

# City of Temecula

CALIFORNIA



## Treasurer's Report

September 1, 2024 – September 30, 2024

**TABLE OF CONTENTS**

**1.0 CASH AND INVESTMENT PORTFOLIO SUMMARY.....3**

**2.0 FUND ACTIVITY .....4**

**3.0 LONG TERM INVESTMENT PORTFOLIO STATISTICS .....6**

**4.0 LONG TERM INVESTMENT PORTFOLIO TRANSACTIONS .....7**

**5.0 APPENDIX A - ALLOWABLE INVESTMENT INSTRUMENTS .....8**

**6.0 APPENDIX B - GLOSSARY OF TERMS.....10**

**1.0 CASH AND INVESTMENT PORTFOLIO SUMMARY**

**Cash and Investment Summary  
Trailing Six Month Period  
(Book Value Including Realized Gains/Losses)**

	April		May		June		July		August		September	
<b>Cash and Investments</b>												
<b>Liquidity Portfolio</b>												
<i>US Bank (Demand Deposit Accounts)</i>	13,386,677.01	7%	14,956,963.10	7%	17,206,322.44	8%	43,420,408.50	20%	40,662,626.60	19%	45,182,073.41	21%
<i>Local Agency Investment Fund (LAIF)</i>	99,535,462.62	49%	117,535,462.62	53%	112,535,462.62	51%	82,750,992.59	38%	88,750,992.59	42%	88,750,992.59	41%
<i>Petty Cash</i>	3,326.00	0%	3,326.00	0%	3,326.00	0%	3,326.00	0%	3,326.00	0%	3,326.00	0%
<b>Total Liquidity Portfolio</b>	<b>112,925,465.63</b>	<b>56%</b>	<b>132,495,751.72</b>	<b>60%</b>	<b>129,745,111.06</b>	<b>59%</b>	<b>126,174,727.09</b>	<b>58%</b>	<b>129,416,945.19</b>	<b>61%</b>	<b>133,936,392.00</b>	<b>61%</b>
<b>Long-term Portfolio (Investments)</b>	<b>57,663,901.80</b>	<b>29%</b>	<b>57,711,707.32</b>	<b>26%</b>	<b>57,840,246.51</b>	<b>26%</b>	<b>58,141,756.45</b>	<b>27%</b>	<b>58,292,940.45</b>	<b>27%</b>	<b>58,639,498.72</b>	<b>27%</b>
<b>Trust Portfolio</b>												
<i>California Employers' Retiree Benefit Trust (CERBT)</i>	20,325,351.38*	10%	20,325,351.38	9%	20,472,093.57	9%	20,472,093.57	9%	20,472,093.57	10%	22,136,509.77	10%
<i>Public Agency Retirement Services Trust (PARS)</i>	10,412,653.54	5%	10,730,268.99	5%	10,868,495.12	5%	11,113,554.01	5%	4,225,273.56**	2%	4,282,819.36	2%
<b>Total Trust Portfolio</b>	<b>30,738,004.92</b>	<b>15%</b>	<b>31,055,620.37</b>	<b>14%</b>	<b>31,340,588.69</b>	<b>14%</b>	<b>31,585,647.58</b>	<b>15%</b>	<b>24,697,367.13</b>	<b>12%</b>	<b>26,419,329.13</b>	<b>12%</b>
<b>Total Cash and Investments</b>	<b>201,327,372.35</b>	<b>100%</b>	<b>221,263,079.41</b>	<b>100%</b>	<b>218,925,946.26</b>	<b>100%</b>	<b>215,902,131.12</b>	<b>100%</b>	<b>212,407,252.77</b>	<b>100%</b>	<b>218,995,219.85</b>	<b>100%</b>
<b>Earnings on Cash and Investments</b>												
<i>LAIF Earnings (Quarterly)</i>	1,151,157.73						1,215,529.97					
<i>% Change</i>	1.02%						1.08%					
<i>Long-term Portfolio (Monthly)</i>	224,684.06		47,805.52		128,539.19		365,409.94		217,216.61		346,558.27	
<i>% Change</i>	0.39%		0.08%		0.22%		0.63%		0.37%		0.59%	
<i>CERBT Earnings (Quarterly)</i>	-		-		146,742.19						1,664,416.20	
<i>% Change</i>					0.72%						8.13%	
<i>PARS Trust (Monthly)</i>	(337,302.12)		317,615.45		138,226.13		245,058.89		133,056.55		57,545.80	
<i>% Change</i>	-3.14%		3.05%		1.29%		2.25%		1.20%		1.36%	
<i>Money Center ICS (Monthly)</i>									67,208.97		168,468.30	
<i>% Change</i>									0.27%		0.67%	
<i>Cash Sweep (Monthly)</i>											56,939.11	
<i>% Change</i>											0.34%	
<b>Total Earnings on Cash and Investments</b>	<b>1,038,539.67</b>		<b>365,420.97</b>		<b>413,507.51</b>		<b>1,825,998.80</b>		<b>417,482.13</b>		<b>2,293,927.68</b>	
<i>% Change</i>	<b>0.49%</b>		<b>0.18%</b>		<b>0.19%</b>		<b>0.83%</b>		<b>0.19%</b>		<b>1.08%</b>	
<b>Fiscal Agent Account Portfolio (CFDs/SARDA)</b>	<b>32,488,988.40</b>		<b>32,585,533.31</b>		<b>32,893,578.12</b>		<b>36,544,194.36</b>		<b>33,622,984.09</b>		<b>28,104,438.15</b>	

Notes: \* Includes \$3,254,000 contribution to paydown of unfunded liability. \*\* Includes \$7,021,337 disbursement for CalPERS liability payment.

