

CITY OF CORVALLIS

Investment Council

Treasury Report

August 2011

CITY OF CORVALLIS, OREGON
INVESTMENT COUNCIL
Treasury Report - Table of Contents

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MONTHLY MARKET COMMENTARY**AUGUST 2011**

Treasuries rallied dramatically to all time low yields in reaction to two major economic events. The 10-year U.S. Treasury Note reached its low of 2.034% on 8/10/11. For the first time, ever, the rating on U.S. Treasury bonds was downgraded from AAA to AA+ by Standard and Poor's. Secondly, the Fed announced that they intend on keeping rates low "at least through mid-2013." This is the first time that the Fed has given a time frame for interest rate policy. The following are details on each of these events:

Standard and Poor's Downgrade of U.S. Treasury Debt

This downgrade was not a surprise because Standard and Poor's had warned well in advance of the action. The immediate reaction after the announcement was a sell-off in stocks and a rally in U.S. Treasury Bonds. In fact, the sale of three-year treasuries following the downgrade drew the lowest yield (.50%) since records began in May 1981. Treasury debt at AA+ is still perceived by the market as extremely high quality. Much of the strength in Treasuries is that buyers have very few options for investments with "safe" money. There is some debate over S&P's decision and some observers are noting that the downgrade is more about political wariness than true concern about the ability of the U.S. to repay their debt.

FOMC Announcement

The FOMC downgraded their assessment of the economy noting that growth "so far this year" has been "slower than expected." Looking ahead, they note that downside risks "have increased" and that the Committee "expects a somewhat slower pace of recovery over coming quarters." The decision to keep rates low through mid-2013 is more guidance than a promise. The wording makes the statement changeable should the economy be better than the FOMC expects. In turn, most economists have altered expectations for an increase in rates until June 2013.

Another result of the Fed announcement is the renewed market talk regarding the institution of a new round of quantitative easing (QE3). Standing in the way of QE3 are three dissenters on the FOMC. (The greatest number since October 1992) Not only were there three dissenters to the decision to maintain a low rate policy through 2013, but there were also "a few" members of the FOMC who were looking for a "more substantial move" towards accommodation. Fed Chair Bernanke may not have the votes to do any additional QEs.

Other economic data:

- The Non-farm payrolls (NFP) released on 8/5 showed that NFP increased 117,000 in July vs. expectations of an increase of 85,000.
- The European sovereign debt crisis is continuing, particularly in Greece, Spain, Italy and even France.
- The Bank of New York Mellon announced that it will begin charging institutional customers 13 basis points on deposits with an average monthly balance of 50 million or more, the effect of which was continued downward pressure on short term investment instruments.
- Consumer Confidence declined sharply to 44.5 in August from a revised 59.2 in July (originally reported at 59.5). This is the weakest level since 40.8 in April 2009, which was during the last recession.

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:

	<u>06/30/11</u>	<u>07/31/11</u>	<u>08/31/11</u>	<u>Change August</u>
3-month bill	0.02	0.07	0.01	-0.06
6-month bill	0.10	0.15	0.05	-0.10
2-year note	0.46	0.36	0.20	-0.16
5-year note	1.76	1.35	0.96	-0.39
10-year note	3.16	2.80	2.22	-0.58

Policy Compliance Report
(Market Values)

	Investment Strategy Range		Market Value	Neutral Allocation	Actual Allocation	Position
	Low	High				
	Liquid Component	\$5,000,000.00				
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$8,549,121.00	40.00%	28.8%	-11.24%
Total			\$29,724,190.09			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	71%	Yes
Under 1 Year	> 25%	78%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.53	Yes

	Policy Maximum Allocation	Per Issuer Restriction	Current Portfolio Allocation	Market Value	Policy		Within Limits
					Maximum Maturity	Amount Available to Invest	
US Treasuries	100%		0.00%	\$0.00	5 Years	\$29,724,190.09	Yes
Federal Agency and Agency Sponsored	100%	40%	28.76%	\$8,549,121.00	5 Years	\$21,175,069.09	Yes
Certificates of Deposit (OST Qualified Institutions)	25%	15%	17.05%	\$5,068,405.75		\$2,362,641.77	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$2,972,419.01	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$2,972,419.01	Yes
State Obligations (OR,WA, AA or better)	10%	5%	0.00%	\$0.00	5 Years	\$2,972,419.01	Yes
State Pool	ORS Maximum or 100%		54.19%	\$16,106,663.34	N/A	\$26,681,795.66	Yes
Total			100.00%	\$29,724,190.09			

