

CITY OF CORVALLIS

Investment Council

Treasury Report

December 2011

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

Davidson Fixed Income Management Report

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DECEMBER 2011

Treasury yields continued to drop during December. Rates in the very short end of the curve remain at nearly zero as investors sought safety in U.S. Treasuries due to concerns caused by the continuing sovereign debt crisis in Europe. The ongoing crisis has driven the Euro to its lowest level since January of this year against the dollar (1.2971). The concern is that the cost of funding for the euro zone countries is unsustainable. For example, Italy sold three billion five year notes at 6.47%, its highest level since 1997. It is estimated that the euro zone countries have 1.1 trillion in debt maturing in 2012.

Here at home, the FOMC left rates unchanged at 0-.25% and said the economy is growing moderately and retained the statement that “significant downside risks to the economic outlook” remain. Operation Twist will continue and the outlook warrants “exceptionally low levels for the federal funds rate at least through mid-2013.” Consumer spending has increased. Housing remains depressed, the growth in business fixed investment is slowing and inflation is moderating. There were no surprises in the statement released in December. The Fed remains concerned that what little recovery we have seen is not sustainable and of course, the unemployment rate remains too high.

Unemployment

It was announced in December that the unemployment rate fell to 8.6% in November vs. 9.0% the previous month. An unchanged reading was expected. This is the lowest level for unemployment since March 2009. The decline occurred because the labor force declined by a large 315,000 workers and household employment rose 278,000. As expected, non-farm payrolls rose 120,000 in November. Revisions to the previous two months added 72,000 workers. Private payrolls grew 140,000 while government workers shrank 20,000. The numbers were good, however, employment remains 6.243 million below the peak in January 2008. While there has been improvement from its worst levels, employment remains depressed.

2011 Asset Class Returns

The only asset that outperformed municipal bonds in 2011 was long Treasuries. Municipal bonds returned more than short treasuries, corporate debt, commodities and stocks this year as governments lowered spending, trimmed jobs, cut retirement benefits and raised revenue to close more than \$325 billion of state deficits created by the longest recession since the 1930s. Also adding to the performance of municipals was the lack of supply, caused by many factors including the expiration of the Build America Bond program and the performance was impacted by the fact that municipals underperformed in 2010 and recovered in 2011.

Returns for 2011:	US 10 year Treasury	16.7%
	Bank of America/Merrill Municipal Bond Index	10.72%
	Bank of America Corporate Debt Index	6.2%
	Dow Jones Industrial Average	5.53%
	Nasdaq Composite	-1.4%
	CRB Commodities Index	-8.4%

Source: Bloomberg

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:

	<u>10/31/11</u>	<u>11/30/11</u>	<u>12/31/11</u>	<u>Change Dec</u>
3-month bill	-0.01	0.003	0.01	+0.007
6-month bill	0.04	0.053	0.06	+0.007
2-year note	0.24	0.26	0.24	-0.02
5-year note	0.96	0.95	0.83	-0.12
10-year note	2.11	2.07	1.88	-0.19

Source: Bloomberg

Policy Compliance Report

(Market Values)

Overall Portfolio Structure

	Investment Strategy Range		Market Value	Neutral Allocation	Actual Allocation	Position
	Low	High				
Liquid Component	\$5,000,000.00	\$20,000,000.00	\$30,751,511.98	60.00%	70.2%	10.21%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$13,047,241.00	40.00%	29.8%	-10.21%
Total			\$43,798,752.98			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	70%	Yes
Under 1 Year	> 25%	70%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.70	Yes

Asset Allocation Strategy

	Policy Maximum Allocation	Per Issuer Restriction	Current Portfolio Allocation	Market Value	Policy Maximum Maturity	Amount Available to Invest	Within Limits
US Treasuries	100%		0.00%	\$0.00	5 Years	\$43,798,752.98	Yes
Federal Agency and Agency Sponsored	100%	40%	29.79%	\$13,047,241.00	5 Years	\$30,751,511.98	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	9.81%	\$4,295,647.85		\$6,654,040.40	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$4,379,875.30	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$4,379,875.30	Yes
State Obligations (OR,WA, AA or better)	10%	5%	0.00%	\$0.00	5 Years	\$4,379,875.30	Yes
State Pool	ORS Maximum or 100%		60.40%	\$26,455,864.13	N/A	\$17,433,643.87	Yes
Total			100.00%	\$43,798,752.98			

