

CITY OF CORVALLIS

Investment Council

Treasury Report

April 2012

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

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APRIL 2012

The financial markets returned to crisis mode again in April. Treasuries rallied this month as weaker-than-anticipated economic growth increased demand for the relative safety of U.S. government debt. Stocks, commodities and the dollar, generally seen as riskier assets, all fell or were unchanged for the month. The yield on the 10-year note fell 29 basis points and the yield on the 2-year note moved from 0.33% at the beginning of the month to 0.26% on the last day of the month. Treasury yields were the lowest levels since February 2012. The unemployment rate and non-farm payrolls number disappointed, keeping the door open for additional accommodation from the Fed. Non-farm payrolls rose 120,000 in March while a gain of 205,000 was expected. The unemployment rate fell to 8.2% vs. 8.3%. The average work week fell for both the private and manufacturing sector. Continued political uncertainty in Europe also contributed to the flight to quality to U.S. Treasuries.

Federal Reserve press release: April 25, 2012 *(source: www.Federal Reserve.gov)*

Information received since the Federal Open Market Committee met in March suggests that the economy has been expanding moderately. Labor market conditions have improved in recent months; the unemployment rate has declined but remains elevated. Household spending and business fixed investment have continued to advance. Despite some signs of improvement, the housing sector remains depressed. Inflation has picked up somewhat, mainly reflecting higher prices of crude oil and gasoline. However, longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects economic growth to remain moderate over coming quarters and then to pick up gradually. Consequently the Committee anticipates that the unemployment rate will decline gradually toward levels that it judges to be consistent with its dual mandate. Strains in global financial markets continue to pose significant downside risks to the economic outlook. The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily, and the Committee anticipates that subsequently inflation will run at or below the rate that it judges most consistent with its dual mandate.

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:

	<u>02/29/12</u>	<u>03/31/12</u>	<u>04/30/12</u>	<u>Change April</u>
3-month bill	0.08	0.07	0.09	+0.02
6-month bill	0.13	0.13	0.14	+0.01
2-year note	0.30	0.33	0.26	-0.07
5-year note	0.86	1.04	0.81	-0.23
10-year note	1.97	2.21	1.92	-0.29

Source: Bloomberg

Returns for February 2012:

US One-year Note Index	0.046%
Current two-year Treasury	0.163%
Current ten-year Treasury	2.885%
Dow Jones Industrial Average	unch
CRB Commodities Index	-0.43%

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	\$26,760,423.42	60.00%	63.9%	3.90%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$15,120,945.00	40.00%	36.1%	-3.90%
Total			\$41,881,368.42			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	64%	Yes
Under 1 Year	> 25%	64%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.81	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	\$41,881,368.42	Yes
Federal Agency and Agency Sponsored	100%	40%	36.10%	\$15,120,945.00	5 Years	\$26,760,423.42	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	9.98%	\$4,181,226.35		\$6,289,115.76	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$4,188,136.84	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$4,188,136.84	Yes
State Obligations (OR,WA, AA or better)	10%	5%	0.00%	\$0.00	5 Years	\$4,188,136.84	Yes
State Pool	ORS Maximum or 100%		53.91%	\$22,579,197.07	N/A	\$21,894,966.93	Yes
Total			100.00%	\$41,881,368.42			

