



**City of Huntington Beach**  
**Monthly Investment Report**  
*Period Ending: February 28, 2014*  
*Prepared by: Alisa Cutchen, City Treasurer*

**Portfolio Overview:**

*As of February 28, 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	126,417,649	126,848,499	62%	1.09%	None
Local Agency Investment Fund (LAIF)	43,240,619	43,240,619	21%	0.24%	\$50 million
Corporate Bonds	34,409,880	34,374,199	17%	0.82%	20%
<b>Total Portfolio</b>	<b>204,068,148</b>	<b>204,463,317</b>	<b>100%</b>	<b>0.86%</b>	

- **Market Value Investments = \$204.1 million** (The current quoted price at which investors can buy/sell a security)
- **Book Value Investments= \$204.5 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>\$120,453</b>
Interest:	\$142,004
Adj. Premiums/Discounts	-\$23,231
Capital Gains:	\$1,680
<b>Monthly Budgeted Interest Income</b>	<b>\$100,000</b>
<i>Monthly Effective Rate of Return</i>	<i>0.83%</i>
<b>Fiscal YTD Earnings</b>	<b>\$551,846</b>
<b>Fiscal YTD Budget</b>	<b>\$500,000</b>
<i>Fiscal YTD Effective Rate of Return</i>	<i>0.76%</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 February, 2014 there was a total of \$17.5 million in purchases of Federal Agency securities. A total of \$13 million in Federal Agency securities matured during the month. There were no Corporate Bonds purchased. \$13 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 Huntington Beach  
2000 Main St.  
Huntington Beach,

**City of HB  
Portfolio Management  
Portfolio Summary  
February 28, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues - Coupon	126,875,862.07	126,417,649.35	126,848,499.53	62.04	1,615	1,321	1,074	1,089
Local Agency Investment Funds	43,240,618.85	43,240,618.85	43,240,618.85	21.15	1	1	0.233	0.236
Corporate Bonds	33,960,000.00	34,409,860.40	34,374,199.28	16.81	1,059	691	0.809	0.821
<b>Investments</b>	<b>204,076,480.92</b>	<b>204,068,148.60</b>	<b>204,463,317.66</b>	<b>100.00%</b>	<b>1,180</b>	<b>936</b>	<b>0.851</b>	<b>0.863</b>

**Cash and Accrued Interest**

Accrued Interest at Purchase	18,847.22	18,847.22	18,847.22					
Subtotal		18,847.22	18,847.22					
<b>Total Cash and Investments</b>	<b>204,076,480.92</b>	<b>204,086,995.82</b>	<b>204,482,164.88</b>		<b>1,180</b>	<b>936</b>	<b>0.851</b>	<b>0.863</b>

**Total Earnings**

	February 28	Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	120,452.64		551,846.26	
Current Budget	100,000.00		500,000.00	1,200,000.00
Last Year Actual	112,000.00		560,000.00	1,344,000.00
<b>Average Daily Balance</b>	<b>188,868,178.60</b>		<b>175,178,712.71</b>	
<b>Effective Rate of Return</b>	<b>0.83%</b>		<b>0.76%</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 Culchen*  
Alisa Culchen, CITY TREASURER 3-25-14