ORS Maximum \$43,889,508.00

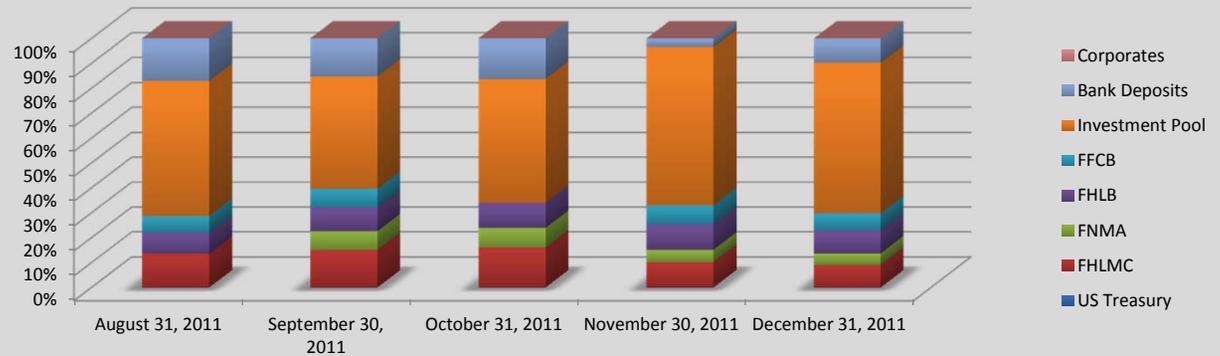
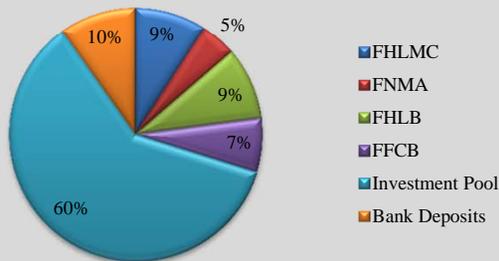
Total Asset Allocation Strategy
 (Market Values)

Commentary

The pool balance increased again this month and we should consider adding to the core component.

Sector	Yield	August 31, 2011	September 30, 2011	October 31, 2011	November 30, 2011	December 31, 2011	Change From Last Month
US Treasury	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLMC	0.94%	\$4,012,872.00	\$4,008,818.00	\$4,007,542.00	\$4,006,958.00	\$4,006,904.00	(\$54.00)
FNMA	0.70%	\$0.00	\$1,991,008.00	\$1,992,986.00	\$1,994,266.00	\$1,996,080.00	\$1,814.00
FHLB	0.59%	\$2,530,317.00	\$2,527,161.00	\$2,525,120.00	\$4,049,236.00	\$4,048,169.00	(\$1,067.00)
FFCB	0.85%	\$2,005,932.00	\$2,000,000.00	\$0.00	\$2,992,359.00	\$2,996,088.00	\$3,729.00
Investment Pool	0.50%	\$16,106,663.34	\$11,985,808.79	\$12,464,245.35	\$25,143,786.34	\$26,455,864.13	\$1,312,077.79
Bank Deposits	0.53%	\$5,068,405.75	\$4,041,074.35	\$4,067,029.44	\$1,378,998.15	\$4,295,647.85	\$2,916,649.70
Corporates	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	0.58%	\$29,724,190.09	\$26,553,870.14	\$25,056,922.79	\$39,565,603.49	\$43,798,752.98	\$4,233,149.49

Current Sector Allocation





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL

From 11-30-11 to 12-31-11

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	3,875.00	-1,795.40	0.00	2,079.60
AGENCY CALLABLE	6,320.56	224.53	0.00	6,545.09
CASH & EQUIVALENTS	1,896.68	0.00	0.00	1,896.68
OR STATE POOL	11,883.19	0.00	0.00	11,883.19
TOTAL	23,975.43	-1,570.87	0.00	22,404.56

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 November 30, 2011 to December 31, 2011