ORS Maximum \$44,474,164.00

Policy : August 2011

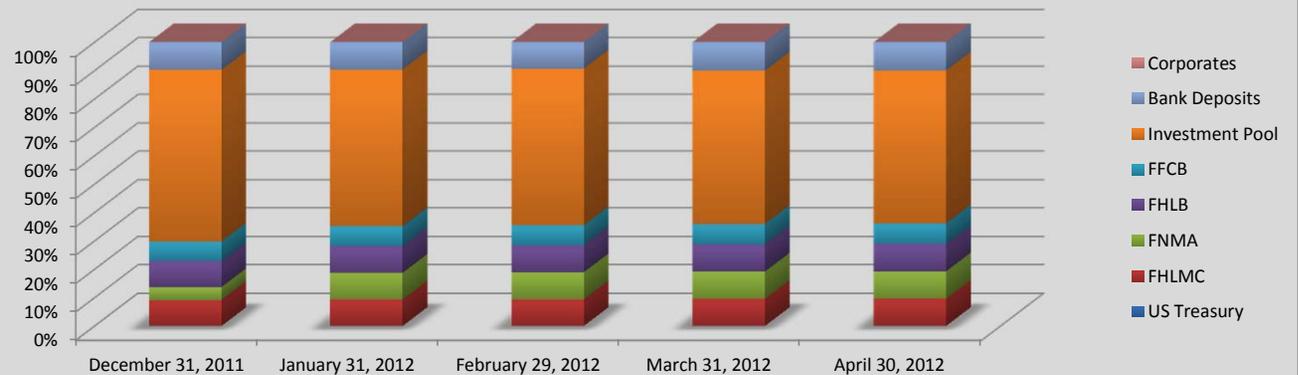
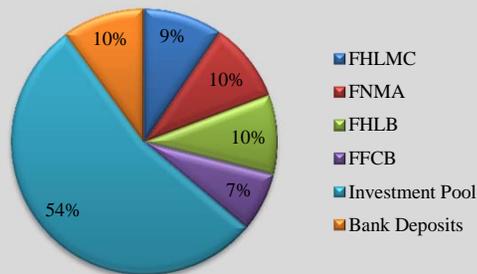
Total Asset Allocation Strategy
 (Market Values)

Commentary

The portfolio remains diversified between high quality GSE issues, Bank Deposits, and the State Pool.

Sector	Yield	December 31, 2011	January 31, 2012	February 29, 2012	March 31, 2012	April 30, 2012	Change From Last Month
US Treasury	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLMC	0.94%	\$4,006,904.00	\$4,006,854.00	\$4,006,752.00	\$4,005,392.00	\$4,003,822.00	(\$1,570.00)
FNMA	0.76%	\$1,996,080.00	\$4,069,336.00	\$4,063,162.00	\$4,059,598.00	\$4,067,760.00	\$8,162.00
FHLB	0.59%	\$4,048,169.00	\$4,050,786.00	\$4,054,692.00	\$4,052,226.00	\$4,046,009.00	(\$6,217.00)
FFCB	0.85%	\$2,996,088.00	\$3,006,486.00	\$2,998,506.00	\$2,992,665.00	\$3,003,354.00	\$10,689.00
Investment Pool	0.60%	\$26,455,864.13	\$23,809,613.74	\$23,526,034.78	\$22,712,714.38	\$22,579,197.07	(\$133,517.31)
Bank Deposits	0.48%	\$4,295,647.85	\$4,145,819.39	\$3,966,925.37	\$4,203,950.84	\$4,181,226.35	(\$22,724.49)
Corporates	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	0.66%	\$43,798,752.98	\$43,088,895.13	\$42,616,072.15	\$42,026,546.22	\$41,881,368.42	(\$145,177.80)

Current Sector Allocation





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL
 From 03-31-12 to 04-30-12

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	6,243.06	-3,052.80	0.00	3,190.26
AGENCY CALLABLE	5,912.78	217.29	0.00	6,130.06
CASH & EQUIVALENTS	1,957.75	0.00	0.00	1,957.75
OR STATE POOL	11,617.19	0.00	0.00	11,617.19
TOTAL	25,730.77	-2,835.51	0.00	22,895.26

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 March 31, 2012 to April 30, 2012

	Total Portfolio
Interest Earned	25,730.77
Accretion/Amortization	-2,835.51
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	22,895.26
Average Daily Historical Cost	42,060,837.05
Return	0.05%
Annualized Return	0.67%
Annualized Return Net of Fees	0.67%
Weighted Duration to Maturity in Years	0.79
Weighted Days to Maturity	297



