



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

**Portfolio Overview:**

*As of January 31, 2014:*

<u>Investment Type</u>	<u>Market Value</u>	<u>Book Value</u>	<u>% of Portfolio</u>	<u>YTM 365-day</u>
Federal Agency Issues	121,822,176	122,348,426	65%	1.09%
Local Agency Investment Fund (LAIF)	30,240,619	30,240,619	16%	0.24%
Corporate Bonds	34,398,257	34,398,263	18%	0.82%
<b>Subtotal Investments*</b>	<b><u>186,461,052</u></b>	<b><u>186,987,308</u></b>	<b>100%</b>	<b>0.90%</b>
Cash in Bank**	32,337,255	32,337,255		
<b>Total Portfolio</b>	<b><u>218,798,307</u></b>	<b><u>219,324,563</u></b>		<u>Policy Limit</u>
Federal Agency Issues			56%	None
Local Agency Investment Fund (LAIF)			14%	\$50 million
Corporate Bonds			16%	20%

\* Matches Sympro Report of 1/31/14

\*\*Cash "Available for Investing" per Daily Cash Flow of 1/31/14

There was approximately \$32 million in additional cash available for investing in the Union Bank account as of 1/31/14. These were funds received in December, primarily from property taxes. These funds continue to be invested as is prudent and appropriate.

- **Market Value Investments = \$186.5 million** (The current quoted price at which investors can buy/sell a security)
- **Book Value Investments= \$187 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:**

<b>Monthly Earnings</b>	<b>\$112,818</b>
Interest:	\$136,217
Adj. Premiums/Discounts	-\$23,399
Capital Gains:	\$0
<b>Monthly Budgeted Interest Income</b>	<b>\$100,000</b>
<i>Monthly Effective Rate of Return</i>	<i>0.75%</i>
<b>Fiscal YTD Earnings</b>	<b>\$431,394</b>
<b>Fiscal YTD Budget</b>	<b>\$400,000</b>
<i>Fiscal YTD Effective Rate of Return</i>	<i>0.74%</i>

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 January, 2014 there was a total of \$7.5 million in purchases of Federal Agency Securities. \$2 million of Corporate Bonds were purchased. \$7 million in cash was invested in the LAIF account.

**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 HB  
Portfolio Management  
Portfolio Summary  
January 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	122,375,862.07	121,822,176.83	122,348,426.56	65.43	1,626	1,308	1.076	1.090
Local Agency Investment Funds	30,240,618.85	30,240,618.85	30,240,618.85	16.17	1	1	0.241	0.244
Corporate Bonds	33,960,000.00	34,398,256.60	34,398,263.25	18.40	1,059	719	0.809	0.821
<b>Investments</b>	<b>186,576,480.92</b>	<b>186,461,052.28</b>	<b>186,987,308.66</b>	<b>100.00%</b>	<b>1,259</b>	<b>988</b>	<b>0.892</b>	<b>0.904</b>

<b>Cash and Accrued Interest</b>								
Accrued Interest at Purchase		23,513.89	23,513.89					
Subtotal		23,513.89	23,513.89					
<b>Total Cash and Investments</b>	<b>186,576,480.92</b>	<b>186,484,566.17</b>	<b>187,010,822.55</b>		<b>1,259</b>	<b>988</b>	<b>0.892</b>	<b>0.904</b>

	January 31 Month Ending	Fiscal Year To Date	Fiscal Year Ending
<b>Total Earnings</b>			
Current Year	112,818.19	431,393.62	
Current Budget	100,000.00	400,000.00	1,200,000.00
Last Year Actual	112,000.00	448,000.00	1,344,000.00
<b>Average Daily Balance</b>	<b>177,491,428.43</b>	<b>172,062,411.53</b>	
<b>Effective Rate of Return</b>	<b>0.75%</b>	<b>0.74%</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 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 month's obligations. Market Values provided by Union Bank via Interactive Data Corporation.

