R-29

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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November 13, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Investment Report for Quarter Ending September 30, 2012. (Citywide)

DISCUSSION

The Department of Financial Management, City Treasurer's Office, invests the City's funds in compliance with the California Government Code, Section 53600 et. seq., and the City's Investment Policy. As of September 30, 2012, these funds had a market and book value of approximately $1.692 billion and $1.688 billion, respectively, with an unrealized gain of approximately $4.0 million. Unrealized gains or losses result from changing investment values during the period they are held in the portfolio and are only recognized when the investment is sold prior to the maturity date.

Approximately $810 million of the total investment pool, or approximately 48 percent of funds, will mature within six months, ensuring that sufficient funds are available to meet the City's liquidity needs.

Statutory Compliance

All investment transactions have been executed in conformance with the City's Investment Policy and the California Government Code. According to the California Government Code, the maturity term of all investments is limited to a maximum of five years, unless the local agency legislative body gives prior approval to exceed this limitation. The City's Investment Policy currently requires that all funds invested in the City's investment pool not exceed a weighted average maturity of three years. In addition, the Investment Advisory Committee, composed of the Assistant City Manager, the Deputy City Auditor, Assistant City Attorney, Director of Financial Management, City Treasurer, City Controller, Budget and Performance Management Bureau staff, and designated representatives from the Harbor and Water departments, meets monthly, or as needed, to review investment policies, strategies and performance.

Investment Pool Rating

As of September 30, 2012, Standard and Poor's reaffirmed the City's investment portfolio rating of AAAf and one of the lowest volatility ratings of S1. This rating confirms the safety of the City's invested funds and qualifies the investment pool as an alternative investment for proceeds from bonds issued by the City.

Investment Performance

The City Treasurer's Office invests in a variety of fixed-income securities that vary in maturity from one day to five years (excluding the Health Select Auction Variable Rate Securities loan) as authorized by the City's Investment Policy and the California Government Code. The City's adopted 2012 Investment Policy divides the City's investment portfolio into a short-term, intermediate-term and a long-term portfolio whose benchmarks are the Three-Month Treasury Bill, One-Year Constant Maturity Treasury (CMT) and the Merrill Lynch One-to-Five Year Treasury/Agency Index, respectively. All are market indices that change daily; therefore, actual returns can vary depending on book yields and security calls before the final maturity date. The weighted average book yield for the period was 0.33 percent (annualized). Book yield represents the return received on the total investment portfolio on an annualized basis.

On September 30, 2012, the City's investment pool market yield was 0.29 percent (annualized). During the quarter, the average short-term benchmark increased two basis points, while the intermediate-term benchmark increased by three basis points. The long-term benchmark was unchanged. The following table summarizes the City's investment pool market yield and performance for the quarter ending September 30, 2012:

INVESTMENT POOL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 30, 2012

Investment Portfolio Funds	Amount of Funds	Quarter End Values		
		Benchmark Return**	Weighted Avg Maturity*	Yield**
Short-Term Pool	$ 660,258,549	0.09 percent	0.28 years	0.32 percent
Intermediate-Term Pool	$ 607,399,005	0.17 percent	0.89 years	0.24 percent
Long-Term Pool	$ 421,529,901	0.25 percent	1.76 years	0.30 percent
Total Pool	$ 1,689,187,455	0.16 percent	0.87 years	0.29 percent

** Weighted Average Maturity assumes securities are not called or sold prior to the actual maturity date. ** Benchmark Return and Market Yield of Portfolio are at quarter end.*

The following table summarizes the purchase yield of the new investments versus the average benchmark yield in the short-term portfolio by month for the quarter ending September 30, 2012:

SHORT-TERM PORTFOLIO ACTIVITY FOR QUARTER ENDING SEPTEMBER 30, 2012

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark*
July, 2012	$ 16,000,000	0.09 percent	0.22 percent	0.13 percentage points
August, 2012	$ 61,850,000	0.09 percent	0.16 percent	0.07 percentage points
September, 2012	$ 116,000,000	0.10 percent	0.12 percent	0.02 percentage points
Total Funds	$ 193,850,000	0.10 percent	0.14 percent	0.04 percentage points

