

CITY OF CORVALLIS

Investment Council

Treasury Report

November 2013

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

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MONTHLY MARKET COMMENTARY

NOVEMBER 2013

Treasury yields were mixed in November. Yields were very much unchanged on bonds that mature between zero and three years and yields rose between three years and thirty year bonds. The market perception is that the Fed will keep the Fed Funds rate at zero for another year, but may begin tapering their bond purchases in early 2014.

Janet Yellen is expected to be confirmed as the first female Chairperson of the Federal Reserve. If confirmed, Yellen would replace Fed Chairman Ben Bernanke when his term expires on January 31st. Her nomination moved easily through the Senate Banking Committee and is pending approval in the Senate. Both Yellen and Bernanke have emphasized that the Fed will keep interest rates low for some time even after it winds down its asset purchases. These remarks have created an expectation of policy continuity at the central bank. The Fed has held overnight rates near zero since late 2008 and has quadrupled the size of its balance sheet to \$3.9 trillion through three rounds of quantitative easing. It is currently buying \$85 billion in bonds a month.

The effect of these announcements on the Treasury market was the aforementioned lack of change in yields in the short end of the curve and increase in yields in the long end. The 10-year Treasury yield increased by 20 basis points from the beginning of the month to the end of the month and thirty-year bond yields increased 17 basis points from 3.64% to 3.81%.

Economic Indicators

- Bond prices rose following a rate cut from the European Central Bank.
- Third quarter GDP rose 2.8% vs. a gain of 2.5% the previous quarter. A gain of 2.0% was expected. Personal consumption rose 1.5% vs. a gain of 1.8% the previous quarter.
- The Philadelphia Fed index in November fell to 6.5 vs. 19.8 the previous month. This is the sixth consecutive positive monthly reading, but the lowest level since May. The report is indicative of slowing growth.
- Total nonfarm payroll employment rose by 204,000 in October, and the unemployment rate was little changed at 7.3%. Employment increased in leisure and hospitality, retail trade, professional and technical services, manufacturing, and health care.

TREASURY YIELD CURVE TOTAL RETURNS OVER THE LAST 12 MONTHS*

<u>Maturity</u>	<u>Total Return (trailing 12 months)</u>
3 month Bill	0.075
1 year Note	0.28
2 year Note	0.435
3 year Note	0.384
5 year note	-1.278

Source: Bloomberg

CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER (ABSOLUTE YIELD LEVELS):

	<u>09/30/13</u>	<u>10/31/13</u>	<u>11/30/2013</u>	<u>Chg November</u>
3-month bill	0.01	0.04	0.06	+0.02
6-month bill	0.03	0.08	0.10	+0.02
2-year note	0.32	0.31	0.29	-0.02
3-year note	0.61	0.57	0.55	-0.02
5-year note	1.38	1.33	1.37	+0.04
10-year note	2.61	2.56	2.74	+0.18
30-year bond	3.69	3.64	3.81	+0.17

Source: Bloomberg

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

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	\$37,083,572.88	60.00%	73.2%	13.22%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$13,564,925.00	40.00%	26.8%	-13.22%
Total			\$50,648,497.88			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	75%	Yes
Under 1 Year	> 25%	75%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.56	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	\$50,648,497.88	Yes
Federal Agency and Agency Sponsored	100%	40%	23.82%	\$12,064,100.00	5 Years	\$38,584,397.88	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	5.10%	\$2,584,659.41		\$10,077,465.06	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$5,064,849.79	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$5,064,849.79	Yes
Corporate Bonds (Aa3/AA-)	10%	5%	1.34%	\$678,803.63	5 Years	\$4,386,046.16	Yes
Municipal Obligations (OR, WA, AA or better)	10%	5%	0.99%	\$500,825.00	5 Years	\$4,564,024.79	Yes
State Pool	ORS Maximum or 100%		68.75%	\$34,820,109.84	N/A	\$10,822,775.16	Yes
Total			100.00%	\$50,648,497.88			

ORS Maximum \$45,642,885.00

***Investment Policy Note:** Section 5.03.102 states "Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need to be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained."

