

CITY OF CORVALLIS

Investment Council

Treasury Report

January 2013

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

Davidson Fixed Income Management Report	
Market & Strategy Commentary.....	1
Policy Compliance	2
Asset Allocation.....	3
Portfolio Returns	4
Portfolio Holdings.....	5
Transaction Summary	6
Amortization and Accretion.....	7
Interest Accruals	9
Glossary of Terms.....	11
Cash Flow Summary.....	12
Monthly Revenue Allocations	13
Graphs	
Total Portfolio Yield.....	14
Core Portfolio Yield.....	15
Cash & Investments	16

MONTHLY MARKET COMMENTARY



JANUARY 2013

The curve steepened in January as three-month bills dropped to .07% and five-year treasuries increased from .75% to .88%. Yields increased to their highest levels since April 2012 for bonds with maturities between three years and thirty years.

FOMC: Bonds traded lower in prices after the FOMC minutes were released. The minutes indicated that the Quantitative Easing (QE) programs will end at some point, possibly in 2013. Members differed as to the timing with some expressing the end of the year as a target date, some well before the end of the year and some no time frame. Balance sheet expansion and financial stability were the major concerns. The FOMC is currently buying \$45 billion of treasuries and \$40 billion of MBS (Mortgage Backed Securities) each month. The threshold for keeping interest rates low is 6.5% unemployment and no more than 2.5% inflation. The minutes clearly distinguish that QE and the zero interest rate policy (ZIRP) are two distinct items, meaning QE can end but rates may continue to remain exceptionally low.

Nonfarm Payrolls/Unemployment: The numbers released in January were good, but not great. Nonfarm payrolls in December rose 155,000, close to expectations. Revisions to the previous two months added an additional 14,000 workers. Private employment rose by 168,000 while governmental fell 13,000. Unemployment in December was unchanged at 7.8%. A reading of 7.7% was expected. The labor force participation rate was unchanged at 63.6%, only 0.1% above the lowest level since January 1984.

Highlights of other market movers in January:

- Initial jobless claims fell to a five year low of 5,000.
- Leading economic indicators in December rose 0.5%. A gain of 0.4% as expected. The report suggests moderate growth.
- The House approved legislation (285-144) to “disregard” the debt ceiling until May 18. The measure cleared the Senate on a vote of 64-34. It permits the Treasury to borrow above the current \$16.4 trillion debt limit through May 18. The legislation was forwarded to the President for his signature on the last day of the month.
- The IMF’s Managing Director Christine Lagarde stated that the global economy is in a “timid recovery.”
- The Dow Jones industrial average continued to make gains. The Dow began January at 13,412 and ended at 13,860 for a percentage return of 11.80%.
- The Treasury discontinued the issuance of “SLGS” (State and Local Government Securities).

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:

	<u>11/30/12</u>	<u>12/31/12</u>	<u>01/31/13</u>	<u>Chg Jan</u>
3-month bill	0.08	0.09	0.07	-0.02
6-month bill	0.13	0.16	0.11	-0.05
2-year note	0.25	0.25	0.26	+0.01
5-year note	0.62	0.75	0.88	+0.13
10-year note	1.62	1.77	1.99	+0.22

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	\$33,351,817.63	60.00%	71.8%	11.81%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$13,094,758.00	40.00%	28.2%	-11.81%
Total			\$46,446,575.63			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	72%	Yes
Under 1 Year	> 25%	80%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.72	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	\$46,446,575.63	Yes
Federal Agency and Agency Sponsored	100%	40%	28.19%	\$13,094,758.00	5 Years	\$33,351,817.63	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	2.14%	\$995,542.22		\$10,616,101.69	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$4,644,657.56	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$4,644,657.56	Yes
State Obligations (OR,WA, AA or better)	10%	5%	0.00%	\$0.00	5 Years	\$4,644,657.56	Yes
State Pool	ORS Maximum or 100%		69.66%	\$32,356,275.41	N/A	\$12,117,888.59	Yes
Total			100.00%	\$46,446,575.63			