	Total Portfolio
Interest Earned	23,975.43
Accretion/Amortization	-1,570.87
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	22,404.56
Average Daily Historical Cost	42,911,132.32
Return	0.05%
Annualized Return	0.62%
Annualized Return Net of Fees	0.62%
Weighted Duration to Maturity in Years	0.70
Weighted Days to Maturity	259



**CITY OF CORVALLIS TOTAL
PORTFOLIO HOLDINGS**

December 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															
3133XXYX9	1,000,000	FEDERAL HOME LN BKS 1.875% Due 06-21-13		05-11-11	101.69	0.71	102.24	0.35	1,022,354.00	520.83	1,022,874.83	5,410.55	2.3	1.46	1.46
313371UC8	3,000,000	FEDERAL HOME LN BKS 0.875% Due 12-27-13		11-21-11	100.64	0.55	100.86	0.44	3,025,815.00	291.67	3,026,106.67	6,621.05	6.9	1.97	1.97
	4,000,000					0.59		0.42	4,048,169.00	812.50	4,048,981.50	12,031.60	9.2	1.84	1.84
AGENCY CALLABLE															
3134G2SL7	2,000,000	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	08-08-12	08-03-11	100.06	0.57	100.01	0.62	2,000,104.00	4,965.28	2,005,069.28	-1,098.19	4.6	1.59	0.60
3135G0DF7	2,000,000	FEDERAL NATL MTG ASSN 0.700% Due 09-19-14	09-19-12	09-12-11	100.00	0.70	99.80	0.77	1,996,080.00	3,966.67	2,000,046.67	-3,920.00	4.6	2.68	0.71
31331KT91	3,000,000	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	11-21-12	11-21-11	99.66	0.85	99.87	0.77	2,996,088.00	2,433.33	2,998,521.33	6,214.38	6.8	2.85	0.89
3134G2PM8	2,000,000	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	06-29-12	06-28-11	99.83	1.31	100.34	1.13	2,006,800.00	138.89	2,006,938.89	10,221.44	4.6	2.93	0.50
	9,000,000					0.86		0.82	8,999,072.00	11,504.17	9,010,576.17	11,417.63	20.5	2.55	0.70
CASH & EQUIVALENTS															
CASH	10,392	CASH 0.220% Due 01-01-12		10-31-11	1.00	0.22	1.00	0.22	10,392.00	0.00	10,392.00	0.00	0.0	0.00	0.00
CBANK	1,008,968	Corvallis B of A 0.300% Due 01-01-12		11-30-11	1.00	0.30	1.00	0.30	1,008,968.22	0.00	1,008,968.22	0.00	2.3	0.00	0.00
CBANK2	3,276,288	Corvallis Umpqua Bank 0.600% Due 01-01-12		12-31-11	1.00	0.60	1.00	0.60	3,276,287.63	0.00	3,276,287.63	0.00	7.5	0.00	0.00
	4,295,648					0.53		0.53	4,295,647.85	0.00	4,295,647.85	0.00	9.8	0.00	0.00
OR STATE POOL															
ORPOOL	26,455,864	OREGON STATE POOL 0.500% Due 01-01-12		12-31-11	1.00	0.50	1.00	0.50	26,455,864.13	0.00	26,455,864.13	0.00	60.4	0.00	0.00
TOTAL	43,751,512					0.58		0.56	43,798,752.98	12,316.67	43,811,069.65	23,449.23	100.0	0.70	0.32