Policy : August 2013

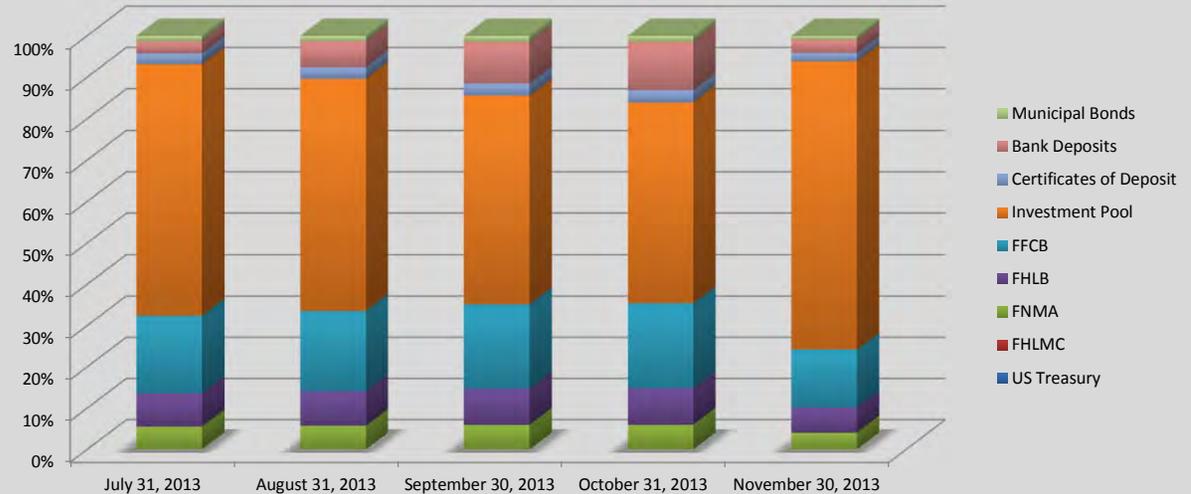
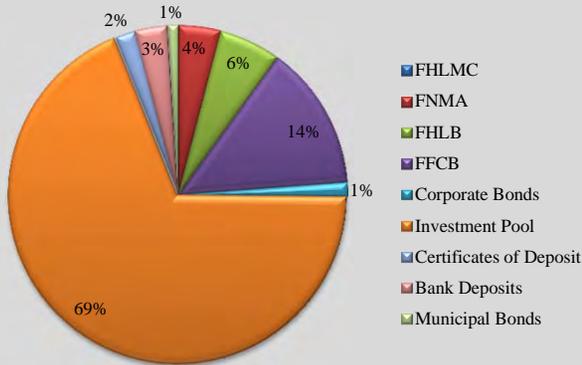
Total Asset Allocation Strategy
(Market Values)

Commentary

This month we added cash back into the portfolio with the tax receipts flowing in. The goal is to maintain the investment component at \$15,500M and allow the LGIP to hold balances to accommodate uncertain cash flows in the coming year. We added the GE Capital bond per the discussion of adding credit exposure versus extending duration.

Sector	Yield	July 31, 2013	August 31, 2013	September 30, 2013	October 31, 2013	November 30, 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%	\$2,050,630.00	\$2,047,312.00	\$2,048,912.00	\$2,049,744.00	\$2,049,210.00	(\$534.00)
FHLB	0.55%	\$3,009,546.00	\$3,007,548.00	\$3,005,694.00	\$3,003,615.00	\$3,001,593.00	(\$2,022.00)
FFCB	0.65%	\$6,976,659.00	\$6,952,981.00	\$6,983,162.00	\$6,996,713.00	\$7,013,297.00	\$16,584.00
Corporate Bonds	0.70%	\$0.00	\$0.00	\$0.00	\$0.00	\$678,803.63	\$678,803.63
Investment Pool	0.54%	\$22,596,960.43	\$20,077,386.50	\$17,276,690.41	\$16,563,609.69	\$34,820,109.84	\$18,256,500.15
Certificates of Deposit	1.00%	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$0.00
Bank Deposits	0.25%	\$1,075,386.13	\$2,216,044.83	\$3,463,010.54	\$3,984,457.23	\$1,584,659.41	(\$2,399,797.82)
Municipal Bonds	0.88%	\$499,240.00	\$497,215.00	\$499,150.00	\$500,335.00	\$500,825.00	\$490.00
Total	0.59%	\$37,208,421.56	\$35,798,487.33	\$34,276,618.95	\$34,098,473.92	\$50,648,497.88	\$16,550,023.96

Current Sector Allocation



DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL
 From 10-31-13 to 11-30-13

