

CITY OF CORVALLIS

Investment Council

Treasury Report

February 2014

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

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MONTHLY MARKET COMMENTARY

FEBRUARY 2014

Treasury yields moved little in February. The financial markets began to price in the possibility of a pause in the tapering of bond purchases by the Fed in response to poor retail sales, decelerating housing activity, and a slowdown in manufacturing production. The disruption caused by severe cold weather and storms is difficult to measure, and the possibility that the decline in economic output may be a result of factors other than weather has crept into market sentiment.

Non-farm Payrolls/Unemployment:

Not only was the January rise in nonfarm payrolls smaller than expected at 113k, December was revised up just 1k to 75k and November was revised just 33k. The average workweek was unchanged. In the household survey, the unemployment rate fell a tenth to 6.6%, thanks to job growth of 638k and labor force growth of “just” 523k. Equity futures and bond yields tumbled on the headlines but climbed back on the details—reflect the conflict between two months of very weak nonfarm payroll growth and three months of very strong household employment. As is occasionally the case with the employment situation, it could take months to discover the truth.

The Fed:

Fed Chair Janet Yellen delivered her first semiannual Monetary Policy Report to the House Financial Services committee. Despite the progress in economic growth, the policy makers are dissatisfied with the “large fraction of unemployed” persons who have been out of work for more than six months and the elevated number of those working part-time because full-time work is unavailable. The result is a core inflation rate of only 1.0 percent, well below the Fed’s stated goal of 2.0. It is this data point, more so than others that allows the Fed more flexibility to remain accommodative well past the point of full employment.

Other Headlines:

The Dow Jones industrial average began the month at 15,699 and ended at 16,322. GDP grew at 2.4% seasonally adjusted annual rate last quarter. The decline from 3.2% the last quarter of 2013 was anticipated by consensus forecast with disappointing holiday retail sales, the government shutdown, and a pullback in home sales. The debt ceiling was extended without much fanfare as the U.S. budget deficit has now fallen to 3 percent of GDP and the debt to GDP ratio appears to have stabilized at 74 percent. Home sales cooled with the Case Shiller Home Price Index rising 13.4% year over year, down from 13.7% last month. Housing starts fell 16% from last month, building permits dropped 5.4%, and existing home sales fell 5.1%, while new home sales rose 9.6% due to less sensitivity to higher mortgage rates.

TREASURY YIELD CURVE TOTAL RETURNS OVER THE LAST 12 MONTHS*

<u>Maturity</u>	<u>Total Return (trailing 12 months)</u>
3-month Bill	0.07
1 year Note	0.24
2 year Note	0.39
3 year Note	0.19
5 year Note	-1.09

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

	<u>12/31/2013</u>	<u>1/31/2014</u>	<u>2/28/2014</u>	<u>Chg February</u>
3-month Bill	0.07	0.02	0.05	0.03
1 year Note	0.09	0.05	0.10	0.05
2 year Note	0.38	0.33	0.32	-0.01
3 year Note	0.77	0.67	0.67	0.00
5 year Note	1.74	1.49	1.50	0.01
10 year Note	3.03	2.64	2.65	0.01
30-Year bond	3.97	3.60	3.58	-0.02

*SOURCE: *Bloomberg*

City of Corvallis – Total Portfolio Account Review – February 2014



Davidson
Fixed Income Management
REGISTERED INVESTMENT ADVISER

- Davidson Fixed Income Management: Julie Hughes, Portfolio Manager; Laurie Nichols, Client Advisory Services
- Investment Objectives:
 - Safety of Principal: The primary objective is to protect against any loss of principal.
 - Liquidity: Investments will be managed to ensure that funds are available to meet obligations as necessary.
 - Yield: Investments will be managed to optimize returns within the appropriate safety and liquidity constraints.

