



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

Portfolio Overview:

As of August 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	137,721,667	139,244,237	68%	0.94%	None
Local Agency Investment Fund (LAIF)	38,201,577	38,201,577	19%	0.27%	\$50 million
Corporate Bonds	26,095,226	26,269,766	13%	0.88%	20%
Totals	202,018,470	203,715,580	100%	0.81%	

- **Market value = \$202 million** (The current quoted price at which investors can buy/sell a security)
- **Book value = \$203.7 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 August 30, 2013 there was approximately \$7.6 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 August, 2013:	\$119,623.00
Monthly Effective Rate of Return	0.71%

- **Monthly Income = \$119,623**
- **Fiscal Year To Date Income = \$1,252,070**

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 August 2013, there was a total of \$8 million in purchases of Federal Agency Securities. No Federal Agencies and no Corporate Bonds matured.

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
August 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	139,275,862.07	137,721,667.24	139,244,237.00	68.35	1,542	1,251	0.940	0.953
Local Agency Investment Funds	38,201,577.32	38,201,577.32	38,201,577.32	18.75	1	1	0.267	0.271
Corporate Bonds	25,960,000.00	26,095,226.30	26,269,766.16	12.90	1,114	775	0.877	0.890
Investments	203,437,439.39	202,018,470.86	203,715,580.48	100.00%	1,198	955	0.806	0.817

Cash and Accrued Interest								
Accrued Interest at Purchase		2,083.33	2,083.33					
Subtotal		2,083.33	2,083.33					
Total Cash and Investments	203,437,439.39	202,020,554.19	203,717,663.81		1,198	955	0.806	0.817

Total Earnings	August 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	119,623.00	1,252,069.66	
Current Budget	112,000.00	1,232,000.00	1,344,000.00
Last Year Actual	156,250.00	1,718,750.00	1,875,000.00
Average Daily Balance	198,208,053.41	180,570,304.63	
Effective Rate of Return	0.71%	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 months' obligations. Market Values provided by Union Bank via Interactive Data Corporation.

Alisa Cutthen, CITY TREASURER

Reporting period 08/01/2013-08/31/2013

Run Date: 09/25/2013 - 10:31

Portfolio CITY
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City of HB
Portfolio Management
Portfolio Details - Investments
August 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365 Maturity	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3133EAE6	3932	Federal Farm Credit Bank		06/14/2012	5,000,000.00	4,999,700.00	5,000,000.00	0.875	AA	0.875	1,017	06/14/2016
3133EAE6	3933	Federal Farm Credit Bank		06/14/2012	5,000,000.00	4,999,700.00	5,000,000.00	0.875	AA	0.875	1,017	06/14/2016
3133EAE6	3942	Federal Farm Credit Bank		08/15/2012	5,000,000.00	4,979,800.00	4,998,152.78	0.730	AA	0.743	1,079	08/15/2016
3133EAP7	3944	Federal Farm Credit Bank		08/27/2012	5,000,000.00	5,000,050.00	5,000,000.00	0.480	AA	0.480	725	08/27/2015
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,252,767.24	3,275,508.60	0.720	AA	0.724	1,072	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,929,550.00	5,000,000.00	0.650	AA	0.650	1,214	12/28/2016
3134G3FC9	3920	Federal Home Loan Mort Corp		01/09/2012	5,000,000.00	5,011,500.00	5,000,000.00	1.000	AA	1.000	759	09/30/2015
3134G3KC3	3922	Federal Home Loan Mort Corp		01/27/2012	5,000,000.00	5,014,100.00	5,000,000.00	1.000	AA	1.000	878	01/27/2016
3134G3LU2	3925	Federal Home Loan Mort Corp		02/14/2012	5,000,000.00	5,013,250.00	5,000,000.00	1.050	AA	1.316	1,262	02/14/2017
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,888,200.00	5,000,000.00	0.875	AA	0.875	1,444	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,859,400.00	5,000,000.00	1.000	AA	1.000	1,593	01/11/2018
3134G4G7	3980	Federal Home Loan Mort Corp		06/26/2013	5,000,000.00	4,891,300.00	5,000,000.00	1.400	AA	1.400	1,759	06/26/2018
3134G4CU0	3981	Federal Home Loan Mort Corp		07/24/2013	5,000,000.00	4,998,750.00	5,000,000.00	0.500	AA	0.500	691	07/24/2015
31398A3L4	3854	Fed. Nat'l Mort. Assoc.		09/17/2010	3,000,000.00	3,001,230.00	3,000,000.00	1.125	AA	1.125	16	09/17/2013
3136G0MK4	3931	Fed. Nat'l Mort. Assoc.		06/21/2012	5,000,000.00	4,962,200.00	5,000,000.00	1.000	AA	1.246	1,389	06/21/2017
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,872,700.00	5,000,000.00	0.900	AA	0.900	1,528	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,889,900.00	5,000,000.00	0.700	AA	1.002	1,557	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,909,700.00	5,000,000.00	0.650	AA	1.042	1,577	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,919,950.00	5,000,000.00	0.700	AA	1.053	1,577	12/26/2017
3135G0S80	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	4,977,650.00	4,992,545.37	0.375	AA	0.440	841	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,926,500.00	5,000,000.00	0.750	AA	1.078	1,612	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,878,400.00	5,000,000.00	0.750	AA	1.193	1,634	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,954,000.00	5,000,000.00	0.600	AA	0.600	1,089	08/25/2016
3136G1FB0	3963	Fed. Nat'l Mort. Assoc.		02/28/2013	5,000,000.00	4,937,900.00	5,000,000.00	0.750	AA	1.435	1,641	02/28/2018
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,821,850.00	5,000,000.00	1.100	AA	1.100	1,653	03/12/2018
3135G0YA5	3978	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,947,550.00	5,000,000.00	0.750	AA	0.750	1,205	12/19/2016
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,897,700.00	4,980,102.25	0.800	AA	0.907	1,387	06/19/2017
3136G1RR2	3982	Fed. Nat'l Mort. Assoc.		08/19/2013	5,000,000.00	4,993,600.00	4,997,928.00	0.650	AA	0.667	901	02/19/2016
3136G1TE9	3983	Fed. Nat'l Mort. Assoc.		08/28/2013	3,000,000.00	2,992,770.00	3,000,000.00	1.000	AA	2.114	1,822	08/28/2018
Subtotal and Average					139,275,862.07	137,721,667.24	139,244,237.00			0.953	1,251	
Local Agency Investment Funds												
SY982	982	Laif City			38,201,577.32	38,201,577.32	38,201,577.32	0.271		0.271	1	
Subtotal and Average					38,201,577.32	38,201,577.32	38,201,577.32			0.271	1	

