22/2013	
FMO FU	2013	0	N/A	07/20/2013	
Forensic Audit Parking	2013	9	04/20/2013	04/20/2013	
Hitachi SAN System	2013	0	N/A	07/01/2013	
ITT Presidio Security Audit	2014		N/A	08/21/2013	
Lodger's Tax	2011	2	Non specified	06/30/2014	
Lodger's Tax	2012	3	Non specified	06/30/2014	
Lodger's Tax	2013	11	Non specified	06/30/2014	
Parking	2011	18	N/A	05/31/2011	
Shelter Plus	2014	1	N/A	09/03/2013	
Santa Fe Buckman Diversion Project					

Audit	Year	Open Findings	Due Date of Audi	Date Report Issued
BDD - Construction	2011	1	09/30/2011	09/30/2013
BDD - Operations	2011	1	09/30/2011	11/09/2012
Santa Fe Buckman Diversion Project (BDD)				
BDD - Construction	2012	1	09/30/2012	04/24/2014
Santa Fe Civic Housing Authority				
Civic Housing Authority	2011	0	12/01/2011	11/18/2011
Civic Housing Authority	2012	0	12/01/2012	11/19/2011
Civic Housing Authority	2013	4	12/02/2013	11/27/2011
Santa Fe Solid Waste Management Agency				
SWMA	2011	0	12/01/2011	11/22/2011
SWMA	2012	0	12/01/2012	12/03/2012
SWMA	2013	0	12/02/2013	12/02/2013
The Santa Fe Railyard Community Corporation a				
Santa Fe Railyard	2011	0	12/31/2011	11/09/2012
Santa Fe Railyard	2012	0	12/31/2012	11/25/2013
Santa Fe Railyard	2013	0	12/31/2012	11/25/2013

Status of Audit Report's

Not Issued

Exhibit 5

Audits In Process

City of Santa Fe

2014	Audit	Lodger's Tax	Comments
Type of Audit	Contractor		Contract is signed, work has begun
Auditor	Barracough & Associates, P.C.		
Due Date of Audit	Non specified in ordinance 18.11		
Date Field Work Started	09/15/2014		
2014	Audit	2008 Park Bond Audit	Comments
Type of Audit	Contractor		Vendor has been selected, contract is in process of being signed.
Auditor	Not selected at this time		
Due Date of Audit	12/31/2014		
Date Field Work Started	Not Started		
2014	Audit	CAFR	Comments
Type of Audit	Financial		Entrance Conference held July 21, 2014. Work is progressing according to timeline.
Auditor	Accounting and Consulting Group		
Due Date of Audit	12/01/2014		
Date Field Work Started	08/11/2014		
2014	Audit	Public Utilities Water	Comments
Type of Audit	Internal		As of October 1, 2014, this audit is still in the planning phase.
Auditor	Internal Audit		
Due Date of Audit			
Date Field Work Started	Not Started		

2014	Audit	ITT Data Center Follow Up	Comments
Type of Audit		Internal	This follow up audit was started in the first quarter so that the external auditor's could leverage off of the work of internal audit.
Auditor		Internal Audit	
Due Date of Audit		N/A	

Date Field Work Started		08/18/2014	
2014	Audit	Elevate Media	Comments
Type of Audit		Internal	This audit is on hold due to shifting priorities.
Auditor		Internal Audit	
Due Date of Audit			

Date Field Work Started		01/06/2014
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Santa Fe Buckman Diversion Project (BDD)

2012	Audit	BDD - Operations	Comments
Type of Audit		Financial	This was never started by Atkinson, Accounting Group will be starting with the 2012, and do all three years. Per Morgan Browning, this audit will begin once the CAFR is completed.
Auditor		Accounting and Consulting Group	
Due Date of Audit		09/30/2012	

Date Field Work Started		08/11/2014
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2013	Audit	BDD - Operations	Comments
Type of Audit		Financial	This was never started by Atkinson, Accounting Group will be starting with the 2012, and do all three years. Per Morgan Browning, this audit will begin once the CAFR is completed.
Auditor		Accounting and Consulting Group	
Due Date of Audit		09/30/2013	

