

**CITY OF SALEM
CITY MANAGER'S OFFICE
FINANCE DIVISION**

Si necesita ayuda para comprender esta información, por favor llame 503-588-6274

Disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting or event, are available upon request. Sign language and interpreters for languages other than English are also available on request. To request such an accommodation or interpretation, contact the Finance Division at 503-588-6040 at least **two business days** before meeting; or TTD/TTY telephone (503) 588-6439, is also available 24/7.

**CITY OF SALEM
FINANCE COMMITTEE**

Committee Members

Councilor Brad Nanke, Chair
Mayor Chuck Bennett
Councilor Matthew Ausec
Alternate-Councilor Tom Andersen

City Staff

Steve Powers, City Manager
Dan Atchison, City Attorney
Peter Fernandez, Public Works Director
Robert Barron, Chief Financial Officer
Josh Eggleston, Budget Officer
Tony Turley, Financial Reporting Manager
Kelli Blechschmidt, Management Analyst I

Next Meeting: February 24, 2020

It is the City of Salem's policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by Salem Revised Code 97. The City also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

MEETING AGENDA

January 27, 2020

4:30 PM

555 Liberty Street SE, Room 325
PW Traffic Control Room

1. Call to Order
2. Approval of Minutes
 - a. November 25, 2019
3. Public Comment
(Appearance of persons wishing to address the Committee on any matter other than those which appear on this Agenda.)
4. Action Items
5. Management Update/Information Items
 - a. General Fund Balance/Reserve Policy (C-11) and Working Capital requirements
 - b. Utility \$60M Revenue Bond
 - c. Annual Audit presented by Grove, Mueller and Swank (City and URA)
 - d. Quarterly Investment Report as of December 31, 2019
6. Continued Business
7. New Business
8. Adjournment

City of Salem Finance Committee Minutes

DATE: November 25, 2019

CHAIRPERSON: Brad Nanke

PLACE: PW Traffic Control Room

STAFF LIAISON:

Robert Barron

503-588-6174

rbarron@cityofsalem.net

Members Present:

Chair Nanke

Mayor Bennett

Members Absent:

Member Ausec

Member Andersen-Alternate

Staff Present:

Dan Atchison, City Attorney

Robert Barron, Chief Financial Officer

Tony Turley, Financial Reporting Manager

Kelli Blechschmidt, Administrative Analyst

Guests Present:

1. CALL TO ORDER: 4:30 PM /Quorum
2. APPROVAL OF FINANCE COMMITTEE MINUTES
 - a. October 28, 2019
3. ITEMS REQUIRING ACTION
 - a. N/A
4. MANAGEMENT UPDATE / INFORMATION ITEMS
 - a. Robert Barron provided dates for committee to make note of including the budget forecast presentation January 15th and the long-term bonding strategy as part of the policy agenda work session on January 20th
 - b. Robert Barron provided an update on property tax receipts and other revenues to the general fund YTD
 - c. Robert Barron provided the committee the October month end PFM investment report
 - d. Robert Barron presented the Revenue Initiative presentation as has been given by leadership team to various neighborhood associations and other civic groups
5. ADJOURNMENT: 5:10 PM

The next meeting is Monday, January 27, 2020 at 4:30PM.

TO: Finance Committee
THROUGH: Steve Powers, City Manager
FROM: Robert Barron, Chief Financial Officer

SUBJECT:

FY 2018-19 Financial Audit of the City of Salem, Oregon

ISSUE:

Results of the FY 2018-19 financial audit of the City of Salem, Oregon

RECOMMENDATION:

Information Only

SUMMARY:

The certified public accounting firm of Grove, Mueller & Swank, PC, completed the annual financial audit of the City for the fiscal year ending June 30, 2019. There were no formal findings or recommendations for improvement as a result of the audit.

Mr. Chuck Swank, CPA, presented the results of the FY 2018-19 Comprehensive Annual Financial Report (CAFR) and the FY 2018-19 Federal Grant Compliance Report to the joint meeting of the Salem City Council Finance Committee and the Urban Renewal Agency Finance Committee. As in prior years the audit is being provided to City Council for its information.

FACTS AND FINDINGS:

This was the fourth annual audit performed by Grove, Mueller & Swank, PC, pursuant to its current contract with the City. Mr. Ryan Pasquarella of Grove, Mueller & Swank, PC, managed the City's audit engagement.

The financial reports can be found on the City's webpage at:

<https://www.cityofsalem.net/citydocuments/comprehensive-annual-financial-report-fy-19.pdf>

BACKGROUND:

Oregon law requires an annual audit of the City's financial statements and for the results to be presented to the governing body.

Anthony Turley
Financial Reporting Manager

TO: Finance Committee
THROUGH: Steve Powers, City Manager
FROM: Robert Barron, Chief Financial Officer

SUBJECT:

Fiscal Year 2018-19 Urban Renewal Agency Financial Report

ISSUE:

Receive the Fiscal Year 2018-19 Urban Renewal Agency Financial Report.

RECOMMENDATION:

Information only

SUMMARY:

Under ORS 457.460, each year an urban renewal agency must prepare a report on its finances and file that report with the governing body of the municipality where the agency is located.

FACTS AND FINDINGS:

ORS 457.460 requires an urban renewal agency to report:

1. The tax increment revenue received in FY 2018-19 and budgeted in FY 2019-20.
2. The debt service payments made in FY 2018-19 and budgeted in FY 2019-20.
3. The amount of debt issued in FY 2018-19 and budgeted in FY 2019-20.
4. The amount and purpose of actual expenditures in FY 2018-19, and budgeted expenditures in FY 2019-20.
5. An analysis of the impact, if any, of the urban renewal plan on the tax collections for FY 2018-19 for all taxing districts included under ORS 457.430.
6. The maximum indebtedness for each urban renewal area included in an urban renewal plan of the agency, including the amount of indebtedness incurred through

the end of the immediately preceding fiscal year.

Requirements 1-4 are displayed in the table below. Expenditures by project can be found on page 70 of the Annual Financial Report of the Urban Renewal Agency located through the link below. The impact to other taxing jurisdictions (requirement 5), and maximum indebtedness by area (requirement 6) can both be found on page 73 of this same document.

<https://www.cityofsalem.net/citydocuments/ura-annual-financial-report-fy-19.pdf>

	ORS 457 Requirement	Actual 2018-19	Budget 2019-20
<u>Debt Service Fund</u>			
Beginning balance		\$ 7,706,840	\$ 5,100,010
Tax increment revenue received	1	14,692,542	14,733,590
Debt service expenditures	2	(17,273,341)	(16,628,350)
Refunding debt		-	
Other revenue sources		359,221	219,000
Other expenditures		-	(856,750)
Ending balance		\$ 5,485,262	\$ 2,567,500
<u>Improvements Fund</u>			
Beginning balance		\$ 35,652,681	\$ 41,581,560
Debt issuance proceeds received	3	17,455,808	15,696,210
Improvement expenditures	4	(15,637,140)	(65,960,890)
Other revenue sources		2,028,725	8,683,120
Ending balance		\$ 39,500,074	\$ -

The City's Finance Department will ensure that the notice is published as required by ORS 457.460. The statement is on file with the City Recorder, 555 Liberty Street SE, Room 205, Salem, OR 97301, and is available to all interested persons.

BACKGROUND:

The City's independent auditor, Grove, Mueller and Swank, P.C., have completed the audit of the Urban Renewal Agency for the year end date of June 30, 2019. Their review resulted with an unmodified opinion and no significant findings.

Anthony Turley
Financial Reporting Manager



CITY OF SALEM

Investment Performance Review For the Quarter Ended December 31, 2019

Client Management Team

PFM Asset Management LLC

Lauren Brant, Managing Director

650 NE Holladay St., Suite 1600

213 Market Street

Robert Cheddar, CFA, Managing Director

Portland, OR 97232

Harrisburg, PA 17101-2141

Luke Schneider, CFA, Director

503-837-8445

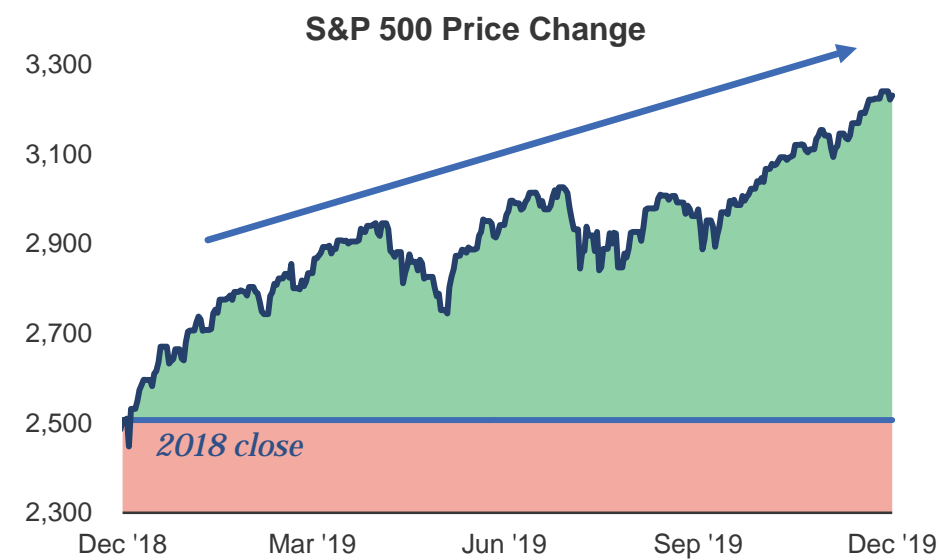
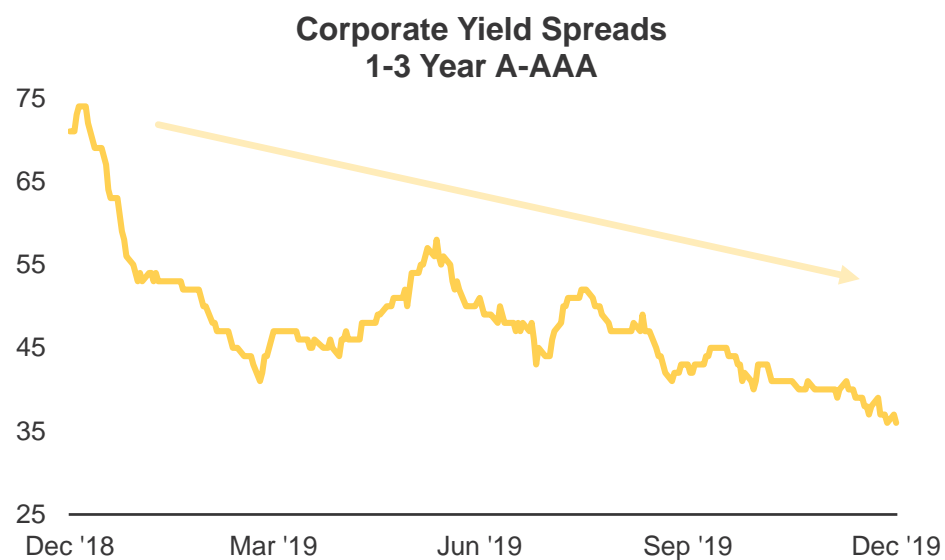
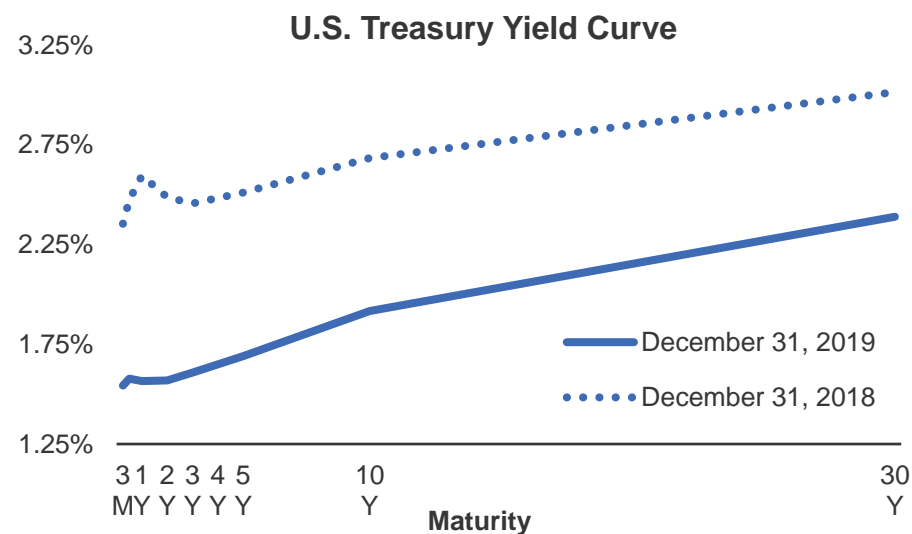
717-232-2723

Allison Kaune, Senior Client Representative

Market Update

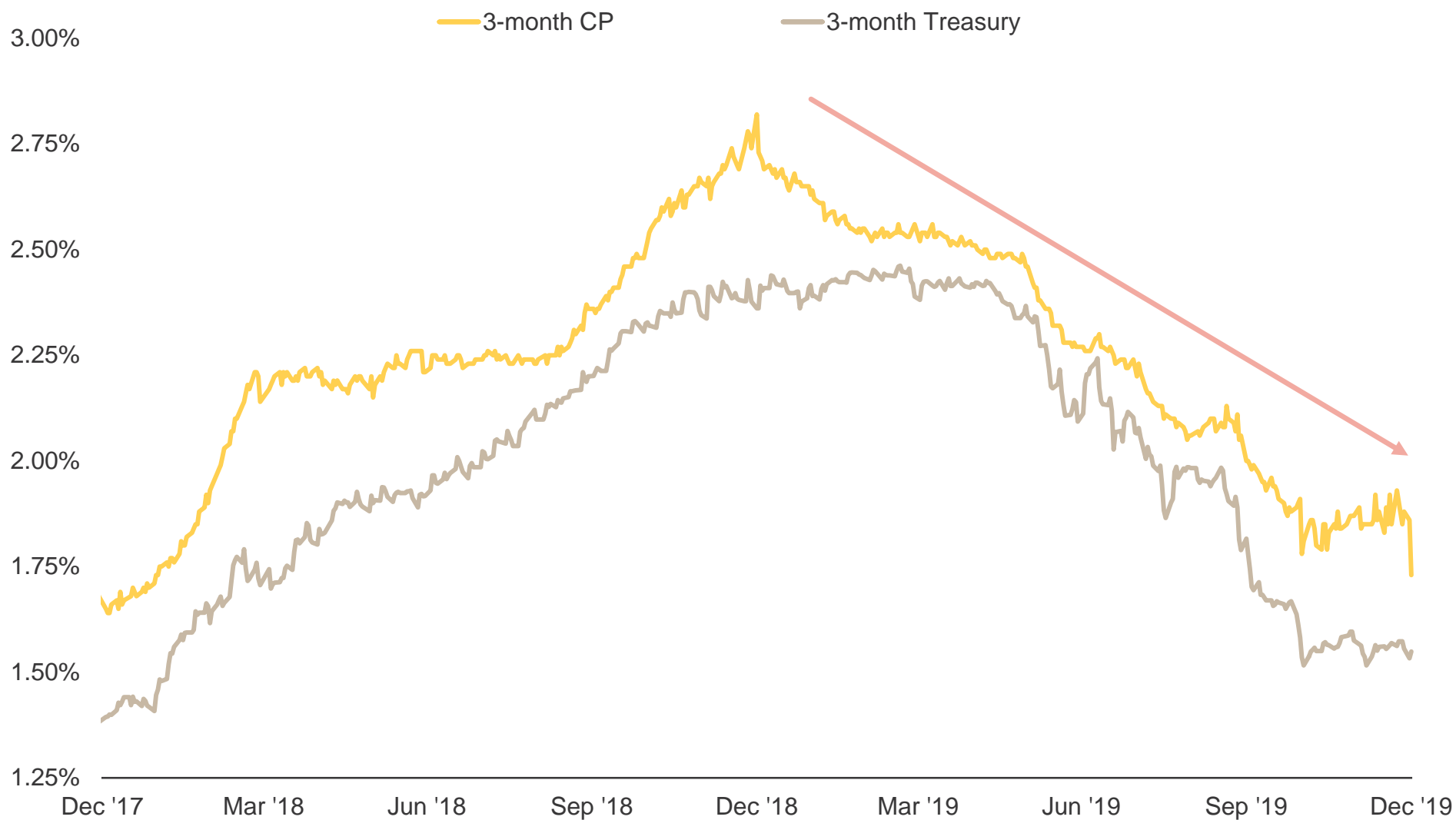
Major Moves in 2019

Federal Funds Target Range			
Year	Starting Range	Ending Range	# of Hikes/Cuts
2015	0.00%-0.25%	0.25%-0.50%	1 hike
2016	0.25%-0.50%	0.50%-0.75%	1 hike
2017	0.50%-0.75%	1.25%-1.50%	3 hikes
2018	1.25%-1.50%	2.25%-2.50%	4 hikes
2019	2.25%-2.50%	1.50%-1.75%	3 cuts



Source: Bloomberg, as of December 31, 2019.