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	5,940.97	-2,107.32	0.00	3,833.66
AGENCY CALLABLE	2,424.72	140.14	0.00	2,564.86
CORPORATE CALLABLE	206.25	-65.98	0.00	140.27
MUNICIPALS	354.85	-1.85	0.00	353.00
CASH & EQUIVALENTS	51.05	0.00	0.00	51.05
CERTIFICATE OF DEPOSITS	1,647.30	0.00	0.00	1,647.30
OR STATE POOL	11,676.34	0.00	0.00	11,676.34
TOTAL	22,301.48	-2,035.00	0.00	20,266.47

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 October 31, 2013 to November 30, 2013

	Total Portfolio
Interest Earned	22,301.48
Accretion/Amortization	-2,035.00
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	20,266.47
Average Daily Historical Cost	34,678,270.51
Return	0.06%
Annualized Return	0.71%
Annualized Return Net of Fees	0.71%
Weighted Duration to Maturity in Years	0.55
Weighted Days to Maturity	203



CITY OF CORVALLIS TOTAL PORTFOLIO HOLDINGS

November 30, 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															
313371UC8	3,000,000	FEDERAL HOME LN BKS 0.875% Due 12-27-13		11-21-11	100.02	0.55	100.05	0.17	3,001,593.00	11,156.25	3,012,749.25	898.18	5.9	0.07	0.07
31398A4M1	2,000,000	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		01-13-12	101.53	0.81	102.46	0.33	2,049,210.00	3,069.44	2,052,279.44	18,673.43	4.0	1.88	1.88
3133EAUH9	2,000,000	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16		06-26-12	99.99	0.75	100.66	0.49	2,013,170.00	6,916.67	2,020,086.67	13,400.48	4.0	2.51	2.51
	7,000,000					0.68		0.31	7,063,973.00	21,142.36	7,085,115.36	32,972.09	13.9	1.29	1.29
AGENCY CALLABLE															
3133EC3F9	3,000,000	FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16	Continuous	11-15-12	99.90	0.59	100.00	0.55	3,000,075.00	4,308.33	3,004,383.33	3,030.21	5.9	2.71	2.71
3133EA2D9	2,000,000	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	Continuous	09-19-12	99.91	0.71	100.00	0.68	2,000,052.00	2,417.78	2,002,469.78	1,813.99	3.9	2.79	2.79
	5,000,000					0.64		0.60	5,000,127.00	6,726.11	5,006,853.11	4,844.19	9.9	2.74	2.74
CASH & EQUIVALENTS															
CASH	9,590	CASH 0.100% Due 12-01-13		10-31-13	1.00	0.10	1.00	0.10	9,590.00	0.00	9,590.00	0.00	0.0	0.00	0.00
CASH	1,000	CASH 0.100% Due 12-01-13		11-30-13	1.00	0.10	1.00	0.10	999.76	0.00	999.76	0.00	0.0	0.00	0.00
CBANK3	1,574,070	Corvallis Wells Fargo 0.050% Due 12-01-13		10-31-13	1.00	0.05	1.00	0.05	1,574,069.65	0.00	1,574,069.65	0.00	3.1	0.00	0.00
	1,584,659					0.05		0.05	1,584,659.41	0.00	1,584,659.41	0.00	3.1	0.00	0.00
CERTIFICATE OF DEPOSITS															
CORV001CD	1,000,000	OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16		04-19-13	100.00	1.00	100.00	0.98	1,000,000.00	6,218.75	1,006,218.75	0.00	2.0	2.33	2.33
CORPORATE CALLABLE															
36962G6M1	675,000	GENERAL ELECTRIC CAP CORP 1.000% Due 12-11-15		11-14-13	100.60	0.70	100.56	0.72	678,803.63	3,168.75	681,972.38	-268.15	1.3	2.00	2.00
MUNICIPALS															
731418KU2	500,000	POLK MARION & BENTON SD 0.881% Due 06-15-16		02-01-13	100.01	0.88	100.17	0.82	500,825.00	2,018.96	502,843.96	767.91	1.0	2.50	2.50
OR STATE POOL															
ORPOOL	325,000	OREGON STATE POOL 0.540% Due 12-01-13		06-21-13	1.00	0.54	1.00	0.54	325,000.00	0.00	325,000.00	0.00	0.6	0.00	0.00
ORPOOL	34,495,110	OREGON STATE POOL 0.540% Due 12-01-13		11-30-13	1.00	0.54	1.00	0.54	34,495,109.84	0.00	34,495,109.84	0.00	68.1	0.00	0.00
	34,820,110					0.54		0.54	34,820,109.84	0.00	34,820,109.84	0.00	68.7	0.00	0.00
TOTAL	50,579,769					0.57		0.51	50,648,497.88	39,274.93	50,687,772.81	38,316.05	100.0	0.55	0.55