ORS Maximum \$42,788,459.00

***Investment Policy Note: "The combination of CD's, BA's, Repurchase Agreements, And CP may not exceed 25% of the total portfolio with any one financial institution."**

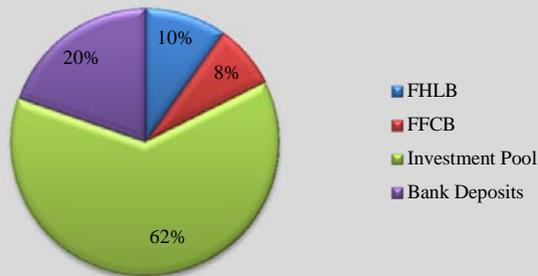
Total Asset Allocation Strategy
(Market Values)

Commentary

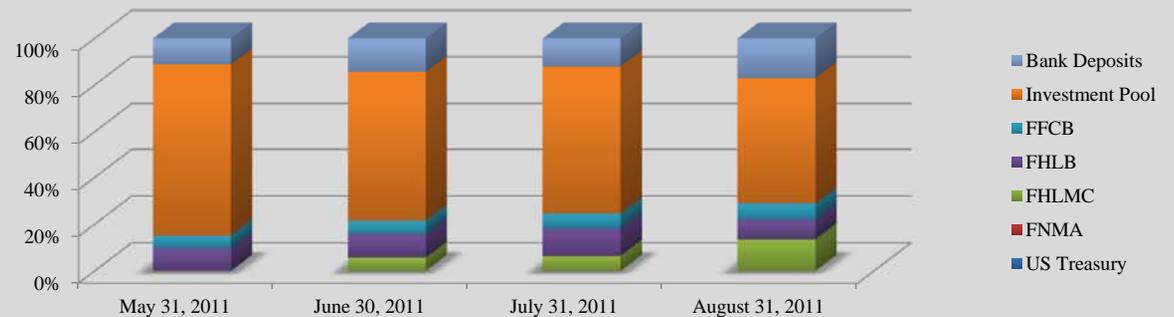
DFIM will focus on maintaining a diversified overall portfolio when recommending securities to purchase.

Sector	Yield	May 31, 2011	June 30, 2011	July 31, 2011	August 31, 2011	Change From Last Month
US Treasury	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLMC	0.94%	\$0.00	\$2,000,000.00	\$2,002,724.00	\$4,012,872.00	\$2,010,148.00
FNMA	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLB	0.88%	\$3,534,662.00	\$3,532,743.00	\$3,530,246.50	\$2,530,317.00	(\$999,929.50)
FFCB	0.83%	\$2,022,826.00	\$2,017,266.00	\$2,011,320.00	\$2,005,932.00	(\$5,388.00)
Investment Pool	0.50%	\$26,803,463.55	\$22,554,345.59	\$19,504,341.45	\$16,106,663.34	(\$3,397,678.11)
Bank Deposits	0.51%	\$4,077,500.44	\$5,050,015.46	\$3,673,937.50	\$5,068,405.75	\$1,394,468.25
Corporates	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	0.64%	\$36,438,451.99	\$35,154,370.05	\$30,722,569.45	\$29,724,190.09	(\$998,379.36)

Current Sector Allocation



Changes in Sector Allocation





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL

From 07-31-11 to 08-31-11

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	7,548.61	-5,539.14	0.00	2,009.47
AGENCY CALLABLE	4,194.44	-34.20	0.00	4,160.25
CASH & EQUIVALENTS	1,975.18	0.00	0.00	1,975.18
OR STATE POOL	7,938.94	0.00	0.00	7,938.94
TOTAL	21,657.18	-5,573.34	0.00	16,083.84

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 July 31, 2011 to August 31, 2011

	Total Portfolio
Interest Earned	21,657.18
Accretion/Amortization	-5,573.34
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	16,083.84
Average Daily Historical Cost	31,690,372.75
Return	0.05%
Annualized Return	0.60%
Annualized Return Net of Fees	0.60%
Weighted Duration to Maturity in Years	0.53
Weighted Days to Maturity	197