ORS Maximum \$44,474,164.00

Policy : August 2012

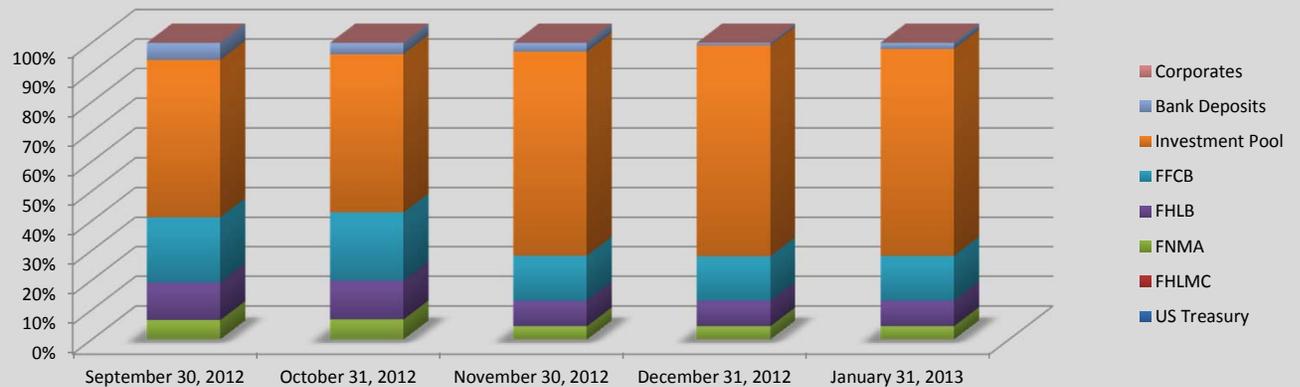
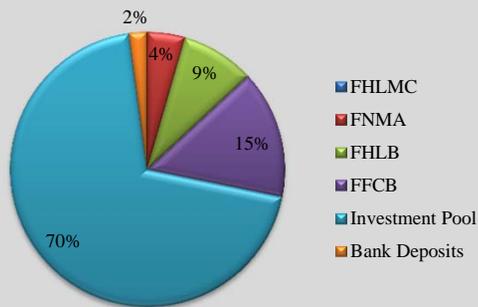
Total Asset Allocation Strategy
 (Market Values)

Commentary

There were no transactions in the month of January and the portfolio remains well positioned. DFIM is continuing to watch the market for any opportunities to pick up additional yield in high quality issuers.

Sector	Yield	September 30, 2012	October 31, 2012	November 30, 2012	December 31, 2012	January 31, 2013	Change From Last Month
US Treasury	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLMC	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FNMA	0.81%	\$2,073,114.00	\$2,069,740.00	\$2,070,960.00	\$2,069,022.00	\$2,065,944.00	(\$3,078.00)
FHLB	0.59%	\$4,036,091.00	\$4,032,486.00	\$4,029,916.00	\$4,028,721.00	\$4,025,637.00	(\$3,084.00)
FFCB	0.65%	\$7,017,618.00	\$7,013,969.00	\$7,019,088.00	\$7,013,540.00	\$7,003,177.00	(\$10,363.00)
Investment Pool	0.60%	\$16,894,555.41	\$16,356,290.44	\$31,837,437.23	\$33,269,754.70	\$32,356,275.41	(\$913,479.29)
Bank Deposits	0.25%	\$1,851,785.97	\$1,179,353.32	\$1,436,019.33	\$420,709.34	\$995,542.22	\$574,832.88
Corporates	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	0.61%	\$31,873,164.38	\$30,651,838.76	\$46,393,420.56	\$46,801,747.04	\$46,446,575.63	(\$355,171.41)

Current Sector Allocation





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL
 From 12-31-12 to 01-31-13

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	7,708.33	-3,153.56	0.00	4,554.78
AGENCY CALLABLE	2,508.33	144.81	0.00	2,653.14
CASH & EQUIVALENTS	307.32	0.00	0.00	307.32
OR STATE POOL	17,077.11	0.00	0.00	17,077.11
TOTAL	27,601.10	-3,008.75	0.00	24,592.35

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 December 31, 2012 to January 31, 2013

