



City of Huntington Beach

City Treasurer's Monthly Report

October 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	122,140,508	122,430,683	63%	1.30%	None
Local Agency Investment Fund (LAIF)	29,524,011	29,524,011	15%	0.65%	\$65 million
Corporate Bonds	42,703,775	42,702,325	22%	1.41%	30%
Total Portfolio	194,368,294	194,657,019	100%	1.22%	

Investment Summary:

As of October 31, 2016, the market value of the City's investment portfolio was approximately \$194.3 million, with a book value of \$194.6 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 from 1.60% at the end of September to 1.84% at the end of October for a 15.00% increase month over month. The S&P 500 and the DJIA decreased slightly at -1.94% and -0.91% respectively for the same time period. While the equity markets remained relatively flat for the month, the bond markets picked up quite a bit offering higher yields as compared to September.

Earnings: The City had earnings of \$184,471 for the month of October with fiscal year-to-date earnings of \$184,471. This compares favorably to monthly earnings of \$166,289 in October of 2015, and fiscal year-to-date earnings of \$166,289 through 10/31/15.

Market Summary	Federal Funds Rate	10-Year Treasury	S&P 500	DOW
August 31, 2016	0.25 - 0.50 %	1.58%	2,170.95	18,400.88
September 30, 2016	0.25 - 0.50 %	1.60%	2,168.27	18,308.15
October 31, 2016	0.25 - 0.50 %	1.84%	2,126.15	18,142.42
Sept - Oct % Change	0	15.00%	-1.94%	-0.91%

Economic Outlook:

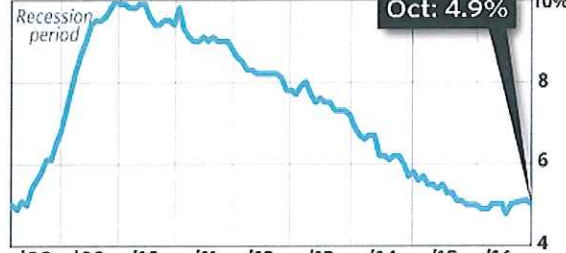
According to the Bureau of Labor Statistics, the U.S. unemployment rate in October was little changed at 4.9% and the labor participation rate remained unchanged at 62.8%. The United States created 161,000 new jobs in October. Education and health services led the way by adding 52,000 jobs, followed by professional and business services with 43,000 jobs, with government closely following with the addition of 19,000 new jobs. Most major industry sectors added jobs with the exception of manufacturing, mining, and retail trade. In addition, average hourly wages have risen by 2.8% over the year, the fastest annual jump since the Great Recession ended in June 2009.

Total employment gains for August and September combined were 44,000 more than previously reported. The change in total nonfarm payroll employment for the past two months was revised from +167,000 to +176,000 in August, and +156,000 to +191,000 in September. Overall, job gains for the past 3 months have averaged 176,000 per month.

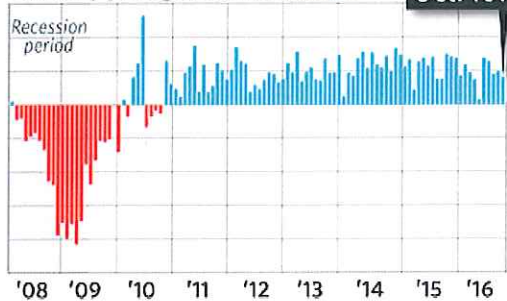
The Federal Open Market Committee (FOMC) will meet in November to discuss the current state of the economy and to examine potential future interest rate hikes this year. The federal funds rate at the end of October remained unchanged at $\frac{1}{4}$ to $\frac{1}{2}$ percent. The Personal Consumption Expenditures (the Fed's preferred measure of inflation) rose 1.7% from a year earlier in September and is within reach of the Federal Reserve's inflation target of 2.0%. The Committee stated, "In light of the current shortfall of inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal".