Performance Information (2/01/2014 – 02/28/2014)

	<u>Corvallis</u> ²	<u>ML US Treas 0-3 Yrs</u>
BV Return (Yield) ¹	0.56%	0.21%
Total Return	0.08%	0.12%

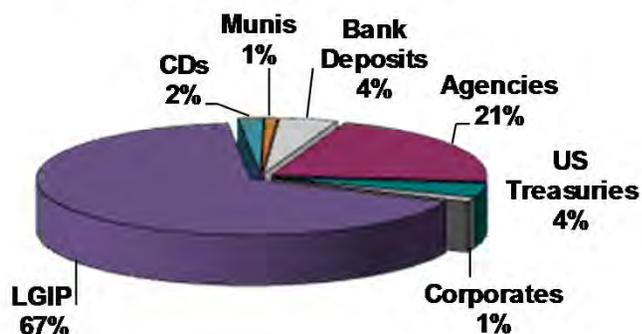
1. BV Rate of Return (Income) = Earned Interest +/- Realized Gain/Loss +/- Amortization. Merrill Lynch Index reflects a month-end yield only.
2. Book Value Return (Yield) and monthly periodic Total Return are reported gross of advisory fees.

Past performance of the Corvallis Total portfolio does not guarantee future results.

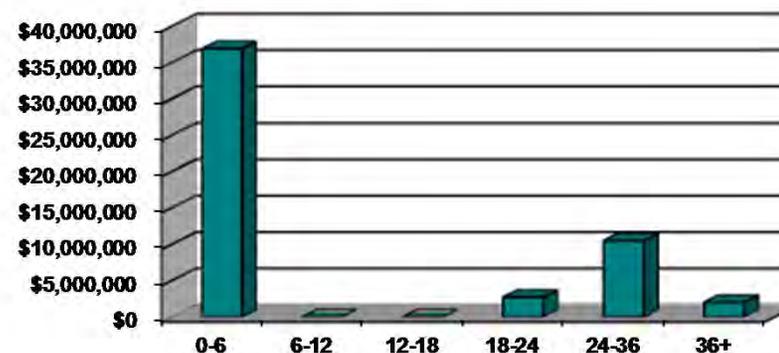
Portfolio Characteristics 02/28/2014

Par Value:	\$	52,076,006
Market Value:	\$	52,142,532
Book Value:	\$	52,110,802
Weighted Avg YTM:		0.59%
Weighted Avg Maturity/Call:		8.8 Months
Duration to Worst (excludes cash):		2.44

Total Portfolio Diversification



Maturity Distribution



Policy Compliance Report

(Market Values)

	Investment Strategy Range		Market Value	Neutral Allocation	Actual Allocation	Position
	Low	High				
	Overall Portfolio Structure					
Liquid Component	\$5,000,000.00	\$20,000,000.00	\$36,901,006.21	60.00%	70.77%	10.77%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$15,241,525.67	40.00%	29.23%	- 10.77%
Total			\$52,142,531.88			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	71%	Yes
Under 1 Year	> 25%	71%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	0.72	Yes

	Policy Maximum Allocation	Per Issuer Restriction	Current Portfolio Allocation	Market Value	Policy		Within Limits
					Maximum Maturity	Amount Available to Invest	
US Treasuries	100%		3.86%	\$2,013,282.00	5 Years	\$50,129,249.88	Yes
Federal Agency and Agency Sponsored	100%	40%	21.18%	\$11,043,766.00	5 Years	\$41,098,765.88	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	6.29%	\$3,278,905.42		\$9,756,727.55	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$5,214,253.19	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$5,214,253.19	Yes
Corporate Bonds (Aa3/AA-)	10%	5%	1.31%	\$681,102.67	5 Years	\$4,533,150.52	Yes
Municipal Obligations (OR, WA, AA or better)	10%	5%	0.97%	\$503,375.00	5 Years	\$4,710,878.19	Yes
State Pool	ORS Maximum or 100%		66.40%	\$34,622,100.79	N/A	\$11,020,784.21	Yes
Total			100.00%	\$52,142,531.88			