**CITY OF CORVALLIS TOTAL
 PORTFOLIO HOLDINGS**

April 30, 2012

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	101.31	0.71	101.83	0.27	1,018,337.00	6,718.75	1,025,055.75	5,208.71	2.4	1.13	1.13
313371UC8	3,000,000	FEDERAL HOME LN BKS 0.875% Due 12-27-13		11-21-11	100.53	0.55	100.92	0.32	3,027,672.00	8,968.75	3,036,640.75	11,670.73	7.2	1.64	1.64
31398A4M1	2,000,000	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		01-13-12	102.80	0.81	103.30	0.67	2,065,956.00	361.11	2,066,317.11	9,995.61	4.9	3.40	3.40
	6,000,000					0.66		0.43	6,111,965.00	16,048.61	6,128,013.61	26,875.05	14.6	2.15	2.15
AGENCY CALLABLE															
3134G2SL7	2,000,000	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	08-08-12	08-03-11	100.03	0.57	100.06	0.58	2,001,144.00	2,847.22	2,003,991.22	603.02	4.8	1.26	0.27
3135G0DF7	2,000,000	FEDERAL NATL MTG ASSN 0.700% Due 09-19-14	09-19-12	09-12-11	100.00	0.70	100.09	0.66	2,001,804.00	1,594.44	2,003,398.44	1,804.00	4.8	2.36	0.39
31331KT91	3,000,000	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	11-21-12	11-21-11	99.70	0.85	100.11	0.69	3,003,354.00	9,672.50	3,013,026.50	12,321.20	7.2	2.52	0.56
3134G2PM8	2,000,000	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	06-29-12	06-28-11	99.85	1.31	100.13	1.20	2,002,678.00	8,402.78	2,011,080.78	5,721.03	4.8	2.60	0.16
	9,000,000					0.86		0.77	9,008,980.00	22,516.94	9,031,496.94	20,449.24	21.5	2.22	0.37
CASH & EQUIVALENTS															
CASH	10,582	CASH 0.220% Due 05-01-12		03-31-12	1.00	0.22	1.00	0.22	10,582.00	0.00	10,582.00	0.00	0.0	0.00	0.00
CBANK	129,577	Corvallis B of A 0.250% Due 05-01-12		04-30-12	1.00	0.25	1.00	0.25	129,577.49	0.00	129,577.49	0.00	0.3	0.00	0.00
CBANK2	3,283,652	Corvallis Umpqua Bank 0.650% Due 05-01-12		04-30-12	1.00	0.65	1.00	0.65	3,283,652.43	0.00	3,283,652.43	0.00	7.8	0.00	0.00
CBANK3	757,414	Corvallis Wells Fargo 0.250% Due 05-01-12		03-31-12	1.00	0.25	1.00	0.25	757,414.43	0.00	757,414.43	0.00	1.8	0.00	0.00
	4,181,226					0.56		0.56	4,181,226.35	0.00	4,181,226.35	0.00	10.0	0.00	0.00
OR STATE POOL															
ORPOOL	22,579,197	OREGON STATE POOL 0.600% Due 05-01-12		12-31-11	1.00	0.60	1.00	0.60	22,579,197.07	0.00	22,579,197.07	0.00	53.9	0.00	0.00
TOTAL	41,760,423					0.66		0.61	41,881,368.42	38,565.56	41,919,933.98	47,324.29	100.0	0.79	0.39

*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 04-01-12 To 04-30-12

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Buy long							
04-30-12	04-30-12	CBANK	129,577	Corvallis B of A 0.250% Due 05-01-12		129,577.49	
04-30-12	04-30-12	CBANK2	3,283,652	Corvallis Umpqua Bank 0.650% Due 05-01-12		3,283,652.43	
						3,413,229.92	
Deposit							
04-30-12	04-30-12	manfee		Management Fee * *		1,500.00	
Interest							
04-26-12	04-26-12	31398A4M1		FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		16,250.00	
04-30-12	04-30-12	CBANK		Corvallis B of A 0.250% Due 05-01-12		89.61	
04-30-12	04-30-12	CBANK3		Corvallis Wells Fargo 0.250% Due 05-01-12		56.38	
04-30-12	04-30-12	CBANK2		Corvallis Umpqua Bank 0.650% Due 05-01-12		1,811.76	
04-30-12	04-30-12	ORPOOL		OREGON STATE POOL 0.600% Due 05-01-12		11,617.19	
						29,824.94	
Deliver out long							
04-26-12		cash		Cash Account		16,250.00	
Sell long							
04-30-12	04-30-12	CBANK	119,634	Corvallis B of A 0.250% Due 05-01-12		119,633.79	
04-30-12	04-30-12	CBANK3	36,044	Corvallis Wells Fargo 0.250% Due 05-01-12		36,043.70	
04-30-12	04-30-12	ORPOOL	133,517	OREGON STATE POOL 0.600% Due 05-01-12		133,517.31	