	Total Portfolio
Interest Earned	27,601.10
Accretion/Amortization	-3,008.75
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	24,592.35
Average Daily Historical Cost	46,459,252.63
Return	0.05%
Annualized Return	0.63%
Annualized Return Net of Fees	0.63%
Weighted Duration to Maturity in Years	0.71
Weighted Days to Maturity	263



**CITY OF CORVALLIS TOTAL
PORTFOLIO HOLDINGS**

January 31, 2013

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	100.44	0.71	100.68	0.13	1,006,782.00	2,083.33	1,008,865.33	2,378.87	2.2	0.39	0.39
313371UC8	3,000,000	FEDERAL HOME LN BKS 0.875% Due 12-27-13		11-21-11	100.29	0.55	100.63	0.18	3,018,855.00	2,479.17	3,021,334.17	10,141.26	6.5	0.91	0.91
31398A4M1	2,000,000	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		01-13-12	102.19	0.81	103.30	0.41	2,065,944.00	8,576.39	2,074,520.39	22,086.33	4.4	2.67	2.67
3133EAUH9	2,000,000	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16		06-26-12	99.98	0.75	100.70	0.54	2,014,082.00	1,958.33	2,016,040.33	14,387.95	4.3	3.32	3.32
	8,000,000					0.69		0.32	8,105,663.00	15,097.22	8,120,760.22	48,994.41	17.5	1.89	1.89
AGENCY CALLABLE															
3133EC3F9	3,000,000	FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16	02-26-13	11-15-12	99.87	0.59	99.82	0.60	2,994,471.00	2,979.17	2,997,450.17	-1,677.25	6.4	3.53	0.07
3133EA2D9	2,000,000	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	Cont. call	09-19-12	99.89	0.71	99.73	0.75	1,994,624.00	4,722.22	1,999,346.22	-3,095.18	4.3	3.59	3.59
	5,000,000					0.64		0.66	4,989,095.00	7,701.39	4,996,796.39	-4,772.42	10.7	3.55	1.48
CASH & EQUIVALENTS															
CASH	10,257	CASH 0.100% Due 02-01-13		11-30-12	1.00	0.10	1.00	0.10	10,257.00	0.00	10,257.00	0.00	0.0	0.00	0.00
CBANK3	985,285	Corvallis Wells Fargo 0.250% Due 02-01-13		01-01-13	1.00	0.25	1.00	0.25	985,285.22	0.00	985,285.22	0.00	2.1	0.00	0.00
	995,542					0.25		0.25	995,542.22	0.00	995,542.22	0.00	2.1	0.00	0.00
OR STATE POOL															
ORPOOL	2,000,000	OREGON STATE POOL 0.600% Due 02-01-13		09-19-12	1.00	0.60	1.00	0.60	2,000,000.00	0.00	2,000,000.00	0.00	4.3	0.00	0.00
ORPOOL	30,356,275	OREGON STATE POOL 0.600% Due 02-01-13		01-01-13	1.00	0.60	1.00	0.60	30,356,275.41	0.00	30,356,275.41	0.00	65.4	0.00	0.00
	32,356,275					0.60		0.60	32,356,275.41	0.00	32,356,275.41	0.00	69.7	0.00	0.00
TOTAL	46,351,818					0.61		0.55	46,446,575.63	22,798.61	46,469,374.24	44,221.99	100.0	0.71	0.49

*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 01-01-13 To 01-31-13

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Buy long							
01-01-13	01-01-13	CBANK3	985,285	Corvallis Wells Fargo 0.250% Due 02-01-13		985,285.22	
01-01-13	01-01-13	ORPOOL	30,356,275	OREGON STATE POOL 0.600% Due 02-01-13		30,356,275.41	
						31,341,560.63	
Deposit							
01-31-13	01-31-13	manfee		Management Fee **		1,500.00	
Interest							
01-01-13	01-01-13	ORPOOL		OREGON STATE POOL 0.600% Due 02-01-13		16,090.81	
01-01-13	01-01-13	CBANK3		Corvallis Wells Fargo 0.250% Due 02-01-13		307.32	
01-31-13	01-31-13	ORPOOL		OREGON STATE POOL 0.600% Due 02-01-13		986.30	
						17,384.43	
Sell long							
01-01-13	01-01-13	CBANK3	410,452	Corvallis Wells Fargo 0.250% Due 02-01-13		410,452.34	
01-01-13	01-01-13	ORPOOL	31,269,755	OREGON STATE POOL 0.600% Due 02-01-13		31,269,754.70	
						31,680,207.04	