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

Corvallis Strategic Review

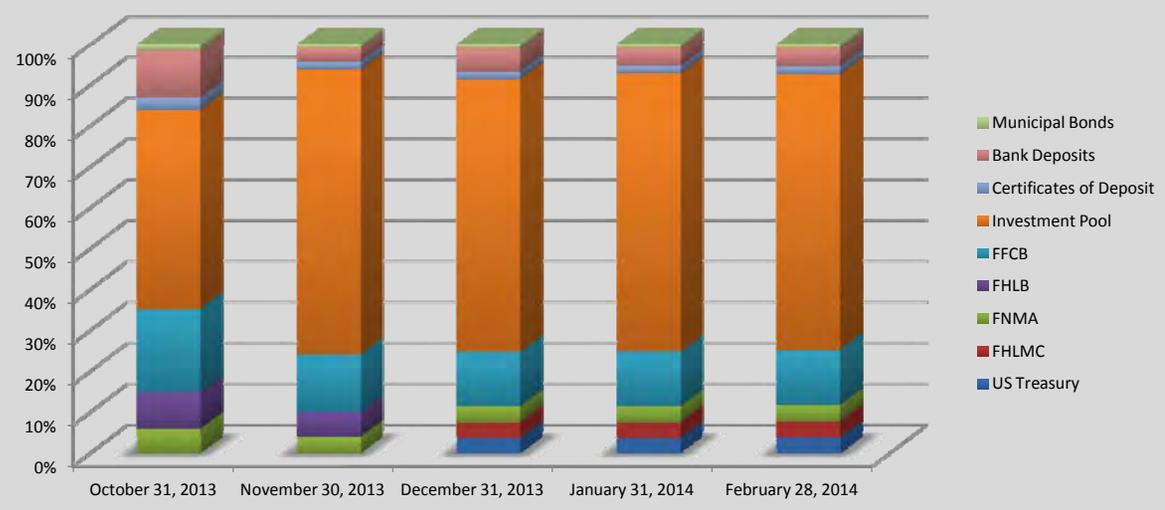
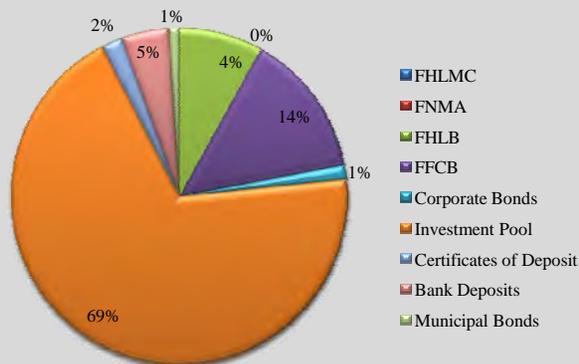
Total Asset Allocation Strategy
(Market Values)

Commentary

No trades or transactions occurred in the Core Portfolio in February. Balance changes in security holdings are all due to increases/decreases in market value. The goal continues to be maintenance of the investment component at approximately \$15.5 million, with the balance of the portfolio remaining in the LGIP to accommodate declining cash balances through the coming summer period.

Sector	Yield	October 31, 2013	November 30, 2013	December 31, 2013	January 31, 2014	February 28, 2014	Change From Last Month
US Treasury	0.67%	\$0.00	\$0.00	\$2,004,376.00	\$2,010,938.00	\$2,013,282.00	\$2,344.00
FHLMC	1.04%	\$0.00	\$0.00	\$1,987,368.00	\$1,998,392.00	\$2,003,312.00	\$4,920.00
FNMA	0.81%	\$2,049,744.00	\$2,049,210.00	\$2,043,702.00	\$2,044,888.00	\$2,042,904.00	(\$1,984.00)
FHLB	0.55%	\$3,003,615.00	\$3,001,593.00	\$0.00	\$0.00	\$0.00	\$0.00
FFCB	0.67%	\$6,996,713.00	\$7,013,297.00	\$6,992,384.00	\$6,989,636.00	\$6,997,550.00	\$7,914.00
Corporate Bonds	0.70%	\$0.00	\$678,803.63	\$680,407.43	\$680,711.18	\$681,102.67	\$391.49
Investment Pool	0.54%	\$16,563,609.69	\$34,820,109.84	\$35,138,225.02	\$35,804,458.92	\$34,622,100.79	(\$1,182,358.13)
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	0.05%	\$3,984,457.23	\$1,584,659.41	\$2,999,162.48	\$2,291,859.27	\$2,278,905.42	(\$12,953.85)
Municipal Bonds	0.88%	\$500,335.00	\$500,825.00	\$498,385.00	\$501,970.00	\$503,375.00	\$1,405.00
Total	0.58%	\$34,098,473.92	\$50,648,497.88	\$53,344,009.93	\$53,322,853.37	\$52,142,531.88	(\$1,180,321.49)

