



City of Huntington Beach
Monthly Investment Report
Period Ending: May 31, 2014
Prepared by: Alisa Cutchen, City Treasurer

Portfolio Overview:

As of May 31, 2014:

<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	131,516,152	131,854,599	69%	1.14%	None
Local Agency Investment Fund (LAIF)	25,256,830	25,256,830	13%	0.23%	\$50 million
Corporate Bonds	34,352,104	34,297,017	18%	0.89%	20%
Total Portfolio	191,125,086	191,408,446	100%	0.98%	

- **Market Value Investments = \$191.1 million** (The current quoted price at which investors can buy/sell a security)
- **Book Value Investments= \$191.4 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.
- 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:

Monthly Earnings	\$133,147
Interest:	\$149,343
Adj. Premiums/Discounts	-\$21,279
Capital Gains:	\$5,082
Monthly Budgeted Interest Income	\$100,000
<i>Monthly Effective Rate of Return</i>	<i>0.81%</i>
Fiscal YTD Earnings	\$938,475
Fiscal YTD Budget	\$800,000
<i>Fiscal YTD Effective Rate of Return</i>	<i>0.76%</i>
Approx. Cash in Bank	\$33.8MM

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, 2014 there were \$10 million in purchases of Federal Agencies and \$15 million in Federal Agency maturities or calls. One corporate bond matured for \$2.5 million and one corporate bond was purchased for \$2.5 million.

Compliance:

The portfolio is in conformity with all State laws and the Investment Policy statement filed with the City Council on February 3, 2014. 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, 2014**

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.
Federal Agency Issues - Coupon	131,875,862.07	131,516,152.35	131,854,598.70	68.89	1,575	1,243	1.125	1.140
Local Agency Investment Funds	25,256,829.55	25,256,829.55	25,256,829.55	13.20	1	1	0.225	0.228
Corporate Bonds	33,960,000.00	34,352,104.00	34,297,017.57	17.92	1,124	676	0.880	0.892
Investments	191,092,691.62	191,125,085.90	191,408,445.82	100.00%	1,286	977	0.962	0.975

Total Earnings	May 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	133,146.52	938,475.00	
Current Budget	100,000.00	800,000.00	1,200,000.00
Last Year Actual	112,000.00	896,000.00	1,344,000.00
Average Daily Balance	193,837,931.04	182,971,363.76	
Effective Rate of Return	0.81%	0.77%	

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 February 3, 2014. 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 0-24-14
Alisa Cutchen, CITY TREASURER

Reporting period 05/01/2014-05/31/2014

Run Date: 06/19/2014 - 10:36

Portfolio CITY
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City of HB
Portfolio Management
Portfolio Details - Investments
May 31, 2014

