



## City of Huntington Beach

### City Treasurer's Monthly Report

May 2016

<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	138,031,220	138,042,830	60%	1.43%	None
Local Agency Investment Fund (LAIF)	55,415,592	55,415,592	24%	0.55%	\$50 million
Corporate Bonds	37,704,145	37,639,556	16%	1.37%	30%
<b>Total Portfolio</b>	<b>231,150,957</b>	<b>231,097,978</b>	<b>100%</b>	<b>1.210%</b>	

#### Investment Summary:

As of May 31, 2016, the market value of the City's investment portfolio was approximately \$231.1 million, with a book value of \$231.1 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.

**Bond and Equity Markets:** The 10-year Treasury yield increased slightly from 1.82% at the end of April to 1.83% at the end of May, and the S&P 500 increased 1.53% month over month. The DJIA also increased slightly month over month at 0.08%. Overall, there was a slight improvement in the bond and equity markets as compared to April.

**Earnings:** The City had earnings of \$206,353 for the month of May with fiscal year-to-date earnings of \$1,486,501. This compares favorably to monthly earnings of \$192,060 in May of 2015, and fiscal year-to-date earnings of \$1,263,721 through 5/31/15.

Market Summary	Federal Funds Rate	10-Year Treasury	S&P 500	DOW
March 31, 2016	0.25 - 0.50 %	1.79%	2,059.74	17,685.09
April 30, 2016	0.25 - 0.50 %	1.82%	2,065.30	17,773.64
May 31, 2016	0.25 - 0.50 %	1.83%	2,096.95	17,787.20
<b>Apr- May % Change</b>	0	0.55%	1.53%	0.08%%

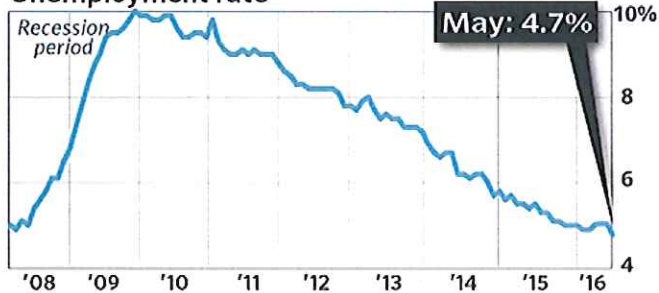
### Economic Outlook:

According to the Bureau of Labor Statistics, the U.S. unemployment rate in May dropped to 4.7%, down from 5.0% in April. This decrease in unemployment is mainly the result of 458,000 people leaving the labor force, as shown in the declining labor participation rate of 62.6%. The U.S. added 38,000 new jobs in May. Education and health care services led the hiring with 67,000 new jobs, followed by government with the addition of 13,000 jobs. However, over half of the nation's industries posted job losses, with Information Services and Construction hit the hardest. The change in total nonfarm payroll employment for April was revised down slightly from +160,000 to +123,000. Overall, job gains in the past 3 months have averaged 116,000 per month.

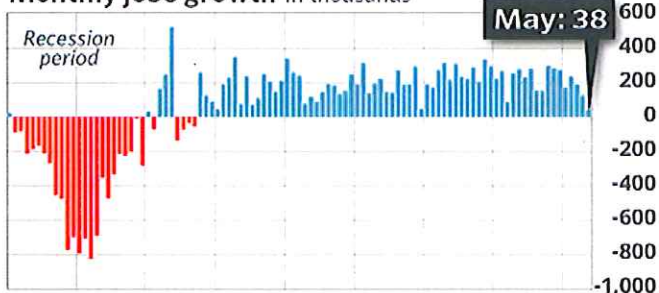
The Federal Open Market Committee (FOMC) will meet next month to discuss the current state of the economy and to examine potential future interest rate hikes this year.