Current Sector Allocation



City of Corvallis
Total Portfolio
 Investment Details
 February 28, 2014

Cusip	Security Description	Trade Date	Par Value	Original Cost	Market Value	Book Value	Coupon Rate	YTM/C	DTM/C	Next Call Date	Maturity Date	Pct Assets
Cash and Equiv.												
CASHCOR	CORVALLIS - PETTY CASH			10,065.00	10,065.00	10,065.00	0.000	0.000				0.02
OSU	OSU FEDERAL SAVINGS			1,054.18	1,054.18	1,054.18	0.000	0.000				0.00
ORPOOL	STATE OF OREGON LGIP			34,622,100.79	34,622,100.79	34,622,100.79	0.540	0.540				66.40
WFBK	WELLS FARGO BANK - CORVALLIS			2,267,786.24	2,267,786.24	2,267,786.24	0.070	0.070				4.35
			0.00	36,901,006.21	36,901,006.21	36,901,006.21	0.511	0.511	0			70.77
CD's												
CORV001CD	OSU FEDERAL CREDIT UNION CD	04-19-13	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	0.995	0.997	783		04-19-16	1.92
Agencies												
31398A4M1	FNMA	01-17-12	2,000,000.00	2,060,564.00	2,042,904.00	2,026,623.77	1.625	0.809	606		10-26-15	3.92
3133EAUH9	FFCB	06-29-12	2,000,000.00	1,999,640.00	2,009,620.00	1,999,791.69	0.750	0.755	837		06-14-16	3.85
3133EC3F9	FFCB (Callable - Cont.)	11-26-12	3,000,000.00	2,995,950.00	2,993,598.00	2,997,308.14	0.550	0.586	910	Continuous	08-26-16	5.74
3133EA2D9	FFCB (Callable - Cont.)	09-26-12	2,000,000.00	1,997,500.00	1,994,332.00	1,998,390.41	0.680	0.712	940	Continuous	09-26-16	3.82
3137EADJ5	FHLMC	12-12-13	2,000,000.00	1,997,494.00	2,003,312.00	1,997,641.68	1.000	1.035	1,247		07-28-17	3.84
			11,000,000.00	11,051,148.00	11,043,766.00	11,019,755.69	0.890	0.762	907			21.18
Municipals												
731418KU2	POLK MARION & BENTON SD OR	02-13-13	500,000.00	500,075.00	503,375.00	500,051.61	0.881	0.876	838		06-15-16	0.97
US Treasury Notes												
912828RX0	U.S. TREASURY NOTE	12-12-13	2,000,000.00	2,012,265.62	2,013,282.00	2,011,406.53	0.875	0.672	1,037		12-31-16	3.86
Corporate Notes												
36962G6M1	GENERAL ELEC CAP CORP (Callable - Cont.)	11-19-13	675,000.00	679,137.75	681,102.67	678,582.43	1.000	0.700	652	Continuous	12-11-15	1.31
TOTAL PORTFOLIO			15,175,000.00	52,143,632.58	52,142,531.88	52,110,802.47	0.625	0.586	264			100.00

City of Corvallis
Total Portfolio
TRANSACTION SUMMARY - SETTLED TRADES
From 02-01-14 To 02-28-14

Security Symbol	Security	Current Rate	Maturity Date	Tran Code	Trade Date	Settle Date	Quantity	Trade Amount
Interest								
CORV001CD	OSU FEDERAL CREDIT UNION CD	0.995	04-19-2016	in	02-19-14	02-19-14		763.57
3133EC3F9	FFCB (Callable - Cont.)	0.550	08-26-2016	in	02-26-14	02-26-14		8,250.00
WFBK	WELLS FARGO BANK - CORVALLIS	0.070		in	02-28-14	02-28-14		80.70
ORPOOL	STATE OF OREGON LGIP	0.540		in	02-28-14	02-28-14		14,859.72
OSU	OSU FEDERAL SAVINGS	0.000		in	02-28-14	02-28-14		0.01
Total								23,954.00



Davidson Fixed Income Management, Inc.
REALIZED GAINS AND LOSSES - SETTLED TRADES
City of Corvallis
Total Portfolio
 From 02-01-2014 Through 02-28-2014