CITY OF CORVALLIS TOTAL PORTFOLIO HOLDINGS

August 31, 2011

Security Symbol	Quantity	Security	Call Date	Pur Date	Amort Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Dur Call
AGENCY BULLET															
31331Y3P3	2,000,000	FEDERAL FARM CR BKS CONS 3.500% Due 10-03-11		03-26-10	100.23	0.83	100.30	0.16	2,005,932.00	28,777.78	2,034,709.78	1,315.02	6.7	0.09	0.09
3133XXYX9	1,000,000	FEDERAL HOME LN BKS 1.875% Due 06-21-13		05-11-11	102.08	0.71	102.77	0.33	1,027,734.00	3,645.83	1,031,379.83	6,943.86	3.5	1.78	1.78
	3,000,000					0.79		0.22	3,033,666.00	32,423.61	3,066,089.61	8,258.88	10.2	0.66	0.66
AGENCY CALLABLE															
3134G2SL7	2,000,000	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	08-08-12	08-03-11	100.09	0.57	100.05	0.60	2,000,960.00	798.61	2,001,758.61	-908.85	6.7	1.92	0.93
313373QW5	1,500,000	FEDERAL HOME LN BKS 1.050% Due 11-25-13	11-25-11	05-09-11	100.00	1.05	100.17	0.97	1,502,583.00	4,200.00	1,506,783.00	2,583.00	5.1	2.20	0.24
3134G2PM8	2,000,000	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	06-29-12	06-28-11	99.81	1.31	100.60	1.07	2,011,912.00	4,305.56	2,016,217.56	15,714.98	6.8	3.25	0.83
	5,500,000					0.97		0.87	5,515,455.00	9,304.17	5,524,759.17	17,389.12	18.6	2.48	0.70
CASH & EQUIVALENTS															
CASH	9,932	CASH 0.220% Due 09-01-11		02-28-11	1.00	0.22	1.00	0.22	9,932.00	0.00	9,932.00	0.00	0.0	0.00	0.00
CBANK	1,788,695	Corvallis B of A 0.350% Due 09-01-11		08-31-11	1.00	0.35	1.00	0.35	1,788,694.70	0.00	1,788,694.70	0.00	6.0	0.00	0.00
CBANK2	3,269,779	Corvallis Umpqua Bank 0.600% Due 09-01-11		08-31-11	1.00	0.60	1.00	0.60	3,269,779.05	0.00	3,269,779.05	0.00	11.0	0.00	0.00
	5,068,406					0.51		0.51	5,068,405.75	0.00	5,068,405.75	0.00	17.1	0.00	0.00
OR STATE POOL															
ORPOOL	16,106,663	OREGON STATE POOL 0.500% Due 09-01-11		03-31-11	1.00	0.50	1.00	0.50	16,106,663.34	0.00	16,106,663.34	0.00	54.2	0.00	0.00
TOTAL	29,675,069					0.62		0.54	29,724,190.09	41,727.78	29,765,917.87	25,648.00	100.0	0.53	0.20

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special note: At this time AXYS does not correctly calculate book or market yields for variable rate, floating rate, or mortgage backed securities.



**CITY OF CORVALLIS TOTAL
 TRANSACTION SUMMARY**

From 08-01-11 To 08-31-11

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Buy long							
08-03-11	08-08-11	3134G2SL7	2,000,000	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	08-08-12	2,002,000.00	JP MORGAN
08-31-11	08-31-11	CBANK2	3,269,779	Corvallis Umpqua Bank 0.600% Due 09-01-11		3,269,779.05	
08-31-11	08-31-11	CBANK	1,788,695	Corvallis B of A 0.350% Due 09-01-11		1,788,694.70	
						7,060,473.75	
Deposit							
08-31-11	08-31-11	manfee		Management Fee **		1,500.00	
Interest							
08-05-11	08-05-11	3133XUJX2		FEDERAL HOME LN BKS 1.375% Due 08-05-11		6,875.00	
08-31-11	08-31-11	CBANK2		Corvallis Umpqua Bank 0.600% Due 09-01-11		1,772.78	
08-31-11	08-31-11	ORPOOL		OREGON STATE POOL 0.500% Due 09-01-11		7,938.94	
08-31-11	08-31-11	CBANK		Corvallis B of A 0.350% Due 09-01-11		202.40	
						16,789.12	
Purchased Accrued Interest							
08-03-11	08-08-11	3134G2SL7		FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	08-08-12	0.00	
Sell long							
08-05-11	08-05-11	3133XUJX2	1,000,000	FEDERAL HOME LN BKS 1.375% Due 08-05-11		1,000,000.00	MATURITY
08-31-11	08-31-11	CBANK2	3,268,006	Corvallis Umpqua Bank 0.600% Due 09-01-11		3,268,006.27	
08-31-11	08-31-11	CBANK	395,999	Corvallis B of A 0.350% Due 09-01-11		395,999.23	