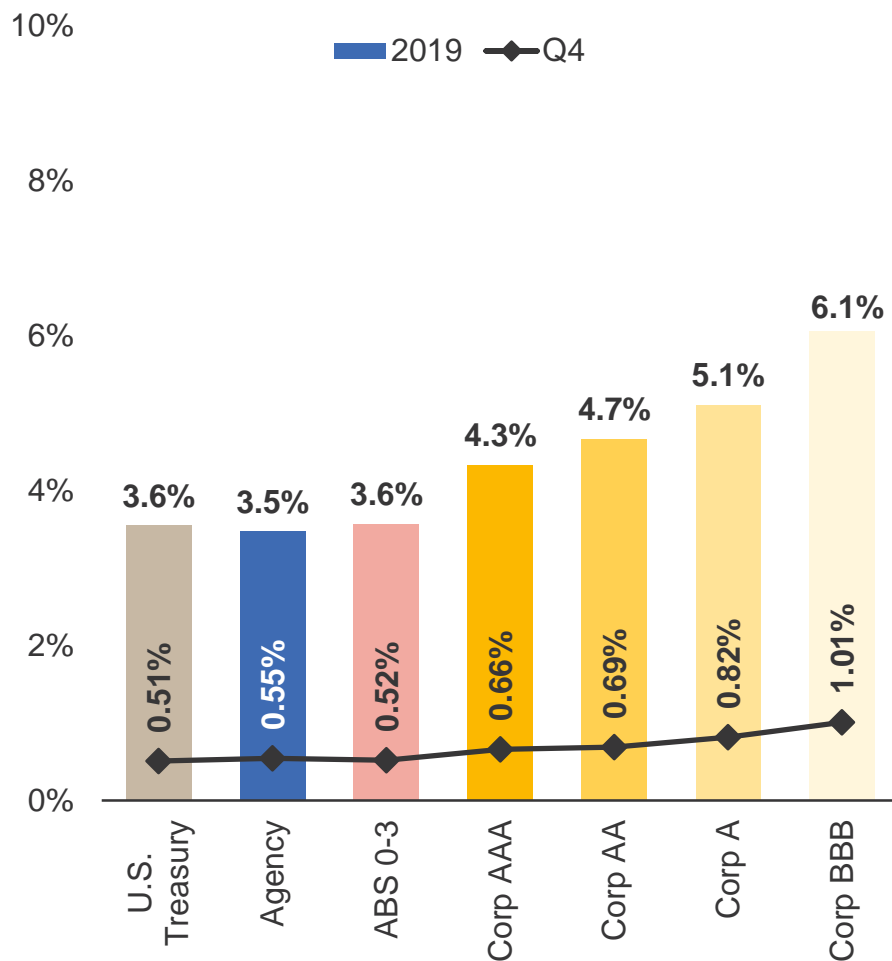
Short-Term Yields Dropped Significantly in 2019



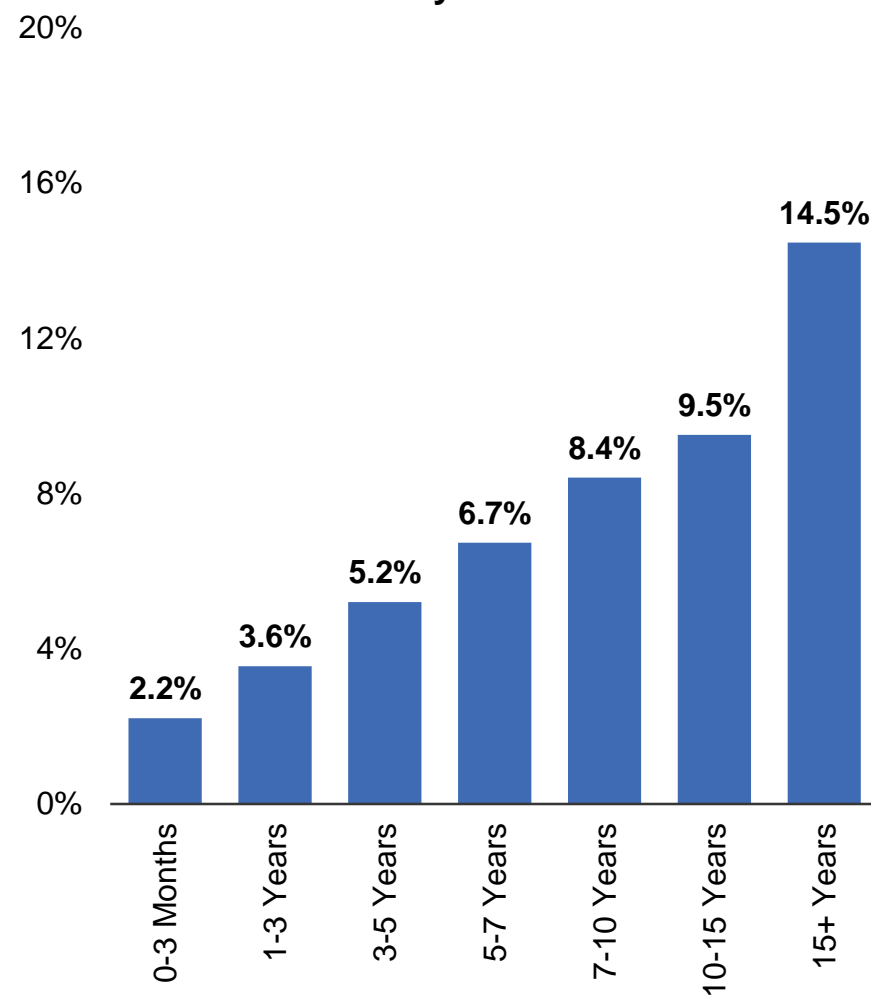
Source: Bloomberg, PFM Trading Desk, as of December 31, 2019. Not a specific recommendation. 3-mo CP yield spread based on A1/P1 rated CP index.

Fixed Income Performance Strong for the Year

1-3 Year Indices

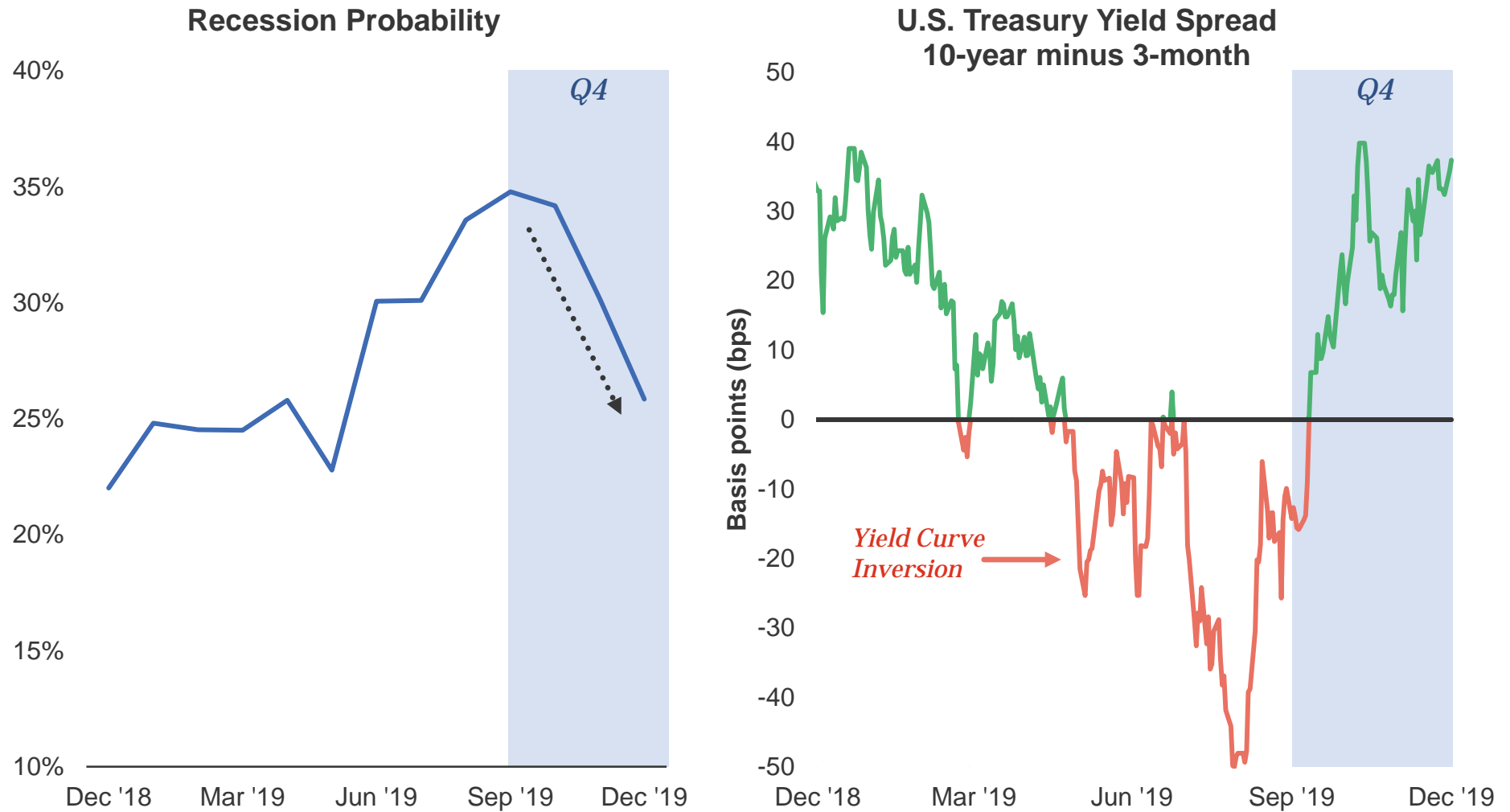


Treasury Indices



Source: Bloomberg, as of December 31, 2019.

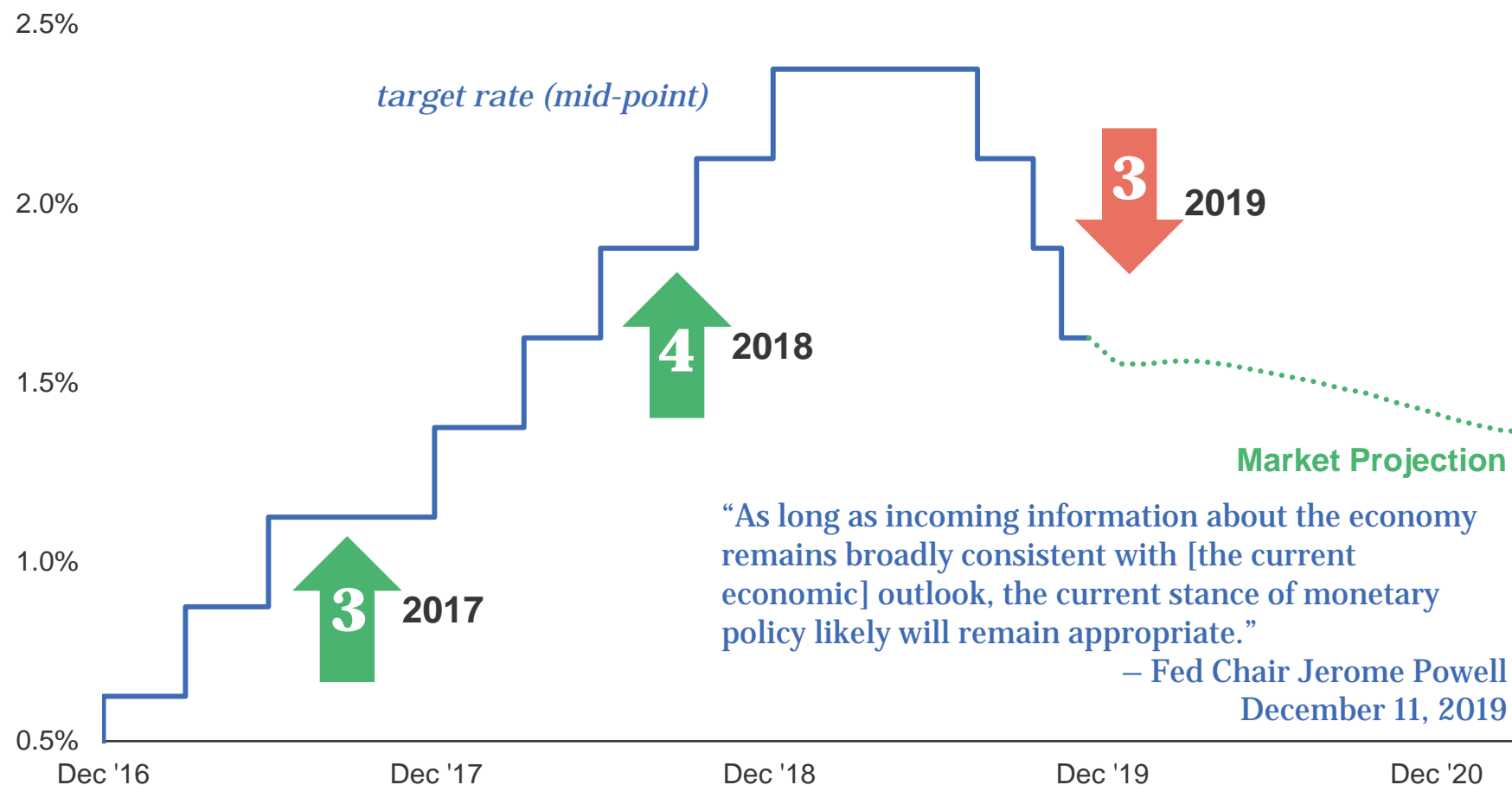
Recession Fears Subsided and Yield Curve Un-Inverted in Fourth Quarter



Source: Data as of December 31, 2019. Wall Street Journal Economic Forecasting Survey (left); Bloomberg (right).

The Fed Signals It Is Likely on Hold for an Extended Period of Time

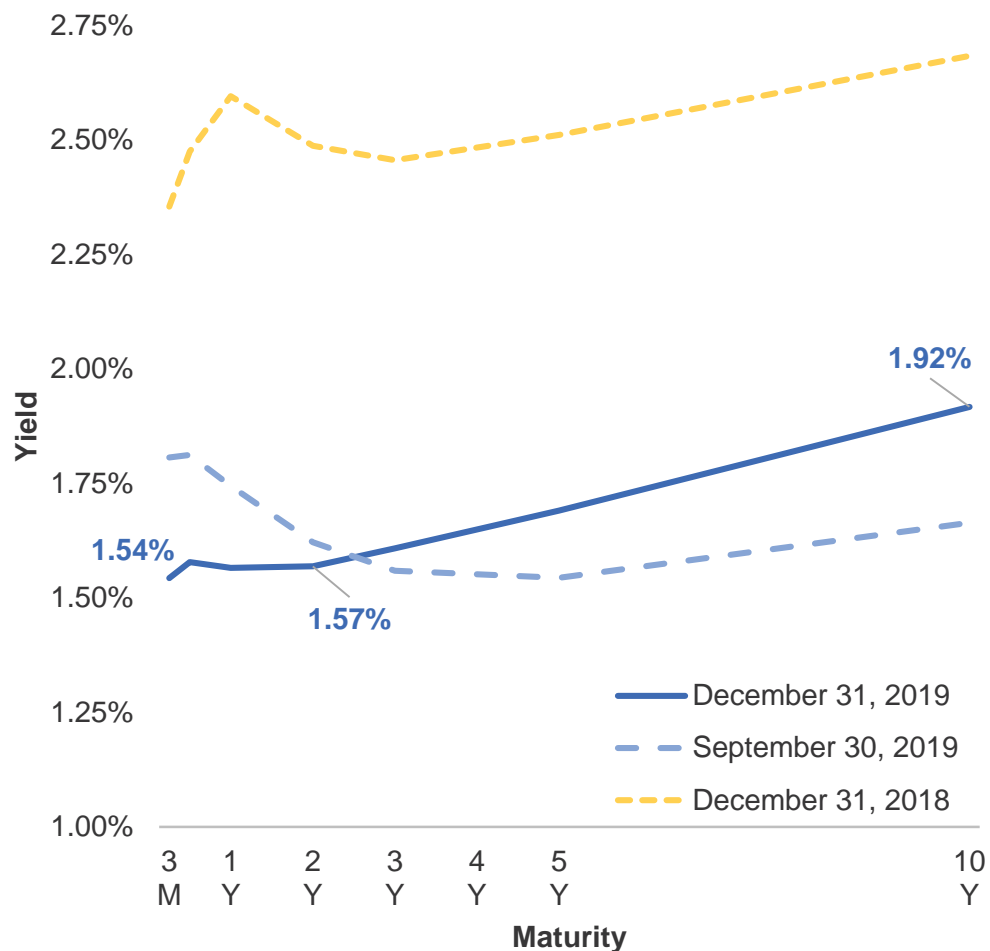
Federal Reserve Target Overnight Rate



Source: Bloomberg. Market Projection as of December 31, 2019.