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

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AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 January 31, 2013

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	-1,360.96	-1,360.96	-16,706.33	-43,857.67	2,043,857.67
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	-820.20	-820.20	-11,509.26	-8,713.74	3,008,713.74
FEDERAL HOME LN BKS 1.875% Due 06-21-13 (3133XXYX9)									
1,000,000	1	05-11-11	102.429	1,024,290.00	-980.12	-980.12	-19,886.87	-4,403.13	1,004,403.13
Total				4,044,513.00	-1,800.32	-1,800.32	-31,396.13	-13,116.87	4,013,116.87
FFCB(Straight Line)									
FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16 (3133EAUH9)									
2,000,000	1	06-26-12	99.982	1,999,640.00	7.72	7.72	54.05	305.95	1,999,694.05
FFCB CALLABLE(Straight Line)									
FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16 (3133EA2D9)									
2,000,000	1	09-19-12	99.875	1,997,500.00	53.08	53.08	219.18	2,280.82	1,997,719.18
FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16 (3133EC3F9)									
3,000,000	1	11-15-12	99.865	2,995,950.00	91.73	91.73	198.25	3,851.75	2,996,148.25
Total				4,993,450.00	144.81	144.81	417.42	6,132.58	4,993,867.42
CASH(Straight Line)									
CASH 0.100% Due 02-01-13 (CASH)									
10,257	6	11-30-12	1.000	10,257.00	0.00	0.00	0.00	0.00	10,257.00
Corvallis Wells Fargo 0.250% Due 02-01-13 (CBANK3)									
985,285	7	01-01-13	1.000	985,285.22	0.00	0.00	0.00	0.00	985,285.22
Total				995,542.22	0.00	0.00	0.00	0.00	995,542.22

*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
 January 31, 2013

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
POOL(Straight Line)									
OREGON STATE POOL 0.600% Due 02-01-13 (ORPOOL)									
2,000,000	3	09-19-12	1.000	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00
30,356,275	9	01-01-13	1.000	30,356,275.41	0.00	0.00	0.00	0.00	30,356,275.41
32,356,275				32,356,275.41	0.00	0.00	0.00	0.00	32,356,275.41
GRAND TOTAL				46,449,984.63	-3,008.75	-3,008.75	-47,630.99	-50,536.01	46,402,353.64

*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 12-31-12 To 01-31-13

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	520.83	0.00	0.00	0.00	1,562.50	2,083.33
313371UC8	FEDERAL HOME LN BKS 0.875% Due 12-27-13	291.67	0.00	0.00	0.00	2,187.50	2,479.17
		<u>812.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,750.00</u>	<u>4,562.50</u>
FNMA							
31398A4M1	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15	5,868.06	0.00	0.00	0.00	2,708.33	8,576.39
		<u>5,868.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,708.33</u>	<u>8,576.39</u>
FFCB							
3133EAUH9	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16	708.33	0.00	0.00	0.00	1,250.00	1,958.33
		<u>708.33</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,250.00</u>	<u>1,958.33</u>
	AGENCY BULLET Total	<u>7,388.89</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,708.33</u>	<u>15,097.22</u>
AGENCY CALLABLE							
FFCB							
3133EC3F9	FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16	1,604.17	0.00	0.00	0.00	1,375.00	2,979.17
3133EA2D9	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	3,588.89	0.00	0.00	0.00	1,133.33	4,722.22
		<u>5,193.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,508.33</u>	<u>7,701.39</u>
	AGENCY CALLABLE Total	<u>5,193.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,508.33</u>	<u>7,701.39</u>
	AGENCY Total	<u>12,581.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>10,216.67</u>	<u>22,798.61</u>