## At a glance: the May jobs report

### Unemployment rate



### Monthly jobs growth In thousands



### By selected industries In thousands



Source: Bureau of Labor Statistics



**City of HB**  
**Portfolio Management**  
**Portfolio Summary**  
**May 31, 2016**

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	138,000,000.00	138,031,220.00	138,042,829.75	59.73	1,305	1,060	1.410	1.430
Local Agency Investment Funds	55,415,592.23	55,415,592.23	55,415,592.23	23.98	1	1	0.544	0.552
Corporate Bonds	37,500,000.00	37,704,145.00	37,639,556.24	16.29	1,202	631	1.353	1.371
<b>Investments</b>	<b>230,915,592.23</b>	<b>231,150,957.23</b>	<b>231,097,978.22</b>	<b>100.00%</b>	<b>976</b>	<b>736</b>	<b>1.193</b>	<b>1.210</b>
<hr/>								
<b>Cash and Accrued Interest</b>								
Accrued Interest at Purchase		6,319.44	6,319.44					
Subtotal		6,319.44	6,319.44					
<b>Total Cash and Investments</b>	<b>230,915,592.23</b>	<b>231,157,276.67</b>	<b>231,104,297.66</b>		<b>976</b>	<b>736</b>	<b>1.193</b>	<b>1.210</b>

Total Earnings	May 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	206,353.17	1,486,500.75	
Current Budget	110,000.00	880,000.00	1,320,000.00
Last Year Actual	192,059.68	1,263,720.58	1,804,221.58
<b>Average Daily Balance</b>	<b>208,914,656.20</b>	<b>197,568,132.43</b>	
<b>Effective Rate of Return</b>	<b>1.16%</b>	<b>1.13%</b>	

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

6-28-16

Reporting period 05/01/2016-05/31/2016

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**City of HB**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 31, 2016**