Yields Un-Invert in the Fourth Quarter

U.S. Treasury Yield Curve



	12/31/19	9/30/19	12/31/18
3-Mo	1.54%	1.81%	2.35%
1-Yr	1.57%	1.74%	2.60%
2-Yr	1.57%	1.62%	2.49%
3-Yr	1.61%	1.56%	2.46%
5-Yr	1.69%	1.54%	2.51%
10-Yr	1.92%	1.66%	2.68%
30-Yr	2.39%	2.11%	3.01%

Source: Bloomberg, as of December 31, 2019.

Treasury Yields Have Settled into a New, Lower Range

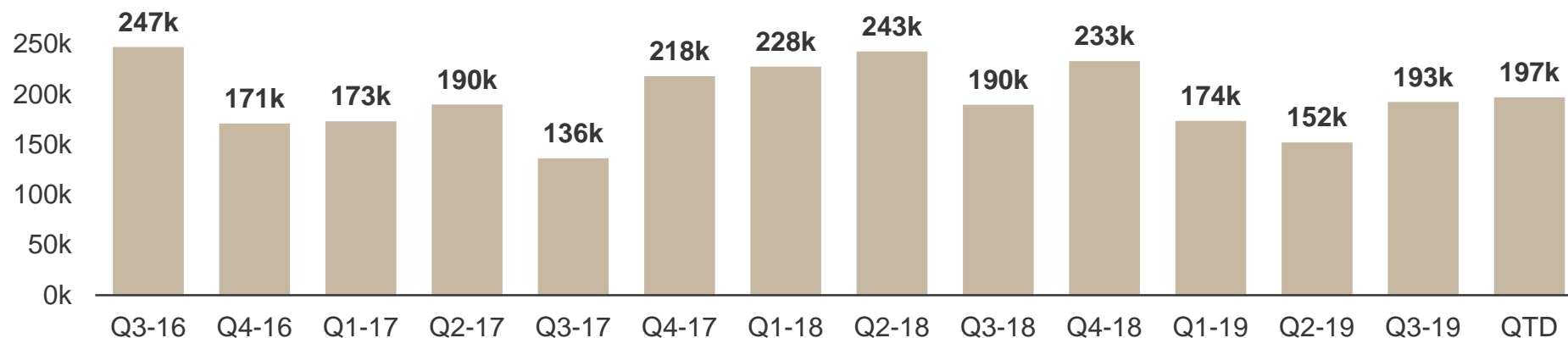
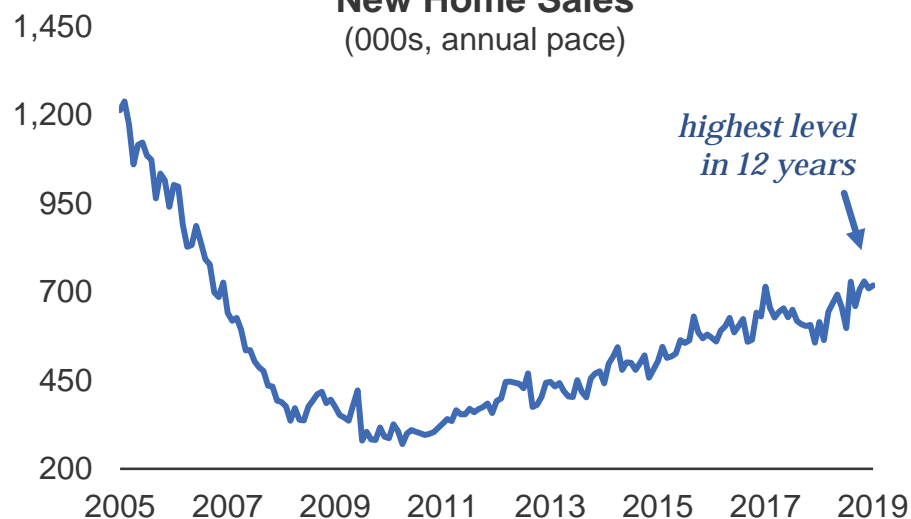
3-Year Treasury



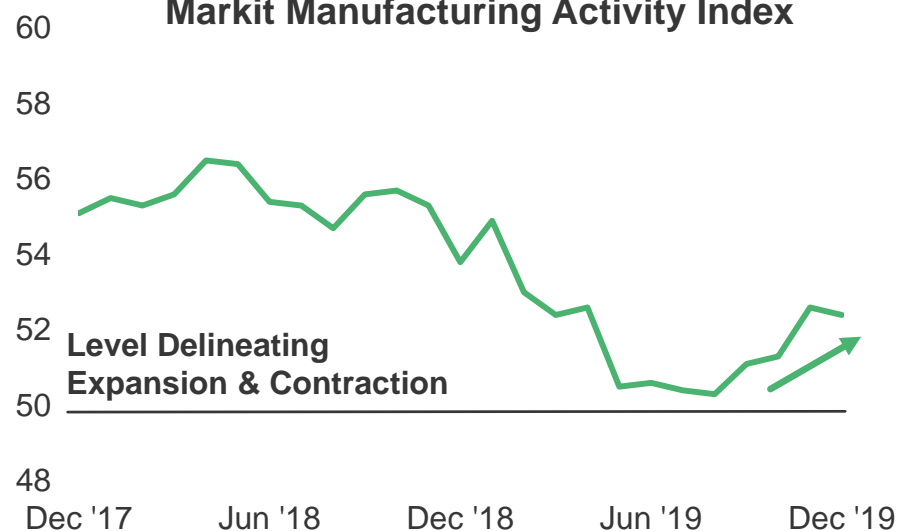
Source: Bloomberg, as of December 31, 2019.

Improving Economic Data Supports the Fed's Hold

Average Monthly Job Growth

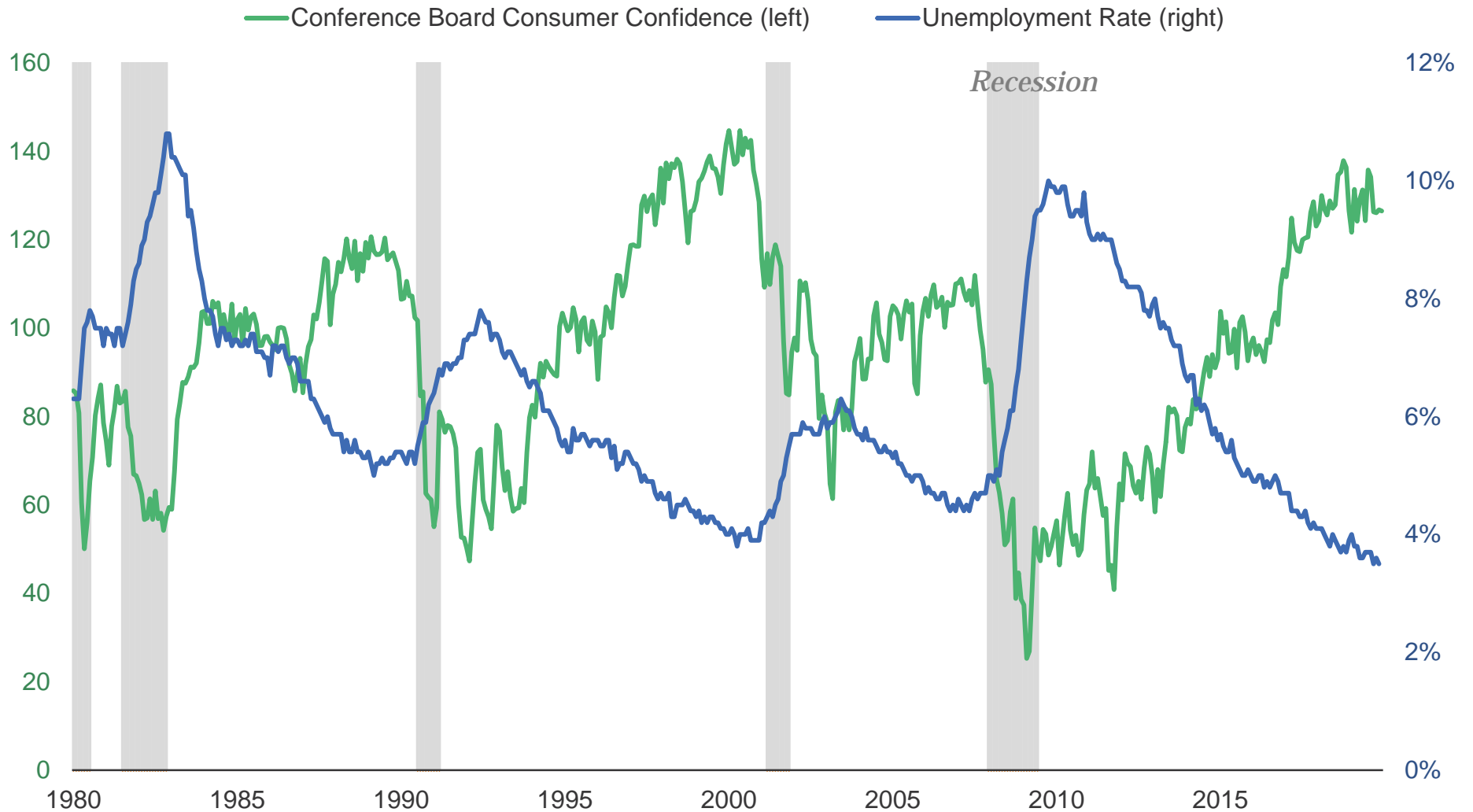
New Home Sales
(000s, annual pace)

Markit Manufacturing Activity Index



Source: Bloomberg, as of December 31, 2019. QTD includes data for October and November.

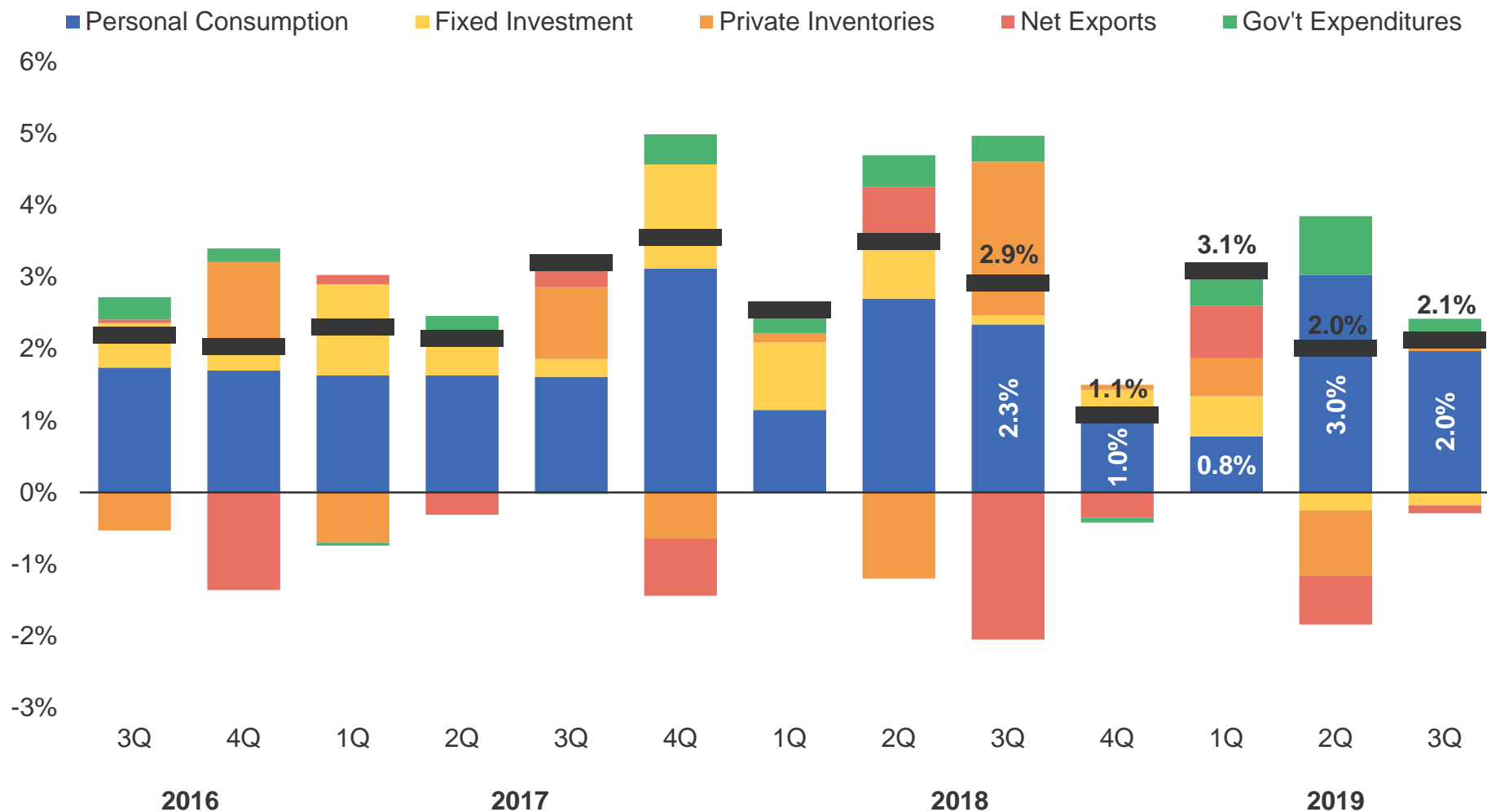
Falling Unemployment Supports Improved Consumer Confidence



Source: Bloomberg, as of December 31, 2019.