*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 12-01-11 To 12-31-11

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Buy long							
12-31-11	12-31-11	ORPOOL	26,455,864	OREGON STATE POOL 0.500% Due 01-01-12		26,455,864.13	
12-31-11	12-31-11	CBANK2	3,276,288	Corvallis Umpqua Bank 0.600% Due 01-01-12		3,276,287.63	
						29,732,151.76	
Deposit							
12-31-11	12-31-11	manfee		Management Fee ¹		1,500.00	
Interest							
12-21-11	12-21-11	3133XXYX9		FEDERAL HOME LN BKS 1.875% Due 06-21-13		9,375.00	
12-27-11	12-27-11	313371UC8		FEDERAL HOME LN BKS 0.875% Due 12-27-13		13,125.00	
12-29-11	12-29-11	3134G2PM8		FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	06-29-12	12,500.00	
12-31-11	12-31-11	ORPOOL		OREGON STATE POOL 0.500% Due 01-01-12		11,883.19	
12-31-11	12-31-11	CBANK2		Corvallis Umpqua Bank 0.600% Due 01-01-12		1,614.91	
12-31-11	12-31-11	CBANK		Corvallis B of A 0.300% Due 01-01-12		281.77	
						48,779.87	
Sell long							
12-31-11	12-31-11	ORPOOL	25,143,786	OREGON STATE POOL 0.500% Due 01-01-12		25,143,786.34	
12-31-11	12-31-11	CBANK2	3,274,673	Corvallis Umpqua Bank 0.600% Due 01-01-12		3,274,672.72	
12-31-11	12-31-11	CBANK	370,030	Corvallis B of A 0.300% Due 01-01-12		370,029.93	
						28,788,488.99	

1) Monthly allocation of the quarterly investment advisor management fee from Davidson Fixed Income Management, Inc.

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 December 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
FNMA CALLABLE(Straight Line)									
FEDERAL NATL MTG ASSN 0.700% Due 09-19-14 (3135G0DF7)									
2,000,000	1	09-12-11	100.000	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00
FHLB(Straight Line)									
FEDERAL HOME LN BKS 0.875% Due 12-27-13 (313371UC8)									
3,000,000	1	11-21-11	100.674	3,020,223.00	-817.96	-1,029.05	-1,029.05	-19,193.95	3,019,193.95
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	-7,346.55	-7,346.55	-16,943.45	1,016,943.45
Total				4,044,513.00	-1,795.40	-8,375.60	-8,375.60	-36,137.40	4,036,137.40
FFCB CALLABLE(Straight Line)									
FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14 (31331KT91)									
3,000,000	1	11-21-11	99.650	2,989,500.00	296.98	373.62	373.62	10,126.38	2,989,873.62
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	578.56	578.56	3,421.44	1,996,578.56
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	-169.40	-797.81	-797.81	-1,202.19	2,001,202.19
Total				3,998,000.00	-72.45	-219.25	-219.25	2,219.25	3,997,780.75
CASH(Straight Line)									
CASH 0.220% Due 01-01-12 (CASH)									
10,392	2	10-31-11	1.000	10,392.00	0.00	0.00	0.00	0.00	10,392.00
Corvallis B of A 0.300% Due 01-01-12 (CBANK)									
1,008,968	5	11-30-11	1.000	1,008,968.22	0.00	0.00	0.00	0.00	1,008,968.22
Corvallis Umpqua Bank 0.600% Due 01-01-12 (CBANK2)									

*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
 December 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
3,276,288	9	12-31-11	1.000	3,276,287.63	0.00	0.00	0.00	0.00	3,276,287.63
Total				4,295,647.85	0.00	0.00	0.00	0.00	4,295,647.85
POOL(Straight Line)									
OREGON STATE POOL 0.500% Due 01-01-12 (ORPOOL)									
26,455,864	4	12-31-11	1.000	26,455,864.13	0.00	0.00	0.00	0.00	26,455,864.13
GRAND TOTAL				43,783,524.98	-1,570.87	-8,221.23	-8,221.23	-23,791.77	43,775,303.75

*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.



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 11-30-11 To 12-31-11

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
AGENCY							
AGENCY BULLET							
FHLB							
3133XXYX9	FEDERAL HOME LN BKS 1.875% Due 06-21-13	8,281.25	0.00	0.00	-9,375.00	1,614.58	520.83
313371UC8	FEDERAL HOME LN BKS 0.875% Due 12-27-13	11,156.25	0.00	0.00	-13,125.00	2,260.42	291.67
		<u>19,437.50</u>	<u>0.00</u>	<u>0.00</u>	<u>-22,500.00</u>	<u>3,875.00</u>	<u>812.50</u>
	AGENCY BULLET Total	19,437.50	0.00	0.00	-22,500.00	3,875.00	812.50
AGENCY CALLABLE							
FNMA							
3135G0DF7	FEDERAL NATL MTG ASSN 0.700% Due 09-19-14	2,761.11	0.00	0.00	0.00	1,205.56	3,966.67
		<u>2,761.11</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,205.56</u>	<u>3,966.67</u>
FHLMC							
3134G2SL7	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	3,888.89	0.00	0.00	0.00	1,076.39	4,965.28
3134G2PM8	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	10,486.11	0.00	0.00	-12,500.00	2,152.78	138.89
		<u>14,375.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-12,500.00</u>	<u>3,229.17</u>	<u>5,104.17</u>
FFCB							
31331KT91	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	547.50	0.00	0.00	0.00	1,885.83	2,433.33
		<u>547.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,885.83</u>	<u>2,433.33</u>
	AGENCY CALLABLE Total	17,683.61	0.00	0.00	-12,500.00	6,320.56	11,504.17