*Alisa Cutchen* 2.25.14  
Alisa Cutchen, CITY TREASURER

**City of HB**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**January 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Issues - Coupon</b>												
3133EAJ33	3942	Federal Farm Credit Bank		08/15/2012	5,000,000.00	5,000,150.00	4,998,413.19	0.730	AA	0.743	926	08/15/2016
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,275,894.83	3,275,558.76	0.720	AA	0.724	919	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,990,200.00	5,000,000.00	0.650	AA	0.650	1,061	12/28/2016
3130A0GL8	3996	Federal Home Loan Bank		12/27/2013	3,600,000.00	3,610,692.00	3,600,000.00	1.250	AA	1.250	1,790	12/27/2018
3130A0JB7	3997	Federal Home Loan Bank		01/17/2014	5,000,000.00	5,007,000.00	5,000,000.00	1.000	AA	1.000	1,171	04/17/2017
3134G3LU2	3925	Federal Home Loan Mort Corp		02/14/2012	5,000,000.00	5,001,450.00	5,000,000.00	1.050	AA	1.316	1,109	02/14/2017
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,963,500.00	5,000,000.00	0.875	AA	0.875	1,291	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,937,000.00	5,000,000.00	1.000	AA	1.000	1,440	01/11/2018
3134G47G7	3980	Federal Home Loan Mort Corp		06/26/2013	5,000,000.00	4,949,700.00	5,000,000.00	1.400	AA	1.400	1,606	06/26/2018
3134G4LS5	3987	Federal Home Loan Mort Corp		12/11/2013	5,000,000.00	5,010,100.00	5,000,000.00	1.000	AA	2.174	1,774	12/11/2018
3134G4RC4	3995	Federal Home Loan Mort Corp		12/27/2013	5,000,000.00	5,006,450.00	5,000,000.00	1.150	AA	1.944	1,790	12/27/2018
3134G4TC2	4001	Federal Home Loan Mort Corp		01/30/2014	2,500,000.00	2,511,500.00	2,500,000.00	1.550	AA	1.550	1,459	01/30/2018
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,942,900.00	5,000,000.00	0.900	AA	0.900	1,375	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,958,950.00	5,000,000.00	0.700	AA	1.002	1,404	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,977,050.00	5,000,000.00	0.700	AA	1.042	1,424	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,989,250.00	5,000,000.00	0.700	AA	1.053	1,424	12/26/2017
3135G0S80	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	5,003,400.00	4,993,892.59	0.375	AA	0.440	688	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,978,800.00	5,000,000.00	0.750	AA	1.078	1,459	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,895,500.00	5,000,000.00	0.750	AA	1.193	1,481	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,993,850.00	5,000,000.00	0.600	AA	0.600	936	08/25/2016
3136G1F50	3963	Fed. Nat'l Mort. Assoc.		02/28/2013	5,000,000.00	4,997,450.00	5,000,000.00	0.750	AA	1.435	1,488	02/28/2018
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,892,800.00	5,000,000.00	1.100	AA	1.100	1,500	03/12/2018
3135G0YA5	3978	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,937,800.00	5,000,000.00	0.750	AA	0.750	1,052	12/19/2016
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,927,850.00	4,982,284.02	0.800	AA	0.907	1,234	06/19/2017
3136G1RR2	3982	Fed. Nat'l Mort. Assoc.		08/19/2013	5,000,000.00	5,001,200.00	4,998,278.00	0.650	AA	0.667	748	02/19/2016
3136G1TE9	3983	Fed. Nat'l Mort. Assoc.		08/28/2013	3,000,000.00	3,001,740.00	3,000,000.00	1.000	AA	2.114	1,669	08/28/2018
		<b>Subtotal and Average</b>	<b>117,428,679.80</b>		<b>122,376,862.07</b>	<b>121,822,176.83</b>	<b>122,348,426.56</b>			<b>1.090</b>	<b>1,308</b>	
<b>Local Agency Investment Funds</b>												
SYS982	982	Laif City			30,240,618.85	30,240,618.85	30,240,618.85	0.244		0.244	1	
		<b>Subtotal and Average</b>	<b>25,266,118.95</b>		<b>30,240,618.85</b>	<b>30,240,618.85</b>				<b>0.244</b>	<b>1</b>	
<b>Corporate Bonds</b>												
03783AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,924,400.00	2,981,357.07	1.000	AA	1.151	1,552	05/03/2018
084664AT8	3895	Berkshire Hathaway Fin		08/26/2011	1,310,000.00	1,366,015.60	1,352,158.31	4.850	AA	1.390	348	01/15/2015
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,014,320.00	2,003,678.78	1.125	A	0.911	317	12/15/2014
		<b>Portfolio CITY</b>										
		<b>AP</b>										
		<b>PM (PRF_PM2) 7.3.0</b>										