** 91-Day T-Bill and other returns listed are weighted averages for the period. **Purchase Yields stated to maturity assume the securities are not called or sold prior to the maturity date.*

The following table summarizes the purchase yield of the new investments versus the average benchmark yield in the intermediate-term portfolio by month for the quarter ending September 30 2012:

INTERMEDIATE-TERM PORTFOLIO ACTIVITY FOR QUARTER ENDING SEPTEMBER 30, 2012

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark*
July, 2012	$ 32,000,000	0.19 percent	0.34 percent	0.15 percentage points
August, 2012	$ 37,445,000	0.18 percent	0.28 percent	0.10 percentage points
September, 2012	$ 50,000,000	0.18 percent	0.25 percent	0.07 percentage points
Total Funds	$ 119,445,000	0.18 percent	0.28 percent	0.10 percentage points

** One Year CMT and other returns listed are weighted averages for the period. **Purchase Yields stated to maturity assume the securities are not called or sold prior to the maturity date.*

The following table summarizes the purchase yield of the new investments versus the average benchmark yield in the long-term portfolio by month for the quarter ending September 30, 2012. Our Investment Advisor, Chandler Asset Management, manages the long-term portfolio through activity pre-approved by the City Treasurer or a designated representative before execution.

LONG-TERM PORTFOLIO ACTIVITY FOR QUARTER ENDING SEPTEMBER 30, 2012

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark*
July, 2012	$ 9,000,000	0.28 percent	0.61 percent	0.33 percentage points
August, 2012	$ 9,250,000	0.28 percent	0.74 percent	0.46 percentage points
September, 2012	$ 9,300,000	0.27 percent	0.54 percent	0.27 percentage points
Total Funds	$ 27,550,000	0.28 percent	0.63 percent	0.35 percentage points

** Merrill Lynch One-to-Three Year Treasury/Agency Index and other returns listed are weighted averages for the period. **Yields are stated to maturity and assume the securities are not called or sold prior to the maturity date.*

As of September 30, 2012, the City's investment in the State Treasurer's Local Agency Investment Fund (LAIF) pool was approximately $71.0 million.

The City's investment pool consists of all City funds except certain bond and special assessment district proceeds. The non-pooled investments are invested separately in accordance with bond indenture provisions or other legal requirements. A complete listing of investment balances, portfolio distribution and performance values can be found in Attachment A.

Short-Term Strategy

The City has adopted an investment strategy for the short-term portfolio that maintains sufficient liquidity within a rolling 12-month period to satisfy the City's cash needs.

Intermediate-Term Strategy

The City has adopted an investment strategy for the intermediate-term portfolio that maintains a weighted maturity of one year and provides cash needs for maturities greater than six months.

Long-Term Investment Strategy

Chandler Asset Management manages the long-term portfolio and, given historically low interest rates, the Investment Advisory Committee has recommended a temporary strategy to benchmark the long-term portfolio to the One-Three Year Treasury/Agency Index.

Cash Management Goals

The City's cash management goals are to maintain and preserve the safety of funds in custody and provide adequate liquidity for anticipated expenditure needs.

This matter was reviewed by Assistant City Attorney Charles Parkin on October 16, 2012 and Budget Management Officer Victoria Bell on October 22, 2012.

TIMING CONSIDERATIONS

This item is not time critical.

FISCAL IMPACT

There is no fiscal impact or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER

JG:DSN:DT
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ATTACHMENT A – INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2012

ATTACHMENT A
City of Long Beach, CA
Investment Portfolio
As of September 30, 2012