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 11-30-11 To 12-31-11

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
AGENCY Total		37,121.11	0.00	0.00	-35,000.00	10,195.56	12,316.67
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH 0.220% Due 01-01-12	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 0.300% Due 01-01-12	0.00	0.00	0.00	-281.77	281.77	0.00
CBANK2	Corvallis Umpqua Bank 0.600% Due 01-01-12	0.00	0.00	0.00	-1,614.91	1,614.91	0.00
		0.00	0.00	0.00	-1,896.68	1,896.68	0.00
CASH & EQUIVALENTS Total		0.00	0.00	0.00	-1,896.68	1,896.68	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL 0.500% Due 01-01-12	0.00	0.00	0.00	-11,883.19	11,883.19	0.00
		0.00	0.00	0.00	-11,883.19	11,883.19	0.00
OR STATE POOL Total		0.00	0.00	0.00	-11,883.19	11,883.19	0.00
CASH Total		0.00	0.00	0.00	-13,779.87	13,779.87	0.00
TOTAL PORTFOLIO		37,121.11	0.00	0.00	-48,779.87	23,975.43	12,316.67

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
December 2011**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	8,376,352	7,423,075	953,277
Projected Activity	8,771,511	8,665,970	105,541
Difference	(395,159)	(1,242,895)	847,736

(1) Receipts include deposits and interest received.

Receipts are less than budget in December mostly due to Current Property Taxes coming in higher than anticipated for November and thus lower than budget was cash flowed for December. Federal and State Grants are also lower than budget due to timing issues for grants not yet received.

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

Disbursements are lower than budget mainly in the areas of Salaries & Wages, Benefits, and General Services. The City continues to hold significant vacancies which account for the variances in Salaries & Wages and Benefits. The variance in General Services is mainly due to various capital improvement projects being postponed to future years.

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 December 2011

Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed
101	General	3,162,574.15	1,383.16	460	Davidson Library	5,928.08	3.55
201	Street	398,062.83	196.24	501	Water	1,183,337.08	842.74
208	Street SDC	1,852,268.91	1,094.12	502	Water Timber	179,139.51	108.45
210	Parks & Recreation	2,483,309.13	1,148.49	508	Water SDC	5,311,257.35	3,182.88
211	Parks & Recreation - Aquatics	296,243.72	125.72	509	Water Construction	(307,839.55)	(125.21)
212	Open Space	94,007.50	56.74	520	Wastewater	3,060,147.25	1,983.34
218	Parks SDC	1,714,993.01	990.53	528	Wastewater SDC	7,097,225.07	105.96
220	911	613,260.70	400.59	529	Wastewater Construction	307,079.82	4,321.63
230	Development Services	1,529,605.89	888.19	540	Storm Water	1,656,006.56	978.58
240	Fire & Rescue	4,662,134.52	2,050.88	548	Storm Water SDC	49,330.07	27.31
250	Comm Dev Revolving	27,789.53	9.18	549	Storm Water Construction	28,864.80	19.03
260	Parking	1,015,397.89	611.03	560	Airport	448,473.87	295.84
270	Transit	(116,254.04)	(89.89)	569	Airport Construction	23,197.03	13.86
290	Library	2,530,900.99	987.43	610	Fleet Maintenance	63,517.26	36.69
291	Library 2010	432,864.26	261.34	615	Facility Maintenance	198,803.53	117.85
301	Capital Improvement	1,066,821.68	646.48	620	Technology & Communications	667,447.75	403.04
401	General Obligation Debt Service	1,753,577.40	878.44	625	Administrative Services	440,019.07	268.82
				630	Risk Management	748,344.16	455.55
Total						44,677,836.78	24,678.58