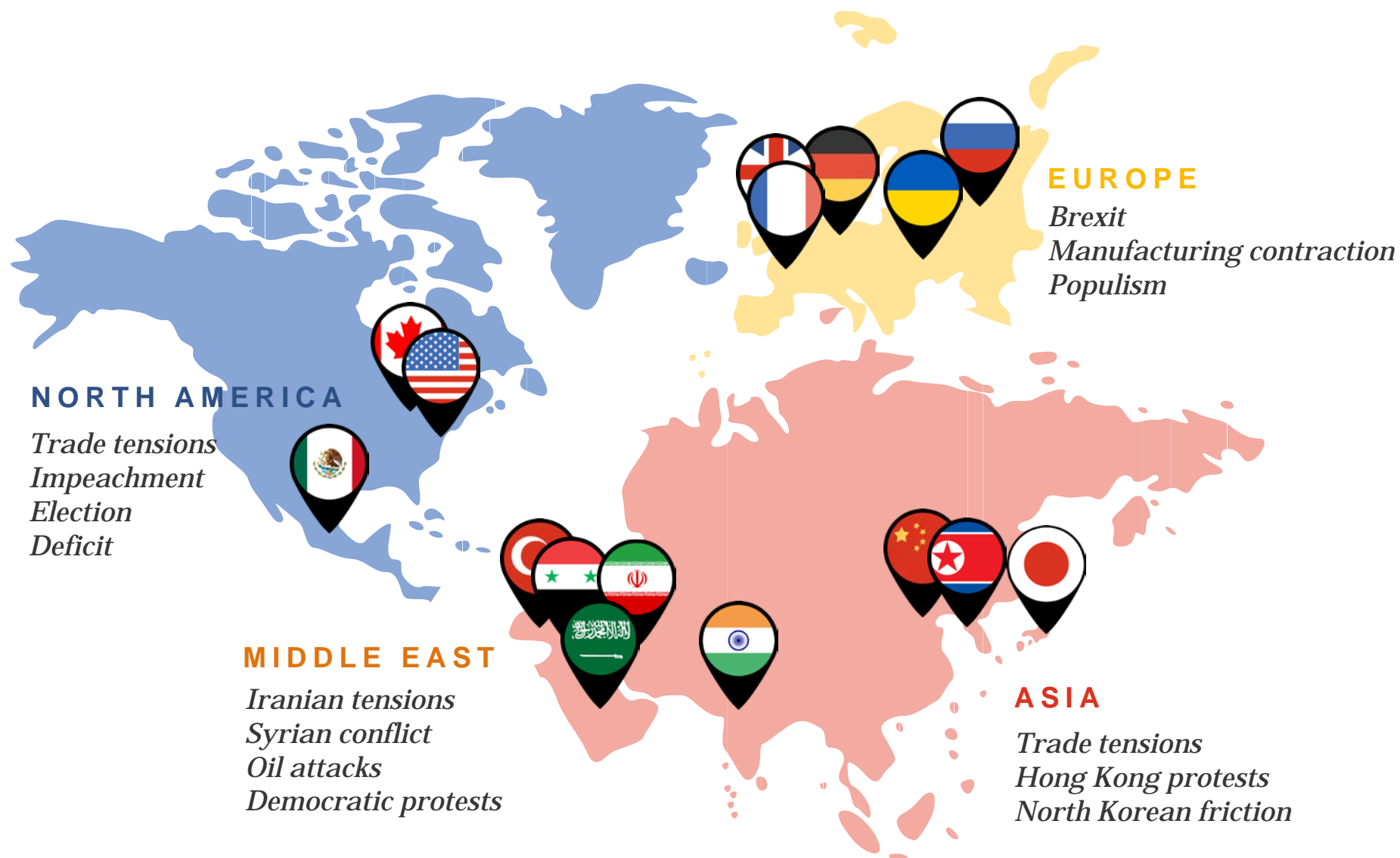
The Consumer Remains the Main Driver of Economic Growth

Components of U.S. GDP



Source: Bureau of Economic Analysis.

Trade Is Foremost among Many Global Concerns





CITY OF SALEM COMBINED PORTFOLIO

**Investment Performance Review
For the Quarter Ended December 31, 2019**

The portfolio is in compliance with applicable state statutes and the City's Investment Policy C-7.

Quarter Ended December 31, 2019 – 4Q19¹

Quarterly Summary

Market Value (MV)	\$382,385,736
Amortized Cost	\$380,914,853
Portfolio Yield on Cost	2.00%
Weighted Average Maturity	1.07 years
Cash Basis Earnings for Quarter ²	\$1,154,319
Accrual Basis Earnings for Quarter ²	\$1,251,346

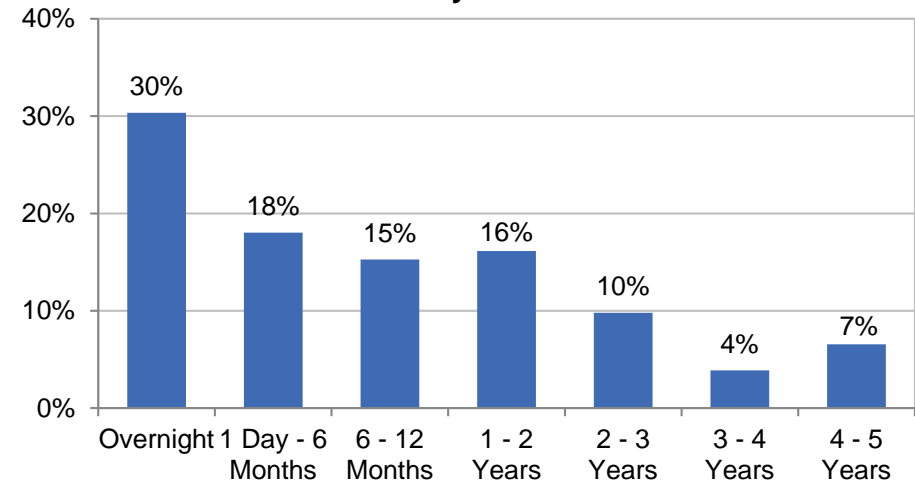
Quarterly Change

Amortized Cost – 4Q19	\$380,914,853
Beginning MV – 3Q19	\$320,140,544
Net Contributions	\$47,779,133
Change in Cash	\$14,251,444
Change in MV	\$214,615
Ending MV – 4Q19	\$382,385,736

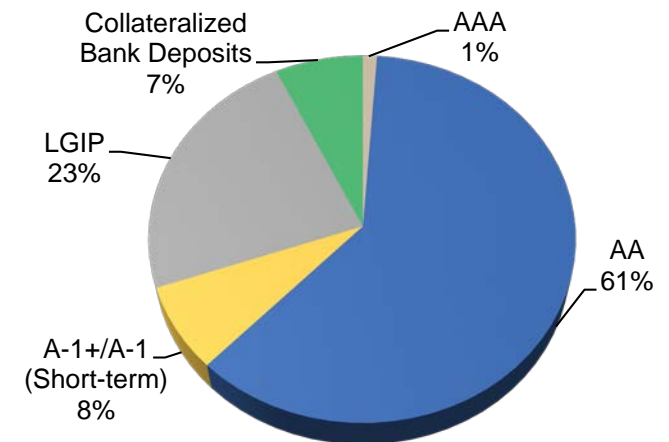
Sector Distribution¹

Sector	Amortized Cost	Market Value	% of Portfolio	Allowed by Policy
U.S. Treasuries	\$192,903,480	\$194,085,259	51%	100%
Federal Agencies	\$24,345,175	\$24,374,437	6%	100%
Municipal Obligations	\$1,490,379	\$1,509,541	<1%	10%
Commercial Paper	\$20,493,529	\$20,496,005	5%	Combined 35% Max.
Corporate Notes	\$25,639,365	\$25,877,570	7%	
LGIP	\$88,943,138	\$88,943,138	23%	ORS limit
Collateralized Deposit Accounts	\$27,099,787	\$27,099,787	7%	100%
Total	\$380,914,853	\$382,385,736	100%	

Maturity Distribution⁴



Credit Quality Distribution³



1. Combined portfolio includes funds in the PFM-managed portfolios, funds in the Oregon LGIP, and the City's US Bank account. Portfolio values are as of December 31, 2019 and include accrued interest on the PFM-managed funds.

2. Excludes earnings on LGIP and deposit accounts.

3. Ratings by Standard & Poor's (S&P).

4. Callable securities are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Portfolio Recap

- Portfolio strategy throughout the fourth quarter included the following elements:
 - Following three consecutive Fed rate cuts, we continued to target the Long-Term Portfolio's duration in line with the benchmark as market expectations called for stable rates well into 2020.
 - During the quarter we began transitioning the Long-Term Portfolio from a 1-3 year strategy to a 1-5 year strategy, as instructed by the City. Beginning with quarter ended March 31, 2020, the Portfolio's benchmark will be the ICE Bank of America Merrill Lynch 1-5 Year U.S. Treasury Index.
 - We maintained broad diversification across all permitted fixed income sectors. Although most sector spread levels were on the tighter end of their recent trading history, the incremental income was generally additive to performance in a range-bound interest rate environment in the quarter.
 - Value in federal agency issuers remained extremely limited, largely on scarce supply. Spreads remained near historically tight levels, capping the sector's excess return in the quarter. In some instances, agencies were trading at yields less than similar maturity Treasuries. We also avoided callable agencies during the quarter as early redemption risk remained elevated.
 - Corporate bonds performed top-of-class once again as yield spreads tightened to their lowest in 2019 and approached post-recession lows. As a result, investment-grade (IG) corporates generated attractive excess returns for the quarter, with lower-quality issuers once again outperforming those of higher quality. Year-to-date excess returns from IG corporates were fantastic, generating 100 to 200 basis points (1% to 2%) of incremental return relative to similar duration Treasuries.
 - In the municipal sector, taxable issuance volume remained elevated. Excess returns from the sector helped lift portfolio performance.
 - Short-term investors found opportunities from wider spreads on money market credit investments (commercial paper). Purchases of commercial paper in the Short-Term and bond proceeds portfolios at attractive levels helped cushion the impact of the Fed's lower overnight target rate.

Investment Strategy Outlook

- We expect the Fed to remain on hold for an extended period and rates to remain mostly range-bound in the near term. As a result, we plan to continue targeting a duration-neutral strategy relative to the Long-Term Portfolio's new benchmark.
- Our outlook for the major investment-grade fixed income sectors is as follows:
 - Federal agency yield spreads remain very tight after trading in a close range for most of 2019. We do not expect this to change. We may look to reduce agency holdings as their benefit and upside are limited.
 - In the IG corporate sector, we may modestly reduce allocations and target a modestly higher average credit quality. Although the credit markets are benefiting from stable fundamentals, positive earnings growth, and strong demand, yield spreads have recently approached post-recession lows, making them less attractive.
 - We expect the recent surge of municipal issuance to continue in the near term, albeit at more moderate levels assuming the Fed maintains their patient stance and the interest rate environment remains steady. We plan to monitor the sector for instances where yield concessions offer attractive value relative to other government securities.
 - In the money market space, a positively sloped yield curve and wide spreads have created opportunities for incremental earnings potential.



CITY OF SALEM LONG-TERM PORTFOLIO

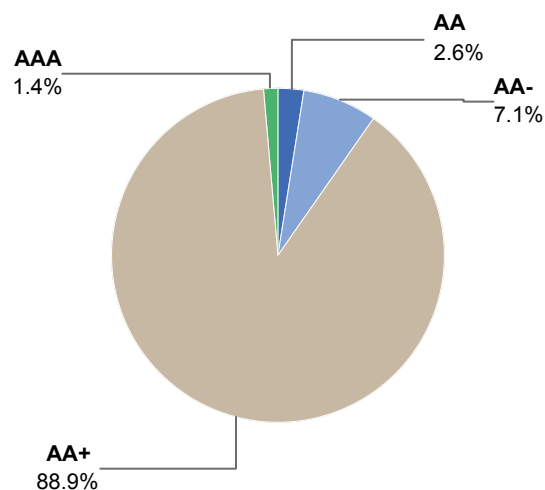
Investment Performance Review
For the Quarter Ended December 31, 2019

Portfolio Statistics

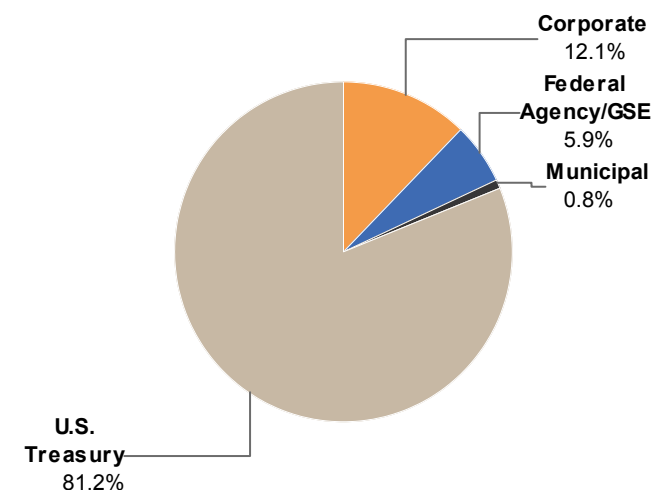
As of December 31, 2019

Par Value:	\$178,160,000
Total Market Value:	\$180,115,025
Security Market Value:	\$179,313,038
Accrued Interest:	\$801,987
Cash:	-
Amortized Cost:	\$177,894,948
Yield at Market:	1.65%
Yield at Cost:	2.19%
Effective Duration:	1.97 Years
Duration to Worst:	1.97 Years
Average Maturity:	2.04 Years
Average Credit: *	AA

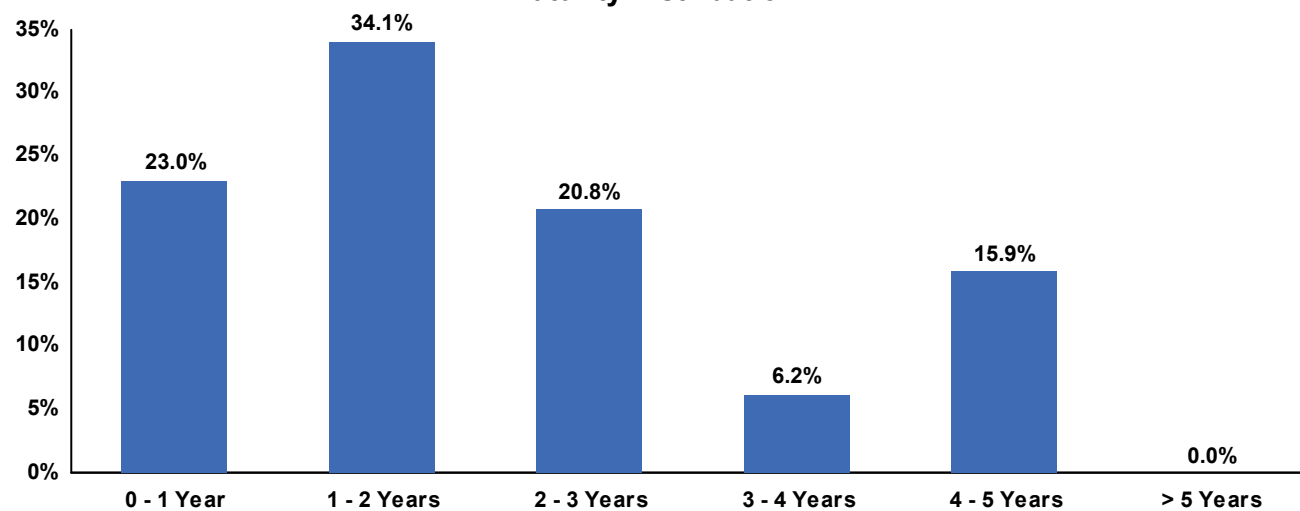
Credit Quality (S&P Ratings)



Sector Allocation



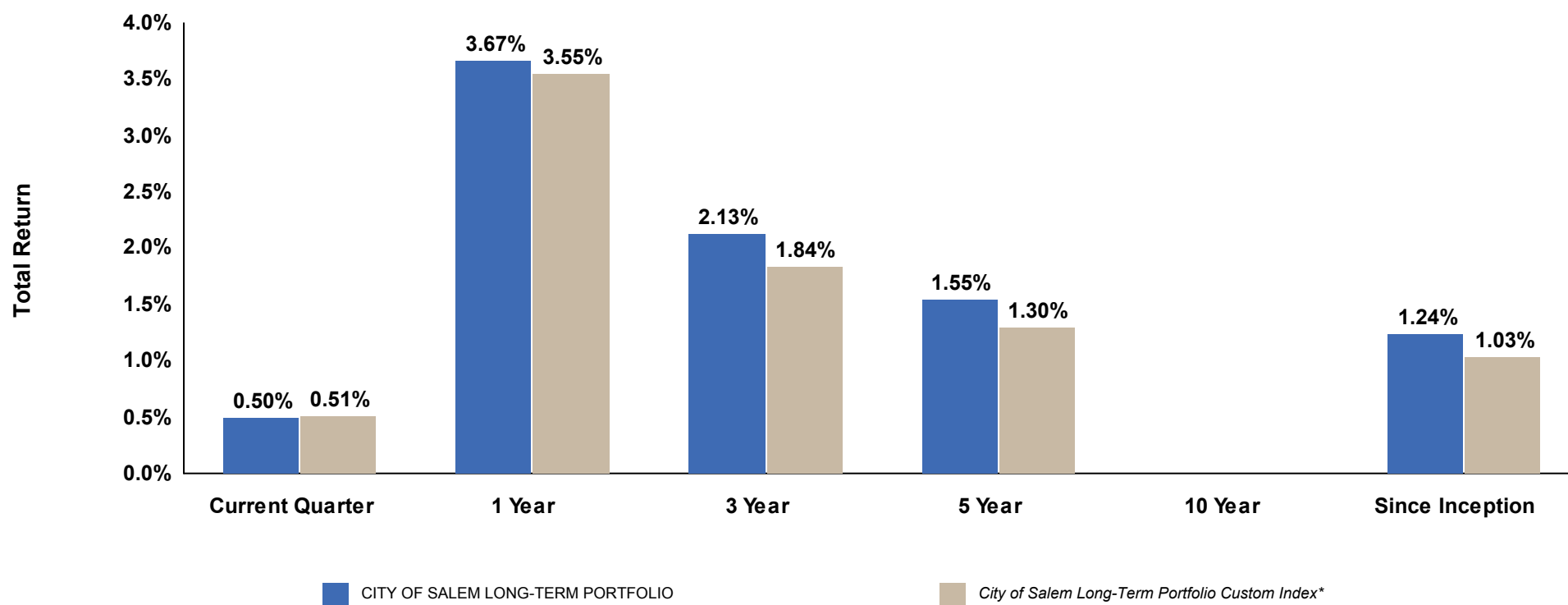
Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				
			1 Year	3 Year	5 Year	10 Year	Since Inception (12/31/12)
CITY OF SALEM LONG-TERM PORTFOLIO	1.97	0.50%	3.67%	2.13%	1.55%	-	1.24%
City of Salem Long-Term Portfolio Custom Index*	1.80	0.51%	3.55%	1.84%	1.30%	-	1.03%
Difference		-0.01%	0.12%	0.29%	0.25%	-	0.21%