INVEST. NO.	SECURITY DESCRIPITON	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MARKET YIELD
	UNION BANK N.A.			182,925,150	182,925,150	182,925,150	0	10/01/12	0.60
	BANK OF AMERICA			20,953,681	20,953,681	20,953,681	0	10/01/12	0.04
	LOCAL AGENCY INVESTMENT FUND			70,099,035	70,099,035	70,099,035	63,862	10/01/12	0.33
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	TOTAL CASH AND EQUIVALENTS			273,977,866	273,977,866	273,977,866	63,862	1	0.49
14333	FEDERAL FARM CREDIT BANK	313312H94	AA+	8,000,000	8,000,000	8,000,000	0	10/01/12	0.14
14532	U.S. TREASURY BILL	9127956K2	AA+	10,000,000	9,999,913	10,000,000	0	10/04/12	0.11
14533	U.S. TREASURY BILL	9127956K2	AA+	15,000,000	14,999,869	15,000,000	0	10/04/12	0.11
14375	FED NAT MORTG ASSOC.	313396J53	AA+	10,000,000	9,999,889	10,000,000	0	10/05/12	0.10
14535	FEDERAL HOME LOAN BANK	313384J59	AA+	10,000,000	9,999,867	9,999,967	0	10/05/12	0.02
14520	FEDERAL HOME LOAN BANK	313384K32	AA+	10,000,000	9,999,694	9,999,917	0	10/11/12	0.03
14376	FED NAT MORTG ASSOC.	313588K46	AA+	10,000,000	9,999,694	9,999,900	0	10/12/12	0.03
14529	U.S. TREASURY BILL	9127955G2	AA+	20,000,000	19,999,197	19,999,463	0	10/18/12	0.05
14530	U.S. TREASURY BILL	9127955G2	AA+	20,000,000	19,999,197	19,999,463	0	10/18/12	0.05
14343	FED HOME LOAN MTG CORP.	3137EAAZ2	AA+	9,755,000	9,783,886	9,784,167	195,506	10/25/12	0.31
14395	FED NAT MORTG ASSOC.	31398A4T6	AA+	10,000,000	10,002,782	10,002,700	20,972	10/30/12	0.18
14364	FEDERAL HOME LOAN BANK	3133767C3	AA+	10,000,000	10,000,164	10,000,200	18,000	11/07/12	0.18
14368	FEDERAL HOME LOAN BANK	313376BC8	AA+	10,000,000	10,000,208	10,000,000	6,850	11/14/12	0.18
14537	FED NAT MORTG ASSOC.	313588P66	AA+	10,000,000	9,998,750	9,999,600	0	11/15/12	0.03
14374	FEDERAL HOME LOAN BANK	313376EE1	AA+	10,000,000	10,000,425	10,000,300	7,333	11/19/12	0.18
14362	U.S. TREASURY NOTE	912828PV6	AA+	8,000,000	8,004,701	8,005,040	13,443	11/30/12	0.12
14341	FEDERAL FARM CREDIT BANK	31331G2R9	AA+	4,465,000	4,478,582	4,479,020	26,278	12/07/12	0.19
14367	FEDERAL HOME LOAN BANK	313384U23	AA+	10,000,000	9,996,625	9,999,100	0	12/21/12	0.04
14404	U.S. TREASURY NOTE	912828PR5	AA+	12,000,000	12,017,950	12,019,680	12,636	01/31/13	0.13
14515	U.S. TREASURY BILL	9127957F2	AA+	10,000,000	9,994,617	9,995,959	0	02/14/13	0.11
14468	FED NAT MORTG ASSOC.	3135G0AK9	AA+	7,000,000	7,014,926	7,016,590	5,104	02/26/13	0.17
14516	FEDERAL HOME LOAN BANK	313378D24	AA+	10,000,000	10,000,783	10,001,000	1,389	03/06/13	0.18
14552	FED NAT MORTG ASSOC.	313589DP5	AA+	15,000,000	14,988,938	14,992,650	0	03/27/13	0.10
14431	FEDERAL HOME LOAN BANK	313378X30	AA+	7,000,000	7,000,000	7,002,380	8,021	04/16/13	0.19
14385	U.S. TREASURY NOTE	912828QE3	AA+	10,000,000	10,026,525	10,026,900	26,155	04/30/13	0.16
14465	U.S. TREASURY BILL	9127956L0	AA+	25,000,000	24,972,635	24,977,957	0	05/02/13	0.15
14466	U.S. TREASURY BILL	9127956L0	AA+	12,000,000	11,986,865	11,989,419	0	05/02/13	0.15
14490	U.S. TREASURY NOTE	912828JD3	AA+	6,000,000	6,139,475	6,142,980	51,175	06/30/13	0.19
14384	U.S. TREASURY NOTE	912828QW3	AA+	10,000,000	10,014,906	10,016,400	6,318	07/30/13	0.18

