



City of Huntington Beach
Monthly Investment Report
Period Ending: May 31, 2013
Prepared by: Alisa Cutchen, City Treasurer

Portfolio Overview:

As of May 31, 2013:

<u>Investment Type</u>	<u>Market Value</u>	<u>Book Value</u>	<u>% of Portfolio</u>	<u>YTM 365-day</u>	<u>Policy Limit</u>
Certificates of Deposit	250,000	250,000	0.1%	0.61%	30%
Federal Agency Issues	121,053,752	121,260,407	65%	0.96%	None
Local Agency Investment Fund (LAIF)	38,178,396	38,178,396	21%	0.25%	\$50 million
Corporate Bonds	26,293,343	26,319,557	14%	0.81%	20%
Totals	185,775,491	186,008,360	100%	0.79%	

- **Market value = \$185.8 million** (The current quoted price at which investors can buy/sell a security)
- **Book value = \$186.0 million** (The accounting value of the security as shown on the balance sheet)
- As interest rates start to rise, some securities that are owned in the portfolio will have interest rates that are lower than the securities that will currently be available in the market. This will result in a market value that is lower than the book value.
- There is no actual loss to a security when interest rates rise and the market value of the security falls. If the security is held to maturity, which is the typically the case within such a portfolio, no loss is realized.
- As of May 31, 2013 there was approximately \$36.4 million in the city's operating account (Union Bank).
- Due to potential of rising interest rates, it is possible that callable securities within the City's portfolio may not be called in the near-term. This necessitates that the City maintain higher than usual cash balances in the operating account and in LAIF. The City Treasurer, in conjunction with the Deputy City Treasurer, constantly monitors the projected cash flow of the City to ensure ongoing liquidity (cash available for operations).

Portfolio Earnings and Performance:

<u>Total Earnings</u>	<u>May, 2013 Month Ending</u>	<u>Fiscal Year To Date</u>
Current Year	\$ 101,211	\$ 899,642
Effective Rate of Return	0.64%	0.87%

- **Monthly Income = \$101,211**
- **Fiscal Year To Date Income = \$899,642**

The income generated by the investment portfolio is available to the City for operational liquidity, for meeting the City's financial obligations, and to offset funds required from the citizens and businesses of Huntington Beach.

Portfolio Activity:

For the month of May 2013, a total of \$6.7 million in Federal Agency Securities were called or matured. No Corporate Bonds matured. There were no Federal Agency Securities purchased for the month. \$6 million of Corporate Bonds were purchased. There were no transfers to/from the City's operating account to/from LAIF.

Compliance:

The portfolio is in conformity with all State laws and the Investment Policy statement filed with the City Council on November 5, 2012. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides sufficient cash flow liquidity to meet the next six months' obligations.



**City of HB
Portfolio Management
Portfolio Summary
May 31, 2013**

City of Huntington Beach
2000 Main St
Huntington Beach,

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Certificates of Deposit	250,000.00	250,000.00	250,000.00	0.13	296	54	0.600	0.608
Federal Agency Issues - Coupon	121,275,862.07	121,053,752.41	121,260,407.38	65.19	1,606	1,337	0.947	0.960
Local Agency Investment Funds	38,178,395.84	38,178,395.84	38,178,395.84	20.53	1	1	0.242	0.245
Corporate Bonds	25,960,000.00	26,293,342.80	26,319,556.53	14.15	1,113	867	0.802	0.814
Investments	185,664,257.91	185,775,491.05	186,008,359.75	100.00%	1,205	995	0.781	0.792

Cash and Accrued Interest	May 31	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Accrued Interest at Purchase		18,145.82	899,642.37	
Subtotal		18,145.82	896,000.00	1,344,000.00
Total Cash and Investments	185,664,257.91	185,793,636.87	1,250,000.00	1,875,000.00

Total Earnings	May 31	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year		101,211.18	899,642.37	
Current Budget		112,000.00	896,000.00	1,344,000.00
Last Year Actual		156,250.00	1,250,000.00	1,875,000.00
Average Daily Balance	185,019,750.49	155,957,542.88	155,957,542.88	
Effective Rate of Return	0.64%	0.64%	0.87%	

I certify that this report accurately reflects all City pooled investments and is in conformity with all State laws and the investment policy statement filed with the City Council on November 5, 2012. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's obligations. Market Values provided by Union Bank via Interactive Data Corporation.

