



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

Portfolio Overview:

As of July 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>
Federal Agency Issues	130,189,165	131,245,541	67%	0.94%	None
Local Agency Investment Fund (LAIF)	38,201,577	38,201,577	20%	0.27%	\$50 million
Corporate Bonds	26,162,814	26,286,363	13%	0.81%	20%
Totals	194,553,556	195,733,481	100%	0.79%	

- **Market value = \$194.55 million** (The current quoted price at which investors can buy/sell a security)
- **Book value = \$195.73 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.
- The reason that we show the market value, which is the approximate value that the security/portfolio could be sold for at the time it was priced, is due to an accounting rule developed by "GASB" (Governmental Accounting Standards Board). Again, there is no loss to the portfolio or to the security. This is merely an accounting reporting standard.
- As of July 31, 2013 there was approximately \$29 million in the city's operating account (Union Bank).
- Due to the 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:

Total Earnings

For Month of July, 2013:	\$115,090.00
Monthly Effective Rate of Return	0.70%

- **Monthly Income = \$115,090**
- **Fiscal Year To Date Income = \$1,124,349**

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 July 2013, a certificate of deposit in the amount of \$250 million came due. There was a purchase of a \$5 million Federal Agency Security. No Federal Agencies and no Corporate Bonds matured. There was a deposit of \$23,181 to LAIF in the form of quarterly interest earnings for the quarter ending June 30, 2013.

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 Huntington Beach
2000 Main St.
Huntington Beach,

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues - Coupon	131,275,862.07	130,189,165.17	131,245,541.09	67.05	1,560	1,282	0.924	0.937
Local Agency Investment Funds	38,201,577.32	38,201,577.32	38,201,577.32	19.52	1	1	0.263	0.267
Corporate Bonds	25,960,000.00	26,162,814.40	26,286,362.98	13.43	1,113	806	0.802	0.814
Investments	195,437,439.39	194,553,556.89	195,733,481.39	100.00%	1,196	968	0.779	0.790

Cash and Accrued Interest

Accrued Interest at Purchase	17,104.16	17,104.16						
Subtotal		17,104.16	17,104.16					
Total Cash and Investments	195,437,439.39	194,570,661.05	195,750,585.55		1,196	968	0.779	0.790

Total Earnings

	July 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	115,089.99	1,124,349.00	
Current Budget	112,000.00	1,120,000.00	1,344,000.00
Last Year Actual	156,250.00	1,562,500.00	1,875,000.00
Average Daily Balance	192,214,287.10	178,771,718.41	
Effective Rate of Return	0.70%	0.76%	