ATTACHMENT A
City of Long Beach, CA
Investment Portfolio
As of September 30, 2012

SHORT TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
14522	FEDERAL FARM CREDIT BANK	31331KK41	AA+	5,000,000	5,001,163	5,000,900	10,764	10/25/13	0.48
14502	FED NAT MORTG ASSOC.	3135G0FS7	AA+	10,000,000	10,005,405	10,003,000	21,667	11/21/13	0.57
14518	FED NAT MORTG ASSOC.	3135G0FS7	AA+	11,850,000	11,856,303	11,853,555	25,675	11/21/13	0.57
14432	FED HOME LOAN MTG CORP.	3134G3AC4	AA+	5,000,000	5,003,111	5,001,700	9,583	12/06/13	0.57
14353	FEDERAL FARM CREDIT BANK	31331K3D0	AA+	5,000,000	5,000,000	5,002,100	6,593	12/19/13	0.44
14430	FED HOME LOAN MTG CORP.	3134G3HN3	AA+	10,000,000	10,006,106	10,009,400	9,306	01/24/14	0.43
14539	FED NAT MORTG ASSOC.	3135G0JW4	AA+	6,000,000	6,013,271	6,010,680	15,800	10/23/14	0.51
14538	FED NAT MORTG ASSOC.	3135G0KV4	AA+	10,000,000	10,020,113	10,010,200	18,056	11/21/14	0.45
14410	FEDERAL FARM CREDIT BANK	31331KT91	AA+	7,000,000	7,004,062	7,004,410	18,311	11/21/14	0.70
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	SHORT-TERM PORTFOLIO			389,070,000	389,330,598	389,346,698	534,935	173	0.19
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	SUB TOTAL CASH AND SHORT - TERM PORTFOLIO			663,047,866	663,308,463	663,324,564	598,797	102	0.32

INTERMEDIATE TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
14370	U.S. TREASURY NOTE	912828LR9	AA+	10,000,000	10,004,809	10,004,700	63,490	10/15/12	0.23
14087	FED NAT MORTG ASSOC.	31398A4T6	AA+	10,000,000	9,998,329	10,002,700	20,972	10/30/12	0.18
14139	FED NAT MORTG ASSOC.	31398A4T6	AA+	10,000,000	9,999,568	10,002,700	20,972	10/30/12	0.18
14182	FED NAT MORTG ASSOC.	3136FPUC9	AA+	10,000,000	10,000,305	10,001,900	20,972	10/30/12	0.27
14328	FEDERAL HOME LOAN BANK	313376BU8	AA+	5,000,000	4,999,951	5,000,100	3,778	11/15/12	0.18
14322	U.S. TREASURY NOTE	912828LX6	AA+	10,000,000	10,014,793	10,015,200	51,936	11/15/12	0.16
14185	FED NAT MORTG ASSOC.	31398AHZ8	AA+	10,000,000	10,057,194	10,061,100	174,167	11/19/12	0.26
14088	FED HOME LOAN MTG CORP.	3137EACP2	AA+	10,000,000	9,994,388	10,004,500	12,604	11/30/12	0.10
14332	U.S. TREASURY NOTE	912828MB3	AA+	10,000,000	10,020,018	10,020,300	33,197	12/15/12	0.15
14181	FED NAT MORTG ASSOC.	31398A6F4	AA+	7,000,000	6,997,280	7,004,830	6,781	12/28/12	0.09
14140	FED HOME LOAN MTG CORP.	3137EACG2	AA+	10,000,000	10,018,585	10,033,000	31,319	01/09/13	0.17
14331	U.S. TREASURY NOTE	912828MG2	AA+	10,000,000	10,034,889	10,035,900	29,144	01/15/13	0.14
14329	FEDERAL HOME LOAN BANK	3133XW7L7	AA+	10,000,000	10,037,169	10,037,900	31,250	01/16/13	0.21
14188	FED NAT MORTG ASSOC.	31398AME9	AA+	10,000,000	10,111,929	10,120,400	70,000	01/28/13	0.32
14339	U.S. TREASURY NOTE	912828AU4	AA+	12,000,000	12,164,852	12,166,440	59,389	02/15/13	0.17
14335	FED NAT MORTG ASSOC.	31398AE24	AA+	7,750,000	7,794,962	7,798,205	14,693	02/22/13	0.17
14361	FEDERAL FARM CREDIT BANK	31331KCP3	AA+	7,000,000	7,018,647	7,020,300	6,650	02/22/13	0.16
14344	FED NAT MORTG ASSOC.	3135G0AK9	AA+	10,000,000	10,019,567	10,023,700	7,292	02/26/13	0.17
14205	FEDERAL HOME LOAN BANK	3133XWX87	AA+	8,500,000	8,543,254	8,554,485	9,503	03/08/13	0.29
14337	FED HOME LOAN MTG CORP.	3137EACS6	AA+	7,007,000	7,022,946	7,026,690	438	03/28/13	0.18