Open Date	Close Date	Quantity	Symbol	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain or Loss	
								Short Term	Long Term
TOTAL GAINS								0.00	0.00
TOTAL LOSSES								0.00	0.00
TOTAL REALIZED GAIN/LOSS					0.00			0.00	0.00

Davidson Fixed Income Management, Inc.
EARNED INCOME REPORT
City of Corvallis
Total Portfolio
From 01-31-14 To 02-28-14

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
CERTIFICATES OF DEPOSIT (USD)									
CORV001CD	OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16	320.97	0.00	0.00	-763.57	266.52	709.12	0.00	709.12
		<u>320.97</u>	<u>0.00</u>	<u>0.00</u>	<u>-763.57</u>	<u>266.52</u>	<u>709.12</u>	<u>0.00</u>	<u>709.12</u>
AGENCY BONDS (USD)									
31398A4M1	FNMA 1.625% Due 10-26-15	8,576.39	0.00	0.00	0.00	11,013.89	2,437.50	-1,230.99	1,206.51
3133EAUH9	FFCB 0.750% Due 06-14-16	1,958.33	0.00	0.00	0.00	3,083.33	1,125.00	6.97	1,131.97
3133EC3F9	FFCB (Callable - Cont.) 0.550% Due 08-26-16	7,104.17	0.00	0.00	-8,250.00	91.67	1,237.50	82.85	1,320.35
3133EA2D9	FFCB (Callable - Cont.) 0.680% Due 09-26-16	4,722.22	0.00	0.00	0.00	5,742.22	1,020.00	47.95	1,067.95
3137EADJ5	FHLMC 1.000% Due 07-28-17	166.67	0.00	0.00	0.00	1,666.67	1,500.00	53.01	1,553.01
		<u>22,527.78</u>	<u>0.00</u>	<u>0.00</u>	<u>-8,250.00</u>	<u>21,597.78</u>	<u>7,320.00</u>	<u>-1,040.21</u>	<u>6,279.79</u>
US TREASURY NOTES (USD)									
912828RX0	U.S. TREASURY NOTE 0.875% Due 12-31-16	1,498.62	0.00	0.00	0.00	2,852.21	1,353.59	-308.39	1,045.20
		<u>1,498.62</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,852.21</u>	<u>1,353.59</u>	<u>-308.39</u>	<u>1,045.20</u>
CORPORATE BONDS (USD)									
36962G6M1	GENERAL ELEC CAP CORP 1.000% Due 12-11-15	937.50	0.00	0.00	0.00	1,443.75	506.25	-153.95	352.30
		<u>937.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,443.75</u>	<u>506.25</u>	<u>-153.95</u>	<u>352.30</u>
MUNICIPAL BONDS (USD)									
731418KU2	POLK MARION & BENTON SD OR 0.881% Due 06-15-16	562.86	0.00	0.00	0.00	893.24	330.37	-1.72	328.65
		<u>562.86</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>893.24</u>	<u>330.37</u>	<u>-1.72</u>	<u>328.65</u>
CASH AND EQUIVALENTS (USD)									
CASHCOR	CORVALLIS - PETTY CASH	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ORPOOL	STATE OF OREGON LGIP	0.00	0.00	0.00	-14,859.72	0.00	14,859.72	0.00	14,859.72



Davidson Fixed Income Management, Inc.
 EARNED INCOME REPORT
City of Corvallis
Total Portfolio
 From 01-31-14 To 02-28-14

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Ending Accrued Interest	Earned Interest	Amortization/ Accretion	Earned Income
OSU	OSU FEDERAL SAVINGS	0.00	0.00	0.00	-0.01	0.00	0.01	0.00	0.01
WFBK	WELLS FARGO BANK - CORVALLIS	0.00	0.00	0.00	-80.70	0.00	80.70	0.00	80.70
		0.00	0.00	0.00	-14,940.43	0.00	14,940.43	0.00	14,940.43
TOTAL PORTFOLIO		25,847.73	0.00	0.00	-23,954.00	27,053.49	25,159.77	-1,504.27	23,655.49