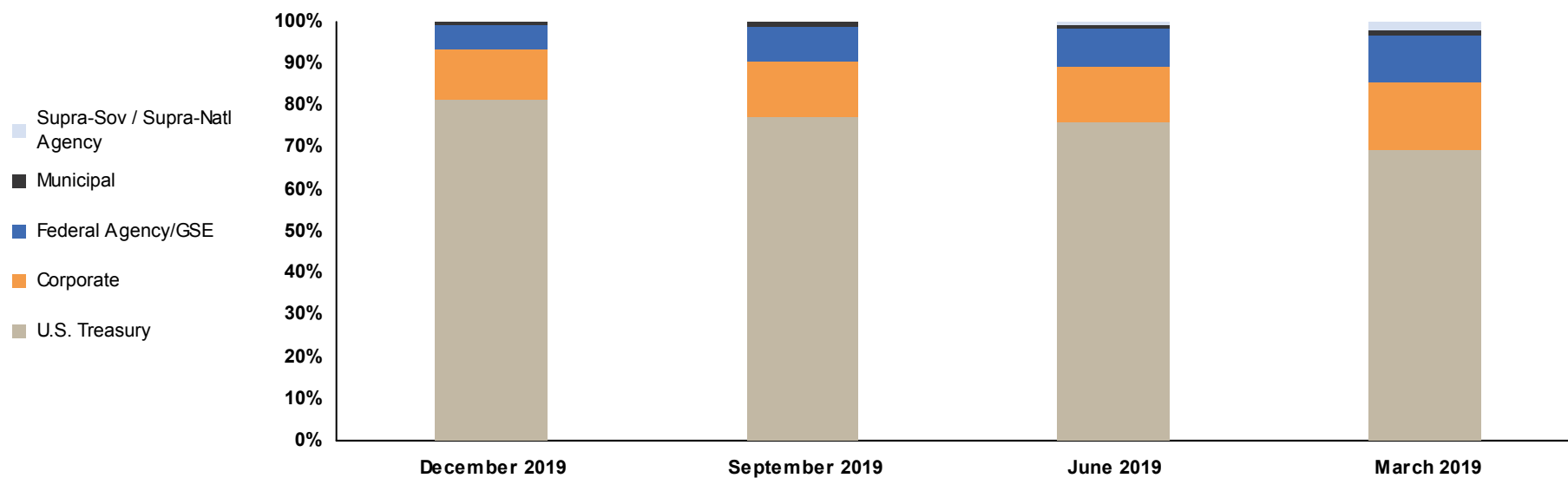
Portfolio performance is gross of fees unless otherwise indicated. *Performance benchmark was the ICE BofAML 0-3 Year U.S. Treasury Index from inception through 6/30/2016 and the ICE BofAML 1-3 Year U.S. Treasury Index beginning 6/30/2016.

Portfolio Earnings*Quarter-Ended December 31, 2019*

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$126,580,050.77	\$125,030,985.08
Net Purchases/Sales	\$52,741,415.33	\$52,741,415.33
Change in Value	(\$8,427.89)	\$122,547.15
Ending Value (12/31/2019)	\$179,313,038.21	\$177,894,947.56
Interest Earned	\$730,320.33	\$730,320.33
Portfolio Earnings	\$721,892.44	\$852,867.48

Sector Allocation

Sector	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	145.5	81.2%	97.5	77.0%	96.4	75.8%	88.3	69.4%
Corporate	21.7	12.1%	17.1	13.5%	17.1	13.4%	20.3	15.9%
Federal Agency/GSE	10.5	5.9%	10.5	8.3%	11.2	8.8%	14.6	11.4%
Municipal	1.5	0.8%	1.5	1.2%	1.5	1.2%	1.5	1.2%
Supra-Sov / Supra-Natl Agency	0.0	0.0%	0.0	0.0%	1.0	0.8%	2.7	2.1%
Total	\$179.3	100.0%	\$126.6	100.0%	\$127.1	100.0%	\$127.4	100.0%

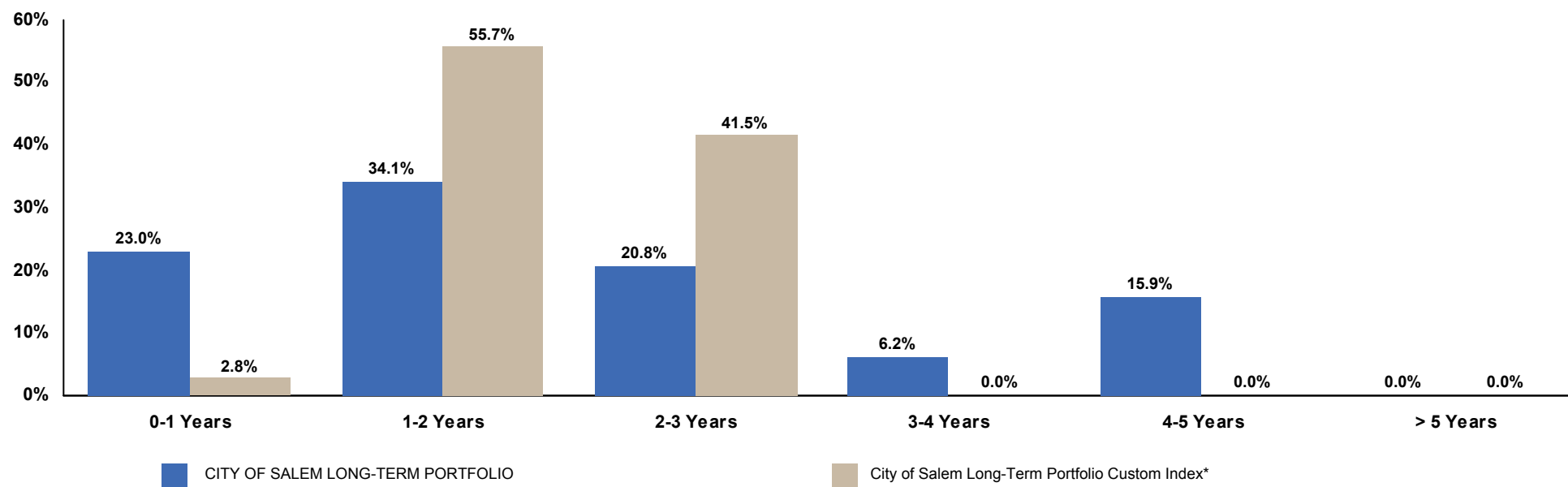


Detail may not add to total due to rounding.

Maturity Distribution

As of December 31, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
CITY OF SALEM LONG-TERM PORTFOLIO	1.65%	2.04 yrs	23.0%	34.1%	20.8%	6.2%	15.9%	0.0%
City of Salem Long-Term Portfolio Custom Index*	1.60%	1.92 yrs	2.8%	55.7%	41.5%	0.0%	0.0%	0.0%



Portfolio performance is gross of fees unless otherwise indicated. *Performance benchmark was the ICE BofAML 0-3 Year U.S. Treasury Index from inception through 6/30/2016 and the ICE BofAML 1-3 Year U.S. Treasury Index beginning 6/30/2016.



CITY OF SALEM SHORT-TERM PORTFOLIO

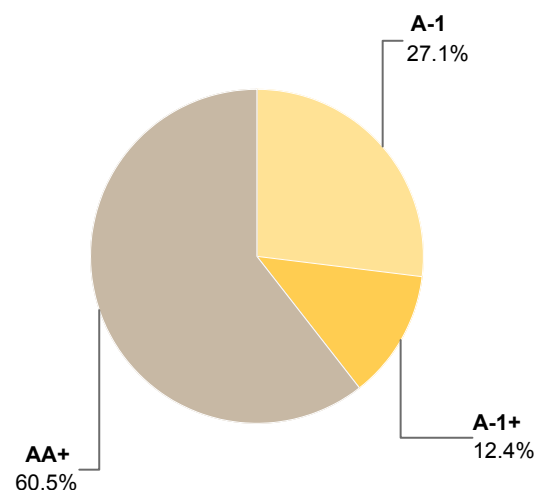
Investment Performance Review
For the Quarter Ended December 31, 2019

Portfolio Statistics

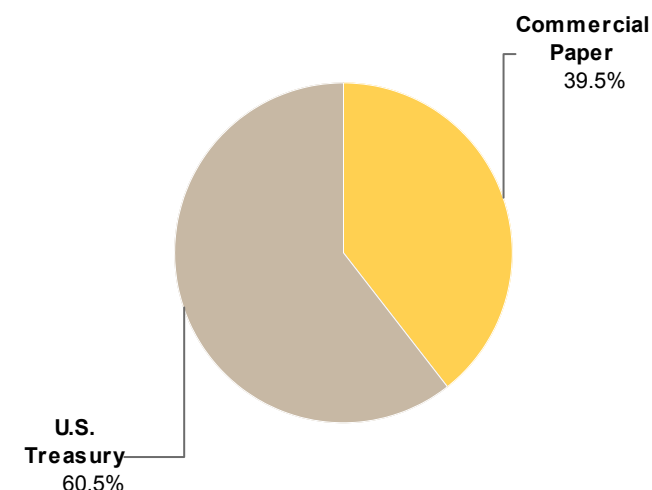
As of December 31, 2019

Par Value:	\$35,920,000
Total Market Value:	\$35,881,444
Security Market Value:	\$35,803,156
Accrued Interest:	\$78,288
Cash:	-
Amortized Cost:	\$35,798,576
Yield at Market:	1.72%
Yield at Cost:	1.81%
Effective Duration:	0.58 Years
Duration to Worst:	0.58 Years
Average Maturity:	0.59 Years
Average Credit: *	AA

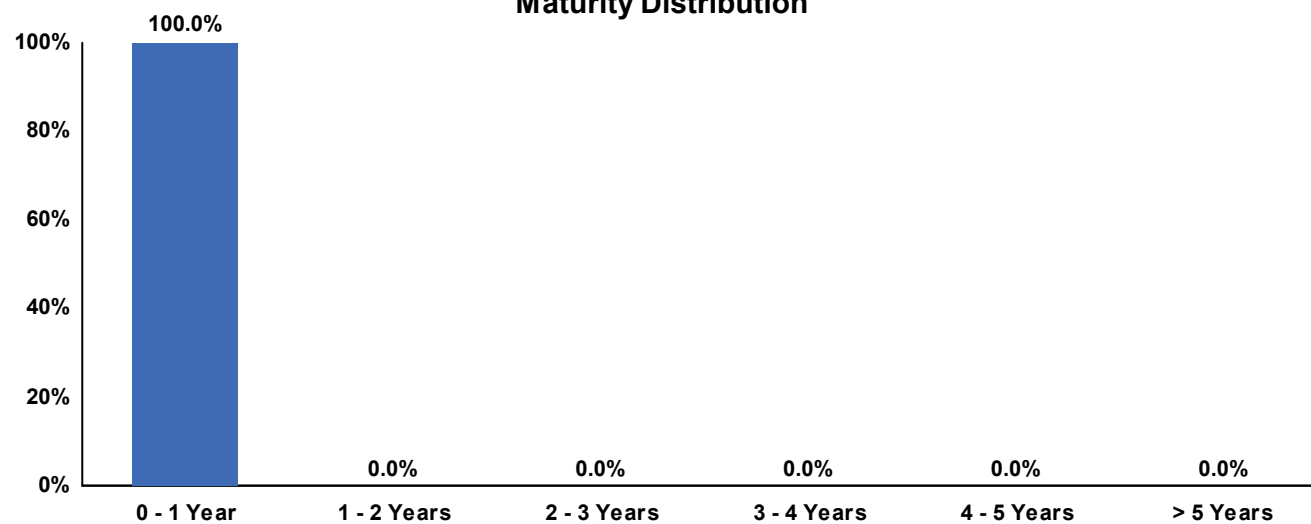
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings**Quarter-Ended December 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$32,142,075.75	\$32,119,270.60
Net Purchases/Sales	\$3,551,944.07	\$3,551,944.07
Change in Value	\$109,136.66	\$127,361.40
Ending Value (12/31/2019)	\$35,803,156.48	\$35,798,576.07
Interest Earned	\$35,767.57	\$35,767.57
Portfolio Earnings	\$144,904.23	\$163,128.97



CITY OF SALEM STREETS & BRIDGES GO BONDS

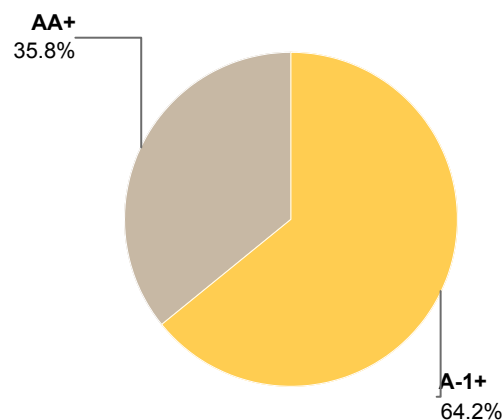
**Investment Performance Review
For the Quarter Ended December 31, 2019**

Portfolio Statistics

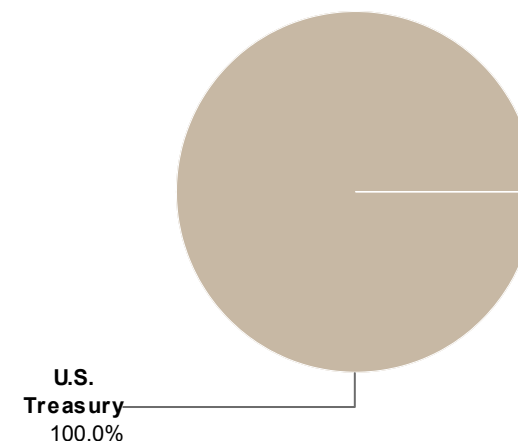
As of December 31, 2019

Par Value:	\$5,424,000
Total Market Value:	\$5,397,197
Security Market Value:	\$5,393,053
Accrued Interest:	\$4,143
Cash:	-
Amortized Cost:	\$5,388,378
Yield at Market:	1.57%
Yield at Cost:	1.83%
Effective Duration:	0.48 Years
Duration to Worst:	0.48 Years
Average Maturity:	0.48 Years
Average Credit: *	AA

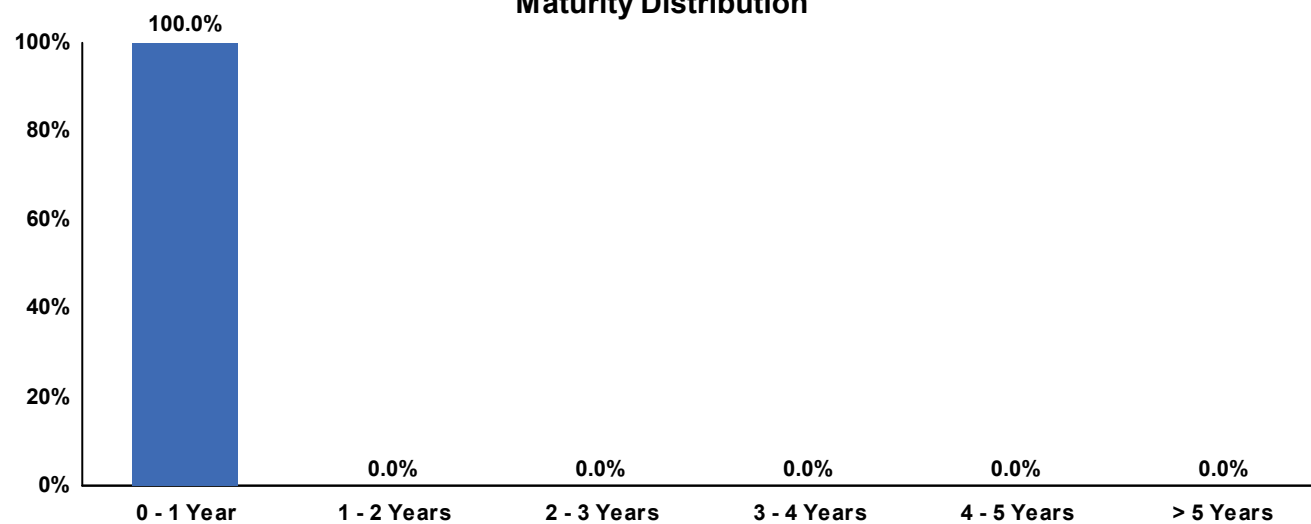
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings**Quarter-Ended December 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$1,924,962.62	\$1,919,167.45
Net Purchases/Sales	\$3,462,767.66	\$3,462,767.66
Change in Value	\$5,323.01	\$6,442.75
Ending Value (12/31/2019)	\$5,393,053.29	\$5,388,377.86
Interest Earned	\$6,970.03	\$6,970.03
Portfolio Earnings	\$12,293.04	\$13,412.78