*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 11-01-13 To 11-30-13

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Buy long							
11-14-13	11-19-13	36962G6M1	675,000	GENERAL ELECTRIC CAP CORP 1.000% Due 12-11-15		679,137.75	Citi
11-30-13	11-30-13	ORPOOL	34,495,110	OREGON STATE POOL 0.540% Due 12-01-13		34,495,109.84	
11-30-13	11-30-13	CASH	1,000	CASH 0.100% Due 12-01-13		999.76	
						35,175,247.35	
Deposit							
11-30-13	11-30-13	manfee		Management Fee		1,500.00	
Interest							
11-19-13	11-19-13	CORV001CD		OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16		818.13	
11-30-13	11-30-13	ORPOOL		OREGON STATE POOL 0.540% Due 12-01-13		304.40	
11-30-13	11-30-13	CBANK3		Corvallis Wells Fargo 0.050% Due 12-01-13		51.04	
11-30-13	11-30-13	ORPOOL		OREGON STATE POOL 0.540% Due 12-01-13		11,371.94	
11-30-13	11-30-13	CASH		CASH 0.100% Due 12-01-13		0.01	
						12,545.52	
Deliver in long							
11-19-13		cash		Cash Account		682,100.25	
Purchased Accrued Interest							
11-14-13	11-19-13	36962G6M1		GENERAL ELECTRIC CAP CORP 1.000% Due 12-11-15		2,962.50	
Sell long							
11-19-13	11-19-13	ORPOOL	675,000	OREGON STATE POOL 0.540% Due 12-01-13		675,000.00	



CITY OF CORVALLIS TOTAL TRANSACTION SUMMARY

From 11-01-13 To 11-30-13

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
11-30-13	11-30-13	CBANK3	2,399,880	Corvallis Wells Fargo 0.050% Due 12-01-13		2,399,879.52	
11-30-13	11-30-13	ORPOOL	15,563,610	OREGON STATE POOL 0.540% Due 12-01-13		15,563,609.69	
11-30-13	11-30-13	CASH	982	CASH 0.100% Due 12-01-13		981.62	
						<hr/> 18,639,470.83	

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
November 30, 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
CORPORATE BONDS(Straight Line) ¹									
GENERAL ELECTRIC CAP CORP 1.000% Due 12-11-15 (36962G6M1)									
675,000	1	11-14-13	100.613	679,137.75	-65.98	-65.98	-65.98	-4,071.77	679,071.77
MUNICIPAL BONDS(Straight Line)									
POLK MARION & BENTON SD 0.881% Due 06-15-16 (731418KU2)									
500,000	1	02-01-13	100.015	500,075.00	-1.85	-17.91	-17.91	-57.09	500,057.09
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	-1,318.92	-14,682.06	-30,027.43	-30,536.57	2,030,536.57
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	-795.87	-8,839.12	-19,528.18	-694.82	3,000,694.82
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	7.47	83.19	129.52	230.48	1,999,769.52
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	51.37	571.92	738.01	1,761.99	1,998,238.01
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	88.77	988.27	1,094.79	2,955.21	2,997,044.79
Total				4,993,450.00	140.14	1,560.19	1,832.81	4,717.19	4,995,282.81
CERTIFICATES OF DEPOSIT(Unadjusted)									
OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16 (CORV001CD)									
1,000,000	1	04-19-13	100.000	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
CASH(Straight Line)									
CASH 0.100% Due 12-01-13 (CASH)									
9,590	9	10-31-13	1.000	9,590.00	0.00	0.00	0.00	0.00	9,590.00

¹ This issue has a make-whole continuous call at a spread of 10 basis points over equal maturity treasury bonds. Most corporate bonds have similar features and if this issue was called today the city would take a gain on the transaction. Since rates are predicted to remain at current levels or increase slightly over the short period to this bond's maturity, DFIM expects the investment will not be called and that the YTM will be achieved.