Reporting period 02/01/2014-02/28/2014

Run Date: 03/19/2014 - 10:02

Portfolio CITY  
AP  
PM (PRF, PM1) 7.3.0  
Report Ver. 7.3.3b

**City of HB**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**February 28, 2014**

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>												
3133EAJ33	3942	Federal Farm Credit Bank		08/15/2012	5,000,000.00	5,000,150.00	4,998,465.28	0.730	AA	0.743	898	08/15/2016
3133805K9	3941	Federal Home Loan Bank		08/08/2012	3,275,862.07	3,275,960.35	3,275,568.79	0.720	AA	0.724	891	08/08/2016
313381M44	3953	Federal Home Loan Bank		12/28/2012	5,000,000.00	4,987,550.00	5,000,000.00	0.650	AA	0.650	1,033	12/28/2016
3130A0GL8	3996	Federal Home Loan Bank		12/27/2013	3,600,000.00	3,611,664.00	3,600,000.00	1.250	AA	1.250	1,762	12/27/2018
3130A0JB7	3997	Federal Home Loan Bank		01/17/2014	5,000,000.00	5,005,100.00	5,000,000.00	1.000	AA	1.000	1,143	04/17/2017
3130A0SR2	4002	Federal Home Loan Bank		02/19/2014	7,500,000.00	7,514,250.00	7,500,000.00	0.700	AA	0.700	902	08/19/2016
3130A0QM5	4003	Federal Home Loan Bank		02/14/2014	5,000,000.00	4,997,750.00	4,997,583.04	1.000	AA	1.010	1,811	02/14/2019
3130A0ZB9	4006	Federal Home Loan Bank		02/28/2014	5,000,000.00	5,003,400.00	5,000,000.00	1.050	AA	2.125	1,825	02/28/2019
3134G3B90	3940	Federal Home Loan Mort Corp		08/15/2012	5,000,000.00	4,962,700.00	5,000,000.00	0.875	AA	0.875	1,263	08/15/2017
3134G33B4	3952	Federal Home Loan Mort Corp		01/11/2013	5,000,000.00	4,942,400.00	5,000,000.00	1.000	AA	1.000	1,412	01/11/2018
3134G47G7	3980	Federal Home Loan Mort Corp		06/26/2013	5,000,000.00	4,956,450.00	5,000,000.00	1.400	AA	1.400	1,578	06/26/2018
3134G4LS5	3987	Federal Home Loan Mort Corp		12/11/2013	5,000,000.00	5,010,650.00	5,000,000.00	1.000	AA	2.174	1,746	12/11/2018
3134G4RC4	3995	Federal Home Loan Mort Corp		12/27/2013	5,000,000.00	5,009,200.00	5,000,000.00	1.150	AA	1.944	1,762	12/27/2018
3134G4TC2	4001	Federal Home Loan Mort Corp		01/30/2014	2,500,000.00	2,511,475.00	2,500,000.00	1.550	AA	1.550	1,431	01/30/2018
3135G0RK1	3945	Fed. Nat'l Mort. Assoc.		11/07/2012	5,000,000.00	4,950,700.00	5,000,000.00	0.900	AA	0.900	1,347	11/07/2017
3136G07K1	3947	Fed. Nat'l Mort. Assoc.		12/07/2012	5,000,000.00	4,967,550.00	5,000,000.00	0.700	AA	1.002	1,376	12/06/2017
3136G17E3	3950	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,985,700.00	5,000,000.00	0.700	AA	1.042	1,396	12/26/2017
3136G1A66	3951	Fed. Nat'l Mort. Assoc.		12/26/2012	5,000,000.00	4,997,700.00	5,000,000.00	0.700	AA	1.053	1,396	12/26/2017
3135G0S80	3954	Fed. Nat'l Mort. Assoc.		12/21/2012	5,000,000.00	5,005,300.00	4,994,162.04	0.375	AA	0.440	660	12/21/2015
3136G1AY5	3955	Fed. Nat'l Mort. Assoc.		01/30/2013	5,000,000.00	4,986,250.00	5,000,000.00	0.750	AA	1.078	1,431	01/30/2018
3136G1CJ6	3957	Fed. Nat'l Mort. Assoc.		02/21/2013	5,000,000.00	4,904,500.00	5,000,000.00	0.750	AA	1.193	1,453	02/21/2018
3136G1E62	3961	Fed. Nat'l Mort. Assoc.		02/25/2013	5,000,000.00	4,996,150.00	5,000,000.00	0.600	AA	0.600	908	08/25/2016
3136G1FB0	3963	Fed. Nat'l Mort. Assoc.		02/28/2013	5,000,000.00	5,000,150.00	5,000,000.00	0.750	AA	1.435	1,460	02/28/2018
3136G1EP0	3964	Fed. Nat'l Mort. Assoc.		03/12/2013	5,000,000.00	4,900,650.00	5,000,000.00	1.100	AA	1.100	1,472	03/12/2018
3135G0YA5	3978	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,999,350.00	5,000,000.00	0.750	AA	0.750	1,024	12/19/2016
3136G1NB1	3979	Fed. Nat'l Mort. Assoc.		06/19/2013	5,000,000.00	4,934,950.00	4,982,720.38	0.800	AA	0.907	1,206	06/19/2017
<b>Subtotal and Average</b>			<b>123,312,413.28</b>		<b>126,875,862.07</b>	<b>126,417,649.35</b>	<b>126,848,499.53</b>			<b>1.089</b>	<b>1,321</b>	
<b>Local Agency Investment Funds</b>												
SYS982	982	Laif City			43,240,618.85	43,240,618.85	43,240,618.85	0.236		0.236	1	
<b>Subtotal and Average</b>			<b>31,169,190.28</b>		<b>43,240,618.85</b>	<b>43,240,618.85</b>	<b>43,240,618.85</b>			<b>0.236</b>	<b>1</b>	
<b>Corporate Bonds</b>												
037833AJ9	3976	Apple Inc.		05/28/2013	3,000,000.00	2,928,810.00	2,981,722.14	1.000	AA	1.151	1,524	05/03/2018
084664AT8	3995	Berkshire Hathaway Fin		08/28/2011	1,310,000.00	1,361,469.90	1,348,481.72	4.850	AA	1.390	320	01/15/2015
14912L4Y4	3930	Caterpillar Financial Corp.		05/30/2012	2,000,000.00	2,012,200.00	2,003,327.30	1.125	A	0.911	289	12/15/2014
											Portfolio City	
											AP	
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**City of HB  
Portfolio Management  
Portfolio Details - Investments  
February 28, 2014**