City of Corvallis

Total Portfolio

Interest Earnings

From 01-31-14 To 02-28-14

Yield on Average Book Value

CUSIP	Description	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
							Interest Earned	Amortization/ Accretion Amount	Adjusted Interest Earning
CASHCOR	CORVALLIS - PETTY CASH	10,065.00	10,065.00		0.000	0.00	0.00	0.00	0.00
3133EAUH9	FFCB 0.750% Due 06-14-16	1,999,784.72	1,999,875.62	06-14-16	0.750	0.71	1,125.00	6.97	1,131.97
3133EA2D9	FFCB (Callable - Cont.) 0.680% Due 09-26-16	1,998,342.47	1,998,934.28	09-26-16	0.680	0.67	1,020.00	47.95	1,067.95
3133EC3F9	FFCB (Callable - Cont.) 0.550% Due 08-26-16	2,997,225.29	2,998,158.97	08-26-16	0.550	0.55	1,237.50	82.85	1,320.35
3137EADJ5	FHLMC 1.000% Due 07-28-17	1,997,588.66	1,997,734.25	07-28-17	1.000	0.98	1,500.00	53.01	1,553.01
31398A4M1	FNMA 1.625% Due 10-26-15	2,027,854.76	2,012,200.34	10-26-15	1.625	0.75	2,437.50	-1,230.99	1,206.51
36962G6M1	GENERAL ELEC CAP CORP 1.000% Due 12-11-15	678,736.38	678,225.30	12-11-15	1.000	0.65	506.25	-153.95	352.30
CORV001CD	OSU FEDERAL CREDIT UNION CD 0.995% Due 04-19-16	1,000,000.00	1,000,000.00	04-19-16	0.995	0.89	709.12	0.00	709.12
OSU	OSU FEDERAL SAVINGS	1,090.60	1,073.01		0.000	0.01	0.01	0.00	0.01
731418KU2	POLK MARION & BENTON SD OR 0.881% Due 06-15-16	500,053.34	500,036.62	06-15-16	0.881	0.83	330.37	-1.72	328.65
ORPOOL	STATE OF OREGON LGIP	35,804,458.92	35,227,004.09		0.540	0.53	14,859.72	0.00	14,859.72
912828RX0	U.S. TREASURY NOTE 0.875% Due 12-31-16	2,011,714.92	2,010,875.14	12-31-16	0.875	0.65	1,353.59	-308.39	1,045.20
WFBK	WELLS FARGO BANK - CORVALLIS	2,280,703.67	2,274,431.49		0.070	0.04	80.70	0.00	80.70
TOTAL		53,307,618.73	52,708,614.13			0.56	25,159.77	-1,504.27	23,655.49

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
FEBRUARY 2014**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	5,796,468	6,141,757	(345,289)
Average of Prior Three Years (3)	4,778,878	6,016,634	(1,237,756)
Difference	1,017,590	125,123	892,467

(1) Receipts represent all revenues recorded for the month, including any property taxes, fees, charges for service, interest earnings, grants, etc. Higher than average cash inflows reflects increases in license & permit receipts, community development revenue, public works revenue and state shared revenue. License & Permit receipts are nearly quadruple average, and include receipts related to phase 3 construction of a Classroom Building at Oregon State.

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

(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 February 2014

Fund	Fund Name	Month's Avg Cash Balance *	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance *	Interest Distributed
101	General (2)	15,424,834.41	10,486.42	509	Water Construction (1)	558,093.00	-
201	Street	442,398.41	105.67	520	Wastewater	1,642,628.36	424.66
208	Street SDC	2,892,152.26	1,308.88	528	Wastewater SDC	10,452,595.32	4,780.46
218	Parks SDC	2,822,684.68	1,290.38	529	Wastewater Construction (1)	188,705.68	-
220	911	565,197.59	142.05	540	Storm Water	925,516.19	185.51
230	Development Services	2,042,779.00	495.16	548	Storm Water SDC	110,477.27	50.27
250	Comm Dev Revolving (3)	(109,967.61)	(53.74)	549	Storm Water Construction (1) (3)	(141,630.36)	-
260	Parking	999,410.46	240.02	560	Airport	529,798.98	246.42
270	Transit	2,134,688.55	498.49	569	Airport Construction (1) (3)	(2,556.06)	-
301	Capital Improvement	205,940.42	37.35	610	Fleet Maintenance	78,662.67	18.82
401	General Obligation Debt Service	875,465.78	209.52	615	Facility Maintenance	209,250.86	49.78
460	Davidson Library	5,525.29	2.53	620	Technology & Communications	573,486.71	137.15
501	Water	1,453,537.54	479.43	625	Administrative Services	500,837.15	117.52
502	Water Timber	391,832.04	94.25	630	Risk Management	953,412.92	235.36
508	Water SDC	5,741,024.38	2,626.27				
Total						52,466,781.91	24,208.63

* 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.