CITY OF SALEM POLICE FACILITY BONDS 2017

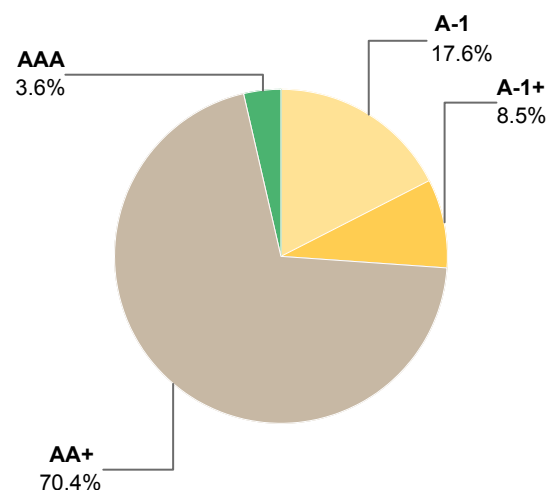
Investment Performance Review
For the Quarter Ended December 31, 2019

Portfolio Statistics

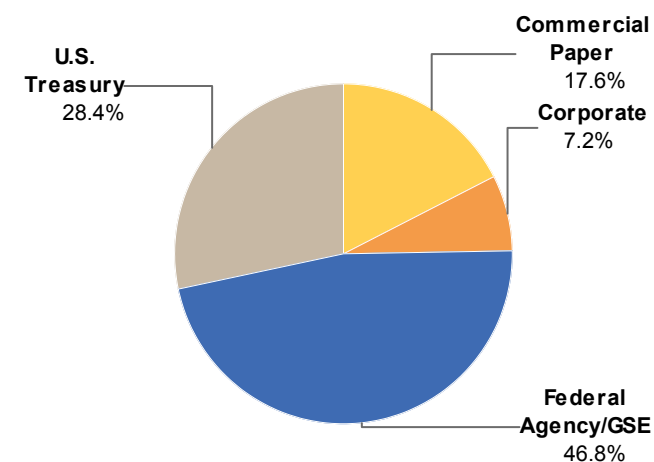
As of December 31, 2019

Par Value:	\$29,350,000
Total Market Value:	\$29,403,345
Security Market Value:	\$29,315,365
Accrued Interest:	\$87,980
Cash:	-
Amortized Cost:	\$29,327,470
Yield at Market:	1.66%
Yield at Cost:	1.57%
Effective Duration:	0.32 Years
Duration to Worst:	0.32 Years
Average Maturity:	0.32 Years
Average Credit: *	AA

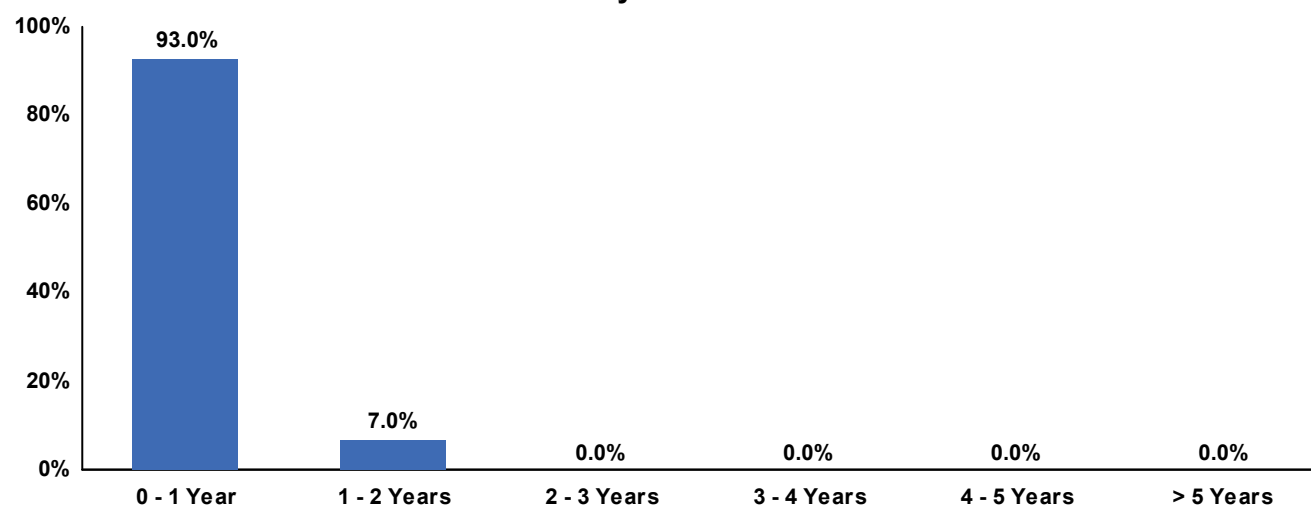
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings**Quarter-Ended December 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$40,292,793.02	\$40,346,690.82
Net Purchases/Sales	(\$11,054,744.48)	(\$11,054,744.48)
Change in Value	\$77,316.49	\$35,523.94
Ending Value (12/31/2019)	\$29,315,365.03	\$29,327,470.28
Interest Earned	\$98,243.36	\$98,243.36
Portfolio Earnings	\$175,559.85	\$133,767.30



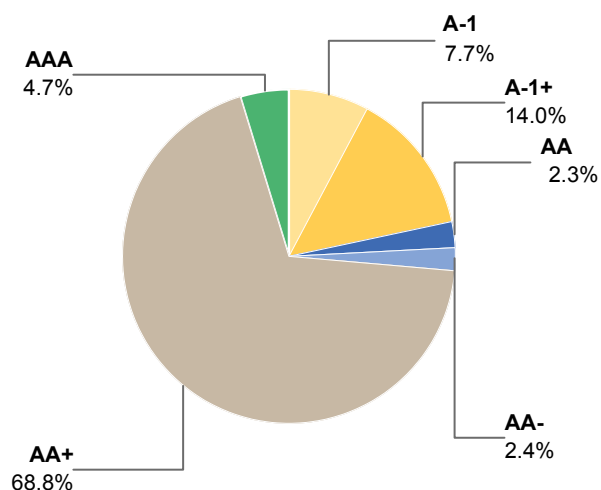
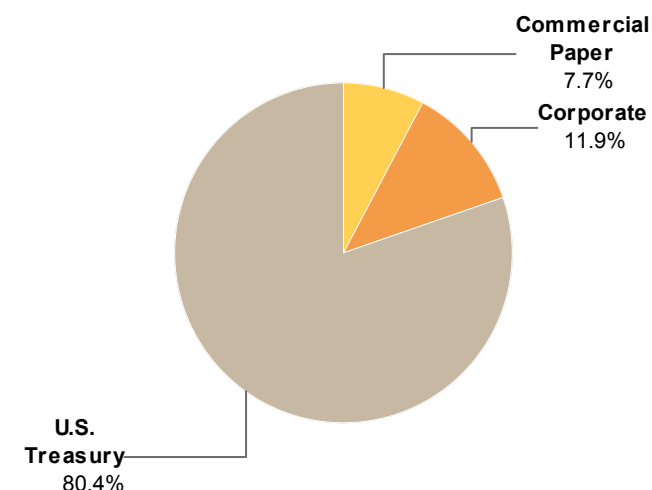
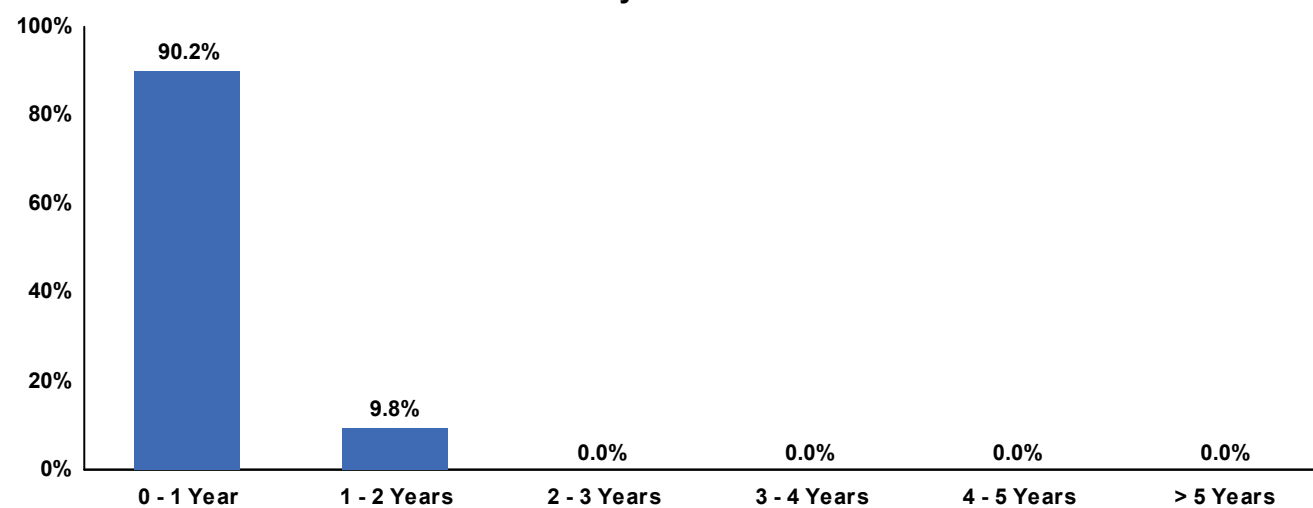
CITY OF SALEM LIBRARY PROJ GO BONDS 2018

Investment Performance Review
For the Quarter Ended December 31, 2019

Portfolio Statistics

As of December 31, 2019

Par Value:	\$15,509,000
Total Market Value:	\$15,545,800
Security Market Value:	\$15,500,507
Accrued Interest:	\$45,293
Cash:	-
Amortized Cost:	\$15,444,864
Yield at Market:	1.66%
Yield at Cost:	2.21%
Effective Duration:	0.59 Years
Duration to Worst:	0.59 Years
Average Maturity:	0.60 Years
Average Credit: *	AA

Credit Quality (S&P Ratings)**Sector Allocation****Maturity Distribution**

* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings**Quarter-Ended December 31, 2019**

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (09/30/2019)	\$15,599,325.37	\$15,541,289.12
Net Purchases/Sales	(\$130,084.91)	(\$130,084.91)
Change in Value	\$31,266.35	\$33,659.91
Ending Value (12/31/2019)	\$15,500,506.81	\$15,444,864.12
Interest Earned	\$54,509.98	\$54,509.98
Portfolio Earnings	\$85,776.33	\$88,169.89

Portfolio Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
11/13/19	11/15/19	5,000,000	912828TY6	US TREASURY NOTES	1.62%	11/15/22	4,995,117.19	1.66%	
11/13/19	11/15/19	2,500,000	742718EU9	PROCTER & GAMBLE CO/THE CORP NOTES	2.15%	8/11/22	2,538,884.72	1.78%	
11/13/19	11/15/19	5,470,000	912828YF1	UNITED STATES TREASURY NOTES	1.50%	9/15/22	5,462,382.95	1.64%	
11/19/19	11/21/19	3,750,000	912828T26	US TREASURY N/B	1.37%	9/30/23	3,724,806.29	1.61%	
11/19/19	11/21/19	3,530,000	912828V23	US TREASURY NOTES	2.25%	12/31/23	3,650,570.37	1.61%	
11/19/19	11/21/19	3,750,000	912828Q29	US TREASURY NOTES	1.50%	3/31/23	3,746,566.02	1.59%	
11/19/19	11/21/19	3,750,000	912828S92	US TREASURY NOTES	1.25%	7/31/23	3,717,079.23	1.60%	
11/19/19	11/21/19	2,000,000	09247XAL5	BLACKROCK INC CORP NOTES	3.50%	3/18/24	2,142,770.00	1.92%	
11/26/19	11/27/19	4,600,000	912828YH7	UNITED STATES TREASURY NOTES	1.50%	9/30/24	4,586,676.62	1.61%	
11/26/19	11/27/19	4,070,000	912828G38	US TREASURY NOTES	2.25%	11/15/24	4,195,754.90	1.62%	
11/26/19	11/27/19	4,600,000	912828W71	US TREASURY N/B	2.12%	3/31/24	4,713,779.50	1.61%	
11/26/19	11/27/19	4,600,000	912828XX3	US TREASURY N/B NOTES	2.00%	6/30/24	4,715,843.75	1.61%	
11/26/19	11/27/19	4,600,000	912828V80	US TREASURY N/B NOTES	2.25%	1/31/24	4,752,421.88	1.61%	
Total BUY		52,220,000					52,942,653.42		
INTEREST									
10/1/19	10/1/19	1,480,000	13063DGA0	CA ST TXBL GO BONDS	2.80%	4/1/21	20,720.00		
10/13/19	10/13/19	3,100,000	3135G0U27	FANNIE MAE NOTES	2.50%	4/13/21	38,750.00		
10/15/19	10/15/19	9,965,000	9128285F3	UNITED STATES TREASURY NOTES	2.87%	10/15/21	143,246.88		
10/31/19	10/31/19	2,500,000	912828VA5	US TREASURY NOTES	1.12%	4/30/20	14,062.50		
10/31/19	10/31/19	1,750,000	912828WZ9	US TREASURY N/B NOTES	1.75%	4/30/22	15,312.50		
10/31/19	10/31/19	2,500,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	17,187.50		
10/31/19	10/31/19	5,400,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	50,625.00		
10/31/19	10/31/19	6,500,000	912828L99	US TREASURY NOTES	1.37%	10/31/20	44,687.50		