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
November 30, 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
1,000	10	11-30-13	1.000	999.76	0.00	0.00	0.00	0.00	999.76
10,590				10,589.76	0.00	0.00	0.00	0.00	10,589.76
Corvallis Wells Fargo 0.050% Due 12-01-13 (CBANK3)									
1,574,070	12	10-31-13	1.000	1,574,069.65	0.00	0.00	0.00	0.00	1,574,069.65
Total				1,584,659.41	0.00	0.00	0.00	0.00	1,584,659.41
POOL(Straight Line)									
OREGON STATE POOL 0.540% Due 12-01-13 (ORPOOL)									
325,000	4	06-21-13	1.000	325,000.00	0.00	0.00	0.00	0.00	325,000.00
34,495,110	12	11-30-13	1.000	34,495,109.84	0.00	0.00	0.00	0.00	34,495,109.84
34,820,110				34,820,109.84	0.00	0.00	0.00	0.00	34,820,109.84
GRAND TOTAL				50,657,859.00	-2,035.00	-21,961.69	-47,677.17	-30,412.58	50,610,181.83

*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 10-31-13 To 11-30-13

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
CORPORATE							
CORPORATE CALLABLE							
36962G6M1	GENERAL ELECTRIC CAP CORP 1.000% Due 12-11-15	0.00	2,962.50	0.00	0.00	206.25	3,168.75
		0.00	2,962.50	0.00	0.00	206.25	3,168.75
	CORPORATE Total	0.00	2,962.50	0.00	0.00	206.25	3,168.75
MUNICIPALS							
MUNICIPALS							
MUNICIPAL GENERAL OBLIGATION							
731418KU2	POLK MARION & BENTON SD 0.881% Due 06-15-16	1,664.11	0.00	0.00	0.00	354.85	2,018.96
		1,664.11	0.00	0.00	0.00	354.85	2,018.96
	MUNICIPALS Total	1,664.11	0.00	0.00	0.00	354.85	2,018.96
	MUNICIPALS Total	1,664.11	0.00	0.00	0.00	354.85	2,018.96
AGENCY							
AGENCY BULLET							
FHLB							
313371UC8	FEDERAL HOME LN BKS 0.875% Due 12-27-13	9,041.67	0.00	0.00	0.00	2,114.58	11,156.25
		9,041.67	0.00	0.00	0.00	2,114.58	11,156.25
FNMA							
31398A4M1	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15	451.39	0.00	0.00	0.00	2,618.06	3,069.44
		451.39	0.00	0.00	0.00	2,618.06	3,069.44

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

INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 10-31-13 To 11-30-13

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
FFCB							
3133EAUH9	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16	5,708.33	0.00	0.00	0.00	1,208.33	6,916.67
		<hr/> 5,708.33	<hr/> 0.00	<hr/> 0.00	<hr/> 0.00	<hr/> 1,208.33	<hr/> 6,916.67
	AGENCY BULLET Total	<hr/> 15,201.39	<hr/> 0.00	<hr/> 0.00	<hr/> 0.00	<hr/> 5,940.97	<hr/> 21,142.36
	AGENCY CALLABLE						
FFCB							
3133EC3F9	FEDERAL FARM CR BKS CONS 0.550% Due 08-26-16	2,979.17	0.00	0.00	0.00	1,329.17	4,308.33
3133EA2D9	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	1,322.22	0.00	0.00	0.00	1,095.56	2,417.78
		<hr/> 4,301.39	<hr/> 0.00	<hr/> 0.00	<hr/> 0.00	<hr/> 2,424.72	<hr/> 6,726.11
	AGENCY CALLABLE Total	<hr/> 4,301.39	<hr/> 0.00	<hr/> 0.00	<hr/> 0.00	<hr/> 2,424.72	<hr/> 6,726.11
	AGENCY Total	<hr/> 19,502.78	<hr/> 0.00	<hr/> 0.00	<hr/> 0.00	<hr/> 8,365.69	<hr/> 27,868.47
	CERTIFICATE OF DEPOSIT						
	CERTIFICATE OF DEPOSITS						
	CERTIFICATE OF DEPOSITS						
CORV001CD	OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16	5,389.58	0.00	0.00	-818.13	1,647.30	6,218.75
		<hr/> 5,389.58	<hr/> 0.00	<hr/> 0.00	<hr/> -818.13	<hr/> 1,647.30	<hr/> 6,218.75
	CERTIFICATE OF DEPOSIT Total	<hr/> 5,389.58	<hr/> 0.00	<hr/> 0.00	<hr/> -818.13	<hr/> 1,647.30	<hr/> 6,218.75
	CERTIFICATE OF DEPOSIT Total	<hr/> 5,389.58	<hr/> 0.00	<hr/> 0.00	<hr/> -818.13	<hr/> 1,647.30	<hr/> 6,218.75