Portfolio CITY
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**City of HB
Portfolio Management
Portfolio Details - Investments
August 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	2,866,140.00	2,979,531.72	1.211	AA	1.366	1,705	05/03/2018
084664AT8	3895	Berkshire Hathaway Fin		08/26/2011	1,310,000.00	1,386,215.80	1,370,541.30	4.850	AA	1.390	501	01/15/2015
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,013,760.00	2,005,436.15	1.125	A	0.911	470	12/15/2014
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,020,970.00	3,030,077.24	1.100	A	0.520	635	05/29/2015
36962G4X9	3906	General Electric Capital Corp		09/29/2011	2,000,000.00	2,011,900.00	2,003,625.97	2.100	AA	1.570	128	01/07/2014
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,710,340.50	1,709,568.56	3.750	AA	0.722	439	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	1,990,480.00	2,000,924.29	1.000	AA	0.980	859	01/08/2016
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,029,550.00	3,029,301.56	1.250	A	0.465	457	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,011,780.00	2,013,762.09	0.950	A	0.570	666	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,000,240.00	3,070,006.40	1.750	A	1.055	1,263	02/15/2017
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,053,850.00	3,056,990.88	1.500	AA	0.606	784	10/25/2015
		Subtotal and Average	26,277,529.18		25,960,000.00	26,095,226.30	26,269,766.16			0.890	775	
		Total and Average	198,208,053.41		203,437,439.39	202,018,470.86	203,715,560.48			0.817	955	

City of HB
 Portfolio Management
 Portfolio Details - Cash
 August 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to 365 Maturity
		Average Balance	0.00	Accrued Interest at Purchase		2,083.33	2,083.33				0
		Subtotal				2,083.33	2,083.33				
		Total Cash and Investments	198,208,053.41		203,437,439.39	202,020,554.19	203,717,663.81			0.817	955

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Issues - Coupon							
3136G1RR2	3982	Fed. Nat'l Mort. Assoc.	0.650	08/19/2013	4,997,900.00	0.00	
3136G1TE9	3983	Fed. Nat'l Mort. Assoc.	1.000	08/28/2013	3,000,000.00	0.00	
		Subtotal			7,997,900.00	0.00	139,244,237.00
Local Agency Investment Funds (Monthly Summary)							
		Subtotal					38,201,577.32
Corporate Bonds							
		Subtotal					26,269,766.16
		Total			7,997,900.00	0.00	203,715,580.48