Alisa Cutchen
Alisa Cutchen, CITY TREASURER

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**City of HB
Portfolio Management
Portfolio Details - Investments
May 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
06426GAA5	3946	Bank of the West	250,000.00	10/02/2012	250,000.00	250,000.00	250,000.00	0.600		0.608	54	07/25/2013
Subtotal and Average			250,000.00		250,000.00	250,000.00	250,000.00			0.608	54	
Federal Agency Issues - Coupon												
3133EAUJ6	3932	Federal Farm Credit Bank		06/14/2012	5,000,000.00	5,001,050.00	5,000,000.00	0.875	AA	0.875	1,109	06/14/2016
3133EAUJ6	3933	Federal Farm Credit Bank		06/14/2012	5,000,000.00	5,001,050.00	5,000,000.00	0.875	AA	0.875	1,109	06/14/2016
3133EAUJ3	3942	Federal Farm Credit Bank		08/15/2012	5,000,000.00	5,004,500.00	4,997,996.53	0.730	AA	0.743	1,171	08/15/2016
3133EAP77	3944	Federal Farm Credit Bank		08/27/2012	5,000,000.00	5,004,200.00	5,000,000.00	0.480	AA	0.480	817	08/27/2015
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,272,422.41	3,275,478.50	0.720	AA	0.724	1,164	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,978,250.00	5,000,000.00	0.650	AA	0.650	1,306	12/28/2016
3134G3FC9	3920	Federal Home Loan Mort Corp		01/09/2012	5,000,000.00	5,020,100.00	5,000,000.00	1.000	AA	1.000	851	09/30/2015
3134G3KC3	3922	Federal Home Loan Mort Corp		01/27/2012	5,000,000.00	5,024,400.00	5,000,000.00	1.000	AA	1.000	970	01/27/2016
3134G3LU2	3925	Federal Home Loan Mort Corp		02/14/2012	5,000,000.00	5,027,750.00	5,000,000.00	1.050	AA	1.316	1,354	02/14/2017
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,959,950.00	5,000,000.00	0.875	AA	0.875	1,536	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,947,950.00	5,000,000.00	1.000	AA	1.000	1,685	01/11/2018
31398A3L4	3854	Fed. Nat'l Mort. Assoc.		09/17/2010	3,000,000.00	3,008,880.00	3,000,000.00	1.125	AA	1.125	108	09/17/2013
3136G0JL6	3929	Fed. Nat'l Mort. Assoc.		06/07/2012	5,000,000.00	5,000,150.00	5,000,000.00	1.000	AA	1.257	1,467	06/07/2017
3136G0MK4	3931	Fed. Nat'l Mort. Assoc.		06/21/2012	5,000,000.00	5,002,400.00	5,000,000.00	1.000	AA	1.246	1,481	06/21/2017
3136G0NR8	3935	Fed. Nat'l Mort. Assoc.		06/28/2012	5,000,000.00	5,001,300.00	4,995,195.31	0.500	AA	0.966	1,123	06/28/2016
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,961,300.00	5,000,000.00	0.900	AA	0.900	1,620	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,960,250.00	5,000,000.00	0.700	AA	1.002	1,649	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,971,600.00	5,000,000.00	0.650	AA	1.042	1,669	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,985,400.00	5,000,000.00	0.700	AA	1.053	1,669	12/26/2017
3136G0S80	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	4,988,350.00	4,981,737.04	0.375	AA	0.452	933	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,995,600.00	5,000,000.00	0.750	AA	1.078	1,704	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,969,700.00	5,000,000.00	0.750	AA	1.193	1,726	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,987,950.00	5,000,000.00	0.600	AA	0.600	1,181	08/25/2016
3136G1FB0	3963	Fed. Nat'l Mort. Assoc.		02/28/2013	5,000,000.00	4,989,850.00	5,000,000.00	0.750	AA	1.435	1,733	02/28/2018
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,989,400.00	5,000,000.00	1.100	AA	1.100	1,745	03/12/2018
Subtotal and Average			125,537,059.66		121,275,862.07	121,053,752.41	121,260,407.38			0.960	1,337	
Local Agency Investment Funds												
SYS982	982	Lair City			38,178,395.84	38,178,395.84	38,178,395.84	0.245		0.245	1	
Subtotal and Average			38,178,395.84		38,178,395.84	38,178,395.84	38,178,395.84			0.245	1	