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
 From 10-31-13 To 11-30-13

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH 0.100% Due 12-01-13	0.00	0.00	0.00	-0.01	0.01	0.00
CBANK3	Corvallis Wells Fargo 0.050% Due 12-01-13	0.00	0.00	0.00	-51.04	51.04	0.00
		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-51.05</u>	<u>51.05</u>	<u>0.00</u>
	CASH & EQUIVALENTS Total	0.00	0.00	0.00	-51.05	51.05	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL 0.540% Due 12-01-13	0.00	0.00	0.00	-11,676.34	11,676.34	0.00
		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-11,676.34</u>	<u>11,676.34</u>	<u>0.00</u>
	OR STATE POOL Total	0.00	0.00	0.00	-11,676.34	11,676.34	0.00
	CASH Total	0.00	0.00	0.00	-11,727.39	11,727.39	0.00
TOTAL PORTFOLIO		26,556.47	2,962.50	0.00	-12,545.52	22,301.48	39,274.93

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 agency securities are held with US Bank, the City's third-party safekeeper and OSU Federal Credit Union.

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
NOVEMBER 2013**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	26,115,927	9,062,285	17,053,642
Average of Prior Three Years (3)	24,606,671	8,303,473	16,303,198
Difference	1,509,256	758,812	750,444

(1) Receipts represent all revenues recorded for the month, including any property taxes, fees, charges for service, interest earnings, grants, etc. Higher-than-average receipts in this month reflect property tax revenues which are increased due to operating levy receipts.

(2) Disbursements include vendor payments, payroll costs, and all other operating expenditures made by check and wire or electronic transfer. Current month expenditures are higher than average primarily due to bonded debt principal repayments on the 2012 refunding which are in excess of the prior underlying loan principal repayments of previous years.

(3) In previous years, the cash flow summary has been a comparison of actual activity to scheduled/budgeted cashflow. As of FY13-14, monthly cashflowing has been discontinued for budget purposes due to technology and staffing resource issues. Instead, a three-year average is considered a good proxy for comparison to highlight changes in activity in the current year.

Note: 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 in either receipts or disbursements.

City of Corvallis
Monthly Revenue Allocations
Distributed in November 2013

Fund	Fund Name	Month's Avg Cash Balance *	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance *	Interest Distributed
101	General (2)	4,076,501.07	5,313.61	509	Water Construction (1)	647,387.51	(304.51)
201	Street	358,899.78	77.80	520	Wastewater	2,416,633.00	559.35
208	Street SDC	2,520,174.21	1,137.97	528	Wastewater SDC	10,222,824.20	4,692.71
218	Parks SDC	2,670,758.06	1,224.05	529	Wastewater Construction (1)	166,759.15	(890.45)
220	911	627,330.17	147.32	540	Storm Water	948,546.55	217.21
230	Development Services	2,166,511.18	495.56	548	Storm Water SDC	104,158.51	47.54
250	Comm Dev Revolving (3)	(201,637.57)	(105.36)	549	Storm Water Construction (1) (3)	(217,483.85)	(37.16)
260	Parking	1,020,358.80	234.00	560	Airport	569,770.54	263.65
270	Transit	1,858,225.46	435.82	569	Airport Construction (1)	1,909.43	0.90
301	Capital Improvement	335,507.86	100.68	610	Fleet Maintenance	74,735.69	17.39
401	General Obligation Debt Service (4)	353,143.47	29.55	615	Facility Maintenance	178,075.46	40.27
460	Davidson Library	5,517.25	2.53	620	Technology & Communications	574,022.34	134.14
501	Water	2,098,486.06	474.47	625	Administrative Services	385,425.38	88.49
502	Water Timber	401,720.54	57.85	630	Risk Management	831,913.29	199.64
508	Water SDC	5,648,058.88	2,593.74				
Total						40,844,232.41	17,248.76

* Monthly interest earnings accrued/acreted and market adjusted are allocated based on the average cash balance for the period in which interest is earned. 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.