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,275,960.35	3,275,598.89	0.720	AA	0.724	799	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,995,300.00	5,000,000.00	0.650	AA	0.650	941	12/28/2016
3130A0GL8	3996	Federal Home Loan Bank		12/27/2013	3,600,000.00	3,602,592.00	3,600,000.00	1.250	AA	1.250	1,670	12/27/2018
3130A0JB7	3997	Federal Home Loan Bank		01/17/2014	5,000,000.00	5,005,450.00	5,000,000.00	1.000	AA	1.000	1,051	04/17/2017
3130A0SR2	4002	Federal Home Loan Bank		02/19/2014	7,500,000.00	7,508,325.00	7,500,000.00	0.700	AA	0.700	810	08/19/2016
3130A0YE4	4004	Federal Home Loan Bank		03/12/2014	5,000,000.00	5,001,200.00	5,000,000.00	1.000	AA	1.000	1,107	06/12/2017
3130A0YG9	4005	Federal Home Loan Bank		03/12/2014	5,000,000.00	5,000,850.00	5,000,000.00	0.750	AA	0.750	925	12/12/2016
3130A0ZB9	4006	Federal Home Loan Bank		02/28/2014	5,000,000.00	4,996,800.00	5,000,000.00	1.050	AA	2.125	1,733	02/28/2019
3130A1UV8	4008	Federal Home Loan Bank		05/21/2014	5,000,000.00	4,997,450.00	5,000,000.00	1.250	AA	2.263	1,815	05/21/2019
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,961,450.00	5,000,000.00	0.875	AA	0.875	1,171	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,950,450.00	5,000,000.00	1.000	AA	1.000	1,320	01/11/2018
3134G47G7	3980	Federal Home Loan Mort Corp		06/26/2013	5,000,000.00	4,967,500.00	5,000,000.00	1.400	AA	1.400	1,486	06/26/2018
3134G4LS5	3987	Federal Home Loan Mort Corp		12/11/2013	5,000,000.00	5,001,050.00	5,000,000.00	1.000	AA	2.174	1,654	12/11/2018
3134G4RC4	3995	Federal Home Loan Mort Corp		12/27/2013	5,000,000.00	5,003,450.00	5,000,000.00	1.150	AA	1.944	1,670	12/27/2018
3134G4TC2	4001	Federal Home Loan Mort Corp		01/30/2014	2,500,000.00	2,505,125.00	2,500,000.00	1.550	AA	1.550	1,339	01/30/2018
3134G55H4	4010	Federal Home Loan Mort Corp		05/28/2014	5,000,000.00	5,009,950.00	5,000,000.00	1.625	AA	1.625	1,641	11/28/2018
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,954,000.00	5,000,000.00	0.900	AA	0.900	1,255	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,972,750.00	5,000,000.00	0.700	AA	1.002	1,284	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,990,400.00	5,000,000.00	0.700	AA	1.042	1,304	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,993,550.00	5,000,000.00	0.700	AA	1.053	1,304	12/26/2017
3135G0SB0	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	5,008,300.00	4,994,970.37	0.375	AA	0.440	568	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,993,800.00	5,000,000.00	0.750	AA	1.078	1,339	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,916,950.00	5,000,000.00	0.750	AA	1.193	1,361	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,994,750.00	5,000,000.00	0.600	AA	0.600	816	08/25/2016
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,978,050.00	5,000,000.00	1.100	AA	1.100	1,380	03/12/2018
3135G0YA5	3978	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,990,800.00	5,000,000.00	0.750	AA	0.750	932	12/19/2016
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,939,900.00	4,984,029.44	0.800	AA	0.907	1,114	06/19/2017
Subtotal and Average			134,271,642.17		131,875,862.07	131,516,152.35	131,854,598.70			1.140	1,243	
Local Agency Investment Funds												
SYS982	982	Laif City			25,256,829.55	25,256,829.55	25,256,829.55	0.228		0.228	1	
Subtotal and Average			25,256,829.55		25,256,829.55	25,256,829.55	25,256,829.55			0.228	1	
Corporate Bonds												
037833AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,951,370.00	2,982,817.35	1.000	AA	1.151	1,432	05/03/2018
084664AT8	3895	Berkshire Hathaway Fin		08/26/2011	1,310,000.00	1,346,549.00	1,337,451.93	4.850	AA	1.390	228	01/15/2015

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City of HB
Portfolio Management
Portfolio Details - Investments
May 31, 2014