**Monthly allocation of the quarterly investment advisor management fee from Davidson Fixed Income Management.

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CITY OF CORVALLIS TOTAL TRANSACTION SUMMARY

From 08-01-11 To 08-31-11

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
08-31-11	08-31-11	ORPOOL	3,397,678	OREGON STATE POOL 0.500% Due 09-01-11		3,397,678.11	
						<hr/> 8,061,683.61	

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 August 31, 2011

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
FHLB CALLABLE(Straight Line)									
FEDERAL HOME LN BKS 1.050% Due 11-25-13 (313373QW5)									
1,500,000	1	05-09-11	100.000	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00
FHLB(Straight Line)									
FEDERAL HOME LN BKS 1.875% Due 06-21-13 (3133XXYX9)									
1,000,000	1	05-11-11	102.429	1,024,290.00	-977.44	-3,499.86	-3,499.86	-20,790.14	1,020,790.14
FFCB(Straight Line)									
FEDERAL FARM CR BKS CONS 3.500% Due 10-03-11 (31331Y3P3)									
2,000,000	1	03-26-10	104.020	2,080,400.00	-4,472.70	-35,101.61	-75,783.02	-4,616.98	2,004,616.98
FHLMC CALLABLE(Straight Line)									
FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14 (3134G2PM8)									
2,000,000	1	06-28-11	99.800	1,996,000.00	96.95	197.02	197.02	3,802.98	1,996,197.02
FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13 (3134G2SL7)									
2,000,000	1	08-03-11	100.100	2,002,000.00	-131.15	-131.15	-131.15	-1,868.85	2,001,868.85
Total				3,998,000.00	-34.20	65.88	65.88	1,934.12	3,998,065.88
CASH(Straight Line)									
CASH 0.220% Due 09-01-11 (CASH)									
9,932	1	02-28-11	1.000	9,932.00	0.00	0.00	0.00	0.00	9,932.00
Corvallis B of A 0.350% Due 09-01-11 (CBANK)									
1,788,695	3	08-31-11	1.000	1,788,694.70	0.00	0.00	0.00	0.00	1,788,694.70
Corvallis Umpqua Bank 0.600% Due 09-01-11 (CBANK2)									
3,269,779	5	08-31-11	1.000	3,269,779.05	0.00	0.00	0.00	0.00	3,269,779.05
Total				5,068,405.75	0.00	0.00	0.00	0.00	5,068,405.75
POOL(Straight Line)									
OREGON STATE POOL 0.500% Due 09-01-11 (ORPOOL)									

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.



AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
August 31, 2011

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
16,106,663	2	03-31-11	1.000	16,106,663.34	0.00	0.00	0.00	0.00	16,106,663.34
GRAND TOTAL				29,777,759.09	-5,484.34	-38,535.59	-79,217.00	-23,473.00	29,698,542.09

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Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 07-31-11 To 08-31-11