(1) Interest based on construction component fund cash balances for 509, 529, 549, & 569 is distributed to the related operations fund.

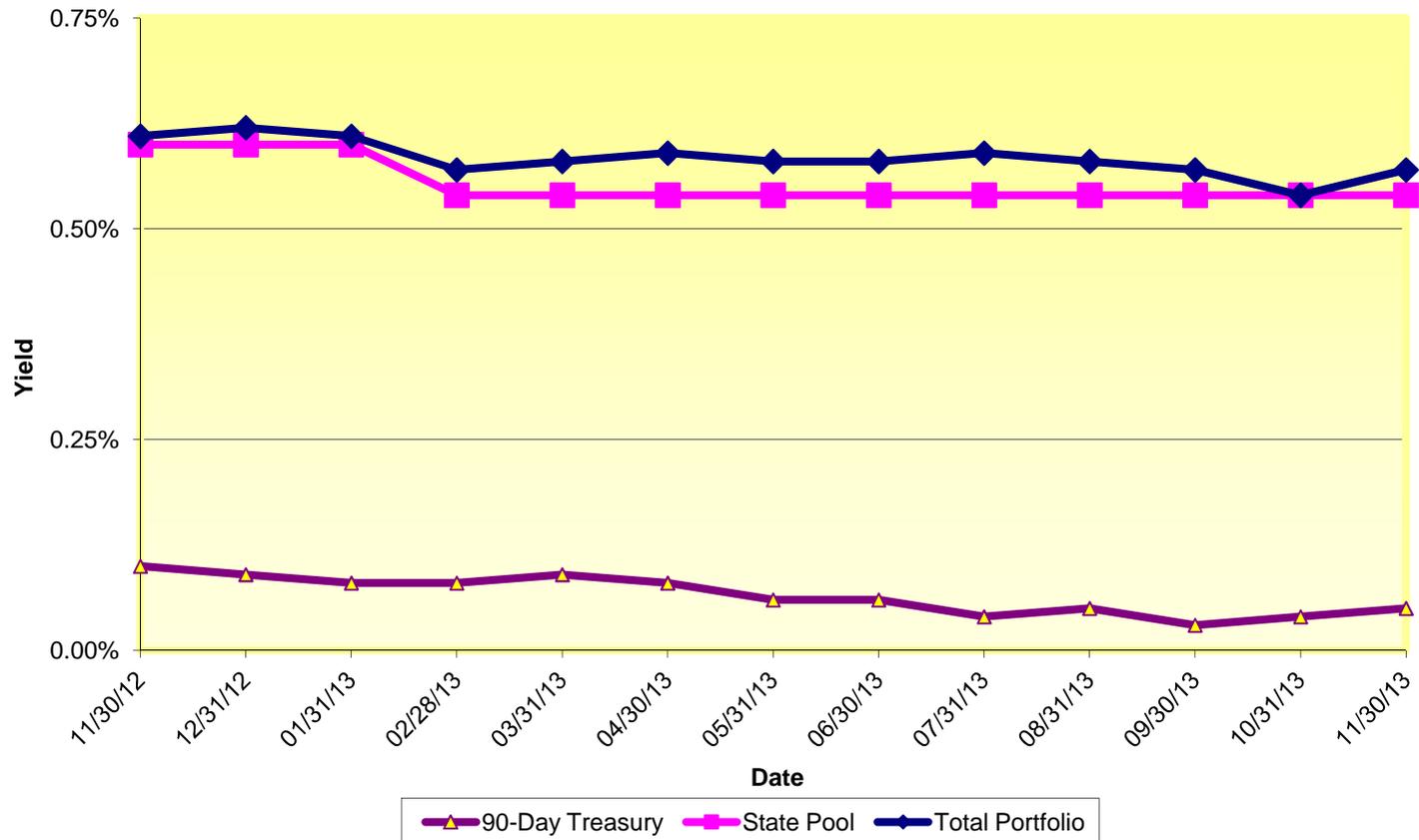
(2) In FY 13/14 property tax services have been consolidated into the general fund (101). Thus, Funds 210, 211, 240 and 290 will be closed out at year-end, so all interest associated with these five fund cash balances is now distributed directly to the General Fund (101). Current General Fund (101) negative cash balance reflects awaiting property taxes. Current General Fund (101) positive interest distribution reflects a positive average cash balance during the earnings period.

