

City of Huntington Beach
City Treasurer's Monthly Investment Report
October 2015



Economic Outlook:

The Federal Reserve held their next to last Federal Open Market Committee (FOMC) meeting this year in October to discuss the current state of the economy and to determine if a future rate increase is necessary. They released an official statement claiming economic activity "has been expanding at a moderate pace, household spending and business fixed investment have been increasing at solid rates in recent months, and the housing sector has improved further; however, net exports have been soft." These strong economic indicators outlined by the Fed (soft net exports most likely due to the increased value of the U.S dollar as compared to other world currencies) all point to a possible rate hike as early as this December.

Portfolio Overview as of October 31, 2015:

<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	125,026,200	125,069,429	66%	1.37%	None
Local Agency Investment Fund (LAIF)	25,362,393	25,362,393	14%	0.36%	\$50 million
Corporate Bonds	37,600,560	37,705,290	20%	1.35%	30%
Total Portfolio	187,989,153	188,137,112	100%	1.23%	

As of October 31, 2015, the market value of the City's investment portfolio was \$187.9 million, with a book value of \$188.1 million. The portfolio is invested in only those investments allowable by state regulations and the City's investment policy. Such investments are purchased to meet the portfolio objectives of preservation of principal, maintenance of sufficient

operating liquidity, and to attain a market rate of return throughout budgetary and economic cycles, in that order of absolute priority.

The bond and equity markets experienced growth from September to the end of October of this year. The 10-year Treasury yield increased from 2.04% at the end of September to 2.15% at the end of October. The S&P 500 increased 8.30% month over month and the DOW increased more than 7.4%. Overall, there was an uptick in the bond and equity markets for the month of October.

Market Summary	Federal Funds Rate	10-Year Treasury	S&P 500	DOW
Qtr End 9/30/15	0.00 - 0.25 %	2.04%	1,920.00	16,284.70
October, 2015	0.00 - 0.25 %	2.15%	2,079.4	17,489.50
<i>Percent Change</i>	<i>0 %</i>	<i>5.39%</i>	<i>8.30%</i>	<i>7.40%</i>



City of HB
Portfolio Management
Portfolio Summary
October 31, 2015

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	125,000,000.00	125,026,200.00	125,069,429.08	66.48	1,404	1,172	1.347	1.365
Local Agency Investment Funds	25,362,392.76	25,362,392.76	25,362,392.76	13.48	1	1	0.352	0.357
Corporate Bonds	37,500,000.00	37,600,560.00	37,705,289.97	20.04	1,251	820	1.330	1.349
Investments	187,862,392.76	187,989,152.76	188,137,111.81	100.00%	1,184	944	1.209	1.226
<hr/>								
Cash and Accrued Interest								
Accrued Interest at Purchase		5,598.96	5,598.96					
Subtotal		5,598.96	5,598.96					
Total Cash and Investments	187,862,392.76	187,994,751.72	188,142,710.77		1,184	944	1.209	1.226

Total Earnings	October 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	166,056.79	166,056.79	
Current Budget	100,000.00	100,000.00	1,200,000.00
Last Year Actual	115,072.00	115,072.00	1,479,308.00
Average Daily Balance	186,003,670.17	196,023,149.09	
Effective Rate of Return	1.05%	0.08%	

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 2, 2015. 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, CITY TREASURER

11-19-15

Reporting period 10/01/2015-10/31/2015

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City of HB
Portfolio Management
Portfolio Details - Investments
October 31, 2015