At a glance: the October jobs report

Unemployment rate



Monthly jobs growth *In thousands*



By selected industries *In thousands*



Source: Bureau of Labor Statistics



City of Huntington Beach
2000 Main St.
Huntington Beach,

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues - Coupon	122,405,000.00	122,140,507.50	122,430,683.51	62.90	1,331	1,074	1.278	1.296
Local Agency Investment Funds	29,524,011.27	29,524,011.27	29,524,011.27	15.17	1	1	0.645	0.654
Corporate Bonds	42,500,000.00	42,703,775.00	42,702,324.67	21.94	1,154	601	1.392	1.411
Investments	194,429,011.27	194,368,293.77	194,657,019.45	100.00%	1,090	807	1.207	1.224

Cash and Accrued Interest

Accrued Interest at Purchase	18,958.34	18,958.34
Subtotal	18,958.34	18,958.34
Total Cash and Investments	194,429,011.27	194,387,252.11
		194,675,977.79
		1,090
		807
		1.207
		1.224

Total Earnings	October 31	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	184,471.09		184,471.09	
Current Budget	130,000.00		130,000.00	1,649,539.27
Last Year Actual	166,288.99		166,288.99	2,299,957.00
Average Daily Balance	196,572,478.10		196,572,478.10	
Effective Rate of Return	1.10%		1.10%	

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 11-29-16

Reporting period 10/01/2016-10/31/2016

Run Date: 11/29/2016 - 08:04

Portfolio CITY
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City of HB
Portfolio Management
Portfolio Details - Investments
October 31, 2016

Page 1

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												
3133EGEV3	4140	Federal Farm Credit Bank		06/15/2016	5,000,000.00	5,001,600.00	5,000,000.00	1.620	AA	1.620	1,686	06/14/2021
3130A3TA2	4038	Federal Home Loan Bank		12/30/2014	5,000,000.00	5,011,800.00	4,999,609.31	1.000	AA	1.010	287	08/15/2017
313378A43	4048	Federal Home Loan Bank		02/20/2015	5,000,000.00	5,037,400.00	5,018,272.25	1.375	AA	1.100	493	03/09/2018
3130A7WK7	4136	Federal Home Loan Bank		05/24/2016	5,000,000.00	5,003,800.00	5,000,000.00	1.250	AA	1.250	934	05/24/2019
3130A8DC4	4138	Federal Home Loan Bank		06/30/2016	2,250,000.00	2,225,677.50	2,250,000.00	1.600	AA	1.600	1,520	12/30/2020
3130A8T94	4153	Federal Home Loan Bank		08/10/2016	5,000,000.00	4,983,900.00	5,000,000.00	1.050	AA	1.518	1,378	08/10/2020
3134G7U25	4117	Federal Home Loan Bank		10/27/2015	5,000,000.00	4,998,050.00	5,000,000.00	0.800	AA	0.800	360	10/27/2017
3134G73Q2	4120	Federal Home Loan Bank		10/27/2015	5,000,000.00	4,989,700.00	5,000,000.00	1.000	AAA	0.991	633	07/27/2018
3134G9RN9	4139	Federal Home Loan Bank		06/23/2016	5,000,000.00	4,995,300.00	5,000,000.00	1.250	AA	1.919	1,330	06/23/2020
3134G9UY1	4142	Federal Home Loan Bank		06/29/2016	5,000,000.00	4,999,900.00	5,000,000.00	1.000	AA	1.000	605	06/29/2018
3134G9F93	4148	Federal Home Loan Bank		06/30/2016	5,000,000.00	4,974,700.00	5,000,000.00	1.000	AAA	0.998	969	06/28/2019
3134G9E78	4149	Federal Home Loan Bank		06/30/2016	5,000,000.00	4,946,100.00	5,000,000.00	1.280	AAA	1.280	1,429	09/30/2020
3134G9C54	4150	Federal Home Loan Bank		06/30/2016	4,655,000.00	4,603,795.00	4,655,000.00	1.500	AA	1.500	1,702	06/30/2021
3134G9G35	4151	Federal Home Loan Bank		06/30/2016	5,000,000.00	4,989,850.00	5,000,000.00	1.000	AAA	1.592	1,702	06/30/2021
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,999,950.00	5,000,000.00	0.900	AA	0.900	371	11/07/2017
3136G2R58	4122	Fed. Nat'l Mort. Assoc.		10/29/2015	5,000,000.00	5,018,450.00	5,000,000.00	1.040	AA	1.040	724	10/26/2018
3135G0ZL0	4132	Fed. Nat'l Mort. Assoc.		03/09/2016	5,000,000.00	5,013,200.00	5,008,967.92	1.000	AA	0.800	330	09/27/2017
3136G3KM6	4135	Fed. Nat'l Mort. Assoc.		05/17/2016	5,000,000.00	5,000,050.00	5,000,000.00	1.100	AAA	1.912	1,658	05/17/2021
3135G0K85	4137	Fed. Nat'l Mort. Assoc.		06/13/2016	5,000,000.00	5,001,850.00	5,000,000.00	1.400	AA	1.400	954	06/13/2019
3136G3S35	4141	Fed. Nat'l Mort. Assoc.		06/30/2016	5,000,000.00	4,944,900.00	4,998,834.03	1.500	AA	1.505	1,702	06/30/2021
3136G3SN6	4143	Fed. Nat'l Mort. Assoc.		06/23/2016	3,000,000.00	2,968,260.00	3,000,000.00	1.500	AA	1.500	1,513	12/23/2020
3135G0K93	4144	Fed. Nat'l Mort. Assoc.		06/28/2016	5,000,000.00	4,995,300.00	5,000,000.00	1.250	AA	1.250	969	06/28/2019
3136G3UT0	4146	Fed. Nat'l Mort. Assoc.		06/30/2016	5,000,000.00	4,982,150.00	5,000,000.00	1.500	AA	1.500	1,520	12/30/2020
3136G3VU6	4147	Fed. Nat'l Mort. Assoc.		07/19/2016	5,000,000.00	4,990,750.00	5,000,000.00	1.125	AA	1.819	1,721	07/19/2021
3136G3YG4	4152	Fed. Nat'l Mort. Assoc.		07/25/2016	7,500,000.00	7,464,075.00	7,500,000.00	1.000	AA	1.000	905	04/25/2019
Subtotal and Average			129,044,590.99		122,405,000.00	122,140,507.50	122,430,683.51			1.296	1,074	
Local Agency Investment Funds												
SYS982	982	Laif City			29,524,011.27	29,524,011.27	29,524,011.27	0.654		0.654	1	
Subtotal and Average			28,594,898.79		29,524,011.27	29,524,011.27				0.654	1	
Corporate Bonds												
06406HCZ0	4155	Bank of New York		10/24/2016	5,000,000.00	5,058,450.00	5,085,597.75	2.150	A	1.617	1,210	02/24/2020
14912L5P2	4024	Caterpillar Financial Corp.		12/10/2014	3,000,000.00	2,999,700.00	2,990,077.52	1.300	A	1.555	485	03/01/2018
17275RBG6	4154	Cisco Systems Inc		09/27/2016	3,000,000.00	3,001,530.00	3,008,191.93	1.400	AA	1.303	1,053	09/20/2019
166764A48	4044	Chevron Corp		02/09/2015	3,000,000.00	2,999,910.00	3,003,257.48	1.104	AA	1.003	399	12/05/2017