CITY OF CORVALLIS TOTAL TRANSACTION SUMMARY

From 04-01-12 To 04-30-12

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
04-30-12	04-30-12	CBANK2	3,280,277	Corvallis Umpqua Bank 0.650% Due 05-01-12		3,280,276.92	
						<hr/> 3,569,471.72	

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 April 30, 2012

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(Straight Line)									
FEDERAL NATL MTG ASSN 1.625% Due 10-26-15 (31398A4M1)									
2,000,000	1	01-13-12	103.028	2,060,564.00	-1,315.32	-4,603.61	-4,603.61	-55,960.39	2,055,960.39
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	-791.57	-3,192.68	-4,221.73	-16,001.27	3,016,001.27
FEDERAL HOME LN BKS 1.875% Due 06-21-13 (3133XXYX9)									
1,000,000	1	05-11-11	102.429	1,024,290.00	-945.91	-3,815.16	-11,161.71	-13,128.29	1,013,128.29
Total				4,044,513.00	-1,737.48	-7,007.84	-15,383.44	-29,129.56	4,029,129.56
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	287.40	1,159.18	1,532.80	8,967.20	2,991,032.80
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	93.82	378.41	956.97	3,043.03	1,996,956.97
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	-163.93	-661.20	-1,459.02	-540.98	2,000,540.98
Total				3,998,000.00	-70.11	-282.79	-502.04	2,502.04	3,997,497.96
CASH(Straight Line)									
CASH 0.220% Due 05-01-12 (CASH)									
10,582	4	03-31-12	1.000	10,582.00	0.00	0.00	0.00	0.00	10,582.00
Corvallis B of A 0.250% Due 05-01-12 (CBANK)									
129,577	6	04-30-12	1.000	129,577.49	0.00	0.00	0.00	0.00	129,577.49
Corvallis Umpqua Bank 0.650% Due 05-01-12 (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
 April 30, 2012

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
3,283,652	12	04-30-12	1.000	3,283,652.43	0.00	0.00	0.00	0.00	3,283,652.43
Corvallis Wells Fargo		0.250% Due 05-01-12 (CBANK3)							
757,414	1	03-31-12	1.000	757,414.43	0.00	0.00	0.00	0.00	757,414.43
Total				4,181,226.35	0.00	0.00	0.00	0.00	4,181,226.35
POOL(Straight Line)									
OREGON STATE POOL		0.600% Due 05-01-12 (ORPOOL)							
22,579,197	4	12-31-11	1.000	22,579,197.07	0.00	0.00	0.00	0.00	22,579,197.07
GRAND TOTAL				41,853,000.42	-2,835.51	-10,735.06	-18,956.29	-73,620.71	41,834,044.13

*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 03-31-12 To 04-30-12

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	5,208.33	0.00	0.00	0.00	1,510.42	6,718.75
313371UC8	FEDERAL HOME LN BKS 0.875% Due 12-27-13	6,854.17	0.00	0.00	0.00	2,114.58	8,968.75
		<u>12,062.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,625.00</u>	<u>15,687.50</u>
FNMA							
31398A4M1	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15	13,993.06	0.00	0.00	-16,250.00	2,618.06	361.11
		<u>13,993.06</u>	<u>0.00</u>	<u>0.00</u>	<u>-16,250.00</u>	<u>2,618.06</u>	<u>361.11</u>
	AGENCY BULLET Total	<u>26,055.56</u>	<u>0.00</u>	<u>0.00</u>	<u>-16,250.00</u>	<u>6,243.06</u>	<u>16,048.61</u>
AGENCY CALLABLE							
FNMA							
3135G0DF7	FEDERAL NATL MTG ASSN 0.700% Due 09-19-14	466.67	0.00	0.00	0.00	1,127.78	1,594.44
		<u>466.67</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,127.78</u>	<u>1,594.44</u>
FHLMC							
3134G2SL7	FEDERAL HOME LN MTG CORP MTN 0.625% Due 08-08-13	1,840.28	0.00	0.00	0.00	1,006.94	2,847.22
3134G2PM8	FEDERAL HOME LN MTG CORP 1.250% Due 12-29-14	6,388.89	0.00	0.00	0.00	2,013.89	8,402.78
		<u>8,229.17</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,020.83</u>	<u>11,250.00</u>