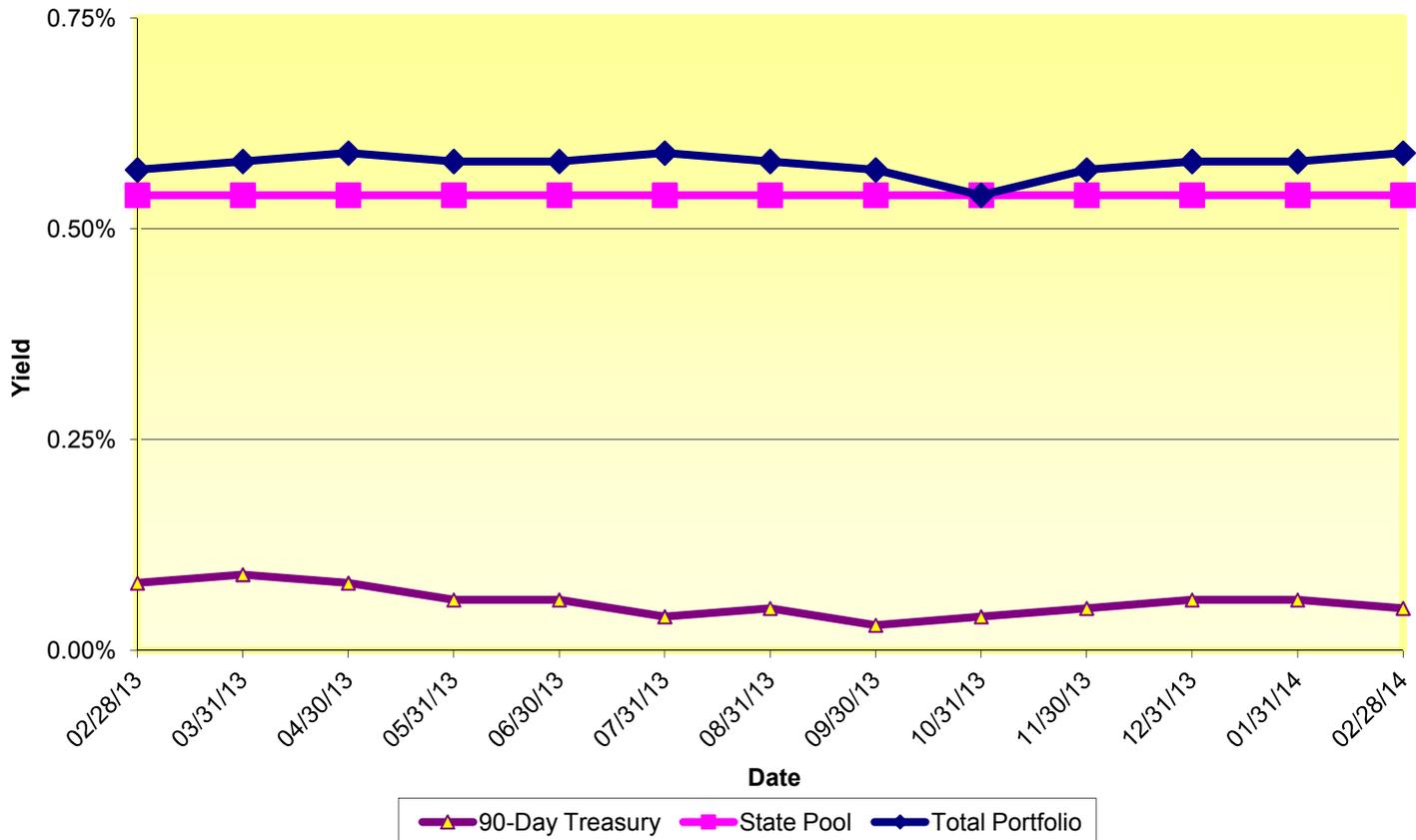
(1) Interest based on construction component fund cash balances for 509, 529, 549, & 569 is distributed to the related operations fund.