**2.0 FUND ACTIVITY**

**Fund Activity Summary Statement<sup>1,2</sup>  
For Period Ending September 30, 2024**

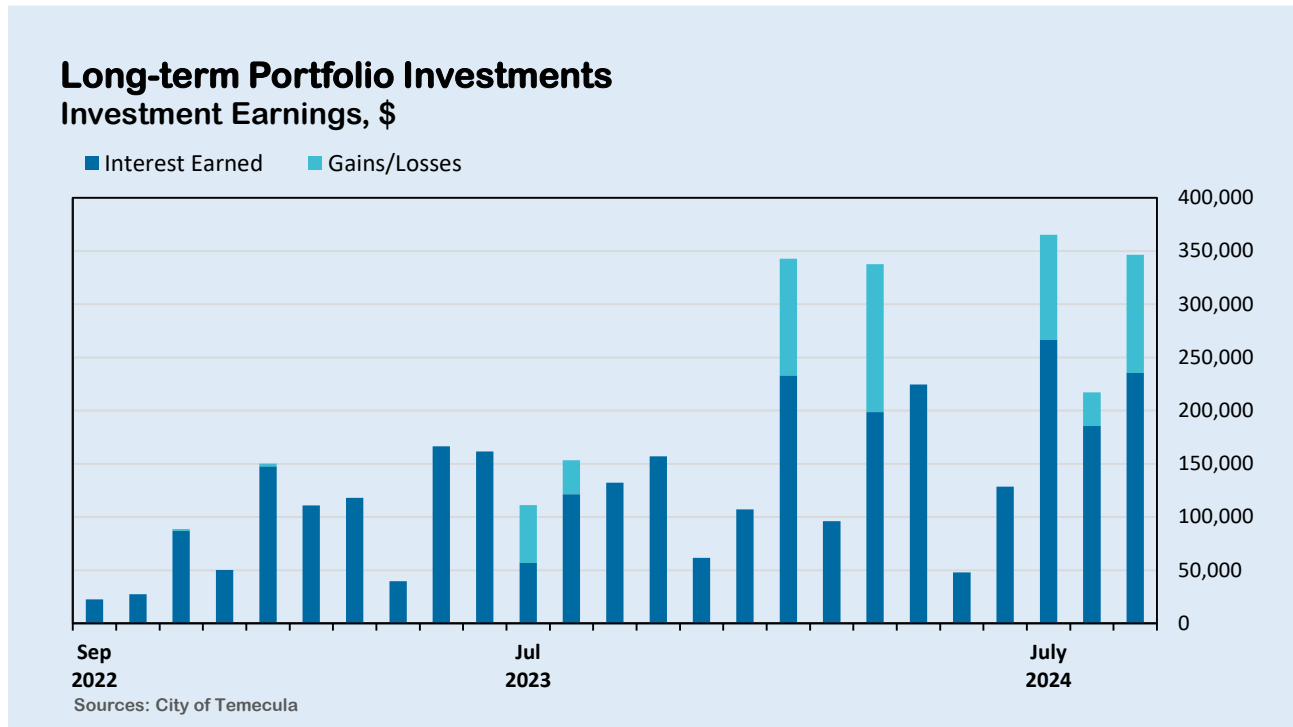
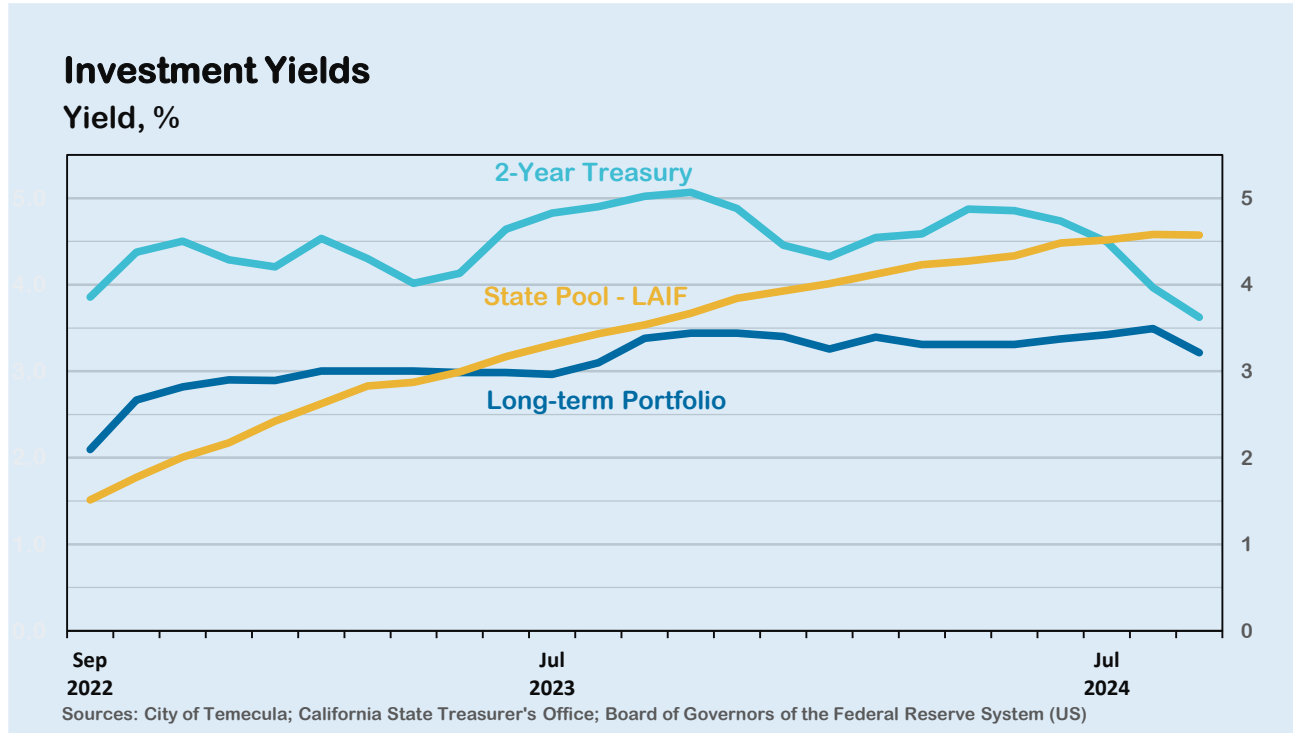
<b>Fund</b>	<b>Fund Description</b>	<b>Beginning Fund Balance</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Ending Fund Balance</b>
001	GENERAL	43,613,218.05	4,749,508.74	8,463,594.82	39,899,131.97
002	MEASURE S	50,449,273.76	2,911,778.62	-	53,361,052.38
006	FIRE FACILITY ACQUISITION	4,701,784.88	-	-	4,701,784.88
100	STATE GAS TAX	-	285,027.77	-	285,027.77
102	RMRA-ROAD MAINT REHAB ACCT	4,074,231.87	247,818.23	-	4,322,050.10
103	STREET MAINTENANCE	6,166,189.73	-	-	6,166,189.73
105	NPDES	631,753.09	-	-	631,753.09
106	UPTOWN NEW STREETS IN LIEU FEE	1,391,117.83	-	-	1,391,117.83
110	COVID-19 PANDAMIC COMM. REINV.	9,438,362.85	-	53,184.33	9,385,178.52
120	DEVELOPMENT IMPACT FEES	17,042,174.06	52,266.66	-	17,094,440.72
125	PEG-PUBLIC EDUC & GOVT	1,033,678.11	-	-	1,033,678.11
140	COMMUNITY DEV BLOCK GRANT	(399,294.25)	25,041.78	26,578.27	(400,830.74)
145	TEMECULA ENERGY EFFICIENCY MGT	634,402.59	-	-	634,402.59