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
AGENCY							
AGENCY BULLET							
FHLB							
3133XUJX2	FEDERAL HOME LN BKS 1.375% Due 08-05-11	6,722.22	0.00	0.00	-6,875.00	152.78	0.00
3133XXYX9	FEDERAL HOME LN BKS 1.875% Due 06-21-13	2,083.33	0.00	0.00	0.00	1,562.50	3,645.83
		<u>8,805.56</u>	<u>0.00</u>	<u>0.00</u>	<u>-6,875.00</u>	<u>1,715.28</u>	<u>3,645.83</u>
FFCB							
31331Y3P3	FEDERAL FARM CR BKS CONS 3.500% Due 10-03-11	22,944.44	0.00	0.00	0.00	5,833.33	28,777.78
		<u>22,944.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,833.33</u>	<u>28,777.78</u>
	AGENCY BULLET Total	<u>31,750.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-6,875.00</u>	<u>7,548.61</u>	<u>32,423.61</u>
AGENCY CALLABLE							
FHLB							
313373QW5	FEDERAL HOME LN BKS 1.050% Due 11-25-13	2,887.50	0.00	0.00	0.00	1,312.50	4,200.00
		<u>2,887.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,312.50</u>	<u>4,200.00</u>
FHLMC							
3134G2SL7	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	0.00	0.00	0.00	0.00	798.61	798.61
3134G2PM8	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	2,222.22	0.00	0.00	0.00	2,083.33	4,305.56
		<u>2,222.22</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,881.94</u>	<u>5,104.17</u>
	AGENCY CALLABLE Total	<u>5,109.72</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,194.44</u>	<u>9,304.17</u>



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 07-31-11 To 08-31-11

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
AGENCY Total		36,859.72	0.00	0.00	-6,875.00	11,743.06	41,727.78
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH 0.220% Due 09-01-11	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	0.00	0.00
BANK DEPOSITS							
CBANK	Corvallis B of A 0.350% Due 09-01-11	0.00	0.00	0.00	-202.40	202.40	0.00
CBANK2	Corvallis Umpqua Bank 0.600% Due 09-01-11	0.00	0.00	0.00	-1,772.78	1,772.78	0.00
		0.00	0.00	0.00	-1,975.18	1,975.18	0.00
CASH & EQUIVALENTS Total		0.00	0.00	0.00	-1,975.18	1,975.18	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL 0.500% Due 09-01-11	0.00	0.00	0.00	-7,938.94	7,938.94	0.00
		0.00	0.00	0.00	-7,938.94	7,938.94	0.00
OR STATE POOL Total		0.00	0.00	0.00	-7,938.94	7,938.94	0.00
CASH Total		0.00	0.00	0.00	-9,914.12	9,914.12	0.00
TOTAL PORTFOLIO		36,859.72	0.00	0.00	-16,789.12	21,657.18	41,727.78

City of Corvallis
Glossary of Davidson Fixed Income Management, Inc. Acronyms and Terms

Investment/Issuer Types				Other	
BA	Banker's Acceptance	FFCB	Federal Farm Credit Bureau	CPI	Consumer Price Index
CASH	Petty Cash	FFCR	Federal Farm Credit Bank	FOMC	Federal Open Market Committee
CBANK	Bank of America Checking	FHLB	Federal Home Loan Bank	GDP	Gross Domestic Product
CBANK2	Umpqua Money Market	FHLMC	Federal Home Loan Mortgage Corporation	OSTFB	Oregon Short Term Fund Board
CD	Certificates of Deposit	FNMA	Federal National Mortgage Association	QE	Quantitative Easing
CP	Commercial Paper	ORPOOL	Local Government Investment Pool	YTM	Yield to Maturity

* All investments are held with US Bank, the City's third-party safekeeper.

Asset Allocation Strategy: a strategy that incorporates evaluating spread relationships between the investment alternatives. Treasury securities are the baseline yields to which all other issues are compared.

Benchmark: a benchmark is a target or market level comparator using a set of securities that appropriately matches the portfolio's risk and return characteristics through interest rate cycles.

Book Value: the cost of the principal at the time of the security purchase.

Buy long: reporting program terminology meaning a security has been placed in the portfolio.

Days to Maturity: (weighted average) number of days from the report date to the maturity date of a security (or group of securities).

Duration Strategy: a strategy that provides discipline for making investment decisions based on balancing risk and return. The duration of the portfolio will be adjusted relative to the benchmark as interest rates vary. The portfolio duration will be longer than the benchmark when rates are historically high and shorter when rates are historically low. The portfolio manager will typically manage the duration in a range of +/-25% to the benchmark duration.

Investment Component (Core): portion of the portfolio that is not expected to be needed for daily needs of participants. This portion is invested in maturities between 1 month and 3 years with an average maturity target of 9 months.

Liquidity Component: portion of the portfolio that is held in short maturity investments to meet immediate liquidity needs of the Funds. Investments designated to this component are LGIP Funds and Bank deposits.