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
From 12-31-12 To 01-31-13

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH	0.00	0.00	0.00	0.00	0.00	0.00
	0.100% Due 02-01-13						
CBANK3	Corvallis Wells Fargo	0.00	0.00	0.00	-307.32	307.32	0.00
	0.250% Due 02-01-13						
		0.00	0.00	0.00	-307.32	307.32	0.00
	CASH & EQUIVALENTS Total	0.00	0.00	0.00	-307.32	307.32	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL	0.00	0.00	0.00	-17,077.11	17,077.11	0.00
	0.600% Due 02-01-13						
		0.00	0.00	0.00	-17,077.11	17,077.11	0.00
	OR STATE POOL Total	0.00	0.00	0.00	-17,077.11	17,077.11	0.00
	CASH Total	0.00	0.00	0.00	-17,384.43	17,384.43	0.00
TOTAL PORTFOLIO		12,581.94	0.00	0.00	-17,384.43	27,601.10	22,798.61

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

Investment/Issuer Types				Other	
BA	Banker's Acceptance	FHLB	Federal Home Loan Bank	CPI	Consumer Price Index
CASH	Petty Cash	FHLMC	Federal Home Loan Mortgage Corporation	FOMC	Federal Open Market Committee
CBANK3	Wells Fargo Bank Checking	FNMA	Federal National Mortgage Association	GDP	Gross Domestic Product
CD	Certificates of Deposit	ORPOOL	Local Government Investment Pool	OSTFB	Oregon Short Term Fund Board
CP	Commercial Paper			QE	Quantitative Easing
FFCB	Federal Farm Credit Bureau			YTM	Yield to Maturity
FFCR	Federal Farm Credit Bank			TIPS	Treasury Inflation Protected Securities

* 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
JANUARY 2013**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	5,586,869	6,232,252	(645,383)
Projected Activity	6,185,300	6,899,913	(714,613)
Difference	(598,431)	(667,661)	69,230

(1) Receipts include deposits and interest received.

Property tax receipts were lower than anticipated in January. Since overall assessed value projections came in at 0.5% growth rather than 3% growth, this is expected to continue for the remainder of the year. Grant revenues are low as a percentage of budget due to grant projects not yet started and/or completed that are reimbursable in

(2) Disbursements include vendor payments, payroll costs, and all other operating expenditures made by check and wire or electronic transfer. Savings in salaries & wages, as well as in general services, contributed to lower than anticipated disbursements.

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 January 2013

Fund	Fund Name	* Month's Avg Cash Balance	Interest Distributed	Fund	Fund Name	* Month's Avg Cash Balance	Interest Distributed
101	General	4,214,017.19	1,958.25	460	Davidson Library	5,973.32	2.63
201	Street	486,956.11	211.35	501	Water	1,602,286.59	714.73
208	Street SDC	2,374,055.54	1,054.07	502	Water Timber	305,412.58	135.91
210	Parks & Recreation	2,534,607.60	1,125.33	508	Water SDC	4,719,136.65	72.18
211	Parks & Recreation - Aquatics	352,438.29	158.96	509	Water Construction	162,361.39	2,094.93
212	Open Space	94,729.41	42.09	520	Wastewater	1,733,507.71	762.86
218	Parks SDC	1,990,607.17	884.08	528	Wastewater SDC	8,905,732.48	3,952.60
220	911	607,543.94	262.71	529	Wastewater Construction	88,943.29	38.96
230	Development Services	1,264,301.97	566.77	540	Storm Water	1,254,231.21	559.36
240	Fire & Rescue	4,198,192.96	1,907.84	548	Storm Water SDC	75,281.39	33.35
250	Comm Dev Revolving	(41,008.94)	(15.92)	549	Storm Water Construction	31,074.52	16.62
260	Parking	1,039,047.56	463.75	560	Airport	673,618.08	292.58
270	Transit	1,345,585.61	545.64	569	Airport Construction	-	-
290	Library	2,946,135.64	1,246.26	610	Fleet Maintenance	56,842.15	25.39
291	Library 2010	406,295.34	182.13	615	Facility Maintenance	215,945.90	95.63
301	Capital Improvement	887,417.20	418.18	620	Technology & Communications	629,409.56	278.29
401	General Obligation Debt Service	793,722.59	352.15	625	Administrative Services	414,382.54	180.74
				630	Risk Management	1,088,737.92	464.45
Total						47,457,522.45	21,084.85

* Most investments earn interest over a 3 or 6 month period, so even if the most recent monthly average is positive, if prior months' cash balances in a given fund were negative, this could result in net negative earnings for that fund in the month interest is paid.