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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												
3133EEA42	4058	Federal Farm Credit Bank		04/23/2015	5,000,000.00	5,000,200.00	5,000,000.00	1.090	AA	1.090	904	04/23/2018
3133EETE0	4060	Federal Farm Credit Bank		04/17/2015	5,000,000.00	5,017,800.00	5,030,497.56	1.125	AA	0.863	862	03/12/2018
3130A3PA6	4020	Federal Home Loan Bank		12/30/2014	5,000,000.00	5,009,100.00	5,000,000.00	1.550	AA	1.892	1,520	12/30/2019
3130A3TA2	4038	Federal Home Loan Bank		12/30/2014	5,000,000.00	5,019,700.00	4,999,114.07	1.000	AA	1.010	653	08/15/2017
3130A3YL2	4040	Federal Home Loan Bank		02/20/2015	5,000,000.00	5,001,700.00	5,000,000.00	1.000	AA	2.356	1,572	02/20/2020
313378A43	4048	Federal Home Loan Bank		02/20/2015	5,000,000.00	5,052,550.00	5,031,751.77	1.375	AA	1.100	859	03/09/2018
3130A4VE9	4055	Federal Home Loan Bank		04/27/2015	5,000,000.00	5,006,700.00	5,000,000.00	1.050	AA	1.050	908	04/27/2018
3130A5MD8	4074	Federal Home Loan Bank		06/24/2015	5,000,000.00	5,009,150.00	5,000,000.00	1.000	AA	1.743	1,331	06/24/2019
3134G6AU7	4041	Federal Home Loan Mort Corp		02/20/2015	5,000,000.00	5,001,900.00	5,000,000.00	1.400	AA	1.400	1,023	08/20/2018
3137EADS5	4078	Federal Home Loan Mort Corp		09/17/2015	5,000,000.00	5,018,050.00	5,016,618.22	0.875		0.525	348	10/14/2016
3134G7ZA2	4079	Federal Home Loan Mort Corp		09/30/2015	5,000,000.00	5,003,100.00	5,000,000.00	1.000		1.860	1,429	09/30/2019
3134G7J69	4090	Federal Home Loan Mort Corp		09/30/2015	5,000,000.00	4,963,200.00	5,000,000.00	1.375		1.375	1,795	09/30/2020
3134G7J44	4091	Federal Home Loan Mort Corp		09/30/2015	6,000,000.00	6,007,140.00	6,000,000.00	1.800	AAA	1.800	1,795	09/30/2020
3134G7G70	4092	Federal Home Loan Mort Corp		09/28/2015	5,000,000.00	5,003,750.00	5,000,000.00	1.400		1.400	1,335	06/28/2019
3134G7L90	4115	Federal Home Loan Mort Corp		10/29/2015	2,000,000.00	1,994,020.00	2,000,000.00	1.250		2.236	1,824	10/29/2020
3134G7H87	4116	Federal Home Loan Mort Corp		10/22/2015	4,000,000.00	3,988,000.00	4,000,000.00	1.250		2.189	1,817	10/22/2020
3134G7U25	4117	Federal Home Loan Mort Corp		10/27/2015	5,000,000.00	4,988,250.00	5,000,000.00	0.800		0.800	726	10/27/2017
3134G7X71	4118	Federal Home Loan Mort Corp		10/29/2015	2,000,000.00	1,975,020.00	2,000,000.00	1.000		1.527	1,275	04/29/2019
3134G7P96	4119	Federal Home Loan Mort Corp		10/29/2015	3,000,000.00	2,989,170.00	3,000,000.00	1.000		1.527	1,275	04/29/2019
3134G73Q2	4120	Federal Home Loan Mort Corp		10/27/2015	5,000,000.00	4,989,950.00	5,000,000.00	1.000	AAA	0.991	999	07/27/2018
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	5,005,800.00	5,000,000.00	0.900	AA	0.900	737	11/07/2017
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	5,011,300.00	5,000,000.00	1.100	AA	1.100	862	03/12/2018
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	5,000,600.00	4,991,447.46	0.800	AA	0.907	596	06/19/2017
3136G2D95	4042	Fed. Nat'l Mort. Assoc.		02/19/2015	5,000,000.00	5,001,550.00	5,000,000.00	1.000	AA	2.081	1,571	02/19/2020
3136G2EE3	4043	Fed. Nat'l Mort. Assoc.		02/27/2015	5,000,000.00	4,983,450.00	5,000,000.00	1.125	AA	1.125	1,579	02/27/2020
3136G2K30	4065	Fed. Nat'l Mort. Assoc.		05/27/2015	3,000,000.00	3,001,800.00	3,000,000.00	2.000	AA	2.000	1,669	05/27/2020
3136G2R58	4122	Fed. Nat'l Mort. Assoc.		10/29/2015	5,000,000.00	4,983,250.00	5,000,000.00	1.040		1.040	1,090	10/26/2018
Subtotal and Average			119,264,285.06		125,000,000.00	125,026,200.00	125,069,429.08			1.365	1,172	
Local Agency Investment Funds												
SYS982	982	Laif City			25,362,392.76	25,362,392.76	25,362,392.76	0.357		0.357	1	
Subtotal and Average			26,706,789.74		25,362,392.76	25,362,392.76	25,362,392.76			0.357	1	
Corporate Bonds												
037833AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,991,450.00	2,989,023.55	1.000	AA	1.151	914	05/03/2018
14912L5P2	4024	Caterpillar Financial Corp.		12/10/2014	3,000,000.00	2,987,670.00	2,982,635.66	1.300	A	1.555	851	03/01/2018