Market Value: par value time the price at which the security could theoretically have been sold at month end per Interactive Data Corp. (IDC) an independent third-party security pricing firm.

Par Value: the face value of a security. This is the value to which the coupon rate is applied for interest payments.

Purchased Accrued Interest: number of days interest between last coupon date and purchase date that is paid for at time of investment purchase.

Return: the return of the total funds will be calculated on an accrual yield basis, which is the amount paid out to participants. This return will be compared to the OST Pool rate. Additionally, a total return calculation will be calculated and tracked internally to assist management in being accountable to the risk and return of the core investment portfolio on a market value basis.

Risk: the risks associated with investing are credit risk, mark to market risk and reinvestment rate risk.

Security Types: the portfolio's call exposure will be managed through balancing callable or variable rate exposure to fixed rate maturity securities.

Sell long: reporting program terminology meaning a security in the portfolio is available to sell; typically a liquid/cash account, since the City generally holds to maturity.

Term: (weighted average) number of days from the purchase date to the maturity date of a security (or group of securities).

Yield Curve Strategy: the portfolio will be generally laddered, but the manager will implement a yield curve strategy when value is present in particular maturity sectors.

City of Corvallis
Cash Flow Summary
August 31, 2011

	Receipts (1)	Disbursements (2)	Net
Actual Activity	5,462,430	7,259,866	(1,797,436)
Projected Activity	6,307,930	8,956,418	(2,648,488)
Difference	(845,500)	(1,696,552)	851,052

(1) Receipts include deposits and interest received.

Receipts are lower than budget mainly in the areas of Federal Grants and Miscellaneous Income Revenue. Receipts related to Energy Efficiency & Conservation Block Grants (EECBG) and an Environmental Protection Agency (EPA) grant for various special projects in the General and Community Development Revolving Funds, tend to lag the spending as these are done via reimbursements. The Miscellaneous Income difference is mostly due to timber sales projected from watershed clearing that have not yet occurred, but are now anticipated to be received in September.

(2) Disbursements include vendor payments, payroll costs, and all other operating expenditures made by check and wire or electronic transfer.

Disbursements are also lower than budget and mostly attributed to contractual services spending related to special projects using Transportation Maintenance Fees (TMF), as well as for the EECBG/EPA grant spending noted above. The Community Development Revolving Fund also has a significant spending variance when compared to targeted cashflow, based on slower than anticipated timing of planned loans/grants issuance year-to-date.

Intrafund and interfund transfers, and investment purchases and maturities are movements between cash in different accounting funds or investment securities. The net effect on cash is zero, therefore they are not included.

City of Corvallis
Monthly Revenue Allocations
Distributed in August 2011

Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed
101	General	(696,065.19)	(210.44)	460	Davidson Library	5,915.57	2.92
201	Street	439,497.04	211.99	501	Water	1,313,210.44	594.26
208	Street SDC	1,628,911.60	797.35	502	Water Timber	198,566.04	97.00
210	Parks & Recreation	619,098.73	368.73	508	Water SDC	4,954,527.44	2,447.61
211	Parks & Recreation - Aquatics	12,552.83	10.43	509	Water Construction	140,312.20	71.69
212	Open Space	93,808.38	46.46	520	Wastewater	3,641,105.00	1,758.19
218	Parks SDC	1,320,584.79	643.74	528	Wastewater SDC	8,476,715.10	4,183.15
220	911	731,294.71	352.70	529	Wastewater Construction	(126,785.10)	(26.37)
230	Development Services	1,440,052.92	709.96	540	Storm Water	1,633,557.00	795.73
240	Fire & Rescue	109,234.18	207.93	548	Storm Water SDC	26,652.83	12.41
250	Comm Dev Revolving	(380,610.46)	(90.83)	549	Storm Water Construction	8,514.78	12.99
260	Parking	959,752.64	470.43	560	Airport	585,545.42	290.35
270	Transit	(23,033.33)	(5.56)	569	Airport Construction	(20,240.06)	(3.87)
290	Library	158,100.38	130.94	610	Fleet Maintenance	77,521.40	77.32
291	Library 2010	431,947.07	213.98	615	Facility Maintenance	139,082.19	133.60
301	Capital Improvement	973,995.58	491.35	620	Technology & Communications	591,134.62	376.07
401	General Obligation Debt Service	81,499.56	41.22	625	Administrative Services	365,007.76	217.93
				630	Risk Management	816,070.73	514.88
Total						30,727,034.77	15,946.24