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

Reporting period 07/01/2013-07/31/2013

Run Date: 08/28/2013 - 12:09

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**City of HB
Portfolio Management
Portfolio Details - Investments
July 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
Certificates of Deposit												
Federal Agency Issues - Coupon												
Subtotal and Average			193,548.39									
3133EAU66	3932	Federal Farm Credit Bank		06/14/2012	5,000,000.00	5,000,350.00	5,000,000.00	0.875	AA	0.875	1,048	06/14/2016
3133EAU66	3933	Federal Farm Credit Bank		06/14/2012	5,000,000.00	5,000,350.00	5,000,000.00	0.875	AA	0.875	1,048	06/14/2016
3133EAU33	3942	Federal Farm Credit Bank		08/15/2012	5,000,000.00	4,996,350.00	4,998,100.69	0.730	AA	0.743	1,110	08/15/2016
3133EAP77	3944	Federal Farm Credit Bank		08/27/2012	5,000,000.00	5,001,500.00	5,000,000.00	0.480	AA	0.480	756	08/27/2015
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,262,955.17	3,275,498.57	0.720	AA	0.724	1,103	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,952,250.00	5,000,000.00	0.650	AA	0.650	1,245	12/28/2016
3134G3FC9	3920	Federal Home Loan Mort Corp		01/09/2012	5,000,000.00	5,014,150.00	5,000,000.00	1.000	AA	1.000	790	09/30/2015
3134G3KC3	3922	Federal Home Loan Mort Corp		01/27/2012	5,000,000.00	5,017,250.00	5,000,000.00	1.000	AA	1.000	909	01/27/2016
3134G3LU2	3925	Federal Home Loan Mort Corp		02/14/2012	5,000,000.00	5,017,450.00	5,000,000.00	1.050	AA	1.316	1,293	02/14/2017
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,922,150.00	5,000,000.00	0.875	AA	0.875	1,475	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,899,150.00	5,000,000.00	1.000	AA	1.000	1,624	01/11/2018
3134G47G7	3980	Federal Home Loan Mort Corp		06/26/2013	5,000,000.00	4,915,700.00	5,000,000.00	1.400	AA	1.400	1,790	06/26/2018
3134G4CU0	3981	Federal Home Loan Mort Corp		07/24/2013	5,000,000.00	5,002,250.00	5,000,000.00	0.500	AA	0.500	722	07/24/2015
31398A3L4	3854	Fed. Nat'l Mort. Assoc.		09/17/2010	3,000,000.00	3,003,960.00	3,000,000.00	1.125	AA	1.125	47	09/17/2013
3136G0MK4	3931	Fed. Nat'l Mort. Assoc.		06/21/2012	5,000,000.00	4,983,900.00	5,000,000.00	1.000	AA	1.246	1,420	06/21/2017
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,902,100.00	5,000,000.00	0.900	AA	0.900	1,559	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,914,250.00	5,000,000.00	0.700	AA	1.002	1,588	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,931,400.00	5,000,000.00	0.650	AA	1.042	1,608	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,942,150.00	5,000,000.00	0.700	AA	1.053	1,608	12/26/2017
3135G0SB0	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	4,980,400.00	4,992,275.93	0.375	AA	0.440	872	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,948,900.00	5,000,000.00	0.750	AA	1.078	1,643	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,905,700.00	5,000,000.00	0.750	AA	1.193	1,665	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,969,300.00	5,000,000.00	0.600	AA	0.600	1,120	08/25/2016
3136G1FB0	3963	Fed. Nat'l Mort. Assoc.		02/28/2013	5,000,000.00	4,961,050.00	5,000,000.00	0.750	AA	1.435	1,672	02/28/2018
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,853,650.00	5,000,000.00	1.100	AA	1.100	1,684	03/12/2018
3135G0YA5	3978	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,968,200.00	5,000,000.00	0.750	AA	0.750	1,236	12/19/2016
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,922,350.00	4,979,665.90	0.800	AA	0.907	1,418	06/19/2017
Subtotal and Average			127,535,504.48		131,275,862.07	130,189,165.17	131,245,541.09			0.937	1,282	
Local Agency Investment Funds												
Subtotal and Average			38,201,577.32		38,201,577.32	38,201,577.32	38,201,577.32	0.267		0.267	1	
SYS982	982	Laif City										
Subtotal and Average			38,191,108.26		38,201,577.32	38,201,577.32	38,201,577.32	0.267		0.267	1	

**City of HB
Portfolio Management
Portfolio Details - Investments
July 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	2,885,820.00	2,979,166.65	1.211	AA	1.366	1,736	05/03/2018
084664AT8	3895	Berkshire Hathaway Fin		08/26/2011	1,310,000.00	1,390,944.90	1,374,217.90	4.850	AA	1.390	532	01/15/2015
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,017,240.00	2,005,787.63	1.125	A	0.911	501	12/15/2014
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,023,850.00	3,031,514.06	1.100	A	0.520	666	05/29/2015
36962G4X9	3906	General Electric Capital Corp		09/29/2011	2,000,000.00	2,015,520.00	2,004,489.29	2.100	AA	1.570	159	01/07/2014
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,715,059.50	1,713,695.72	3.750	AA	0.722	470	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	1,996,380.00	2,000,957.03	1.000	AA	0.980	390	01/09/2016
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,030,510.00	3,031,250.67	1.250	A	0.465	488	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,012,100.00	2,014,389.54	0.950	A	0.570	697	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,011,130.00	3,071,694.66	1.133	A	0.405	1,294	02/15/2017
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,064,260.00	3,059,199.83	1.500	AA	0.606	815	10/25/2015
		Subtotal and Average	26,294,125.97		25,960,000.00	26,162,814.40	26,286,362.98			0.814	806	
		Total and Average	192,214,287.10		195,437,439.39	194,553,556.89	195,733,481.39			0.790	968	