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>												
14912L5D9	3936	Caterpillar Financial Corp.		08/03/2012	3,000,000.00	3,027,450.00	3,021,456.38	1.100	A	0.520	454	05/29/2015
36962G4G6	3949	General Electric Capital Corp		12/14/2012	1,650,000.00	1,688,890.50	1,684,805.65	3.750	AA	0.722	258	11/14/2014
36962G6R0	3956	General Electric Capital Corp		01/25/2013	2,000,000.00	2,015,900.00	2,000,727.86	1.000	AA	0.980	678	01/08/2016
36962G5M2	3986	General Electric Capital Corp		11/19/2013	2,500,000.00	2,539,100.00	2,538,049.27	2.150	AA	0.366	314	01/09/2015
36962G5W0	3994	General Electric Capital Corp		12/26/2013	5,000,000.00	5,182,400.00	5,155,313.24	2.300	AAA	1.291	1,153	04/27/2017
24422ERK7	3937	John Deere Capital		08/03/2012	3,000,000.00	3,022,020.00	3,017,606.92	1.250	A	0.465	276	12/02/2014
24422ERS0	3948	John Deere Capital		12/11/2012	2,000,000.00	2,015,880.00	2,009,997.39	0.950	A	0.570	485	06/29/2015
674599CB9	3977	Occidental Petroleum		05/28/2013	3,000,000.00	3,051,450.00	3,059,876.86	1.750	A	1.055	1,082	02/15/2017
713448CA4	3988	PEPSICO INC		11/19/2013	2,500,000.00	2,508,750.00	2,509,097.36	0.700	A	0.448	530	08/13/2015
931142CX9	3943	Wal-Mart Stores		08/14/2012	3,000,000.00	3,055,560.00	3,043,737.19	1.500	AA	0.606	603	10/25/2015
		<b>Subtotal and Average</b>	<b>34,386,575.03</b>		<b>33,960,000.00</b>	<b>34,409,880.40</b>	<b>34,374,199.28</b>			<b>0.821</b>	<b>691</b>	
		<b>Total and Average</b>	<b>188,868,178.60</b>		<b>204,076,480.32</b>	<b>204,068,148.60</b>	<b>204,463,317.66</b>			<b>0.863</b>	<b>936</b>	

Portfolio City  
AP  
PM (PRF, PM2) 7.3.0

**City of HB  
Portfolio Management  
Portfolio Details - Cash  
February 28, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
		<b>Average Balance</b>	<b>0.00</b>	Accrued Interest at Purchase		18,847.22	18,847.22				0
				Subtotal		18,847.22	18,847.22				
		<b>Total Cash and Investments</b>	<b>188,368,178.60</b>		<b>204,076,480.32</b>	<b>204,086,995.82</b>	<b>204,482,164.88</b>			<b>0.363</b>	<b>936</b>