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**City of HB
Portfolio Management
Portfolio Details - Investments
May 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Corporate Bonds												
037833AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,943,780.00	2,978,436.51	1.211	AA	1.366	1,797	05/03/2018
084664AT8	3895	Berkshire Hathaway Fin		08/26/2011	1,310,000.00	1,401,542.80	1,381,571.09	4.850	AA	1.390	593	01/15/2015
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,019,920.00	2,006,490.58	1.125	A	0.911	562	12/15/2014
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,029,520.00	3,034,387.68	1.100	A	0.520	727	05/29/2015
36962G4X9	3906	General Electric Capital Corp		09/29/2011	2,000,000.00	2,021,080.00	2,006,215.94	2.100	AA	1.570	220	01/07/2014
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,724,250.00	1,721,950.02	3.750	AA	0.722	531	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	2,002,200.00	2,001,022.50	1.000	AA	0.980	951	01/08/2016
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,032,040.00	3,035,148.88	1.250	A	0.465	549	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,012,300.00	2,015,644.44	0.950	A	0.570	758	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,039,180.00	3,075,071.17	1.133	A	0.405	1,355	02/15/2017
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,067,530.00	3,063,617.72	1.500	AA	0.606	876	10/25/2015
		Subtotal and Average	21,054,295.00		25,960,000.00	26,293,342.80	26,319,556.53			0.814	867	
		Total and Average	185,019,750.49		185,664,257.91	185,775,491.05	186,008,359.75			0.792	995	

Portfolio CITY
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PM (PRE_PM2) 7.3.0

**City of HB
Portfolio Management
Portfolio Details - Cash
May 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		18,145.82	18,145.82				0
		Subtotal				18,145.82	18,145.82				
		Total Cash and Investments	185,019,750.49		185,664,257.91	185,793,636.87	186,026,505.57			0.792	995

City of HB
Portfolio Management
Activity By Type
May 1, 2013 through May 31, 2013

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Certificates of Deposit							
Subtotal							250,000.00
Federal Agency Issues - Coupon							
3133805K9	3941	Federal Home Loan Bank	0.720	05/17/2013	0.00	1,723,933.59	
3135G0N13	3962	Fed. Nat'l Mort. Assoc.	0.625	05/22/2013	0.00	5,000,000.00	
Subtotal							121,260,407.38
Local Agency Investment Funds (Monthly Summary)							
Subtotal							38,178,395.84
Corporate Bonds							
037833AJ9	3976	Apple Inc.	1.211	05/28/2013	2,978,400.00	0.00	
674599CB9	3977	Occidental Petroleum	1.133	05/28/2013	3,075,240.00	0.00	
Subtotal							26,319,556.53
Total							186,008,359.75