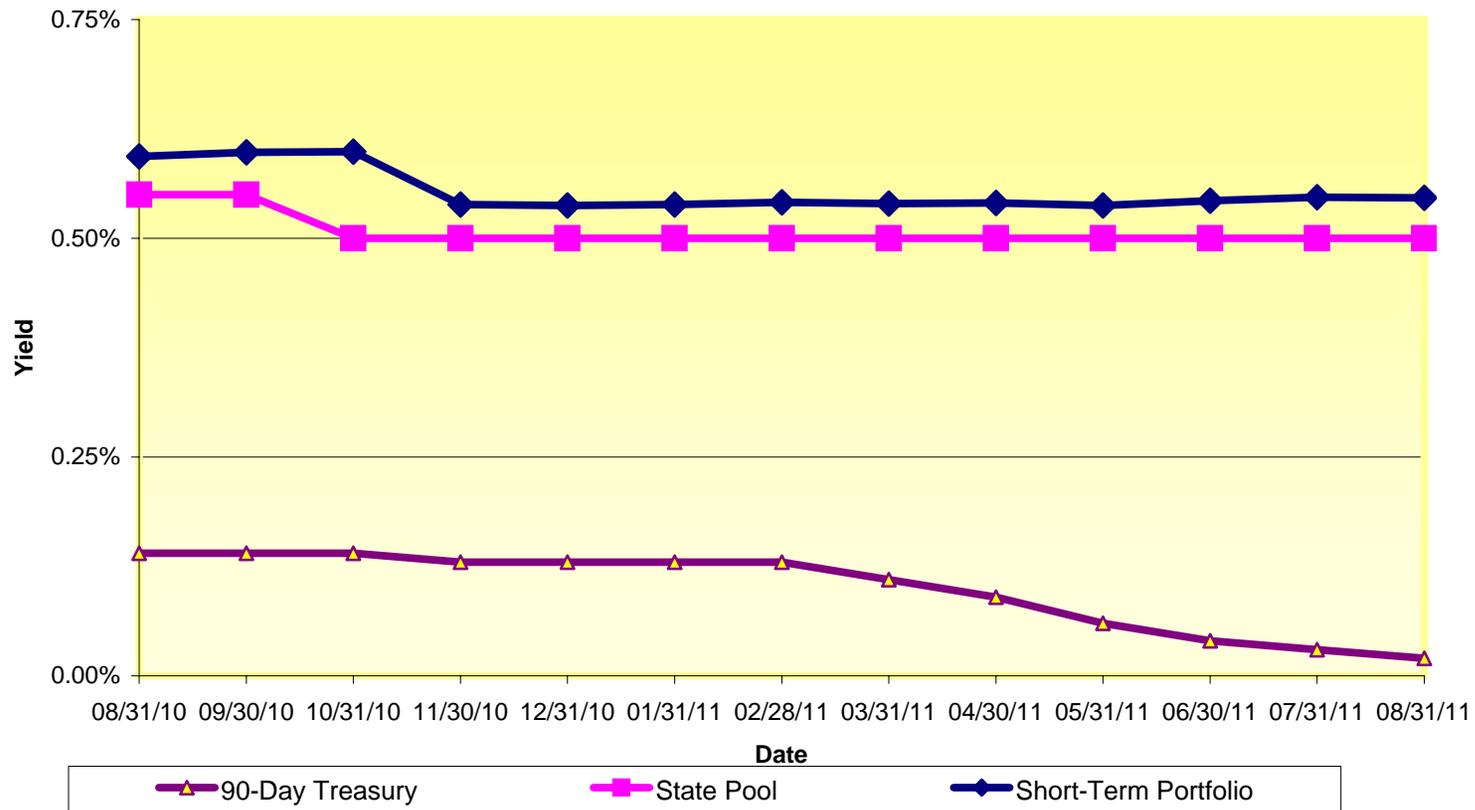
Accrual accounting on investments was implemented in August 2011. The interest distributed will equal the monthly interest income accrual, net of any amortization or accretion on a premium/discount paid on an investment; this is also net of the previous fiscal year's GASB 31 Fair Value Adjustment reversal.