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 03-31-12 To 04-30-12

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
FFCB 31331KT91	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	7,908.33	0.00	0.00	0.00	1,764.17	9,672.50
		7,908.33	0.00	0.00	0.00	1,764.17	9,672.50
	AGENCY CALLABLE Total	16,604.17	0.00	0.00	0.00	5,912.78	22,516.94
	AGENCY Total	42,659.72	0.00	0.00	-16,250.00	12,155.83	38,565.56
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH	0.00	0.00	0.00	0.00	0.00	0.00
	0.220% Due 05-01-12						
CBANK3	Corvallis Wells Fargo	0.00	0.00	0.00	-56.38	56.38	0.00
	0.250% Due 05-01-12						
		0.00	0.00	0.00	-56.38	56.38	0.00
BANK DEPOSITS							
CBANK	Corvallis B of A	0.00	0.00	0.00	-89.61	89.61	0.00
	0.250% Due 05-01-12						
CBANK2	Corvallis Umpqua Bank	0.00	0.00	0.00	-1,811.76	1,811.76	0.00
	0.650% Due 05-01-12						
		0.00	0.00	0.00	-1,901.37	1,901.37	0.00
	CASH & EQUIVALENTS Total	0.00	0.00	0.00	-1,957.75	1,957.75	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL	0.00	0.00	0.00	-11,617.19	11,617.19	0.00
	0.600% Due 05-01-12						
		0.00	0.00	0.00	-11,617.19	11,617.19	0.00



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
From 03-31-12 To 04-30-12

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
	OR STATE POOL Total	0.00	0.00	0.00	-11,617.19	11,617.19	0.00
	CASH Total	0.00	0.00	0.00	-13,574.94	13,574.94	0.00
TOTAL PORTFOLIO		42,659.72	0.00	0.00	-29,824.94	25,730.77	38,565.56

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
April 2012**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	5,863,986	6,681,799	(817,813)
Projected Activity	5,914,521	8,216,525	(2,302,004)
Difference	(50,535)	(1,534,726)	1,484,191

(1) Receipts include deposits and interest received.

Receipts are less than budget mostly due to Federal and State Grants cash flowed for but not yet received in April. Several capital improvement projects (CIP) have been postponed resulting in delayed grant reimbursement requests.

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

Disbursements continue to be lower than budget in the areas of Salaries & Wages and General Services. The City continues to see a cost savings due to the number of vacancies it holds, while the postponing of several CIP projects continues to keep General Services less than budgeted cash flow.

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 April 2012

Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed
101	General	2,200,851.62	1,328.01	460	Davidson Library	5,940.40	3.45
201	Street	890,492.55	509.23	501	Water	1,149,252.29	669.74
208	Street SDC	1,955,929.72	1,132.44	502	Water Timber	289,328.51	176.33
210	Parks & Recreation	1,769,979.84	1,056.01	508	Water SDC	4,457,972.42	2,575.96
211	Parks & Recreation - Aquatics	225,649.66	131.17	509	Water Construction	216,719.35	135.90
212	Open Space	94,204.43	54.67	520	Wastewater	3,902,819.44	2,217.43
218	Parks SDC	1,904,111.85	1,076.12	528	Wastewater SDC	7,503,647.45	138.73
220	911	700,456.75	379.65	529	Wastewater Construction	235,959.15	4,322.10
230	Development Services	1,366,014.53	800.49	540	Storm Water	1,677,774.17	965.13
240	Fire & Rescue	2,099,640.75	1,326.54	548	Storm Water SDC	60,454.46	34.05
250	Comm Dev Revolving	59,733.54	26.33	549	Storm Water Construction	21,449.69	18.62
260	Parking	1,052,339.76	608.37	560	Airport	509,386.92	294.07
270	Transit	458,929.75	280.91	569	Airport Construction	29,408.45	17.06
290	Library	2,105,962.99	1,277.83	610	Fleet Maintenance	73,718.01	42.42
291	Library 2010	433,771.25	251.77	615	Facility Maintenance	262,424.65	148.51
301	Capital Improvement	971,953.14	560.95	620	Technology & Communications	738,527.00	424.84
401	General Obligation Debt Service	1,888,098.41	1,089.18	625	Administrative Services	589,559.41	328.97
				630	Risk Management	941,931.27	546.42
Total						42,844,393.58	24,949.40

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.