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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
<b>Federal Agency Issues - Coupon</b>												
3133EEA42	4058	Federal Farm Credit Bank		04/23/2015	5,000,000.00	4,998,750.00	5,000,000.00	1.090	AA	1.090	691	04/23/2018
3130A3TA2	4038	Federal Home Loan Bank		12/30/2014	5,000,000.00	5,011,650.00	4,999,402.96	1.000	AA	1.010	440	08/15/2017
313378A43	4048	Federal Home Loan Bank		02/20/2015	5,000,000.00	5,038,750.00	5,023,888.72	1.375	AA	1.100	646	03/09/2018
3130A5MD8	4074	Federal Home Loan Bank		06/24/2015	5,000,000.00	5,001,750.00	5,000,000.00	1.000	AA	1.743	1,118	06/24/2019
3130A6U70	4125	Federal Home Loan Bank		12/28/2015	5,000,000.00	5,002,100.00	5,000,000.00	1.450		1.450	940	12/28/2018
3130A6U70	4128	Federal Home Loan Bank		12/28/2015	5,000,000.00	5,002,100.00	5,000,000.00	1.450		1.450	940	12/28/2018
3130A6X69	4130	Federal Home Loan Bank		12/28/2015	5,000,000.00	5,001,600.00	5,000,000.00	1.500		1.500	940	12/28/2018
3130A7VK7	4136	Federal Home Loan Bank		05/24/2016	5,000,000.00	5,002,250.00	5,000,000.00	1.250		1.250	1,087	05/24/2019
3137EADS5	4078	Federal Home Loan Mort Corp		09/17/2015	5,000,000.00	5,005,750.00	5,006,443.80	0.875		0.525	135	10/14/2016
3134G7ZA2	4079	Federal Home Loan Mort Corp		09/30/2015	5,000,000.00	4,999,600.00	5,000,000.00	1.000		1.860	1,216	09/30/2019
3134G7J69	4090	Federal Home Loan Mort Corp		09/30/2015	5,000,000.00	4,996,950.00	5,000,000.00	1.375		1.375	1,582	09/30/2020
3134G7J44	4091	Federal Home Loan Mort Corp		09/30/2015	6,000,000.00	6,000,240.00	6,000,000.00	1.800	AAA	1.800	1,582	09/30/2020
3134G7G70	4092	Federal Home Loan Mort Corp		09/28/2015	5,000,000.00	5,003,050.00	5,000,000.00	1.400		1.400	1,122	06/28/2019
3134G7L90	4115	Federal Home Loan Mort Corp		10/29/2015	2,000,000.00	2,000,140.00	2,000,000.00	1.250		2.236	1,611	10/29/2020
3134G7H87	4116	Federal Home Loan Mort Corp		10/22/2015	4,000,000.00	3,999,440.00	4,000,000.00	1.250		2.189	1,604	10/22/2020
3134G7U25	4117	Federal Home Loan Mort Corp		10/27/2015	5,000,000.00	4,990,950.00	5,000,000.00	0.800		0.800	513	10/27/2017
3134G7X71	4118	Federal Home Loan Mort Corp		10/29/2015	2,000,000.00	1,989,160.00	2,000,000.00	1.000		1.527	1,062	04/29/2019
3134G7P96	4119	Federal Home Loan Mort Corp		10/29/2015	3,000,000.00	3,000,270.00	3,000,000.00	1.000		1.527	1,062	04/29/2019
3134G73Q2	4120	Federal Home Loan Mort Corp		10/27/2015	5,000,000.00	4,979,000.00	5,000,000.00	1.000	AAA	0.991	786	07/27/2018
3134G8CA5	4123	Federal Home Loan Mort Corp		12/23/2015	5,000,000.00	5,001,300.00	5,000,000.00	1.250	AA	2.276	1,666	12/23/2020
3134G8C72	4124	Federal Home Loan Mort Corp		12/18/2015	6,000,000.00	6,000,120.00	6,000,000.00	1.125		1.125	565	12/18/2017
3134G8F38	4129	Federal Home Loan Mort Corp		12/28/2015	5,000,000.00	5,001,450.00	5,000,000.00	1.100	AAA	1.569	940	12/28/2018
3134G8N70	4131	Federal Home Loan Mort Corp		03/30/2016	5,000,000.00	4,999,850.00	5,000,000.00	1.600		1.875	1,763	03/30/2021
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,993,650.00	5,000,000.00	0.900	AA	0.900	524	11/07/2017
3136G2R58	4122	Fed. Nat'l Mort. Assoc.		10/29/2015	5,000,000.00	5,001,650.00	5,000,000.00	1.040		1.040	877	10/26/2018
3135G0ZL0	4132	Fed. Nat'l Mort. Assoc.		03/09/2016	5,000,000.00	5,011,450.00	5,013,094.27	1.000	AA	0.800	483	09/27/2017
3136G2WZ6	4133	Fed. Nat'l Mort. Assoc.		03/11/2016	5,000,000.00	5,000,800.00	5,000,000.00	1.820		1.820	1,721	02/16/2021
3136G3FY6	4134	Fed. Nat'l Mort. Assoc.		03/30/2016	5,000,000.00	5,000,800.00	5,000,000.00	1.250		2.042	1,763	03/30/2021
3136G3KM6	4135	Fed. Nat'l Mort. Assoc.		05/17/2016	5,000,000.00	4,996,650.00	5,000,000.00	1.100	AAA	1.912	1,811	05/17/2021
<b>Subtotal and Average</b>			<b>136,273,299.43</b>		<b>138,000,000.00</b>	<b>138,031,220.00</b>	<b>138,042,829.75</b>			<b>1.430</b>	<b>1,060</b>	
<b>Local Agency Investment Funds</b>												
SY982	982	Laif City			55,415,592.23	55,415,592.23	55,415,592.23	0.552		0.552	1	
<b>Subtotal and Average</b>			<b>34,609,140.62</b>		<b>55,415,592.23</b>	<b>55,415,592.23</b>	<b>55,415,592.23</b>			<b>0.552</b>	<b>1</b>	

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**City of HB**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 31, 2016**