The distribution is based on the average cash balance for the period in which interest is earned.

The interest distributed to sub-funds 509, 529, 549, & 569 is distributed to the operations fund.

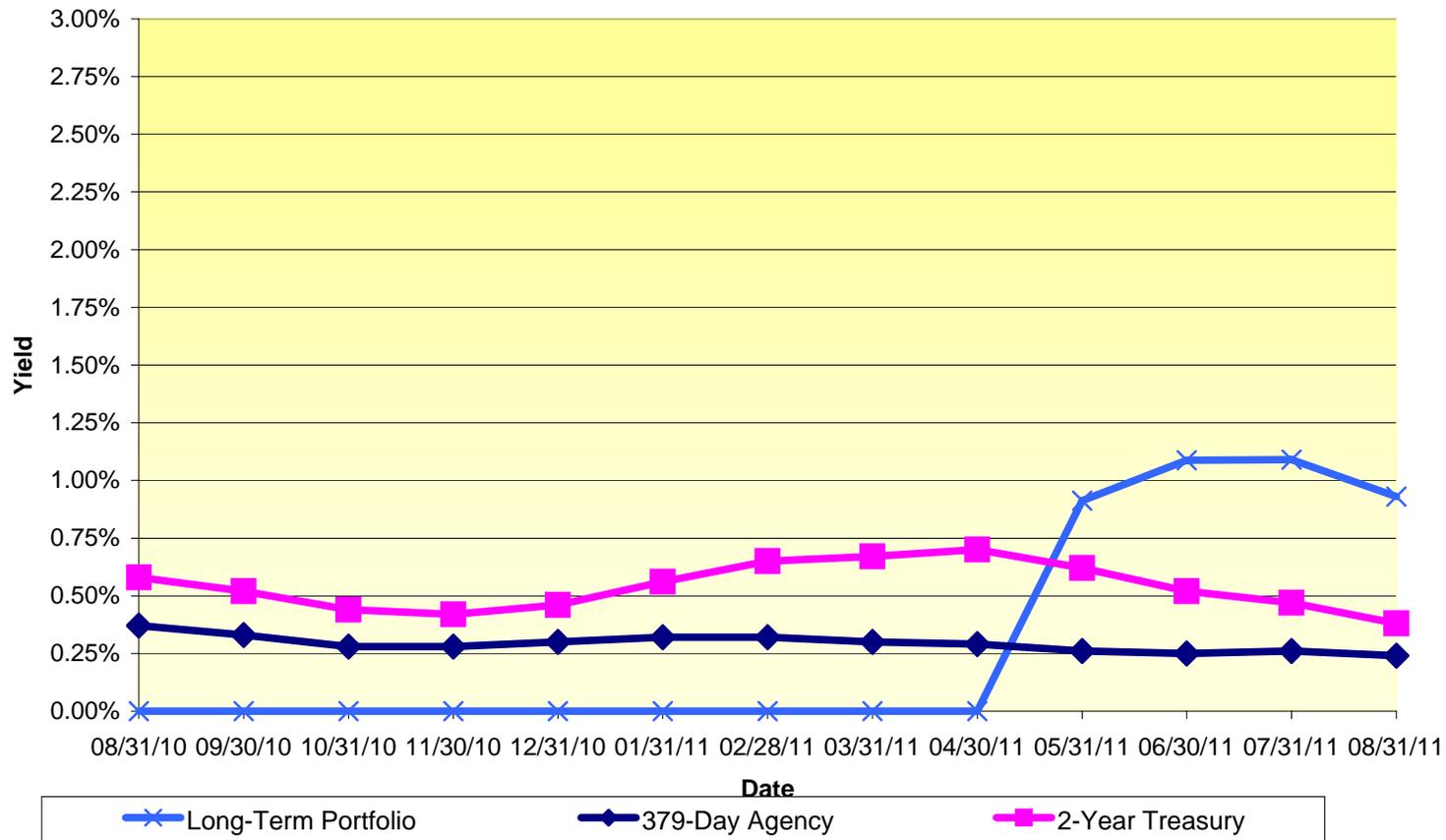


City of Corvallis Short-Term Yields August 2010 - August 2011





City of Corvallis Long-Term Yields August 2010 - August 2011





City of Corvallis Cash & Investments