CITY OF SALEM LONG-TERM PORTFOLIO

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
11/13/19	11/13/19	2,500,000	037833BD1	APPLE INC CORP NOTE	2.00%	5/6/20	25,000.00		
11/15/19	11/15/19	1,015,000	9128284P2	US TREASURY NOTES	2.62%	5/15/21	13,321.88		
11/19/19	11/19/19	875,000	02079KAA5	ALPHABET INC CORP NOTE	3.62%	5/19/21	15,859.38		
11/30/19	11/30/19	5,200,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	52,000.00		
11/30/19	11/30/19	960,000	912828XR6	US TREASURY NOTES	1.75%	5/31/22	8,400.00		
11/30/19	11/30/19	4,000,000	9128284Q0	US TREASURY N/B NOTES	2.50%	5/31/20	50,000.00		
11/30/19	11/30/19	5,000,000	912828U65	US TREASURY NOTES	1.75%	11/30/21	43,750.00		
11/30/19	11/30/19	5,350,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	43,468.75		
11/30/19	11/30/19	2,500,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	25,000.00		
12/23/19	12/23/19	2,500,000	931142EJ8	WAL-MART STORES INC CORP NOTES	3.12%	6/23/21	39,062.50		
12/31/19	12/31/19	1,100,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	8,937.50		
12/31/19	12/31/19	5,000,000	912828S27	US TREASURY N/B	1.12%	6/30/21	28,125.00		
12/31/19	12/31/19	4,000,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	32,500.00		
12/31/19	12/31/19	4,600,000	912828XX3	US TREASURY N/B NOTES	2.00%	6/30/24	46,000.00		
12/31/19	12/31/19	3,530,000	912828V23	US TREASURY NOTES	2.25%	12/31/23	39,712.50		
Total INTEREST		81,325,000					815,729.39		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
11/7/19	11/8/19	4,500,000	22533TFR2	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	6/25/20	4,447,675.00	1.84%	
11/18/19	11/19/19	4,500,000	89233GFR2	TOYOTA MOTOR CREDIT CORP COMM PAPER	0.00%	6/25/20	4,449,630.00	1.86%	
11/26/19	11/27/19	4,920,000	9128282Q2	US TREASURY N/B NOTES	1.50%	8/15/20	4,936,628.40	1.62%	
11/26/19	11/27/19	5,000,000	9128282V1	US TREASURY N/B NOTES	1.37%	9/15/20	5,003,631.52	1.63%	
11/26/19	11/27/19	5,000,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	5,039,568.40	1.63%	
11/26/19	11/27/19	5,000,000	9128282Z2	US TREASURY N/B NOTES	1.62%	10/15/20	5,008,959.83	1.64%	
Total BUY		28,920,000					28,886,093.15		
INTEREST									
10/15/19	10/15/19	1,750,000	912828X21	US TREASURY N/B NOTES	1.50%	4/15/20	13,125.00		
11/30/19	11/30/19	5,000,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	40,625.00		
Total INTEREST		6,750,000					53,750.00		
MATURITY									
11/7/19	11/7/19	5,250,000	912796RM3	UNITED STATES TREASURY BILL	0.00%	11/7/19	5,250,000.00		0.00
11/7/19	11/7/19	2,500,000	912796RM3	UNITED STATES TREASURY BILL	0.00%	11/7/19	2,500,000.00		0.00
11/7/19	11/7/19	13,500,000	912796RM3	UNITED STATES TREASURY BILL	0.00%	11/7/19	13,500,000.00		0.00
12/16/19	12/16/19	4,000,000	09659CZG6	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	12/16/19	4,000,000.00		0.00
Total MATURITY		25,250,000					25,250,000.00		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
12/18/19	12/19/19	1,615,000	912796TJ8	UNITED STATES TREASURY BILL	0.00%	9/10/20	1,597,100.42	1.52%	
12/18/19	12/19/19	1,879,000	912796TX7	UNITED STATES TREASURY BILL	0.00%	6/4/20	1,865,667.24	1.53%	
Total BUY		3,494,000					3,462,767.66		
INTEREST									
10/31/19	10/31/19	1,000,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	6,875.00		
11/15/19	11/15/19	930,000	912828X96	US TREASURY N/B NOTES	1.50%	5/15/20	6,975.00		
Total INTEREST		1,930,000					13,850.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
11/26/19	11/27/19	850,000	912796SH3	UNITED STATES TREASURY BILL	0.00%	3/26/20	845,629.58	1.55%	
11/26/19	11/27/19	1,300,000	22533TBQ8	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	2/24/20	1,294,086.44	1.85%	
11/26/19	11/27/19	700,000	912796TG4	TREASURY BILL	0.00%	2/20/20	697,415.06	1.57%	
11/26/19	11/27/19	1,300,000	02665JCJ7	AMERICAN HONDA FINANCE COMM PAPER	0.00%	3/18/20	1,293,124.44	1.71%	
Total BUY		4,150,000					4,130,255.52		
INTEREST									
10/2/19	10/2/19	2,570,000	3137EADM8	FREDDIE MAC GLOBAL NOTES	1.25%	10/2/19	16,062.50		
10/20/19	10/20/19	2,500,000	3137EAEF2	FHLMC AGENCY NOTES	1.37%	4/20/20	17,187.50		
11/15/19	11/15/19	1,515,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	10,415.63		
11/15/19	11/15/19	1,050,000	166764AN0	CHEVRON CORP (CALLABLE) NOTE	2.19%	11/15/19	11,513.25		
11/30/19	11/30/19	2,500,000	912828XE5	US TREASURY NOTES	1.50%	5/31/20	18,750.00		
12/22/19	12/22/19	2,480,000	3135G0D75	FNMA BENCHMARK NOTES	1.50%	6/22/20	18,600.00		
12/31/19	12/31/19	2,060,000	912828N48	US TREASURY NOTES	1.75%	12/31/20	18,025.00		
12/31/19	12/31/19	2,550,000	912828G95	US TREASURY NOTES	1.62%	12/31/19	20,718.75		
Total INTEREST		17,225,000					131,272.63		
MATURITY									
10/2/19	10/2/19	2,570,000	3137EADM8	FREDDIE MAC GLOBAL NOTES	1.25%	10/2/19	2,570,000.00		0.00
10/17/19	10/17/19	3,000,000	912796SN0	UNITED STATES TREASURY BILL	0.00%	10/17/19	3,000,000.00		0.00
11/7/19	11/7/19	2,000,000	912796RM3	UNITED STATES TREASURY BILL	0.00%	11/7/19	2,000,000.00		0.00
11/15/19	11/15/19	1,000,000	22533UYF4	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	11/15/19	1,000,000.00		0.00

CITY OF SALEM POLICE FACILITY BONDS 2017

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
11/15/19	11/15/19	1,050,000	166764AN0	CHEVRON CORP (CALLABLE) NOTE	2.19%	11/15/19	1,050,000.00		0.00
11/15/19	11/15/19	1,515,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	1,515,000.00		0.00
11/21/19	11/21/19	1,500,000	62479MYM9	MUFG BANK LTD/NY COMM PAPER	0.00%	11/21/19	1,500,000.00		0.00
12/31/19	12/31/19	2,550,000	912828G95	US TREASURY NOTES	1.62%	12/31/19	2,550,000.00		0.00
Total MATURITY		15,185,000					15,185,000.00		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
10/9/19	10/10/19	1,100,000	912796TM1	UNITED STATES TREASURY BILL	0.00%	4/2/20	1,091,364.24	1.63%	
10/9/19	10/10/19	450,000	62479LD77	MUFG BANK LTD/NY COMM PAPER	0.00%	4/7/20	445,657.50	1.95%	
11/26/19	11/27/19	64,000	912796SR1	UNITED STATES TREASURY BILL	0.00%	5/21/20	63,509.23	1.58%	
11/26/19	11/27/19	750,000	22533TES1	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	5/26/20	743,137.08	1.84%	
12/11/19	12/16/19	1,020,000	912796TK5	TREASURY BILL	0.00%	3/12/20	1,016,247.04	1.53%	
Total BUY		3,384,000					3,359,915.09		
INTEREST									
10/1/19	10/1/19	360,000	594918AH7	MICROSOFT CORP NOTES	3.00%	10/1/20	5,400.00		
10/17/19	10/17/19	370,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	3,607.50		
10/25/19	10/25/19	370,000	742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	1.75%	10/25/19	3,237.50		
10/31/19	10/31/19	530,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	3,643.75		
10/31/19	10/31/19	840,000	912828L99	US TREASURY NOTES	1.37%	10/31/20	5,775.00		
11/11/19	11/11/19	375,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	3,375.00		
11/30/19	11/30/19	1,200,000	912828M98	US TREASURY NOTES	1.62%	11/30/20	9,750.00		
11/30/19	11/30/19	525,000	912828XE5	US TREASURY NOTES	1.50%	5/31/20	3,937.50		
12/15/19	12/15/19	320,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	2,720.00		
12/31/19	12/31/19	1,195,000	912828A83	US TREASURY NOTES	2.37%	12/31/20	14,190.63		
12/31/19	12/31/19	900,000	912828XH8	US TREASURY NOTES	1.62%	6/30/20	7,312.50		
Total INTEREST		6,985,000					62,949.38		
MATURITY									

CITY OF SALEM LIBRARY PROJ GO BONDS 2018

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/17/19	10/17/19	1,150,000	912796SN0	UNITED STATES TREASURY BILL	0.00%	10/17/19	1,150,000.00		0.00
10/25/19	10/25/19	370,000	742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	1.75%	10/25/19	370,000.00		0.00
11/7/19	11/7/19	950,000	912796RM3	UNITED STATES TREASURY BILL	0.00%	11/7/19	950,000.00		0.00
12/13/19	12/13/19	700,000	09659CZD3	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	12/13/19	700,000.00		0.00
12/15/19	12/15/19	320,000	717081EB5	PFIZER INC CORP NOTE	1.70%	12/15/19	320,000.00		0.00
Total MATURITY		3,490,000					3,490,000.00		0.00

Portfolio Holdings

CITY OF SALEM LONG-TERM PORTFOLIO

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/01/2013 1.125% 03/31/2020	912828UV0	2,930,000.00	AA+	Aaa	3/15/2017	3/17/2017	2,879,526.17	1.71	8,375.72	2,925,826.83	2,926,108.96
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	2,500,000.00	AA+	Aaa	9/19/2018	9/20/2018	2,444,921.88	2.78	5,855.08	2,488,562.65	2,497,650.00
US TREASURY NOTES DTD 04/30/2013 1.125% 04/30/2020	912828VA5	2,500,000.00	AA+	Aaa	4/26/2017	4/27/2017	2,473,242.19	1.49	4,790.52	2,497,012.90	2,495,702.50
US TREASURY N/B NOTES DTD 05/31/2018 2.500% 05/31/2020	9128284Q0	4,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	3,994,531.25	2.57	8,743.17	3,998,828.00	4,013,728.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	4,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	3,924,531.25	2.58	178.57	3,981,180.84	4,000,000.00
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	1,100,000.00	AA+	Aaa	6/27/2017	6/28/2017	1,103,093.75	1.53	49.11	1,100,521.73	1,100,000.00
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	6,500,000.00	AA+	Aaa	2/1/2017	2/7/2017	6,416,718.75	1.73	15,223.21	6,481,014.54	6,485,017.50
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	5,350,000.00	AA+	Aaa	1/8/2018	1/10/2018	5,284,169.92	2.07	7,601.09	5,328,791.37	5,348,748.10
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	5,000,000.00	AA+	Aaa	1/8/2018	1/10/2018	4,893,945.31	2.09	28,770.38	4,961,724.50	4,986,135.00
US TREASURY N/B DTD 02/28/2019 2.500% 02/28/2021	9128286D7	7,440,000.00	AA+	Aaa	3/7/2019	3/11/2019	7,443,778.13	2.47	62,851.65	7,442,268.46	7,512,659.04
US TREASURY NOTES DTD 05/15/2018 2.625% 05/15/2021	9128284P2	1,015,000.00	AA+	Aaa	5/24/2018	5/29/2018	1,014,286.33	2.65	3,440.26	1,014,665.83	1,028,956.25
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	2,500,000.00	AA+	Aaa	6/5/2018	6/7/2018	2,456,542.97	2.61	4,371.58	2,478,997.48	2,513,770.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	5,200,000.00	AA+	Aaa	6/14/2018	6/18/2018	5,098,640.63	2.69	9,092.90	5,150,512.43	5,228,641.60
US TREASURY N/B DTD 06/30/2016 1.125% 06/30/2021	912828S27	5,000,000.00	AA+	Aaa	6/14/2018	6/18/2018	4,771,679.69	2.70	154.53	4,884,977.55	4,965,040.00
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	1,250,000.00	AA+	Aaa	3/6/2018	3/7/2018	1,190,283.20	2.53	3,573.26	1,220,107.83	1,239,941.25

CITY OF SALEM LONG-TERM PORTFOLIO

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 09/30/2016 1.125% 09/30/2021	912828T34	7,125,000.00	AA+	Aaa	9/11/2018	9/12/2018	6,774,873.05	2.82	20,367.57	6,920,990.66	7,067,665.13
UNITED STATES TREASURY NOTES DTD 10/15/2018 2.875% 10/15/2021	9128285F3	9,965,000.00	AA+	Aaa	11/9/2018	11/13/2018	9,932,691.60	2.99	61,056.05	9,944,998.05	10,188,435.23
US TREASURY NOTES DTD 11/30/2016 1.750% 11/30/2021	912828U65	5,000,000.00	AA+	Aaa	12/4/2018	12/7/2018	4,850,390.63	2.80	7,650.27	4,902,616.05	5,015,430.00
US TREASURY NOTES DTD 01/15/2019 2.500% 01/15/2022	9128285V8	8,100,000.00	AA+	Aaa	1/30/2019	1/31/2019	8,085,761.72	2.56	93,546.20	8,090,105.69	8,246,496.60
US TREASURY N/B NOTES DTD 02/28/2017 1.875% 02/28/2022	912828W55	2,500,000.00	AA+	Aaa	2/26/2019	2/27/2019	2,458,203.13	2.46	15,839.63	2,469,607.48	2,515,332.50
US TREASURY N/B NOTES DTD 04/30/2015 1.750% 04/30/2022	912828WZ9	1,750,000.00	AA+	Aaa	5/8/2019	5/13/2019	1,726,074.22	2.23	5,216.35	1,731,076.74	1,756,562.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	5,400,000.00	AA+	Aaa	5/10/2019	5/16/2019	5,348,531.25	2.21	17,245.88	5,359,194.31	5,435,013.60
US TREASURY NOTES DTD 05/31/2017 1.750% 05/31/2022	912828XR6	960,000.00	AA+	Aaa	9/19/2019	9/20/2019	961,312.50	1.70	1,468.85	961,185.59	963,749.76
UNITED STATES TREASURY NOTES DTD 09/16/2019 1.500% 09/15/2022	912828YF1	5,470,000.00	AA+	Aaa	11/13/2019	11/15/2019	5,448,632.81	1.64	24,344.51	5,449,599.91	5,457,391.65
US TREASURY NOTES DTD 11/15/2012 1.625% 11/15/2022	912828TY6	5,000,000.00	AA+	Aaa	11/13/2019	11/15/2019	4,995,117.19	1.66	10,491.07	4,995,323.05	5,003,710.00
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,738,574.22	1.59	14,293.03	3,738,952.73	3,736,376.25
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,702,685.55	1.60	19,616.17	3,704,085.60	3,699,757.50
US TREASURY N/B DTD 09/30/2016 1.375% 09/30/2023	912828T26	3,750,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,717,480.47	1.61	13,101.95	3,718,404.49	3,712,646.25
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	3,530,000.00	AA+	Aaa	11/19/2019	11/21/2019	3,619,491.02	1.61	218.20	3,617,166.82	3,610,388.69
US TREASURY N/B NOTES DTD 01/31/2017 2.250% 01/31/2024	912828V80	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,718,953.13	1.61	43,312.50	4,716,354.65	4,706,554.40