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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												
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,009,320.00	2,002,272.87	1.125	A	0.911	197	12/15/2014
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,023,370.00	3,017,145.94	1.100	A	0.520	362	05/29/2015
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,675,575.00	1,672,424.19	3.750	AA	0.722	166	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	2,015,600.00	2,000,629.65	1.000	AA	0.980	586	01/08/2016
36962G5W0	3994	General Electric Capital Corp		12/26/2013	5,000,000.00	5,166,600.00	5,143,008.49	2.300	AAA	1.291	1,061	04/27/2017
36962G6K5	4007	General Electric Capital Corp		05/12/2014	2,500,000.00	2,521,250.00	2,521,941.23	1.600	AA	1.340	1,268	11/20/2017
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,015,930.00	3,011,759.61	1.250	A	0.465	184	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,013,520.00	2,008,115.03	0.950	A	0.570	393	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,055,890.00	3,054,812.09	1.750	A	1.055	990	02/15/2017
713448CA4	3988	PEPSICO INC		11/19/2013	2,500,000.00	2,510,450.00	2,507,528.85	0.700	A	0.448	438	08/13/2015
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,046,680.00	3,037,110.34	1.500	AA	0.606	511	10/25/2015
Subtotal and Average			34,309,459.32		33,960,000.00	34,352,104.00	34,297,017.57			0.892	676	
Total and Average			193,837,931.04		191,092,691.62	191,125,085.90	191,408,445.82			0.975	977	

City of HB
Portfolio Management
Activity By Type
May 1, 2014 through May 31, 2014

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CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Issues - Coupon							
3133EAJ33	3942	Federal Farm Credit Bank	0.730	05/23/2014	0.00	4,998,607.64	
3130A0QM5	4003	Federal Home Loan Bank	1.000	05/14/2014	0.00	4,997,682.00	
3130A1UV8	4008	Federal Home Loan Bank	1.250	05/21/2014	5,000,000.00	0.00	
3134G55H4	4010	Federal Home Loan Mort Corp	1.625	05/28/2014	5,000,000.00	0.00	
3136G1FB0	3963	Fed. Nat'l Mort. Assoc.	0.750	05/28/2014	0.00	5,000,000.00	
Subtotal					10,000,000.00	14,996,289.64	131,854,598.70
Local Agency Investment Funds (Monthly Summary)							
Subtotal							25,256,829.55
Corporate Bonds							
36962G5M2	3986	General Electric Capital Corp	2.150	05/12/2014	0.00	2,529,278.17	
36962G6K5	4007	General Electric Capital Corp	1.600	05/12/2014	2,522,275.00	0.00	
Subtotal					2,522,275.00	2,529,278.17	34,297,017.57
Total					12,522,275.00	17,525,567.81	191,408,445.82

**City of HB
Portfolio Management
Activity Summary
May 2013 through May 2014**

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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	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	0.789	0.800	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
September	2013	40	199,307,438.40	0.843	0.854	0.257	0	1	1,296	1,021
October	2013	37	179,253,024.68	0.813	0.825	0.257	0	3	1,306	1,018
November	2013	36	165,557,574.93	0.809	0.820	0.263	2	3	1,279	992
December	2013	40	165,737,784.63	0.916	0.929	0.264	5	1	1,304	1,031
January	2014	40	177,491,428.43	0.892	0.904	0.244	2	1	1,259	988
February	2014	40	188,868,178.60	0.851	0.863	0.236	3	3	1,180	936
March	2014	42	197,031,584.93	0.909	0.921	0.236	2	0	1,284	1,003
April	2014	42	196,436,692.66	0.908	0.921	0.233	0	0	1,284	977
May	2014	41	193,837,931.04	0.962	0.975	0.228	3	4	1,286	977
Average		40	186,539,732.07	0.851%	0.863%	0.250	2	2	1,253	989

**City of HB
Portfolio Management
Interest Earnings Summary
May 31, 2014**

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	May 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	136,002.08	937,718.23
Plus Accrued Interest at End of Period	468,060.74	468,060.74
Less Accrued Interest at Beginning of Period	(459,610.42)	(349,916.97)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	144,452.40	1,055,862.00
Adjusted by Premiums and Discounts	-21,278.90	-168,300.20
Adjusted by Capital Gains or Losses	5,082.19	10,012.19
	<hr/>	<hr/>
Earnings during Periods	128,255.69	897,573.99
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)
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	55,252.23
Plus Accrued Interest at End of Period	11,907.53	11,907.53
Less Accrued Interest at Beginning of Period	(7,016.70)	(26,258.75)
	<hr/>	<hr/>
Interest Earned during Period	4,890.83	40,901.01
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Total Interest Earned during Period	149,343.23	1,096,763.01
Total Adjustments from Premiums and Discounts	-21,278.90	-168,300.20
Total Capital Gains or Losses	5,082.19	10,012.19
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Total Earnings during Period	133,146.52	938,475.00