(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). The average cash balance reflects this consolidation.

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



City of Corvallis Total Portfolio vs. Benchmark Feb 2013 - Feb 2014

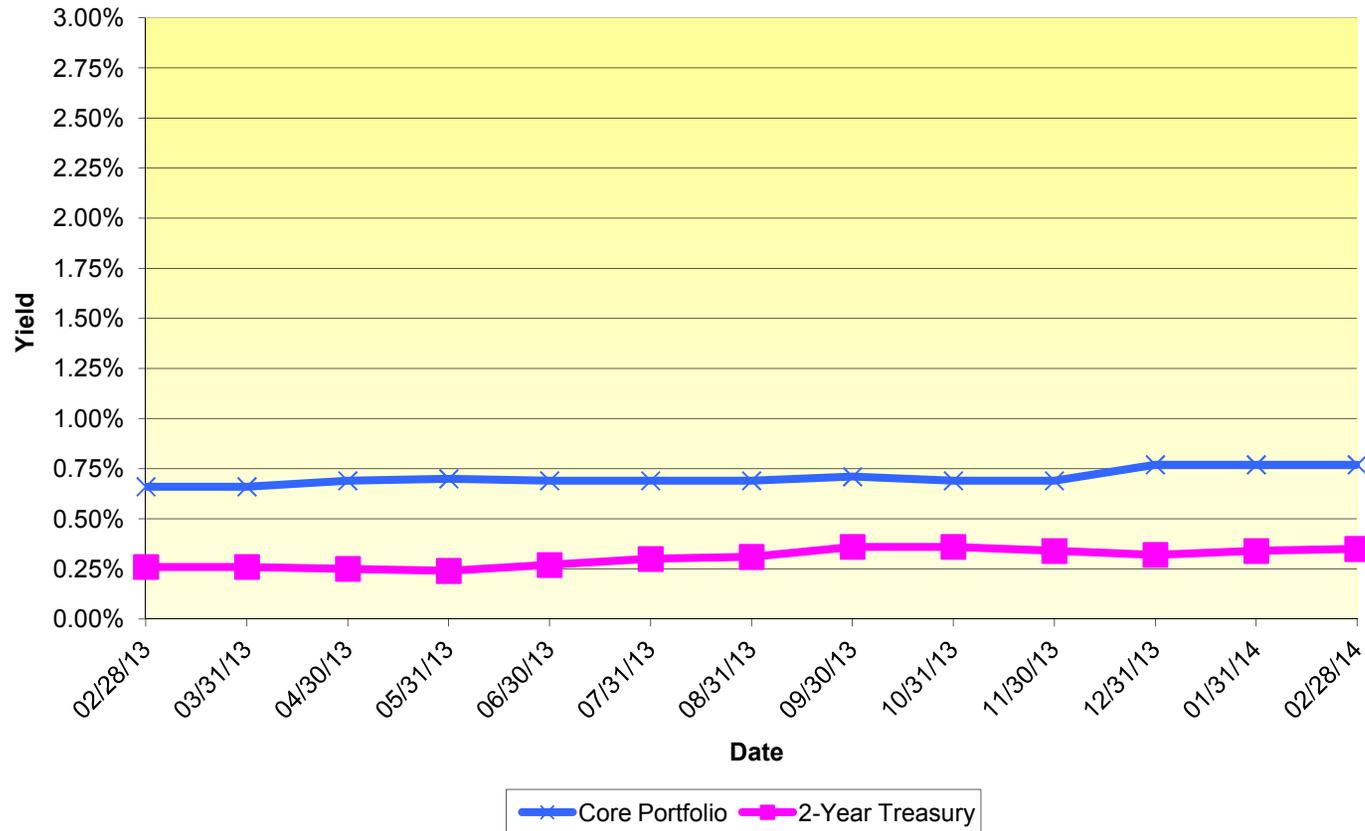




City of Corvallis

Core Portfolio vs. Benchmark

Feb 2013 - Feb 2014





City of Corvallis

Cash & Investments