Portfolio CITY  
AP  
PM (PRE\_PM2) 7.3.0

**City of HB  
Portfolio Management**

**Activity By Type**

**February 1, 2014 through February 28, 2014**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Issues - Coupon</b>							
3130A0SR2	4002	Federal Home Loan Bank	0.700	02/19/2014	7,500,000.00	0.00	
3130A0QM5	4003	Federal Home Loan Bank	1.000	02/14/2014	4,997,560.00	0.00	
3130A0ZB9	4006	Federal Home Loan Bank	1.050	02/28/2014	5,000,000.00	0.00	
3134G3LU2	3925	Federal Home Loan Mort Corp	1.500	02/14/2014	0.00	5,000,000.00	
3136G1RR2	3982	Fed. Nat'l Mort. Assoc.	0.650	02/19/2014	0.00	4,998,320.00	
3136G1TE9	3983	Fed. Nat'l Mort. Assoc.	1.000	02/28/2014	0.00	3,000,000.00	
		<b>Subtotal</b>			<b>17,497,560.00</b>	<b>12,998,320.00</b>	<b>126,848,499.53</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS982	982	Laif City	0.236		13,000,000.00	0.00	
		<b>Subtotal</b>			<b>13,000,000.00</b>	<b>0.00</b>	<b>43,240,618.85</b>
<b>Corporate Bonds</b>							
		<b>Subtotal</b>			<b>30,497,560.00</b>	<b>12,998,320.00</b>	<b>204,463,317.66</b>
		<b>Total</b>			<b>34,374,199.28</b>		

**City of HB  
Portfolio Management  
Activity Summary  
February 2013 through February 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					
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
February	2014	40	188,868,178.60	0.851	0.863	0.236	3	3	1,180	936
<b>Average</b>		<b>38</b>	<b>184,226,760.87</b>	<b>0.815%</b>	<b>0.826%</b>	<b>0.260</b>	<b>2</b>	<b>1</b>	<b>1,226</b>	<b>993</b>



**City of HB**  
**Portfolio Management**  
**Interest Earnings Summary**  
**February 28, 2014**

	February 28 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	192,251.43	700,563.37
Plus Accrued Interest at End of Period	270,937.39	270,937.39
Less Accrued Interest at Beginning of Period	( 326,828.08)	( 349,916.97)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
<b>Interest Earned during Period</b>	<b>136,360.74</b>	<b>621,583.79</b>
Adjusted by Premiums and Discounts	-23,231.00	-100,510.47
Adjusted by Capital Gains or Losses	1,680.00	4,930.00
<b>Earnings during Periods</b>	<b>114,809.74</b>	<b>526,003.32</b>
<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)
<b>Interest Earned during Period</b>	<b>0.00</b>	<b>0.00</b>
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
<b>Earnings during Periods</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.00	39,041.53
Plus Accrued Interest at End of Period	13,060.16	13,060.16
Less Accrued Interest at Beginning of Period	( 7,417.26)	( 26,258.75)
<b>Interest Earned during Period</b>	<b>5,642.90</b>	<b>25,842.94</b>
<b>Total Interest Earned during Period</b>	<b>142,003.64</b>	<b>647,426.73</b>
<b>Total Adjustments from Premiums and Discounts</b>	<b>-23,231.00</b>	<b>-100,510.47</b>
<b>Total Capital Gains or Losses</b>	<b>1,680.00</b>	<b>4,930.00</b>
<b>Total Earnings during Period</b>	<b>120,452.64</b>	<b>551,846.26</b>





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

Finance Department  
February 2014

Cash Receipts and Disbursements	January 2014	February 2014
<b>Receipts</b>		
Property Tax Receipts	\$2,072,382	\$71,649
Utility Tax Receipts (UUT)	1,676,264	1,755,532
Sales Tax Receipts	1,762,500	2,298,600
1/2 Cent Safety Sales Tax Receipts	160,382	158,496
Highway Users Tax Receipts (HUT)	393,288	-
Transient Occupancy Tax Receipts (TOT)	464,750	532,981
Government Funds	115,089	22,121
Capital Funds	2,530,759	311,633
Debt Service Funds	969,500	1,759,855
Enterprise Funds	5,104,650	4,380,480
Fiduciary Funds	6,643,101	843,162
Special Revenue Funds	1,663,044	315,762
All Other Receipts	16,817,434	1,558,073
	<b>\$40,373,145</b>	<b>\$14,008,343</b>
<b>Disbursements</b>		
<b>Total Disbursements</b>	<b>(27,590,010)</b>	<b>(22,520,299)</b>
<b>Net Change in Cash Flow</b>	<b>\$12,783,135</b>	<b>(\$8,511,956)</b>
 <b>Summary of Cash by Fund</b>		
	<b>January 2014</b>	<b>February 2014</b>
General Fund	72,020,240	64,120,306
Government Funds	1,074,214	972,307
Capital Funds	17,019,577	17,299,948
Debt Service Funds	16,124	16,124
Enterprise Funds	89,382,973	89,663,469
Fiduciary Funds	17,501,378	17,629,525
Internal Service Funds	5,078,529	5,078,529
Special Revenue Funds	16,254,630	15,582,906
<b>General Ledger Cash Balances</b>	<b>218,347,664</b>	<b>210,363,113</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.