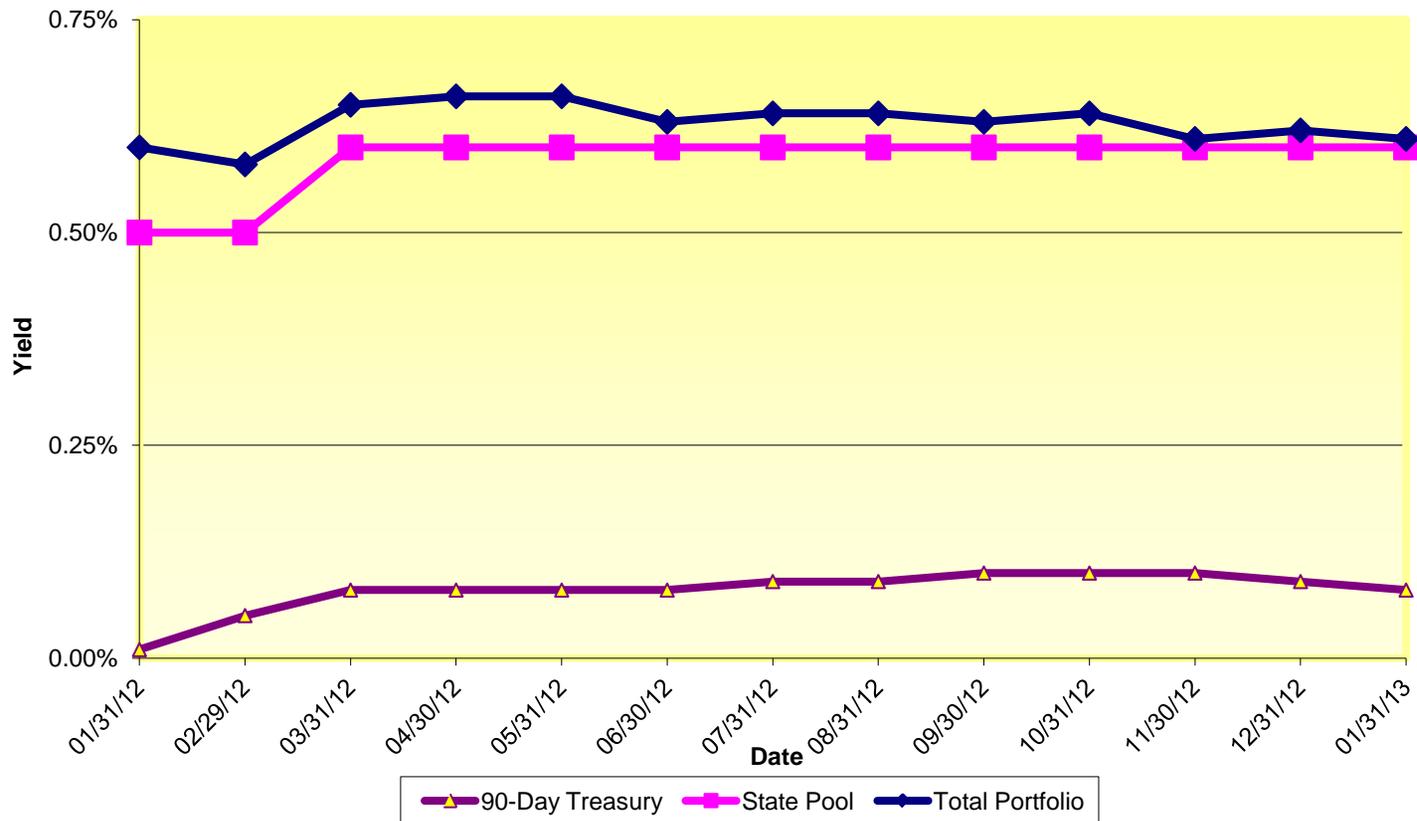
The accrual method of accounting is used for investments. The interest distributed will equal the monthly interest income accrual, net any amortization or accretion on a premium/discount paid on an investment; this is also net of the previous fiscal year's GASB 31 Fair Value Adjustment reversal.