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**City of HB
Portfolio Management
Portfolio Details - Cash
October 31, 2015**

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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
Average Balance			0.00	Accrued Interest at Purchase		5,598.96	5,598.96				0
				Subtotal		5,598.96	5,598.96				
Total Cash and Investments			186,003,670.17		187,862,392.76	187,994,751.72	188,142,710.77			1.226	944

City of HB
Portfolio Management
Distribution of Investments By Type
October 2014 through October 2015

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Security Type	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	Average by Period
Repurchase Agreements														
Certificates of Deposit														
Commercial Paper - Interest Bearing														
Federal Agency Issues - Coupon	74.7	64.8	66.6	65.0	68.5	70.2	72.9	67.4	61.2	64.8	68.5	61.4	66.5	67.1%
Local Agency Investment Funds	7.4	18.4	17.2	17.5	13.4	11.2	10.2	14.3	21.3	16.6	11.2	18.5	13.5	14.7%
Treasury Securities - Coupon														
Medium Term Notes														
Negotiable CD's														
Certificates of Deposit - Bank														
Corporate Bonds	17.9	16.8	16.2	17.5	18.2	18.6	16.9	18.3	17.6	18.6	20.4	20.1	20.0	18.2%
Mortgage Backed Securities														
Bankers Acceptances -Amortizing														
Commercial Paper Disc. -Amortizing														
Federal Agency Disc. -Amortizing														
Treasury Discounts -Amortizing														
Miscellaneous Discounts -Amortizing														
Money Market Acct														
Passbook/Checking Accounts -3														
Rolling Repurchase Agreements														

**City of HB
Portfolio Management
Activity Summary
October 2014 through October 2015**

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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					
October	2014	37	168,752,003.21	1.126	1.142	0.261	0	4	1,450	1,023
November	2014	35	166,568,219.77	0.968	0.981	0.261	0	2	1,264	848
December	2014	37	179,431,920.78	1.052	1.066	0.267	9	7	1,268	915
January	2015	36	186,653,300.48	1.049	1.063	0.262	1	2	1,269	898
February	2015	42	193,794,027.30	1.155	1.171	0.266	8	2	1,338	1,004
March	2015	42	203,229,327.76	1.195	1.212	0.278	1	1	1,390	1,022
April	2015	46	202,037,046.95	1.209	1.226	0.283	5	1	1,374	1,031
May	2015	45	218,277,154.90	1.162	1.179	0.290	2	3	1,297	959
June	2015	41	221,977,102.78	1.059	1.074	0.299	2	6	1,175	853
July	2015	44	220,974,892.46	1.144	1.160	0.320	3	0	1,253	908
August	2015	43	207,414,248.06	1.210	1.227	0.330	0	1	1,327	948
September	2015	40	192,954,371.29	1.159	1.175	0.337	5	8	1,172	894
October	2015	41	186,003,670.17	1.209	1.226	0.357	7	6	1,184	944
Average		41	196,023,149.09	1.131%	1.146%	0.293	3	3	1,289	942

City of HB
Portfolio Management
Activity By Type
October 1, 2015 through October 31, 2015