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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
<b>Corporate Bonds</b>												
037833AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,996,070.00	2,991,579.04	1.000	AA	1.151	701	05/03/2018
14912L5P2	4024	Caterpillar Financial Corp.		12/10/2014	3,000,000.00	3,003,390.00	2,986,976.74	1.300	A	1.555	638	03/01/2018
166764AA8	4044	Chevron Corp		02/09/2015	3,000,000.00	2,997,510.00	3,004,497.64	1.104	AA	1.003	552	12/05/2017
268648AP7	4077	EMC Corp		07/14/2015	2,500,000.00	2,438,350.00	2,511,907.43	1.875	AA	1.630	730	06/01/2018
36962G5V0	3994	General Electric Capital Corp		12/26/2013	5,000,000.00	5,061,800.00	5,044,570.52	2.300	AAA	1.291	330	04/27/2017
36962G6K5	4007	General Electric Capital Corp		05/12/2014	2,500,000.00	2,520,725.00	2,509,292.96	1.600	AA	1.340	537	11/20/2017
36962G6W9	4036	General Electric Capital Corp		12/19/2014	2,000,000.00	2,020,900.00	2,006,545.19	1.625	AA	1.442	670	04/02/2018
24422ESR1	4126	John Deere Capital		12/08/2015	1,000,000.00	1,006,660.00	1,003,025.28	1.550		1.350	562	12/15/2017
24422ESR1	4127	John Deere Capital		12/08/2015	2,000,000.00	2,013,320.00	2,006,431.58	1.550		1.337	562	12/15/2017
191216BA7	4049	Coca Cola Co		02/24/2015	2,500,000.00	2,505,300.00	2,495,169.65	1.150	AA	1.258	669	04/01/2018
58933YAC9	4045	Merck & Co Inc		02/09/2015	2,000,000.00	2,005,060.00	2,001,297.55	1.100	AA	1.089	609	01/31/2018
68389XAQ8	4071	Oracle Corp		05/26/2015	3,000,000.00	3,084,930.00	3,048,938.00	2.375	AA	1.731	958	01/15/2019
89233P7E0	4023	Toyota Motor Credit		12/10/2014	3,000,000.00	3,007,590.00	2,994,522.97	1.375	AA	1.491	588	01/10/2018
89236TAY1	4039	Toyota Motor Credit		01/26/2015	3,000,000.00	3,042,540.00	3,034,801.69	2.000	AA	1.500	875	10/24/2018
<b>Subtotal and Average</b>			<b>38,032,216.15</b>		<b>37,500,000.00</b>	<b>37,704,145.00</b>	<b>37,639,556.24</b>			<b>1.371</b>	<b>631</b>	
<b>Total and Average</b>			<b>208,914,656.20</b>		<b>230,915,592.23</b>	<b>231,150,957.23</b>	<b>231,097,978.22</b>			<b>1.210</b>	<b>736</b>	

City of HB  
Portfolio Management  
Portfolio Details - Cash  
May 31, 2016

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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		6,319.44	6,319.44				0
				Subtotal		6,319.44	6,319.44				
Total Cash and Investments			208,914,656.20		230,915,592.23	231,157,276.67	231,104,297.66			1.210	736

**City of HB  
Portfolio Management  
Activity By Type  
May 1, 2016 through May 31, 2016**

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CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Issues - Coupon</b>							
3133EETE0	4060	Federal Farm Credit Bank	1.125	05/05/2016	0.00	5,023,903.49	
3130A7WK7	4136	Federal Home Loan Bank	1.250	05/24/2016	5,000,000.00	0.00	
3134G74R9	4121	Federal Home Loan Mort Corp	1.800	05/25/2016	0.00	5,000,000.00	
3136G3KM6	4135	Fed. Nat'l Mort. Assoc.	1.100	05/17/2016	5,000,000.00	0.00	
<b>Subtotal</b>					<b>10,000,000.00</b>	<b>10,023,903.49</b>	<b>138,042,829.75</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS982	982	Laif City	0.552		40,000,000.00	0.00	
<b>Subtotal</b>					<b>40,000,000.00</b>	<b>0.00</b>	<b>55,415,592.23</b>
<b>Corporate Bonds</b>							
674599CB9	3977	Occidental Petroleum	1.750	05/05/2016	0.00	3,015,757.07	
<b>Subtotal</b>					<b>0.00</b>	<b>3,015,757.07</b>	<b>37,639,556.24</b>
<b>Total</b>					<b>50,000,000.00</b>	<b>13,039,660.56</b>	<b>231,097,978.22</b>