ATTACHMENT A

City of Long Beach, CA

Investment Portfolio

As of September 30, 2012

INTERMEDIATE TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
14434	FEDERAL FARM CREDIT BANK	3133EALN6	AA+	6,000,000	5,999,578	6,000,720	6,013	04/16/13	0.20
14109	FED HOME LOAN MTG CORP.	3134G1VX9	AA+	5,000,000	4,998,468	5,014,000	18,000	04/19/13	0.29
14237	FEDERAL FARM CREDIT BANK	31331KQF0	AA+	10,000,000	9,998,897	10,011,000	16,778	04/29/13	0.21
14378	U.S. TREASURY NOTE	912828QE3	AA+	15,000,000	15,039,563	15,040,350	39,232	04/30/13	0.16
14336	FEDERAL HOME LOAN BANK	313376A96	AA+	7,000,000	7,001,894	7,007,000	10,648	05/03/13	0.20
14342	FED NAT MORTG ASSOC.	31398AJ94	AA+	6,000,000	6,051,963	6,053,580	42,000	05/07/13	0.27
14338	U.S. TREASURY NOTE	912828NC0	AA+	7,000,000	7,049,756	7,052,500	36,355	05/15/13	0.17
14413	U.S. TREASURY NOTE	912828NC0	AA+	8,000,000	8,054,856	8,060,000	41,549	05/15/13	0.17
14414	U.S. TREASURY NOTE	912828NC0	AA+	7,000,000	7,047,999	7,052,500	36,355	05/15/13	0.17
14388	U.S. TREASURY NOTE	912828BA7	AA+	10,000,000	10,212,914	10,214,400	136,923	05/15/13	0.19
14350	FEDERAL FARM CREDIT BANK	31331K2J8	AA+	7,000,000	7,000,000	7,001,820	6,125	05/24/13	0.21
14226	***FED HOME LOAN BANK (Pledged to Consent Agreement)***	***3133XYHD0***	***AA+***	***3,000,000***	***3,023,146***	***3,030,000***	***14,490***	***06/14/13***	***0.21***
14226	FEDERAL HOME LOAN BANK	3133XYHD0	AA+	5,000,000	5,038,577	5,050,000	24,149	06/14/13	0.21
14365	FEDERAL FARM CREDIT BANK	31331K3X6	AA+	5,000,000	4,998,191	5,000,050	3,889	06/20/13	0.28
14382	U.S. TREASURY NOTE	912828RA0	AA+	15,000,000	15,021,595	15,022,200	14,215	06/30/13	0.18
14377	U.S. TREASURY NOTE	912828NN6	AA+	10,000,000	10,061,853	10,064,400	21,196	07/15/13	0.18
14443	FEDERAL FARM CREDIT BANK	3133EACJ5	AA+	6,000,000	5,994,496	5,998,380	1,590	08/07/13	0.21
14482	U.S. TREASURY NOTE	912828NU0	AA+	10,000,000	10,044,364	10,049,200	9,579	08/15/13	0.19
14439	FEDERAL HOME LOAN BANK	313376XY6	AA+	8,000,000	7,995,490	8,000,720	1,913	08/20/13	0.20
14467	U.S. TREASURY NOTE	912828NY2	AA+	12,000,000	12,056,353	12,064,200	3,978	09/15/13	0.19
14483	U.S. TREASURY NOTE	912828NY2	AA+	10,000,000	10,047,156	10,053,500	3,315	09/15/13	0.19
14383	U.S. TREASURY NOTE	912828RK8	AA+	7,000,000	6,994,506	6,995,380	24	09/30/13	0.19
14489	U.S. TREASURY NOTE	912828RK8	AA+	10,000,000	9,986,533	9,993,400	34	09/30/13	0.19
14548	U.S. TREASURY NOTE	912828JM3	AA+	10,000,000	10,290,926	10,291,800	859	09/30/13	0.20
14436	FED HOME LOAN MTG CORP.	3134G23H3	AA+	8,000,000	8,017,486	8,023,680	18,444	10/15/13	0.22
14433	FED HOME LOAN MTG CORP.	3134G2U42	AA+	7,000,000	7,004,870	7,011,620	12,104	10/15/13	0.22
14371	FED HOME LOAN MTG CORP.	3134G2W73	AA+	10,000,000	10,000,539	10,001,100	22,639	10/18/13	0.49
14455	FEDERAL HOME LOAN BANK	3133XSAE8	AA+	8,000,000	8,280,270	8,283,520	131,306	10/18/13	0.24
14307	FED NAT MORTG ASSOC.	3135G0EL3	AA+	5,000,000	5,000,000	5,000,800	13,000	10/25/13	0.58
14437	FED HOME LOAN MTG CORP.	3137EACX5	AA+	7,000,000	7,006,857	7,011,060	11,010	10/30/13	0.23
14550	U.S. TREASURY NOTE	912828RN2	AA+	10,000,000	10,004,049	10,005,500	10,462	10/31/13	0.20
14477	U.S. TREASURY NOTE	912828PU8	AA+	22,000,000	22,062,966	22,072,160	41,549	11/15/13	0.21
14486	U.S. TREASURY NOTE	912828PU8	AA+	10,000,000	10,023,960	10,032,800	18,886	11/15/13	0.21
14491	U.S. TREASURY NOTE	912828BR0	AA+	7,000,000	7,310,319	7,317,170	112,371	11/15/13	0.22
14458	FEDERAL FARM CREDIT BANK	3133EAQT8	AA+	8,000,000	7,995,486	8,003,200	0	11/21/13	0.05
14549	U.S. TREASURY NOTE	912828RS1	AA+	8,000,000	8,003,089	8,004,080	6,721	11/30/13	0.21