Date Field Work Started		08/11/2014
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2014	Audit	BDD - Operations	Comments
Type of Audit	Financial		This was never started by Atkinson, Accounting Group will be starting with the 2012, and do all three years. Per Morgan Browning, this audit will begin once the CAFR is completed.
Auditor	Accounting and Consulting Group		
Due Date of Audit	09/30/2014		
Date Field Work Started	08/11/2014		

Santa Fe Civic Housing Authority

2014	Audit	Civic Housing Authority	Comments
Type of Audit	Financial		No information available.
Auditor	Robert Rivera, CPA		
Due Date of Audit	12/01/2014		
Date Field Work Started	Not Available		

Santa Fe Solid Waste Management Agency (SWMA)

2014	Audit	SWMA	Comments
Type of Audit	Financial		Entrance Conference held July 21, 2014. Work is progressing according to timeline.
Auditor	Accounting and Consulting Group		
Due Date of Audit	12/01/2014		
Date Field Work Started	08/11/2015		

The Santa Fe Railway Community Corporation and Subsidiary

2014	Audit	Santa Fe Railway	Comments
Type of Audit	Financial		No information available.
Auditor	Barracough & Associates, P.C.		
Due Date of Audit	12/31/2014		
Date Field Work Started	Not Available		

Proposed Agenda – City of Santa Fe Audit Committee

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes
5. Internal Audit Matters
 - a. Review of Annual Internal Audit Plan (status and modifications to plan)
 - b. Review of completed Internal Audit Reports (formulate recommendations to Finance Committee)
6. External Audit Matters
 - a. Review of CAFR
 - i. Schedule and status (this drops off when audit is delivered)
 - ii. Audit Report (when delivered)
 - iii. Findings (including response from City departments and status of completion)
 - b. Review of Park Bond Audit
 - i. Schedule and status (this drops off when audit is delivered)
 - ii. Audit Report (when delivered)
 - iii. Findings (including response from City departments and status of completion)
 - c. Review of ... Audit
 - i. Schedule and status (this drops off when audit is delivered)
 - ii. Audit Report (when delivered)
 - iii. Findings (including response from City departments and status of completion)
 - d. Review of ... Audit
 - i. Schedule and status (this drops off when audit is delivered)
 - ii. Audit Report (when delivered)
 - iii. Findings (including response from City departments and status of completion)
7. Review of Financial Reports of City of Santa Fe (need to identify reports)
8. Old Business (we may not need this item)
9. New Business
 - a. Items would include upcoming RFP's and assignment of committee member for each.
 - b. Items would include issues delegated to the Committee by the Finance Committee or City Council and hiring/evaluation of the Internal Auditor, as such arise.

Comments:

The specific duties of the audit committee as set forth in Ordinance No. 2013-35 (paraphrased) include the following, each of which are addressed by an Agenda item:

1. Ensure that audits conform to applicable standards (Agenda item 5b and 6).
2. Ensure that the Internal Auditor and the internal audit functions are “independent” (Agenda item 5).
3. Provide assistance (application review and recommendation) in the hiring process for the Internal Auditor and provide assistance (review and comment) in the evaluation process for the internal auditor (Agenda item 9a).
4. Review and recommend for approval an Annual Internal Audit Plan and any modifications thereto (Agenda item 5a).
5. Review and recommend to the Finance Committee regarding (1) Internal Audit Reports; (2) the City’s financial policies, procedures, practices, internal controls, accounting and regulatory compliance; and (3) corrective action plans proposed by City departments (presumably this includes responses to Audit Findings) (Agenda item 5b, 6 and 7).
6. Review and recommend to the Finance Committee regarding the City’s annual external audit (I think we can assume this means all external audits but this may be a point for us to discuss) (Agenda item 6).
7. One designated member must participate and make recommendations in the RFP process for external auditors (Agenda item 9a).
8. Review the City’s financial reports periodically (Agenda item 7).
9. Advise, review and recommend concerning other matters as requested by the Finance Committee or City Council (Agenda item 9b)

Findings Recommendation Plan

Area Agency Aging

AAA14-1

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Recommendation

Management's Remediation Plan

Some files contain specific medical information. Criteria to determine what meals are eligible is not clear especially for breakfast, lunch and dinner meals. Assessments were up to date but they still have files over 10 years old with the wrong SAMS assessment sheets.