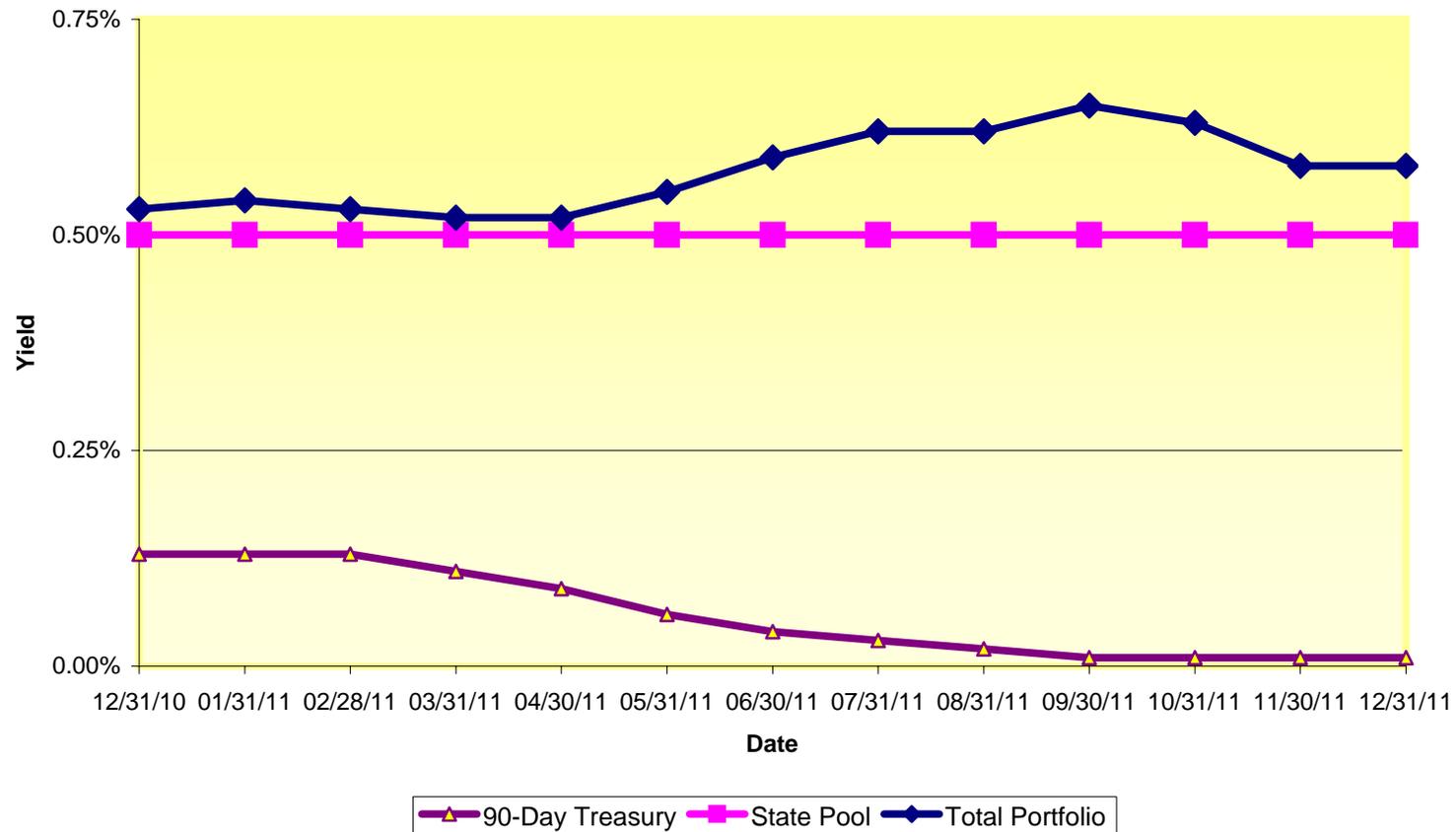
Accrual accounting on investments was implemented in August 2011. The interest distributed will equal the monthly interest income accrual, net of any amortization or accretion on a premium/discount paid on an investment; this is also net of the previous fiscal year's GASB 31 Fair Value Adjustment reversal.