ATTACHMENT A
City of Long Beach, CA
Investment Portfolio
As of September 30, 2012

INTERMEDIATE TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
14551	U.S. TREASURY NOTE	912828JT8	AA+	10,000,000	10,207,907	10,207,800	67,213	11/30/13	0.22
14398	FED HOME LOAN MTG CORP.	3134G3MM9	AA+	5,000,000	5,000,000	5,004,450	1,889	02/27/14	0.34
14446	FEDERAL HOME LOAN BANK	3133XWKV0	AA+	6,000,000	6,177,928	6,185,100	6,729	03/14/14	0.25
14402	FEDERAL FARM CREDIT BANK	3133EABW7	AA+	5,000,000	4,993,663	5,000,100	7,864	05/01/14	0.38
14526	FEDERAL HOME LOAN BANK	313380FJ1	AA+	7,000,000	6,998,464	7,003,360	1,925	05/28/14	0.27
14497	FEDERAL FARM CREDIT BANK	3133EAYV4	AA+	5,000,000	4,996,604	5,000,500	3,071	07/23/14	0.32
14512	FEDERAL HOME LOAN BANK	313380A64	AA+	7,000,000	6,996,947	7,004,900	2,952	08/15/14	0.29
14528	FEDERAL HOME LOAN BANK	313380A64	AA+	5,000,000	5,000,000	5,003,500	2,108	08/15/14	0.29
14506	FEDERAL HOME LOAN BANK	3.13E+65	AA+	5,000,000	5,000,000	5,002,050	2,050	08/20/14	0.34
14519	FED NAT MORTG ASSOC.	3135G0CU5	AA+	3,445,000	3,453,788	3,456,093	1,136	09/12/14	0.46
14425	FED NAT MORTG ASSOC.	3135G0JW4	AA+	8,000,000	8,000,000	8,014,240	21,067	10/23/14	0.51
14444	FED NAT MORTG ASSOC.	3135G0KL6	AA+	6,000,000	6,000,000	6,003,360	12,583	10/30/14	0.47
14447	FED NAT MORTG ASSOC.	3135G0KL6	AA+	5,000,000	4,999,710	5,002,800	10,486	10/30/14	0.47
14488	FED NAT MORTG ASSOC.	3135G0LL5	AA+	11,880,000	11,886,653	11,895,563	21,236	12/04/14	0.49
14426	FED HOME LOAN MTG CORP.	3134G3GG9	AA+	5,000,000	5,003,884	5,007,300	9,681	01/09/15	0.79
14521	FEDERAL HOME LOAN BANK	313380F44	AA+	5,000,000	4,997,736	4,998,700	1,889	02/27/15	0.41
14536	FED NAT MORTG ASSOC.	3135G0PE7	AA+	7,000,000	6,996,558	6,996,220	438	03/25/15	0.40
14471	FED NAT MORTG ASSOC.	3136G0MR9	AA+	4,770,000	4,770,000	4,790,129	13,650	12/20/16	0.92
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	INTERMEDIATE-TERM PORTFOLIO			604,352,000	607,052,239	607,399,005	1,744,215	324	0.24