City of HB

Portfolio Management

Activity Summary

May 2012 through May 2013

Month End	Year	Number of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
May	2012	40	181,650,062.55	1.168	1.184	0.363	1	1	1,218	994
June	2012	37	188,798,856.18	1.078	1.093	0.358	6	9	1,264	1,106
July	2012	33	178,453,606.72	1.011	1.025	0.363	0	4	1,133	964
August	2012	39	178,919,282.36	1.034	1.049	0.377	7	1	1,320	1,129
September	2012	37	169,501,918.57	1.000	1.014	0.348	0	2	1,299	1,099
October	2012	35	163,378,685.54	0.968	0.981	0.348	1	2	1,283	1,071
November	2012	36	161,479,959.57	0.963	0.976	0.324	1	0	1,299	1,068
December	2012	35	160,292,718.24	0.903	0.915	0.326	7	8	1,340	1,159
January	2013	34	182,030,048.28	0.755	0.765	0.300	3	4	1,102	959
February	2013	37	183,986,101.22	0.756	0.767	0.286	4	1	1,125	983
March	2013	37	186,749,407.36	0.782	0.793	0.285	1	1	1,193	1,026
April	2013	37	186,686,547.88	0.777	0.788	0.264	0	0	1,193	1,002
May	2013	37	185,019,750.49	0.781	0.792	0.245	2	2	1,205	995
Average		36	177,416,489.16	0.921%	0.934%	0.322	3	3	1,229	1,043

City of HB
Portfolio Management
Interest Earnings Summary
May 31, 2013

	May 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	76,007.54	888,584.06
Plus Accrued Interest at End of Period	429,998.09	429,998.09
Less Accrued Interest at Beginning of Period	(398,001.69)	(355,348.37)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	108,003.94	963,233.78
Adjusted by Premiums and Discounts	-14,941.34	-125,165.99
Adjusted by Capital Gains or Losses	204.34	204.34
Earnings during Periods	93,266.94	838,272.13
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	70,521.27
Plus Accrued Interest at End of Period	18,406.64	18,406.64
Less Accrued Interest at Beginning of Period	(10,462.40)	(27,557.67)
Interest Earned during Period	7,944.24	61,370.24
Total Interest Earned during Period	115,948.18	1,024,604.02
Total Adjustments from Premiums and Discounts	-14,941.34	-125,165.99
Total Capital Gains or Losses	204.34	204.34
Total Earnings during Period	101,211.18	899,642.37



**Statement of Cash Receipts and Disbursements and
Summary of Cash by Fund**

**Finance Department
May 2013**

Cash Receipts and Disbursements	April 2013	May 2013
Receipts		
Property Tax Receipts	\$18,062,248	\$12,530,653
Utility Tax Receipts (UUT)	1,777,337	1,717,386
Sales Tax Receipts	1,562,800	2,159,658
1/2 Cent Safety Sales Tax Receipts	139,903	139,903
Highway Users Tax Receipts (HUT)	677,725	400,090
Transient Occupancy Tax Receipts (TOT)	671,061	609,773
Government Funds	41,038	41,038
Capital Funds	846,292	1,023,517
Debt Service Funds	-	-
Enterprise Funds	4,737,086	5,275,235
Fiduciary Funds	2,774,194	144,011
Special Revenue Funds	1,779,665	916,593
All Other Receipts	4,122,806	7,515,264
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Total Receipts	\$37,192,154	\$32,473,120
Disbursements		
Total Disbursements	(19,967,335)	(25,040,015)
	<hr/>	<hr/>
Net Change in Cash Flow	\$17,224,819	\$7,433,105
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Summary of Cash by Fund	April 2013	May 2013
General Fund	79,707,670	81,603,936
Government Funds	1,172,042	1,128,035
Capital Funds	11,290,215	12,292,132
Debt Service Funds	15,630	15,630
Enterprise Funds	91,886,850	92,364,707
Fiduciary Funds	19,164,562	18,397,300
Special Revenue Funds	15,549,844	16,170,376
General Ledger Cash Balances	218,786,812	221,972,117 *

* Total cash will differ from investment portfolio total due to outstanding checks and/or other timing differences.

Note: Above information was obtained from the City's accounting system records. The above information includes receipts from maturing investments and payments for purchased investments in the city investment portfolio. This statement is prepared in compliance with the City's Charter.