**State of California
Pooled Money Investment Account
Market Valuation
5/31/2014**

Carrying Cost Plus			
Description	Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:			
Bills	\$ 12,087,174,165.89	\$ 12,095,951,000.00	NA
Notes	\$ 18,466,419,909.30	\$ 18,487,427,000.00	\$ 19,715,329.50
Federal Agency:			
SBA	\$ 568,021,229.46	\$ 564,918,697.72	\$ 526,474.94
MBS-REMICs	\$ 125,318,457.02	\$ 134,632,028.85	\$ 597,361.84
Debentures	\$ 1,544,314,708.67	\$ 1,542,810,000.00	\$ 2,771,707.10
Debentures FR	\$ -	\$ -	\$ -
Discount Notes	\$ 1,674,216,656.28	\$ 1,674,953,750.00	NA
GNMA	\$ -	\$ -	\$ -
Supranational Debentures	\$ 149,906,515.88	\$ 150,187,000.00	\$ 114,931.00
CDs and YCDs FR	\$ -	\$ -	\$ -
Bank Notes	\$ 500,000,000.00	\$ 499,994,800.54	\$ 242,333.33
CDs and YCDs	\$ 11,800,029,893.19	\$ 11,796,822,749.11	\$ 5,070,548.59
Commercial Paper	\$ 6,997,734,819.46	\$ 6,998,408,736.09	NA
Corporate:			
Bonds FR	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -
Time Deposits	\$ 4,680,140,000.00	\$ 4,680,140,000.00	NA
AB 55 & GF Loans	\$ 273,223,416.02	\$ 273,223,416.02	NA
TOTAL	\$ 58,866,499,771.17	\$ 58,899,469,178.33	\$ 29,038,686.30

Fair Value Including Accrued Interest	\$	58,928,507,864.63
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Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).



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

Finance Department
May 2014

<u>Cash Receipts and Disbursements</u>	<u>April 2014</u>	<u>May 2014</u>
Receipts		
Property Tax Receipts	\$18,316,610	\$14,754,029
Utility Tax Receipts (UUT)	1,675,514	1,607,726
Sales Tax Receipts	1,635,500	2,180,600
1/2 Cent Safety Sales Tax Receipts	150,280	145,544
Highway Users Tax Receipts (HUT)	832,239	552,383
Transient Occupancy Tax Receipts (TOT)	692,276	692,267
Government Funds	78,147	87,988
Capital Funds	9,808	1,566
Debt Service Funds	-	-
Enterprise Funds	3,098,217	4,851,900
Fiduciary Funds	3,125,065	1,004,383
Internal Service Funds	114,311	581,494
Special Revenue Funds	1,572,380	2,689,336
All Other Receipts	3,793,279	4,091,126
Total Receipts	\$35,293,626	\$33,240,343
Disbursements		
Total Disbursements	(21,650,363)	(26,576,347)
Net Change in Cash Flow	\$13,643,263	\$6,663,996
Summary of Cash by Fund	April 2014	May 2014
General Fund	79,619,329	85,840,235
Government Funds	969,978	979,979
Capital Funds	15,151,619	11,362,201
Debt Service Funds	15,588	15,588
Enterprise Funds	87,861,130	85,500,300
Fiduciary Funds	18,672,648	18,935,930
Internal Service Funds	4,686,766	4,487,942
Special Revenue Funds	18,052,672	19,960,949
General Ledger Cash Balances	225,029,730	227,083,123 *

* 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.