LONG TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
14250	WFC Advantage Govt Money Mkt	VP4560000	AA+	535,681	535,681	535,681	0	10/01/12	0.00
13893	U.S. TREASURY NOTE	912828LR9	AA+	10,250,000	10,249,988	10,254,818	65,078	10/15/12	0.23
13775	FEDERAL HOME LOAN BANK	3133MTZL5	AA+	9,265,000	9,298,696	9,312,900	157,505	11/15/12	0.36
13864	FEDERAL FARM CREDIT BANK	31331G2R9	AA+	9,990,000	9,997,729	10,021,369	58,795	12/07/12	0.19
13842	U.S. TREASURY NOTE	912828MB3	AA+	10,175,000	10,171,742	10,195,655	33,778	12/15/12	0.15
13841	FED HOME LOAN MTG CORP.	3137EACG2	AA+	10,165,000	10,160,535	10,198,545	31,836	01/09/13	0.17
13936	U.S. TREASURY NOTE	912828MG2	AA+	10,600,000	10,597,878	10,638,054	30,893	01/15/13	0.14
13847	FED NAT MORTG ASSOC.	31398AKY7	AA+	9,700,000	9,767,773	9,821,444	47,860	02/12/13	0.21
13911	U.S. TREASURY NOTE	912828MN7	AA+	11,000,000	10,993,953	11,050,710	19,317	02/15/13	0.14
13843	FEDERAL FARM CREDIT BANK	31331JBV4	AA+	9,920,000	9,924,388	9,977,437	18,807	02/21/13	0.27
14129	FEDERAL HOME LOAN BANK	3133XX7F8	AA+	10,000,000	10,029,763	10,068,100	4,965	03/20/13	0.18

ATTACHMENT A
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LONG TERM - PORTFOLIO