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CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Issues - Coupon							
3134G33B4	3952	Federal Home Loan Mort Corp	1.000	10/11/2015	0.00	5,000,000.00	
3134G6NQ2	4054	Federal Home Loan Mort Corp	1.250	10/17/2015	0.00	5,000,000.00	
3134G6VP5	4059	Federal Home Loan Mort Corp	1.050	10/27/2015	0.00	4,999,791.67	
3134G7DP3	4076	Federal Home Loan Mort Corp	2.050	10/20/2015	0.00	5,000,000.00	
3134G7L90	4115	Federal Home Loan Mort Corp	1.250	10/29/2015	2,000,000.00	0.00	
3134G7H87	4116	Federal Home Loan Mort Corp	1.250	10/22/2015	4,000,000.00	0.00	
3134G7U25	4117	Federal Home Loan Mort Corp	0.800	10/27/2015	5,000,000.00	0.00	
3134G7X71	4118	Federal Home Loan Mort Corp	1.000	10/29/2015	2,000,000.00	0.00	
3134G7P96	4119	Federal Home Loan Mort Corp	1.000	10/29/2015	3,000,000.00	0.00	
3134G73Q2	4120	Federal Home Loan Mort Corp	1.000	10/27/2015	5,000,000.00	0.00	
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.	0.750	10/30/2015	0.00	5,000,000.00	
3136G2R58	4122	Fed. Nat'l Mort. Assoc.	1.040	10/29/2015	5,000,000.00	0.00	
Subtotal					26,000,000.00	24,999,791.67	125,069,429.08
Local Agency Investment Funds (Monthly Summary)							
SYS982	982	Laif City	0.357		24,899.51	12,000,000.00	
Subtotal					24,899.51	12,000,000.00	25,362,392.76
Corporate Bonds							
931142CX9	3943	Wal-Mart Stores	1.500	10/25/2015	0.00	3,000,000.00	
Subtotal					0.00	3,000,000.00	37,705,289.97
Total					26,024,899.51	39,999,791.67	188,137,111.81

**City of HB
Portfolio Management
Interest Earnings Summary
October 31, 2015**

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	October 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	302,406.25	302,406.25
Plus Accrued Interest at End of Period	342,211.54	342,211.54
Less Accrued Interest at Beginning of Period	(473,232.05)	(473,232.05)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	171,385.74	171,385.74
Adjusted by Premiums and Discounts	-13,634.93	-13,634.93
Adjusted by Capital Gains or Losses	208.33	208.33
	<hr/>	<hr/>
Earnings during Periods	157,959.14	157,959.14
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)
	<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	0.00
Plus Accrued Interest at End of Period	35,782.39	35,782.39
Less Accrued Interest at Beginning of Period	(27,684.74)	(27,684.74)
	<hr/>	<hr/>
Interest Earned during Period	8,097.65	8,097.65
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Total Interest Earned during Period	179,483.39	179,483.39
Total Adjustments from Premiums and Discounts	-13,634.93	-13,634.93
Total Capital Gains or Losses	208.33	208.33
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Total Earnings during Period	166,056.79	166,056.79



Fair Value Including Accrued Interest	\$	63,895,163,482.11
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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
October 2015

<u>Cash Receipts and Disbursements</u>	<u>September 2015</u>	<u>October 2015</u>
Receipts		
Property Tax Receipts	\$1,262,772	\$223,073
Utility Tax Receipts (UUT)	1,736,210	1,857,202
Sales Tax Receipts	2,698,570	1,902,200
1/2 Cent Safety Sales Tax Receipts	183,794	156,826
Highway Users Tax Receipts (HUT)	671,337	355,916
Transient Occupancy Tax Receipts (TOT)	1,024,101	794,053
Government Funds	218,604	187,487
Capital Funds	3,112,845	36,504
Debt Service Funds	6,646,977	-
Enterprise Funds	4,926,877	4,513,376
Fiduciary Funds	1,273,696	1,291,996
Internal Service Funds	529,067	753,150
Special Revenue Funds	3,363,033	1,366,796
All Other Receipts	5,746,787	12,484,207
Total Receipts	\$33,394,671	\$25,922,787
Disbursements		
Total Disbursements	(40,138,807)	(33,633,911)
Net Change in Cash Flow	(\$6,744,136)	(\$7,711,124)
Summary of Cash by Fund	September 2015	October 2015
General Fund	62,512,328	60,237,868
Government Funds	1,608,660	1,730,467
Capital Funds	16,883,151	14,640,435
Debt Service Funds	3,304	10,679
Enterprise Funds	80,478,929	73,195,203
Fiduciary Funds	10,111,989	12,236,792
Internal Service Funds	8,431,736	8,622,259
Special Revenue Funds	29,421,269	28,487,158
General Ledger Cash Balances	209,451,367	199,160,861 *

* 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.