**City of HB  
Portfolio Management  
Activity Summary  
May 2015 through May 2016**

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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	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	1.207	1.223	0.337	7	6	1,184	944
November	2015	39	181,304,552.62	1.200	1.217	0.374	1	3	1,174	933
December	2015	46	186,878,180.67	1.238	1.255	0.400	8	1	1,147	925
January	2016	46	207,140,111.69	1.243	1.261	0.446	0	0	1,147	898
February	2016	43	204,413,571.12	1.217	1.234	0.467	0	3	1,102	832
March	2016	47	201,877,568.13	1.259	1.276	0.506	4	0	1,140	869
April	2016	45	204,141,812.62	1.310	1.328	0.525	0	2	1,181	893
May	2016	44	208,914,656.20	1.193	1.210	0.552	2	3	976	736
Average		43	203,277,641.54	1.200%	1.217%	0.399	3	3	1,175	892



**City of HB  
Portfolio Management  
Interest Earnings Summary  
May 31, 2016**

Page 1

	May 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	122,448.25	1,407,071.10
Plus Accrued Interest at End of Period	556,431.61	556,431.61
Less Accrued Interest at Beginning of Period	( 487,442.43)	( 473,232.05)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	191,437.43	1,490,270.66
Adjusted by Premiums and Discounts	-11,252.60	-102,547.25
Adjusted by Capital Gains or Losses	9,942.82	22,130.97
Earnings during Periods	190,127.65	1,409,854.38
<b>Pass Through Securities:</b>		
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
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.00	78,098.98
Plus Accrued Interest at End of Period	25,628.19	25,628.19
Less Accrued Interest at Beginning of Period	( 9,402.67)	( 27,080.80)
Interest Earned during Period	16,225.52	76,646.37
<b>Total Interest Earned during Period</b>	<b>207,662.95</b>	<b>1,566,917.03</b>
<b>Total Adjustments from Premiums and Discounts</b>	<b>-11,252.60</b>	<b>-102,547.25</b>
<b>Total Capital Gains or Losses</b>	<b>9,942.82</b>	<b>22,130.97</b>
<b>Total Earnings during Period</b>	<b>206,353.17</b>	<b>1,486,500.75</b>



Fair Value Including Accrued Interest	\$	70,178,507,700.71
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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 2016

Cash Receipts and Disbursements	April 2016	May 2016
<b>Receipts</b>		
Property Tax Receipts	\$18,821,750	\$14,620,391
Utility Tax Receipts (UUT)	1,560,826	1,396,428
Sales Tax Receipts	2,284,200	3,045,700
1/2 Cent Safety Sales Tax Receipts	156,542	145,367
Highway Users Tax Receipts (HUT)	-	354,293
Transient Occupancy Tax Receipts (TOT)	817,849	769,007
Government Funds	122,473	581,773
Capital Funds	104,925	209,782
Debt Service Funds	-	-
Enterprise Funds	4,358,057	4,876,295
Fiduciary Funds	1,900,766	2,332,985
Internal Service Funds	811,313	497,225
Special Revenue Funds	310,400	2,586,581
All Other Receipts	4,899,363	3,212,847
<b>Total Receipts</b>	<b>\$36,148,464</b>	<b>\$34,628,676</b>
<b>Disbursements</b>		
<b>Total Disbursements</b>	<b>(23,165,024)</b>	<b>(23,594,210)</b>
<b>Net Change in Cash Flow</b>	<b>\$12,983,440</b>	<b>\$11,034,466</b>
<b>Summary of Cash by Fund</b>	<b>April 2016</b>	<b>May 2016</b>
General Fund	\$80,722,884	\$88,222,148
Government Funds	2,187,272	2,651,176
Capital Funds	19,691,229	18,624,354
Debt Service Funds	10,262	10,262
Enterprise Funds	76,461,580	77,538,697
Fiduciary Funds	14,090,216	15,269,252
Internal Service Funds	11,103,801	11,365,466
Special Revenue Funds	28,612,497	29,725,422
<b>General Ledger Cash Balances</b>	<b>\$232,879,741</b>	<b>\$243,406,776 *</b>

\* 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.