INVEST. NO.	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR VALUE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	MATURITY DATE	MKT YIELD
13965	FEDERAL FARM CREDIT BANK	31331JPK3	AA+	10,000,000	9,995,505	10,091,200	36,285	06/25/13	0.13
14142	FED HOME LOAN MTG CORP.	3137EABS7	AA+	9,650,000	9,931,729	10,024,999	4,423	09/27/13	0.20
14037	FEDERAL FARM CREDIT BANK	31331GCS6	AA+	9,350,000	9,626,081	9,696,605	174,111	10/07/13	0.23
13992	FEDERAL HOME LOAN BANK	3133XSAE8	AA+	9,500,000	9,720,363	9,836,680	155,925	10/18/13	0.24
14013	U.S. TREASURY NOTE	912828JT8	AA+	11,000,000	11,142,066	11,228,580	73,934	11/30/13	0.22
14143	FED NAT MORTG ASSOC.	31398A5W8	AA+	10,500,000	10,436,989	10,569,720	22,531	12/18/13	0.20
14127	FED HOME LOAN MTG CORP.	3137EABX6	AA+	9,965,000	10,088,710	10,255,081	58,129	01/07/14	0.20
14128	FED NAT MORTG ASSOC.	31398AVD1	AA+	10,000,000	10,157,138	10,345,500	42,778	02/05/14	0.18
14168	FEDERAL FARM CREDIT BANK	31331GTJ8	AA+	10,000,000	10,195,296	10,362,100	118,854	04/17/14	0.28
14056	FED HOME LOAN MTG CORP.	3137EACB3	AA+	10,000,000	10,242,162	10,352,300	109,722	04/23/14	0.24
14235	U.S. TREASURY NOTE	912828QM5	AA+	10,500,000	10,560,620	10,630,410	39,660	05/15/14	0.23
14255	FEDERAL HOME LOAN BANK	313373JR4	AA+	9,900,000	10,000,103	10,095,822	46,509	05/28/14	0.18
14173	FED HOME LOAN MTG CORP.	3137EACD9	AA+	9,950,000	10,218,854	10,429,292	52,238	07/28/14	0.35
14311	FED HOME LOAN MTG CORP.	3134G2UA8	AA+	10,000,000	10,043,362	10,122,600	11,389	08/20/14	0.35
14254	FED NAT MORTG ASSOC.	31398AYY2	AA+	9,325,000	9,695,461	9,828,084	11,656	09/16/14	0.24
14355	U.S. TREASURY NOTE	912828RL6	AA+	10,200,000	10,230,384	10,251,816	23,549	10/15/14	0.25
14213	FEDERAL FARM CREDIT BANK	31331KHW3	AA+	10,700,000	10,758,893	10,999,600	63,271	11/19/14	0.31
14283	U.S. TREASURY NOTE	912828MH0	AA+	11,000,000	11,448,794	11,505,340	41,698	01/31/15	0.27
14169	FEDERAL HOME LOAN BANK	3133XWX95	AA+	5,000,000	5,109,258	5,293,300	6,875	03/13/15	0.35
14340	FEDERAL HOME LOAN BANK	3133XWX95	AA+	1,000,000	1,046,653	1,058,660	1,375	03/13/15	0.35
14401	FEDERAL HOME LOAN BANK	313376ZQ1	AA+	10,500,000	10,440,333	10,508,085	1,969	03/13/15	0.34
14300	FED NAT MORTG ASSOC.	31398AU34	AA+	9,600,000	10,020,428	10,133,088	39,900	07/28/15	0.40
14310	U.S. TREASURY NOTE	912828NP1	AA+	9,950,000	10,231,625	10,354,269	29,336	07/31/15	0.31
14445	FEDERAL FARM CREDIT BANK	3133EADW5	AA+	10,900,000	10,882,583	10,912,208	7,161	08/17/15	0.51
14299	FED HOME LOAN MTG CORP.	3137EACM9	AA+	9,425,000	9,676,803	9,795,026	9,621	09/10/15	0.41
14387	FED NAT MORTG ASSOC.	31398A4M1	AA+	10,225,000	10,472,216	10,598,826	71,540	10/26/15	0.43
14356	FEDERAL HOME LOAN BANK	3133XFGT7	AA+	8,700,000	9,958,152	10,096,002	25,979	03/11/16	0.66
14462	U.S. TREASURY NOTE	912828QA1	AA+	9,875,000	10,458,263	10,516,875	610	03/31/16	0.38
14542	FED NAT MORTG ASSOC.	3135G0BA0	AA+	9,300,000	9,895,889	9,913,614	104,302	04/11/16	0.49
14494	FED HOME LOAN MTG CORP.	3137EACT4	AA+	9,490,000	10,136,170	10,178,215	81,719	05/27/16	0.50
14416	FED NAT MORTG ASSOC.	3135G0CM3	AA+	10,500,000	10,501,659	10,785,600	1,094	09/28/16	0.56
14523	FEDERAL HOME LOAN BANK	3133XHZK1	AA+	9,250,000	10,784,659	10,852,933	128,151	12/16/16	0.58
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	LONG-TERM PORTFOLIO			406,855,681	415,835,325	419,697,139	2,065,131	642	0.30
	HEALTH SAVORS LOAN	99999	AA+	1,832,762	1,832,762	1,832,762	733	2395	0.48
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				1,676,088,309	1,688,028,790	1,692,253,469	4,408,876	318	0.29
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	Unrealized gain/(loss)					4,224,680			