Client files must be brought up to date by 9/30/14

A Homebound Service Rating Scale has been developed and has been implemented as of June 10, 2014, to clarify meal eligibility. Staff will review and purge all old information and update files to include revised SAMS assessments.

AAA14-10

Deficiency Type **Uncategorized**
 Status of Finding **Cleared**

Finding

There was no perpetual inventory after March 2014. Several food orders were received and not dated and there was no total value calculated for the food on hand.

Recommendation

This is a very serious issue. There was over \$30,000 of food in the freezers that was not inventoried. This problem must be corrected immediately. Non Metro will do a site visit to ensure this issue is resolved 6/30/14

Management's Remediation Plan

As of May 19, 2014 the Inventory Supervisor began a new perpetual inventory. Random checks have been conducted to ensure that all products are dated. We will continue to conduct spot checks of perpetual inventories to ensure compliance.

AAA14-11

Deficiency Type **Uncategorized**
 Status of Finding **Cleared**

Finding

Homemaker and respite files are incomplete with poorly written client notes and care plans. This a recurring item.

Recommendation

Staff really needs to be trained how to write progress notes and case plans. Once again it is very difficult to determine the services a client gets and what happens if issues are found with the client.

Management's Remediation Plan

Staff is currently in process of updating all files and organizing them into classification folders, separating all required forms/documents. The Supervisor will provide one-on-one technical training to each employee to ensure that client notes are accurate and comprehensive. Care Plans have been updated to clarify actual services.

AAA14-2

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Congregate files were organized in group fashion vs individual basis and some files still missing policies. All assessments were not up to date but significantly improved over last year.

Recommendation

Client files must be brought up to date by 9/30/14

Management's Remediation Plan

Staff is in the process of putting congregare files in individual folders. The Code of Conduct and Clients Rights and Responsibilities are now part of the registration and reassessment process.

Deficiency Type	Uncategorized	Finding	Recommendation	Management's Remediation Plan
Status of Finding	Cleared	<p>The care plans are not consistent and do not reflect the actual services and times a client receives services. All files need participant code of conduct and in-home rights. There is still some confusion about assistant transportation and homemaker. Overall one cannot really know what services or what status a clients has from these files</p>	<p>Program needs to review respite service definition and train staff. This is a recurring item and needs to be corrected by 9/30/14</p>	<p>Staff is currently in the process of updating all files and organizing them into classification folders, separating all required forms/documents. The Care Plans have been updated to clarify actual services so that they are consistent. Each file does include a Client Rights/Responsibilities Form (last page of assessment), and we have begun the process of getting the Code of Conduct Form signed by all clients. The two aforementioned forms will be filed separately in the newly developed files and will be easy to identify within. Based on the needs of the clients (per the Care Plan) homemakers provide occasional transportation (escorting). Staff will be trained on how to clearly document when occasional transportation (escorting) is provided.</p>

AAA14-4

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Menus were followed for major food items, some substitutions were made for desert and sauces. There was no indication that the substitution guide was used.

Recommendation

The approved substitution guide must always be used for making any substitution. Program needs to train all the nutrition staff so they understand this. Send Non Metro the training logs for this training by

Management's Remediation Plan

Training will be provided to the Nutrition staff in regard to the substitution guide, how to utilize it and how to clearly document any substitutions made, on a form documenting the date, menu and item that was substituted, and be filed in the Nutrition office.

AAA14-5

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Meal Variance sheets were not being used properly because each center orders the same amount of meals each day which generated excessive unserved meals. Also, several days show a negative balances which implies they served more meals than prepared. [X]

Recommendation

Management must review variance sheets on a daily basis to ensure that the right amount of food is being prepared. Copies of variance sheets must be sent to Non Metro for one month beginning June 1, 2014 to ensure this problem is corrected. [X]

Management's Remediation Plan

Meal Variance Sheets will be utilized on a daily and weekly basis to ensure that the right amount of food is being prepared. Management will monitor this process daily to ensure compliance.