**City of HB  
Portfolio Management  
Portfolio Details - Investments  
January 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 366	Days to Maturity	Maturity Date
<b>Corporate Bonds</b>												
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,026,760.00	3,022,893.19	1.100	A	0.520	482	05/29/2015
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,694,451.00	1,688,932.80	3.750	AA	0.722	286	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	2,013,000.00	2,000,760.60	1.000	AA	0.980	706	01/08/2016
36962G5M2	3986	General Electric Capital Corp		11/19/2013	2,500,000.00	2,543,125.00	2,541,755.37	2.150	AA	0.366	342	01/09/2015
36962G5W0	3994	General Electric Capital Corp		12/26/2013	5,000,000.00	5,157,450.00	5,159,414.82	2.300	AAA	1.291	1,181	04/27/2017
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,022,320.00	3,019,556.03	1.250	A	0.465	304	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,015,620.00	2,010,624.84	0.950	A	0.570	513	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,059,700.00	3,061,565.12	1.750	A	1.055	1,110	02/15/2017
713448CA4	3988	PEPSICO INC		11/19/2013	2,500,000.00	2,506,075.00	2,509,620.19	0.700	A	0.448	558	08/19/2015
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,055,020.00	3,045,946.13	1.500	AA	0.606	631	10/25/2015
		<b>Subtotal and Average</b>	<b>34,795,629.68</b>		<b>33,950,000.00</b>	<b>34,398,256.60</b>	<b>34,398,263.25</b>			<b>0.821</b>	<b>719</b>	
		<b>Total and Average</b>	<b>177,491,428.43</b>		<b>186,576,480.92</b>	<b>186,461,052.28</b>	<b>186,987,308.66</b>			<b>0.904</b>	<b>988</b>	

Portfolio CITY  
AP  
PM (PRF\_PM2) 7.3.0

City of HB  
 Portfolio Management  
 Portfolio Details - Cash  
 January 31, 2014

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		23,513.89	23,513.89				0
		Subtotal				23,513.89	23,513.89				
		Total Cash and Investments	177,491,428.43		186,576,480.92	186,484,666.17	187,010,822.55			0.304	988

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Issues - Coupon</b>							
3130A0JB7	3997	Federal Home Loan Bank	1.000	01/17/2014	5,000,000.00	0.00	
3134G4TC2	4001	Federal Home Loan Mort Corp	1.550	01/30/2014	2,500,000.00	0.00	
		Subtotal			7,500,000.00	0.00	122,348,426.66
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS982	982	Laif City	0.244		7,014,964.07	0.00	
		Subtotal			7,014,964.07	0.00	30,240,618.85
<b>Corporate Bonds</b>							
36962G4X9	3906	General Electric Capital Corp	2.100	01/07/2014	0.00	2,000,000.00	
		Subtotal			0.00	2,000,000.00	34,398,263.25
		<b>Total</b>			14,514,964.07	2,000,000.00	186,987,308.66

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

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					
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	0.789	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
<b>Average</b>		<b>38</b>	<b>183,726,614.94</b>	<b>0.808%</b>	<b>0.819%</b>	<b>0.265</b>	<b>2</b>	<b>2</b>	<b>1,220</b>	<b>995</b>



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

	January 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	113,982.78	508,311.94
Plus Accrued Interest at End of Period	326,828.08	326,828.08
Less Accrued Interest at Beginning of Period	( 309,829.90)	( 349,916.97)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	130,980.96	485,223.05
Adjusted by Premiums and Discounts	-23,398.74	-77,279.47
Adjusted by Capital Gains or Losses	0.00	3,250.00
Earnings during Periods	107,582.22	411,193.58
<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	14,964.07	39,041.53
Plus Accrued Interest at End of Period	7,417.26	7,417.26
Less Accrued Interest at Beginning of Period	( 17,145.36)	( 26,258.75)
Interest Earned during Period	5,235.97	20,200.04
Total Interest Earned during Period	136,216.93	505,423.09
Total Adjustments from Premiums and Discounts	-23,398.74	-77,279.47
Total Capital Gains or Losses	0.00	3,250.00
Total Earnings during Period	112,818.19	431,393.62