Portfolio CITY
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City of HB
Portfolio Management
Portfolio Details - Cash
July 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		17,104.16	17,104.16				0
		Subtotal				17,104.16	17,104.16				
		Total Cash and Investments	192,214,287.10		195,437,439.39	194,570,661.05	195,750,585.55			0.790	968

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Certificates of Deposit							
06426GAA5	3946	Bank of the West	0.600	07/25/2013	0.00	250,000.00	
		Subtotal			0.00	250,000.00	0.00
Federal Agency Issues - Coupon							
3134G4CU0	3981	Federal Home Loan Mort Corp	0.500	07/24/2013	5,000,000.00	0.00	
		Subtotal			5,000,000.00	0.00	131,245,541.09
Local Agency Investment Funds (Monthly Summary)							
SYS982	982	Laif City	0.267		23,181.48	0.00	
		Subtotal			23,181.48	0.00	38,201,577.32
Corporate Bonds							
		Subtotal					26,286,362.98
		Total			5,023,181.48	250,000.00	195,733,481.39

**City of HB
Portfolio Management
Activity Summary
July 2012 through July 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	Days to Maturity	Average
				360 Equivalent	365 Equivalent						
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	
June	2013	39	186,325,484.36	0.782	0.793	0.244	3	2	1,207	998	
July	2013	39	192,214,287.10	0.779	0.790	0.267	1	1	1,196	968	
Average		37	178,056,109.89	0.869%	0.881%	0.306	2	2	1,223	1,032	

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

	July 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	166,306.39	1,267,918.23
Plus Accrued Interest at End of Period	286,868.77	286,868.77
Less Accrued Interest at Beginning of Period	(330,916.82)	(355,348.37)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	122,258.34	1,199,438.63
Adjusted by Premiums and Discounts	-15,828.84	-156,968.33
Adjusted by Capital Gains or Losses	0.00	4,891.84
Earnings during Periods	106,429.50	1,047,362.14
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	23,181.48	93,702.75
Plus Accrued Interest at End of Period	10,841.78	10,841.78
Less Accrued Interest at Beginning of Period	(25,362.77)	(27,557.67)
Interest Earned during Period	8,660.49	76,986.86
Total Interest Earned during Period	130,918.83	1,276,425.49
Total Adjustments from Premiums and Discounts	-15,828.84	-156,968.33
Total Capital Gains or Losses	0.00	4,891.84
Total Earnings during Period	115,089.99	1,124,349.00



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

**Finance Department
July 2013**

Cash Receipts and Disbursements	June 2013	July 2013
Receipts		
Property Tax Receipts	\$649,420	\$579,064
Utility Tax Receipts (UUT)	1,647,844	1,594,293
Sales Tax Receipts	2,704,524	2,026,370
1/2 Cent Safety Sales Tax Receipts	192,874	154,674
Highway Users Tax Receipts (HUT)	365,135	386,289
Transient Occupancy Tax Receipts (TOT)	573,551	814,930
Government Funds	92,446	15,726
Capital Funds	2,003,246	579,612
Debt Service Funds	-	-
Enterprise Funds	5,391,702	5,646,028
Fiduciary Funds	8,635,596	1,222,150
Special Revenue Funds	1,308,567	2,449,083
All Other Receipts	7,163,753	6,282,822
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Total Receipts	\$30,728,658	\$21,751,041
Disbursements		
Total Disbursements	(22,329,531)	(25,876,569)
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Net Change in Cash Flow	\$8,399,127	(\$4,125,528)
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Summary of Cash by Fund		
	June 2013	July 2013
General Fund	81,819,016	74,733,541
Government Funds	1,167,730	1,106,937
Capital Funds	14,150,397	14,718,611
Debt Service Funds	15,630	15,630
Enterprise Funds	92,722,817	95,742,390
Fiduciary Funds	25,274,497	23,809,076
Special Revenue Funds	16,511,582	17,546,463
General Ledger Cash Balances	231,661,670	227,672,647 *

* 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.