AAA14-6

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Some drivers are counting client pickups as a unit of service. This showed up seldom but it still needs to be resolved.

Recommendation

Management needs to carefully examine transportation logs to ensure rides are properly recorded. Training must be provided to all drivers to ensure they understand the proper unit of service for transportation. This training must be provided by 6/30/14. Non Metro must have copies of the training sign in sheets to ensure this is corrected.

Management's Remediation Plan

Mandatory training has been scheduled for June 24, 2014 to address the rider logs. Management will continue to examine logs on a daily basis.

Deficiency Type	Uncategorized	Finding	Recommendation	Management's Remediation Plan
Status of Finding	Cleared	<p>An inspection of the Louisa Center turned up the following compliance issues:❑ Dry goods were dated but not frozen food❑</p> <ul style="list-style-type: none"> • Menus were not being followed especially at breakfast❑ Clients requested more fresh fruit for breakfast and less sugar❑ <p>Volunteers not wearing hairnets properly❑ Prepared food used burritos and cookies❑ Defective microwaves❑ Most spices not labeled❑ Oliver Machine worn hard to seal and does not cut plastic seal❑ Hot food being delivered in thermo coolers not bags❑ Eating area only cleaned once a week❑</p>	<p>All foods including spices need to be labeled. Any changes to approved menus need to be brought to the attention of the supervisor and approved substitutions can only be made.❑Volunteers must be trained on food safety to ensure proper procedures are followed. Defective equipment (microwaves and Oliver machine) must be replaced. Hot food must be delivered in approved containers. The Program must submit an action plan addressing all these issues by 7/1/14.❑</p>	<p>All inventoried frozen food has been dated and staff has been trained on the importance of dating all foods. - Breakfast menus will be followed as posted. - Based on senior feedback, changes to the menus have been made to include more fresh fruit and less sugar items. - Volunteers have been trained and continuously monitored to follow all EID Policies and Procedures. - Staff will be required to cook more homemade meals. - The microwave has been replaced. - Spices are now labeled/dated. - The defective Oliver machine has been replaced with a full functioning sealer. - Insulated bags have been purchased and are now being utilized for the delivery of meals-on-wheels. - Staff will remind the Civic Housing Authority to clean the eating area as per our agreement.</p>

Area Agency Aging

AAA14-8

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Received frozen food and frozen Home delivered meals were stored on the floor of the freezers

Recommendation

All food must be properly stored immediately. Non Metro will do a physical inspection 5/30/14 when we come to review the perpetual inventory to ensure that this problem is corrected.

Management's Remediation Plan

All frozen products including frozen HD meals have been removed from the floor and now have a designated area where they will be stored in the freezer unit.

AAA14-9

Deficiency Type

Uncategorized

Status of Finding

Cleared

Finding

Too much personal information is printed on client ID cards. This violates the SAMs confidentially agreement.

Recommendation

Client ID cards should be redesigned to provide only the required information to identify the client while not providing personal information. The program needs to supply Non Metro with an action plan addressing the resolution of this concern.

Management's Remediation Plan

Client ID membership cards were redesigned immediately to only provide the client name, date issued and identification number. All personal information previously listed on the card was permanently deleted.

Findings Remediation Plan

FMO FU

FMOFU13 AF-1

Deficiency Type

Material Weak

Finding

Recommendation

Management's Remediation Plan

Status of Finding

Open - Pending

Quarterly Federal Financial Reports Not Filed Accurately. Grantee Quarterly Federal Financial Reports (FFRs) were not being completed on an accrual basis, and those reports did not accurately reflect all required information.

Grantee should implement processes that enable them to comply with applicable FTA requirements related to FFR reporting, such as accurately reporting unliquidated obligations and local match as well as preparing the FFRs on the accrual basis of accounting.