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

**Finance Department  
January 2014**

<b>Cash Receipts and Disbursements</b>	<b>December 2013</b>	<b>January 2014</b>
<b>Receipts</b>		
Property Tax Receipts	\$23,249,625	\$2,072,382
Utility Tax Receipts (UUT)	1,586,049	1,676,264
Sales Tax Receipts	1,801,034	1,762,500
1/2 Cent Safety Sales Tax Receipts	190,266	160,382
Highway Users Tax Receipts (HUT)	1,010,373	393,288
Transient Occupancy Tax Receipts (TOT)	488,062	464,750
Government Funds	44,060	115,089
Capital Funds	24,322	2,530,759
Debt Service Funds	-	969,500
Enterprise Funds	4,962,148	5,104,650
Fiduciary Funds	2,993,117	6,643,101
Special Revenue Funds	2,771,934	1,663,044
All Other Receipts	1,693,754	16,817,434
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>\$40,814,744</b>	<b>\$40,373,145</b>
<b>Disbursements</b>		
<b>Total Disbursements</b>	<b>(31,352,843)</b>	<b>(27,590,010)</b>
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<b>Net Change in Cash Flow</b>	<b>\$9,461,901</b>	<b>\$12,783,135</b>
	<hr/>	<hr/>
<b>Summary of Cash by Fund</b>		
	<b>December 2013</b>	<b>January 2014</b>
General Fund	72,045,564	72,020,240
Government Funds	1,015,112	1,074,214
Capital Funds	15,143,487	17,019,577
Debt Service Funds	16,124	16,124
Enterprise Funds	90,957,840	89,382,973
Fiduciary Funds	12,286,548	17,501,378
Internal Service Funds	-	5,078,529
Special Revenue Funds	16,258,450	16,254,630
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<b>General Ledger Cash Balances</b>	<b>207,723,126</b>	<b>218,347,664 *</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.

**State of California**  
**Pooled Money Investment Account**  
**Market Valuation**  
**1/31/2014**

Description	Carrying Cost Plus		Fair Value	Accrued Interest	
	Accrued Interest	Purch.			
United States Treasury:					
Bills	\$	14,582,929,743.12	\$	14,595,331,500.00	NA
Notes	\$	17,663,910,735.99	\$	17,682,265,000.00	\$ 16,729,066.00
Federal Agency:					
SBA	\$	563,808,939.69	\$	559,370,619.13	\$ 530,800.20
MBS-REMICs	\$	140,682,265.90	\$	151,819,615.21	\$ 670,767.27
Debentures	\$	1,420,965,228.73	\$	1,420,173,740.00	\$ 4,957,599.00
Debentures FR	\$	-	\$	-	\$ -
Discount Notes	\$	1,298,933,000.02	\$	1,299,732,000.00	NA
GNMA	\$	-	\$	-	\$ -
Supranational Debentures	\$	149,896,019.16	\$	149,884,500.00	\$ 231,597.00
CDs and YCDs FR	\$	-	\$	-	\$ -
Bank Notes	\$	100,000,000.00	\$	99,970,526.69	\$ 2,333.33
CDs and YCDs	\$	9,775,137,793.33	\$	9,772,307,674.38	\$ 4,388,090.31
Commercial Paper	\$	5,523,280,368.12	\$	5,522,792,222.22	NA
Corporate:					
Bonds FR	\$	-	\$	-	\$ -
Bonds	\$	-	\$	-	\$ -
Repurchase Agreements	\$	-	\$	-	\$ -
Reverse Repurchase	\$	-	\$	-	\$ -
Time Deposits	\$	4,547,640,000.00	\$	4,547,640,000.00	NA
AB 55 & GF Loans	\$	1,244,239,682.49	\$	1,244,239,682.49	NA
<b>TOTAL</b>	<b>\$</b>	<b>57,011,423,776.55</b>	<b>\$</b>	<b>57,045,527,080.12</b>	<b>\$ 27,510,253.11</b>

Fair Value Including Accrued Interest \$ 57,073,037,333.23

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