City of HB
Portfolio Management
Portfolio Details - Investments
October 31, 2016

Page 2

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												
268648AP7	4077	EMC Corp		07/14/2015	2,500,000.00	2,465,400.00	2,509,426.71	1.875	AA	1.630	577	06/01/2018
36962G5W0	3994	General Electric Capital Corp		12/26/2013	5,000,000.00	5,032,500.00	5,024,062.61	2.300	AAA	1.291	177	04/27/2017
36962G6K5	4007	General Electric Capital Corp		05/12/2014	2,500,000.00	2,511,950.00	2,506,657.91	1.600	AA	1.340	384	11/20/2017
36962G6W9	4036	General Electric Capital Corp		12/19/2014	2,000,000.00	2,008,980.00	2,005,059.89	1.625	AA	1.442	517	04/02/2018
24422ESR1	4126	John Deere Capital		12/08/2015	1,000,000.00	1,004,750.00	1,002,206.16	1.550	A	1.350	409	12/15/2017
24422ESR1	4127	John Deere Capital		12/08/2015	2,000,000.00	2,009,500.00	2,004,690.18	1.550	A	1.337	409	12/15/2017
191216BA7	4049	Coca Cola Co		02/24/2015	2,500,000.00	2,503,275.00	2,496,267.46	1.150	AA	1.258	516	04/01/2018
58933YAC9	4045	Merck & Co Inc		02/09/2015	2,000,000.00	2,003,040.00	2,000,972.62	1.100	AA	1.089	456	01/31/2018
68389XAQ8	4071	Oracle Corp		05/26/2015	3,000,000.00	3,063,900.00	3,041,161.83	2.375	AA	1.731	805	01/15/2019
89233P7E0	4023	Toyota Motor Credit		12/10/2014	3,000,000.00	3,003,600.00	2,995,941.89	1.375	AA	1.491	435	01/10/2018
89236TAY1	4039	Toyota Motor Credit		01/26/2015	3,000,000.00	3,037,290.00	3,028,752.73	2.000	AA	1.500	722	10/24/2018
Subtotal and Average		38,932,988.32			42,500,000.00	42,703,775.00	42,702,324.67			1.411	601	
Total and Average		196,572,478.10			194,429,011.27	194,368,293.77	194,657,019.45			1.224	807	