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

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



City of Corvallis Total Portfolio vs. Benchmark January 2012 - January 2013

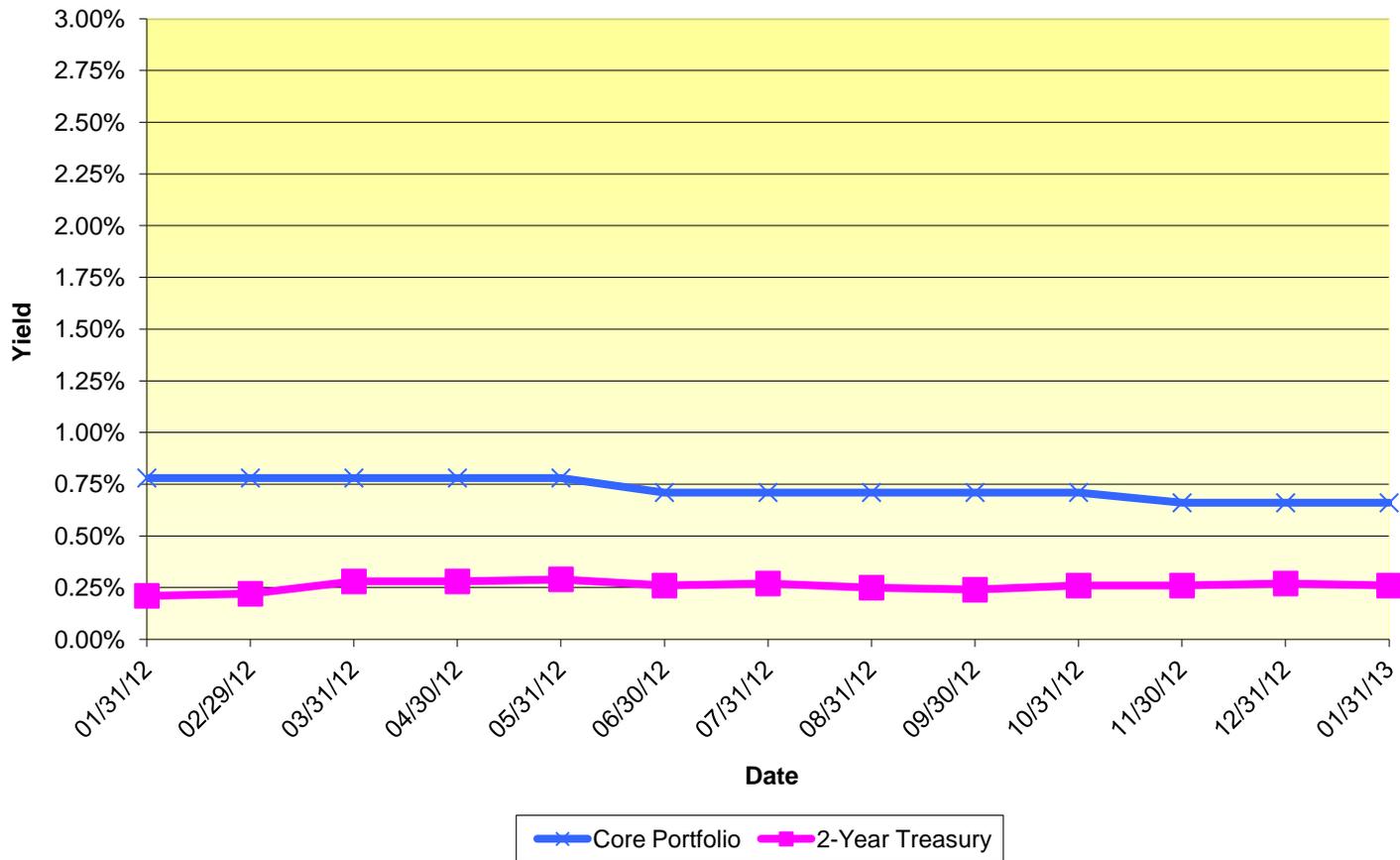




City of Corvallis

Core Portfolio vs. Benchmark

January 2012 - January 2013





City of Corvallis Cash & Investments