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B DTD 03/31/2017 2.125% 03/31/2024	912828W71	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,698,289.06	1.61	24,838.11	4,696,203.99	4,685,532.40
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,678,343.75	1.61	252.75	4,676,805.83	4,663,788.20
UNITED STATES TREASURY NOTES DTD 09/30/2019 1.500% 09/30/2024	912828YH7	4,600,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,575,742.19	1.61	17,532.79	4,576,212.02	4,561,728.00
US TREASURY NOTES DTD 11/17/2014 2.250% 11/15/2024	912828G38	4,070,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,192,735.94	1.62	11,824.24	4,190,447.17	4,176,678.77
Security Type Sub-Total		144,805,000.00					143,613,774.85	2.17	565,287.15	144,414,323.77	145,545,335.63
Municipal Bond / Note											
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	1,480,000.00	AA-	Aa2	4/18/2018	4/25/2018	1,480,059.20	2.80	10,360.00	1,480,018.62	1,499,180.80
Security Type Sub-Total		1,480,000.00					1,480,059.20	2.80	10,360.00	1,480,018.62	1,499,180.80
Federal Agency Bond / Note											
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	6,000,000.00	AA+	Aaa	2/27/2017	2/28/2017	5,991,000.00	1.55	30,750.00	5,999,515.80	5,998,842.00
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	1,400,000.00	AA+	Aaa	9/7/2017	9/8/2017	1,395,506.00	1.48	4,972.92	1,398,890.29	1,397,436.60
FANNIE MAE NOTES DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	3,100,000.00	AA+	Aaa	4/12/2018	4/13/2018	3,095,381.00	2.55	16,791.67	3,097,982.21	3,136,155.30
Security Type Sub-Total		10,500,000.00					10,481,887.00	1.84	52,514.59	10,496,388.30	10,532,433.90
Corporate Note											
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	2,500,000.00	AA+	Aa1	6/27/2017	6/28/2017	2,515,225.00	1.78	6,666.67	2,501,892.88	2,501,817.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
3M COMPANY CORP NOTES DTD 08/07/2015 2.000% 08/07/2020	88579YAQ4	2,500,000.00	AA-	A1	8/2/2017	8/7/2017	2,522,500.00	1.69	20,000.00	2,504,588.83	2,499,095.00
BERKSHIRE HATHAWAY FINANCE CORP NOTES DTD 01/11/2011 4.250% 01/15/2021	084664BQ3	2,000,000.00	AA	Aa2	5/15/2018	5/17/2018	2,065,600.00	2.96	39,194.44	2,026,242.34	2,050,476.00
CISCO SYSTEMS INC CORP NOTES DTD 02/29/2016 2.200% 02/28/2021	17275RBD3	1,250,000.00	AA-	A1	3/6/2018	3/7/2018	1,226,487.50	2.86	9,395.83	1,240,632.54	1,257,316.25
ALPHABET INC CORP NOTE DTD 04/27/2016 3.625% 05/19/2021	02079KAA5	875,000.00	AA+	Aa2	5/16/2018	5/17/2018	893,357.50	2.89	3,700.52	883,642.76	898,013.38
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.125% 06/23/2021	931142EJ8	2,500,000.00	AA	Aa2	6/20/2018	6/27/2018	2,499,875.00	3.13	1,736.11	2,499,933.48	2,553,455.00
TOYOTA MOTOR CREDIT CORP BONDS DTD 01/09/2017 2.600% 01/11/2022	89236TDP7	2,750,000.00	AA-	Aa3	1/8/2019	1/10/2019	2,705,972.50	3.16	33,763.89	2,719,819.93	2,791,593.75
JOHNSON & JOHNSON CORP NOTES DTD 03/03/2017 2.250% 03/03/2022	478160CD4	2,500,000.00	AAA	Aaa	3/5/2019	3/7/2019	2,467,900.00	2.70	18,437.50	2,476,427.90	2,527,627.50
PROCTER & GAMBLE CO/THE CORP NOTES DTD 08/11/2017 2.150% 08/11/2022	742718EU9	2,500,000.00	AA-	Aa3	11/13/2019	11/15/2019	2,524,850.00	1.78	20,902.78	2,523,730.63	2,528,837.50
BLACKROCK INC CORP NOTES DTD 03/18/2014 3.500% 03/18/2024	09247XAL5	2,000,000.00	AA-	Aa3	11/19/2019	11/21/2019	2,130,520.00	1.92	20,027.78	2,127,305.58	2,127,856.00
Security Type Sub-Total		21,375,000.00					21,552,287.50	2.45	173,825.52	21,504,216.87	21,736,087.88
Managed Account Sub Total		178,160,000.00					177,128,008.55	2.19	801,987.26	177,894,947.56	179,313,038.21
Securities Sub-Total		\$178,160,000.00					\$177,128,008.55	2.19%	\$801,987.26	\$177,894,947.56	\$179,313,038.21
Accrued Interest											\$801,987.26
Total Investments											\$180,115,025.47

Bolded items are forward settling trades.

CITY OF SALEM SHORT TERM PORTFOLIO

Portfolio Holdings

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 04/17/2017 1.500% 04/15/2020	912828X21	1,750,000.00	AA+	Aaa	4/26/2019	4/29/2019	1,735,166.02	2.40	5,594.26	1,745,552.41	1,749,522.25
US TREASURY N/B NOTES DTD 08/15/2017 1.500% 08/15/2020	912828Q2	4,920,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,915,771.88	1.62	27,875.54	4,916,341.34	4,916,157.48
US TREASURY N/B NOTES DTD 09/15/2017 1.375% 09/15/2020	912828V1	5,000,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,989,843.75	1.63	20,398.35	4,991,067.10	4,990,820.00
US TREASURY N/B NOTES DTD 10/16/2017 1.625% 10/15/2020	912828Z2	5,000,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,999,414.06	1.64	17,315.57	4,999,481.55	4,999,415.00
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	5,000,000.00	AA+	Aaa	11/26/2019	11/27/2019	4,999,609.38	1.63	7,103.83	4,999,648.70	4,998,830.00
Security Type Sub-Total		21,670,000.00					21,639,805.09	1.69	78,287.55	21,652,091.10	21,654,744.73
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 06/17/2019 0.000% 03/13/2020	62479LCD5	5,250,000.00	A-1	P-1	6/19/2019	6/20/2019	5,164,726.88	2.23	0.00	5,227,005.00	5,230,559.25
CREDIT AGRICOLE CIB NY COMM PAPER DTD 11/07/2019 0.000% 06/25/2020	22533TFR2	4,500,000.00	A-1	P-1	11/7/2019	11/8/2019	4,447,675.00	1.84	0.00	4,459,959.99	4,459,446.00
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 11/18/2019 0.000% 06/25/2020	89233GFR2	4,500,000.00	A-1+	P-1	11/18/2019	11/19/2019	4,449,630.00	1.86	0.00	4,459,519.98	4,458,406.50
Security Type Sub-Total		14,250,000.00					14,062,031.88	1.99	0.00	14,146,484.97	14,148,411.75
Managed Account Sub Total		35,920,000.00					35,701,836.97	1.81	78,287.55	35,798,576.07	35,803,156.48
Securities Sub-Total		\$35,920,000.00					\$35,701,836.97	1.81%	\$78,287.55	\$35,798,576.07	\$35,803,156.48
Accrued Interest											\$78,287.55
Total Investments											\$35,881,444.03

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	1,000,000.00	AA+	Aaa	4/10/2019	4/11/2019	989,335.94	2.41	2,342.03	996,638.84	999,060.00
US TREASURY N/B NOTES DTD 05/15/2017 1.500% 05/15/2020	912828X96	930,000.00	AA+	Aaa	5/10/2019	5/16/2019	922,153.13	2.36	1,801.24	927,064.88	929,527.56
Security Type Sub-Total		1,930,000.00					1,911,489.07	2.38	4,143.27	1,923,703.72	1,928,587.56
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 12/05/2019 0.000% 06/04/2020	912796TX7	1,879,000.00	A-1+	P-1	12/18/2019	12/19/2019	1,865,667.24	1.53	0.00	1,866,698.94	1,866,649.33
UNITED STATES TREASURY BILL DTD 09/12/2019 0.000% 09/10/2020	912796TJ8	1,615,000.00	A-1+	P-1	12/18/2019	12/19/2019	1,597,100.42	1.52	0.00	1,597,975.20	1,597,816.40
Security Type Sub-Total		3,494,000.00					3,462,767.66	1.52	0.00	3,464,674.14	3,464,465.73
Managed Account Sub Total		5,424,000.00					5,374,256.73	1.83	4,143.27	5,388,377.86	5,393,053.29
Securities Sub-Total		\$5,424,000.00					\$5,374,256.73	1.83%	\$4,143.27	\$5,388,377.86	\$5,393,053.29
Accrued Interest											\$4,143.27
Total Investments											\$5,397,196.56

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	2,500,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,504,589.84	1.43	3,278.69	2,500,707.38	2,498,620.00
US TREASURY NOTES DTD 09/30/2015 1.375% 09/30/2020	912828L65	1,295,000.00	AA+	Aaa	9/1/2017	9/7/2017	1,291,003.71	1.48	4,524.54	1,294,011.60	1,292,369.86
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	2,060,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,074,484.38	1.53	99.04	2,064,442.78	2,061,932.28
Security Type Sub-Total		5,855,000.00					5,870,077.93	1.48	7,902.27	5,859,161.76	5,852,922.14
U.S. Treasury Bill											
US TREASURY BILL DTD 08/15/2019 0.000% 02/13/2020	912796TF6	940,000.00	A-1+	P-1	8/14/2019	8/15/2019	931,160.87	1.88	0.00	937,911.63	938,369.10
TREASURY BILL DTD 08/22/2019 0.000% 02/20/2020	912796TG4	700,000.00	A-1+	P-1	11/26/2019	11/27/2019	697,415.06	1.57	0.00	698,479.45	698,556.60
UNITED STATES TREASURY BILL DTD 03/28/2019 0.000% 03/26/2020	912796SH3	850,000.00	A-1+	P-1	11/26/2019	11/27/2019	845,629.58	1.55	0.00	846,904.28	847,009.70
Security Type Sub-Total		2,490,000.00					2,474,205.51	1.68	0.00	2,483,295.36	2,483,935.40
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 01/17/2017 1.500% 01/17/2020	3137EAAE5	6,270,000.00	AA+	Aaa	9/1/2017	9/7/2017	6,277,398.60	1.45	42,845.00	6,270,141.76	6,269,385.54
FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	2,500,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,494,225.00	1.47	6,779.51	2,499,323.45	2,498,000.00
FNMA BENCHMARK NOTES DTD 04/27/2015 1.500% 06/22/2020	3135G0D75	2,480,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,483,521.60	1.45	930.00	2,480,611.96	2,478,256.56
FNMA NOTES DTD 08/01/2017 1.500% 07/30/2020	3135G0T60	2,480,000.00	AA+	Aaa	9/1/2017	9/7/2017	2,480,173.60	1.50	15,603.33	2,480,037.55	2,477,688.64
Security Type Sub-Total		13,730,000.00					13,735,318.80	1.46	66,157.84	13,730,114.72	13,723,330.74

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
APPLE INC BONDS DTD 02/09/2015 1.550% 02/07/2020	037833AX8	1,050,000.00	AA+	Aa1	9/1/2017	9/7/2017	1,047,637.50	1.65	6,419.58	1,049,900.86	1,049,592.60
MICROSOFT CORP (CALLABLE) NOTE DTD 02/12/2015 1.850% 02/12/2020	594918AY0	1,050,000.00	AAA	Aaa	9/1/2017	9/7/2017	1,055,901.00	1.61	7,500.21	1,050,078.06	1,050,007.35
Security Type Sub-Total		2,100,000.00					2,103,538.50	1.63	13,919.79	2,099,978.92	2,099,599.95
Commercial Paper											
CREDIT AGRICOLE CIB NY COMM PAPER DTD 11/26/2019 0.000% 02/24/2020	22533TBQ8	1,300,000.00	A-1	P-1	11/26/2019	11/27/2019	1,294,086.44	1.85	0.00	1,296,412.00	1,296,292.40
MUFG BANK LTD/NY COMM PAPER DTD 09/20/2019 0.000% 03/18/2020	62479LCJ2	1,050,000.00	A-1	P-1	9/19/2019	9/20/2019	1,039,132.50	2.09	0.00	1,045,351.13	1,045,823.10
AMERICAN HONDA FINANCE COMM PAPER DTD 11/22/2019 0.000% 03/18/2020	02665JCJ7	1,300,000.00	A-1	P-1	11/26/2019	11/27/2019	1,293,124.44	1.71	0.00	1,295,273.06	1,295,104.20
BNP PARIBAS NY BRANCH COMM PAPER DTD 09/26/2019 0.000% 03/25/2020	09659BCR9	1,525,000.00	A-1	P-1	9/26/2019	9/27/2019	1,509,750.00	2.02	0.00	1,517,883.33	1,518,357.10
Security Type Sub-Total		5,175,000.00					5,136,093.38	1.91	0.00	5,154,919.52	5,155,576.80
Managed Account Sub Total		29,350,000.00					29,319,234.12	1.57	87,979.90	29,327,470.28	29,315,365.03
Securities Sub-Total		\$29,350,000.00					\$29,319,234.12	1.57%	\$87,979.90	\$29,327,470.28	\$29,315,365.03
Accrued Interest											\$87,979.90
Total Investments											\$29,403,344.93

Bolded items are forward settling trades.

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	530,000.00	AA+	Aaa	3/27/2018	3/29/2018	519,917.58	2.31	1,241.28	528,379.71	529,501.80
US TREASURY NOTES DTD 06/01/2015 1.500% 05/31/2020	912828XE5	525,000.00	AA+	Aaa	3/27/2018	3/29/2018	515,956.05	2.32	688.52	523,250.73	524,710.20
US TREASURY NOTES DTD 06/30/2015 1.625% 06/30/2020	912828XH8	900,000.00	AA+	Aaa	3/27/2018	3/29/2018	886,394.53	2.32	40.18	896,943.82	900,000.00
US TREASURY NOTES DTD 07/31/2015 1.625% 07/31/2020	912828XM7	1,265,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,244,888.48	2.33	8,602.34	1,259,911.99	1,264,950.67
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	1,625,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,588,183.59	2.34	7,550.22	1,614,737.48	1,622,270.00
US TREASURY NOTES DTD 09/30/2015 1.375% 09/30/2020	912828L65	645,000.00	AA+	Aaa	9/25/2019	9/30/2019	642,026.95	1.84	2,253.53	642,778.94	643,690.01
US TREASURY NOTES DTD 09/30/2015 1.375% 09/30/2020	912828L65	1,260,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,230,468.75	2.34	4,402.25	1,251,036.28	1,257,440.94
US TREASURY NOTES DTD 10/31/2015 1.375% 10/31/2020	912828L99	840,000.00	AA+	Aaa	3/27/2018	3/29/2018	819,360.94	2.36	1,967.31	833,254.49	838,063.80
US TREASURY NOTES DTD 11/30/2015 1.625% 11/30/2020	912828M98	1,200,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,177,312.50	2.36	1,704.92	1,192,102.42	1,199,719.20
US TREASURY NOTES DTD 12/31/2013 2.375% 12/31/2020	912828A83	1,195,000.00	AA+	Aaa	3/27/2018	3/29/2018	1,195,513.48	2.36	77.97	1,195,197.25	1,203,448.65
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	310,000.00	AA+	Aaa	3/27/2018	3/29/2018	301,499.22	2.38	1,783.76	306,700.42	309,140.37
Security Type Sub-Total		10,295,000.00					10,121,522.07	2.31	30,312.28	10,244,293.53	10,292,935.64
U.S. Treasury Bill											
TREASURY BILL DTD 09/12/2019 0.000% 03/12/2020	912796TK5	1,020,000.00	A-1+	P-1	12/11/2019	12/16/2019	1,016,247.04	1.53	0.00	1,016,937.24	1,017,019.56
UNITED STATES TREASURY BILL -- 0.000% 04/02/2020	912796TM1	1,100,000.00	A-1+	P-1	10/9/2019	10/10/2019	1,091,364.24	1.63	0.00	1,095,460.05	1,095,759.50

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 05/23/2019 0.000% 05/21/2020	912796SR1	64,000.00	A-1+	P-1	11/26/2019	11/27/2019	63,509.23	1.58	0.00	63,606.83	63,620.16
Security Type Sub-Total		2,184,000.00					2,171,120.51	1.58	0.00	2,176,004.12	2,176,399.22
Corporate Note											
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	370,000.00	AA-	Aa3	3/27/2018	3/29/2018	363,991.20	2.77	1,483.08	369,118.79	369,992.23
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	375,000.00	AA+	Aa1	3/27/2018	3/29/2018	369,191.25	2.56	937.50	373,989.23	374,663.63
WAL MART STORES INC. CORP NOTES DTD 07/08/2010 3.625% 07/08/2020	931142CU5	360,000.00	AA	Aa2	3/27/2018	3/29/2018	368,956.80	2.49	6,271.25	362,091.64	363,189.60
JOHNSON & JOHNSON GLOBAL NOTES DTD 08/17/2010 2.950% 09/01/2020	478160AW4	365,000.00	AAA	Aaa	3/27/2018	3/29/2018	369,142.75	2.46	3,589.17	366,164.86	367,860.87
MICROSOFT CORP NOTES DTD 09/27/2010 3.000% 10/01/2020	594918AH7	360,000.00	AAA	Aaa	3/27/2018	3/29/2018	363,524.40	2.59	2,700.00	361,077.91	363,449.52
Security Type Sub-Total		1,830,000.00					1,834,806.40	2.58	14,981.00	1,832,442.43	1,839,155.85
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 10/10/2019 0.000% 04/07/2020	62479LD77	450,000.00	A-1	P-1	10/9/2019	10/10/2019	445,657.50	1.95	0.00	447,659.87	447,715.35
CREDIT AGRICOLE CIB NY COMM PAPER DTD 11/26/2019 0.000% 05/26/2020	22533TES1	750,000.00	A-1	P-1	11/26/2019	11/27/2019	743,137.08	1.84	0.00	744,464.17	744,300.75
Security Type Sub-Total		1,200,000.00					1,188,794.58	1.88	0.00	1,192,124.04	1,192,016.10
Managed Account Sub Total		15,509,000.00					15,316,243.56	2.21	45,293.28	15,444,864.12	15,500,506.81

CITY OF SALEM LIBRARY PROJ GO BONDS 2018

Portfolio Holdings

Securities Sub-Total	\$15,509,000.00	\$15,316,243.56	2.21%	\$45,293.28	\$15,444,864.12	\$15,500,506.81
Accrued Interest						\$45,293.28
Total Investments						\$15,545,800.09

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.