City of HB
Portfolio Management
Activity Summary
August 2012 through August 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
				360 Equivalent	365 Equivalent					
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
August	2013	41	198,208,053.41	0.806	0.817	0.271	2	0	1,198	955
Average		37	179,602,543.84	0.853%	0.865%	0.299	2	2	1,228	1,032

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

	August 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	153,897.28	1,421,815.51
Plus Accrued Interest at End of Period	267,700.42	267,700.42
Less Accrued Interest at Beginning of Period	(294,966.43)	(355,348.37)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	126,631.27	1,334,167.56
Adjusted by Premiums and Discounts	-15,800.91	-172,769.24
Adjusted by Capital Gains or Losses	0.00	4,891.84
Earnings during Periods	110,830.36	1,166,290.16
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	93,702.75
Plus Accrued Interest at End of Period	19,634.42	19,634.42
Less Accrued Interest at Beginning of Period	(10,841.78)	(27,557.67)
Interest Earned during Period	8,792.64	85,779.50
Total Interest Earned during Period	135,423.91	1,419,947.06
Total Adjustments from Premiums and Discounts	-15,800.91	-172,769.24
Total Capital Gains or Losses	0.00	4,891.84
Total Earnings during Period	119,623.00	1,252,069.66



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

**Finance Department
August 2013**

Cash Receipts and Disbursements	July 2013	August 2013
Receipts		
Property Tax Receipts	\$579,064	\$328,862
Utility Tax Receipts (UUT)	1,594,293	1,763,056
Sales Tax Receipts	2,026,370	2,689,200
1/2 Cent Safety Sales Tax Receipts	154,674	187,387
Highway Users Tax Receipts (HUT)	386,289	595,362
Transient Occupancy Tax Receipts (TOT)	814,930	1,056,732
Government Funds	15,726	295,705
Capital Funds	579,612	67,505
Debt Service Funds	-	4,574,840
Enterprise Funds	5,646,028	5,541,978
Fiduciary Funds	1,222,150	1,204,500
Special Revenue Funds	2,449,083	1,313,703
All Other Receipts	6,282,822	4,962,055
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Total Receipts	\$21,751,041	\$24,580,886
Disbursements		
Total Disbursements	(25,876,569)	(42,471,059)
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Net Change in Cash Flow	(\$4,125,528)	(\$17,890,173)
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Summary of Cash by Fund		
	July 2013	August 2013
General Fund	74,733,541	66,497,100
Government Funds	1,106,937	1,085,344
Capital Funds	14,718,611	14,384,679
Debt Service Funds	15,630	3,571,883
Enterprise Funds	95,742,390	91,809,210
Fiduciary Funds	23,809,076	16,678,341
Special Revenue Funds	17,546,463	17,666,615
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General Ledger Cash Balances	227,672,647	211,693,171 *

* 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.

**State of California
Pooled Money Investment Account
Market Valuation
8/31/2013**

Description	Carrying Cost PLUS		Fair Value	Accrued Interest
	Accrued Interest	Purch		
United States Treasury:				
Bills	\$ 15,873,261,121.33	\$ 15,890,144,100.00		NA
Notes	\$ 17,463,691,397.96	\$ 17,466,670,000.00	\$ 17,466,670,000.00	\$ 16,759,049.50
Federal Agency:				
SBA	\$ 529,011,299.73	\$ 526,349,347.25	\$ 526,349,347.25	\$ 519,931.76
MBS-REMICs	\$ 168,114,615.55	\$ 182,019,545.44	\$ 182,019,545.44	\$ 802,425.84
Debentures	\$ 1,579,469,059.00	\$ 1,573,622,620.00	\$ 1,573,622,620.00	\$ 7,969,826.84
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 2,847,923,180.59	\$ 2,849,340,000.00	\$ 2,849,340,000.00	NA
GNMA	\$ 250.63	\$ 251.34	\$ 251.34	\$ 2.61
IBRD Debenture	\$ 550,023,601.87	\$ 550,114,000.00	\$ 550,114,000.00	\$ 492,015.00
IBRD Deb FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 105,597.78
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 5,470,072,114.08	\$ 5,466,681,651.39	\$ 5,466,681,651.39	\$ 2,150,159.75
Commercial Paper	\$ 2,574,557,638.90	\$ 2,574,523,819.46	\$ 2,574,523,819.46	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,369,640,000.00	\$ 4,369,640,000.00	\$ 4,369,640,000.00	NA
AB 55 & GF Loans	\$ 636,063,443.82	\$ 636,063,443.82	\$ 636,063,443.82	NA
TOTAL	\$ 52,461,827,723.46	\$ 52,485,168,778.70	\$ 52,485,168,778.70	\$ 28,799,009.08

Fair Value Including Accrued Interest \$ 52,513,967,787.78

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).