"The Grant Administrator will review each active/executed grant and update the FFR items 'I' and 'J' based on an accrual basis instead of cash basis. This means amount will be recorded once the services or purchases have been rendered or received but not paid. The Grant Administrator will draft a Project Status Check Sheet (PSCS) to be approved by the appropriate individual next to each action item which will indicate that action item has been completed. This check sheet will ensure the accurate reporting of unliquidated obligations and the correct local match amount is stated for each project. The review and update of FFR items 'I' and 'J' has been initiated and will be completed on or before June 15, 2013. We are moving forward on all items noted on the Project Status Check Sheet. The PSCS will be updated by July 31, 2013 and will be updated on an annual basis when the FFRs and MSRs are due. However, the Project Status Check Sheet for any ARRA Grant will be performed on a quarterly basis to coincide with the ARRA reporting guidelines." [X]

FMOFU13 AF-2

Deficiency Type	Material Weak	Finding	Recommendation	Management's Remediation Plan
Status of Finding	Open - Pending	The Santa Fe Trails Did Not File Timely National Transit Database Reports. Grantee did not file the National Transit Database (NTD) Report for 2012 reporting period in a timely manner.	Grantee should implement a process that enables them the ability to gather required data, prepare the report, and file it timely.	"Due to job vacancies at transit the NTD Report was not completed in a timely manner. Fortunately transit has recently hired a much needed Director of Operations and Maintenance, and an Administrative Supervisor. Transit will be fully supported and doesn't foresee any more delays in NTD reporting."

FMOFU13 AF-3

Deficiency Type

Significant Defic

Status of Finding

Open - Pending

Finding

Status of Single Audit Findings Not Periodically Reported to FTAGrantee is not reporting the status of its Single Audit findings to the FTA on a quarterly basis as required.

Recommendation

The Grantee should establish a process to ensure that the status of Single Audit findings including any corrective action undertaken, comply with the FTA requirement to report quarterly the status of those findings. This recommendation should be implemented within 60 days from receipt of this report.

Management's Remediation Plan

"The City of Santa Fe will include a triggering mechanism in the policy and procedure manual that will prompt the grant manager to communicate with the F.T.A. regional officer on the status of any finding or other pertinent information. This will be included in the policy and procedure manual. Please refer to original finding #4 for the action steps for completion date."

Deficiency Type	Significant Deficiency	Finding	Recommendation	Management's Remediation Plan
Status of Finding	Open - Pending	<p>No Policy and Procedures Manual Exist for Key Processes - SFT does not maintain accounting policies and procedures manuals for Budget, Accots Payabl, Project Management or Information Technology that have been tailored to the organization's processes. The Grantee officials indicated that the development of the accounting policies and procedures manual is still in process. The Grantee also anticipates it will be finalized and completed during spring 2013. The Grantee's Project Administrator did provide an electronic version of the Project Management Manual and that document appears to be complete and addresses the areas outlined in the prior FMO recommendations. The IT manual is still in progress. See Significant Deficiency #9 for additional information.</p>	<p>SFT management should prepare and review their accounting policies and procedures manual and create an electronic version that can be updated on an as-needed basis and be accessible to relevant personnel when needed. SFT should ensure that the updated document addresses all relevant accounting policies and procedures, including those covering specifically Budget, Accounts Payable, Project Management, and Information Technology etc. The manual should provide SFT's Finance staff with descriptions of standardized methods, procedures, policies and principles to be followed, including explanations and examples of transactions. In addition, the updated manual should address closing procedures (including the use of closing checklists), reconciliations, reviews and approvals, and reporting. The updated manual should be designed with sufficient flexibility to insert amendments as conditions or procedures change. These policies and procedures should define task, roles and responsibilities; delegate authority; and provide for the safeguarding of assets.</p>	<p>"The City of Santa Fe Finance Department has begun the process of updating the existing accounting policy and procedure manual. The City has recently hired a certified accountant to manage the finance department and has placed the revision of the accounting manual as its top priority. The City is currently collaborating with other department and enterprises to develop a specialized team of accounts and fiscal employees to accomplish this task. The City plans to collaborate with the FTA and other government agencies to refine the document." The Grantee also provided the following action steps and timeframe: Update existing accounting policy and procedure manual. Anticipated Completion Goal 2013/2014. Collaborate with F.T.A. to satisfy Federal policies. Anticipated Completion Goal 2014/2015. Request approval by City Council. Anticipated Completion Goal 2015/2016. Officially implement policy and procedure manual. Anticipated Completion Goal 2015/2016.</p>