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 Total Portfolio vs. Benchmark December 2010 - December 2011

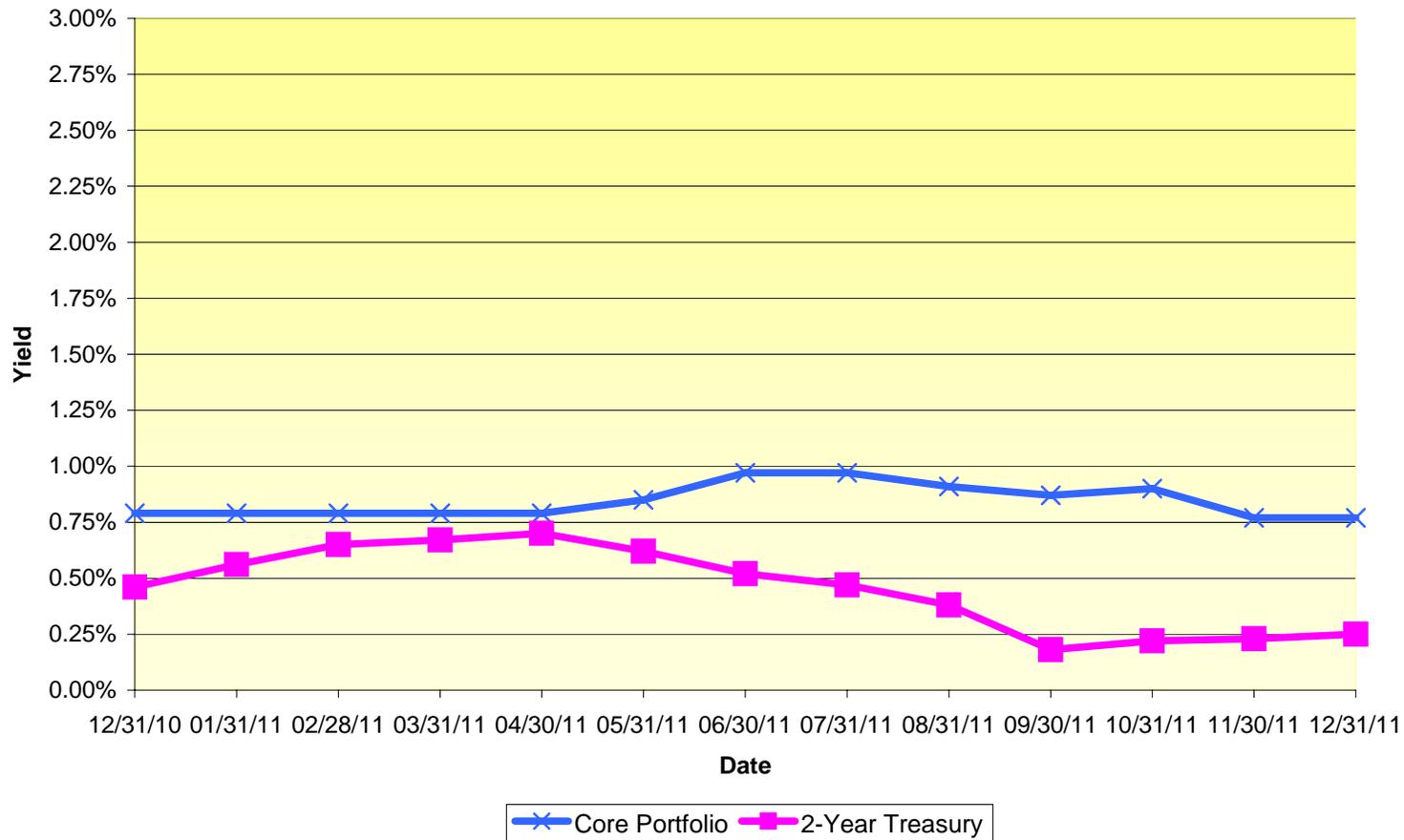




City of Corvallis