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

Page 3

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		18,958.34	18,958.34				0
				Subtotal		18,958.34	18,958.34				
Total Cash and Investments			196,572,478.10		194,429,011.27	194,387,252.11	194,675,977.79			1.224	807

City of HB
Portfolio Management
Activity By Type

Page 1

October 1, 2016 through October 31, 2016

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Issues - Coupon							
3137EADS5	4078	Federal Home Loan Mort Corp	0.875	10/14/2016	0.00	5,000,000.00	
3134G7X71	4118	Federal Home Loan Mort Corp	1.000	10/29/2016	0.00	2,000,000.00	
3134G7P96	4119	Federal Home Loan Mort Corp	1.000	10/29/2016	0.00	3,000,000.00	
		Subtotal			0.00	10,000,000.00	122,430,683.51
Local Agency Investment Funds (Monthly Summary)							
SYS982	982	Laif City	0.654		7,061,729.76	0.00	
		Subtotal			7,061,729.76	0.00	29,524,011.27
Corporate Bonds							
06406HCZ0	4155	Bank of New York	2.150	10/24/2016	5,086,100.00	0.00	
		Subtotal			5,086,100.00	0.00	42,702,324.67
		Total			12,147,829.76	10,000,000.00	194,657,019.45

City of HB

Portfolio Management

Activity Summary

October 2015 through October 2016

Page 1

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	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	1.232	1.249	0.506	4	0	1,140	869
April	2016	45	204,141,812.62	1.280	1.298	0.525	0	2	1,181	893
May	2016	44	208,914,656.20	1.168	1.184	0.552	2	3	976	736
June	2016	46	228,822,479.77	1.156	1.172	0.576	14	12	1,006	806
July	2016	45	230,059,053.62	1.167	1.183	0.588	2	3	1,044	830
August	2016	45	220,520,888.69	1.186	1.203	0.614	1	1	1,074	831
September	2016	43	208,478,917.26	1.205	1.222	0.634	1	3	1,114	835
October	2016	41	196,572,478.10	1.207	1.224	0.654	1	3	1,090	807
Average		44	205,006,023.32	1.208%	1.225%	0.513	3	3	1,106	857



Fair Value Including Accrued Interest	\$	70,467,377,193.24
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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 2016

Cash Receipts and Disbursements	September 2016	October 2016
Receipts		
General Fund		
Property Tax	1,535,034	170,648
Local Sales Tax	4,095,020	2,502,600
Public Safety Sales Tax	175,062	175,131
Transient Occupancy Tax Receipts (TOT)	1,178,901	963,948
Utility Users Tax (UUT)	1,769,954	1,727,414
Other Revenue	5,713,884	12,701,293
Total General Fund Revenue	14,467,855	18,241,034
Capital Projects Funds	151,612	33,070
Debt Service Funds	-	-
Enterprise Funds	5,135,909	5,591,659
General Fund Other	6,278,819	367,811
Internal Service Funds	750,159	582,144
Special Revenue Funds	3,369,105	71,920
Grant Funds	1,244,645	207,216
Trust and Agency Funds	2,251,717	1,399,530
Total Receipts	\$33,649,822	\$26,494,384
Disbursements		
General Fund		
Personal Services	(11,629,289)	(11,693,698)
Operating Expenses	(4,146,217)	(3,467,979)
Capital Expenditures	91,163	(311,497)
Non-Operating Expenses	(4,208)	(4,208)
Total General Fund Disbursements	(15,688,552)	(15,477,381)

Capital Projects Funds	(1,338,993)	(231,615)
Debt Service Funds	(1,050)	(3,049)
Enterprise Funds	(5,358,087)	(9,597,225)
General Fund Other	(2,559,804)	(152,138)
Internal Service Funds	(548,370)	(515,266)
Special Revenue Funds	(6,159,635)	(409,525)
Grant Funds	(1,982,359)	(294,533)
Trust and Agency Funds	(8,421,562)	(1,473,518)
Total Disbursements	(42,058,412)	(28,154,250)

Net Change in Cash Flow	(\$8,408,590)	(\$1,659,866)
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Summary of Cash by Fund	September 2016	October 2016
General Fund	\$60,936,229	64,647,426.25
General Fund Other	5,188,770	5,446,319
Capital Projects Funds	19,596,217	19,490,322
Debt Service Funds	12,500	9,450
Enterprise Funds	78,892,752	71,185,937
Trust and Agency Funds	10,203,046	10,308,229
Internal Service Funds	10,909,006	11,025,418
Special Revenue Funds	26,400,209	26,180,450
General Ledger Cash Balances	* \$212,138,729	\$208,293,552

* 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.