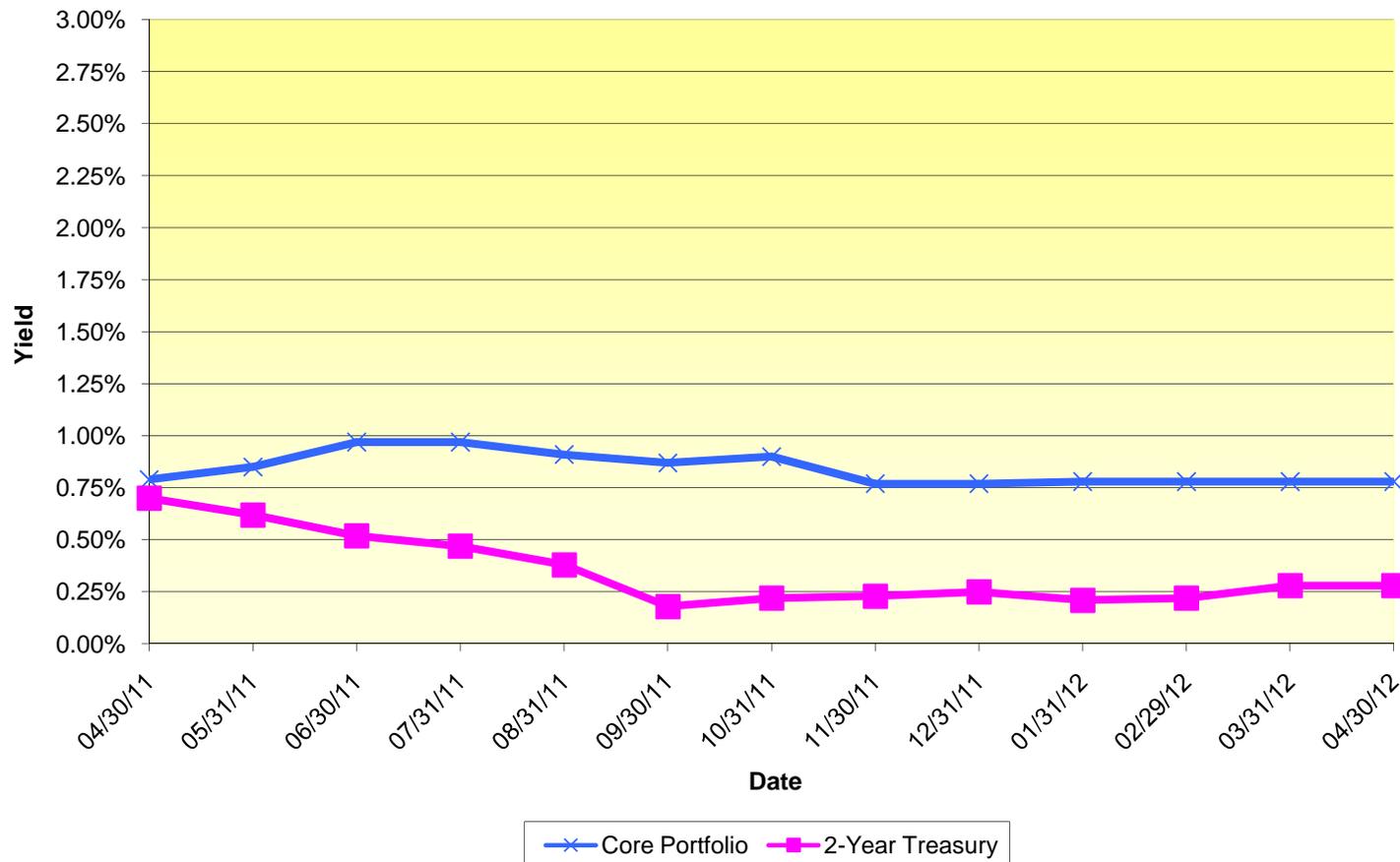


City of Corvallis Total Portfolio vs. Benchmark April 2011 - April 2012





City of Corvallis Core Portfolio vs. Benchmark April 2011- April 2012





City of Corvallis Cash & Investments