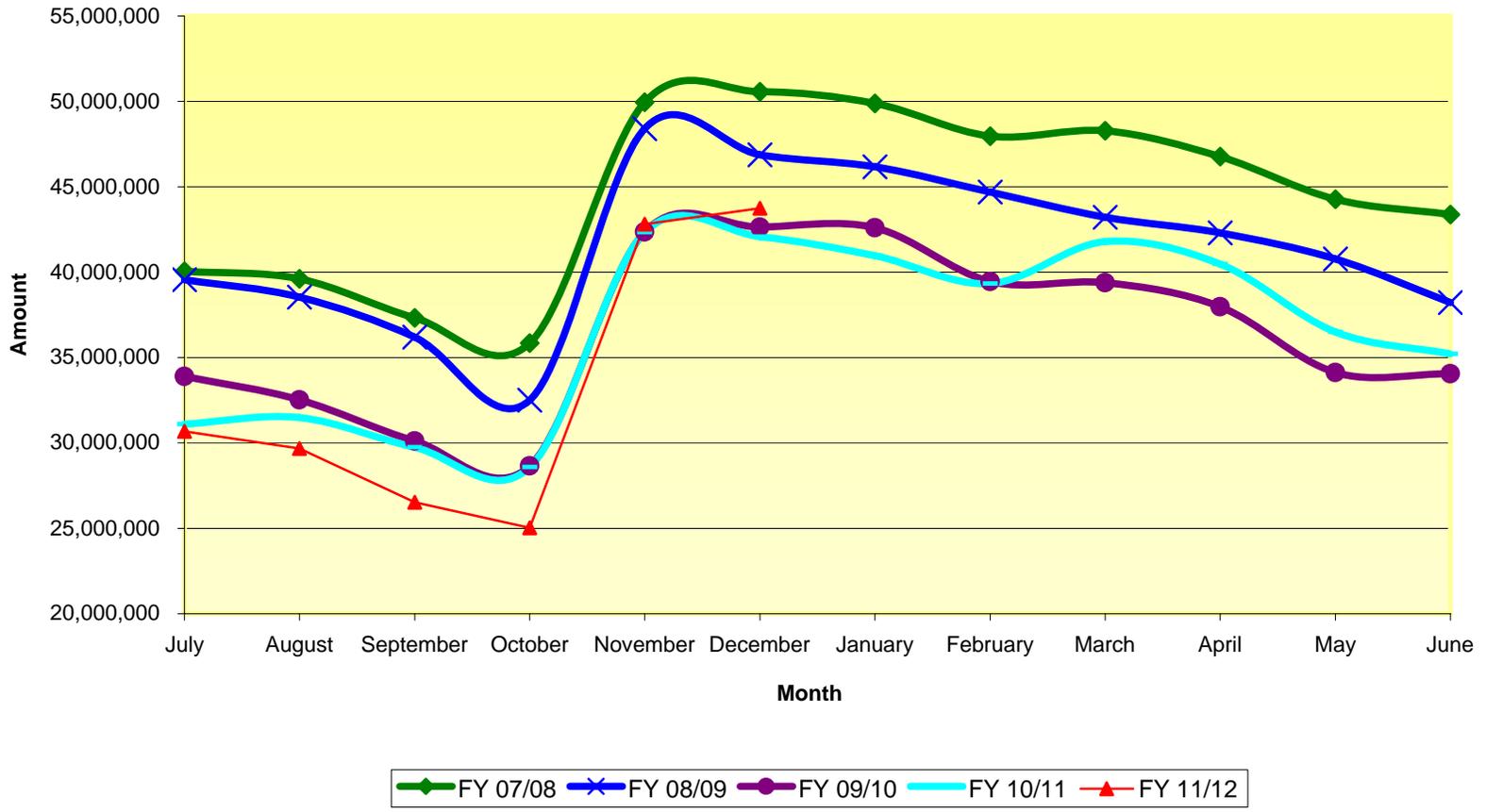
Core Portfolio vs. Benchmark

December 2010 - December 2011





City of Corvallis Cash & Investments





City of Corvallis Cash and Investments By Quarter