(3) CD Revolving Fund and Storm Water Construction Funds are carrying negative cash balances due to timing of grant reimbursements relative to expenditures.

(4) GO Debt Service Fund is currently carrying a negative cash balance due to a combination of timing of property tax receipts not anticipated until November, and the HP refund that was paid out in July with respect to this levy.



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

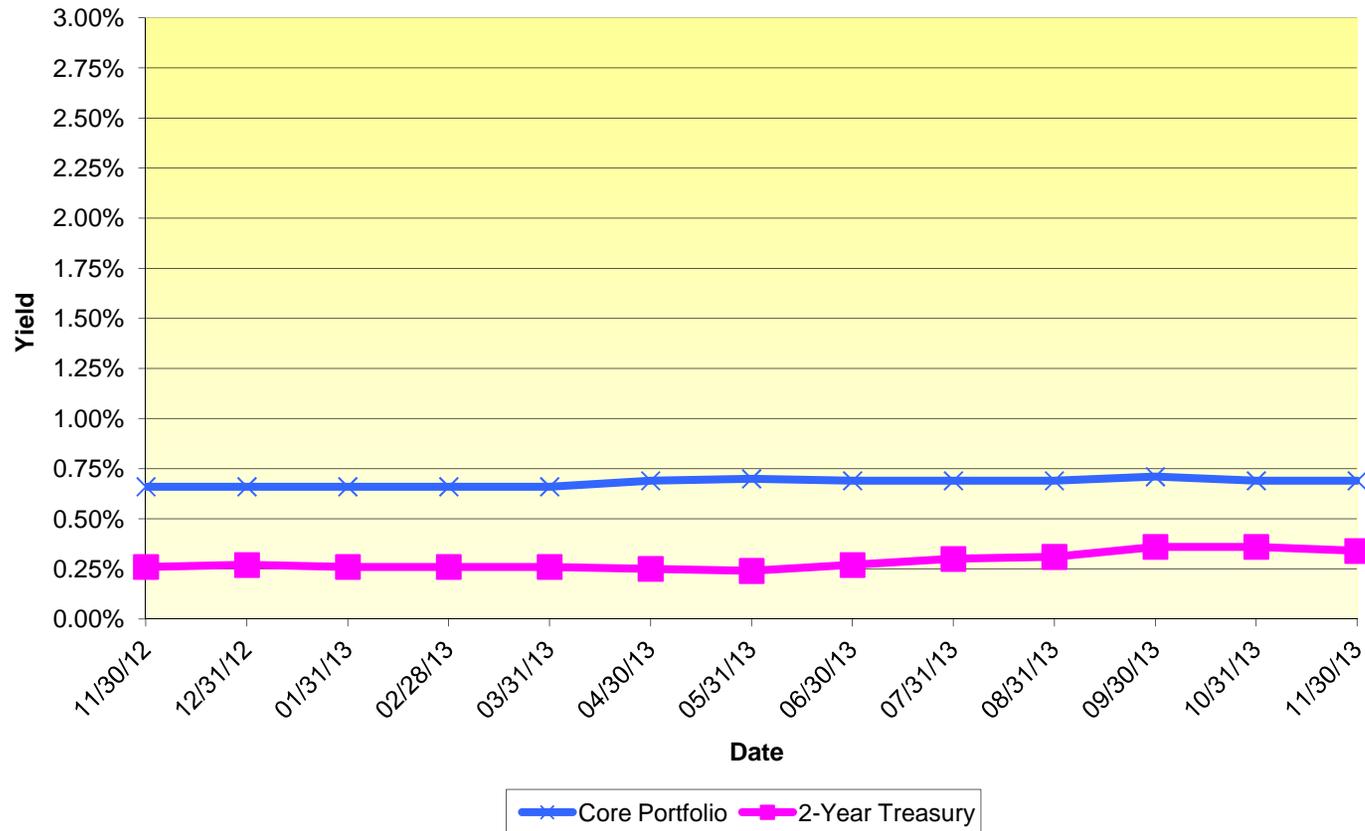




City of Corvallis

Core Portfolio vs. Benchmark

Nov 2012 - Nov 2013





City of Corvallis

Cash & Investments