150	ASSEMBLY BILL 2766	439,742.54	36,637.29	-	476,379.83
160	SUPPL LAW ENFORCEMENT SVCS	-	-	-	-
165	AFFORDABLE HOUSING	12,142,738.20	6,300.00	51,233.43	12,097,804.77
170	MEASURE A	8,367,804.03	319,122.26	-	8,686,926.29
190	TEMECULA COMM SVCS DISTRICT	(1,486,303.69)	303,899.64	1,367,069.86	(2,549,473.91)
191	SL B-STREETLIGHT REPLACEMENT	1,324,222.80	-	-	1,324,222.80
192	SL B-STREETLIGHTS	495,952.05	-	27,313.46	468,638.59
194	SL D-REFUSERECYCLING	932,206.11	-	5,351.77	926,854.34
195	SL R-STREET MAINT	40,122.56	-	-	40,122.56
196	SL L-LAKE PARK MAINT	349,518.27	885.00	36,448.48	313,954.79
197	TEMECULA LIBRARY	170,905.67	4,409.10	55,123.53	120,191.24
198	PUBLIC ART	281,622.97	242.97	6,316.00	275,549.94
210	CAPITAL IMPROVEMENT PROGRAM	5,432,133.94	7,043,826.26	5,707,738.86	6,768,221.34
275	CFD 03-3 WOLF CREEK IMPROV	231,490.61	-	-	231,490.61
277	CFD 03-2 RORIPAUGH RANCH IMPR	5,788,578.03	-	-	5,788,578.03
278	CFD 16-1 RORIPAUGH PH II IMPR	10,159,139.88	-	-	10,159,139.88
283	CFD 20-01 HEIRLOOM FARMS	4,324,454.04	-	-	4,324,454.04
300	INSURANCE	(601,729.59)	-	135,673.51	(737,403.10)
305	WORKERS' COMPENSATION	840,358.67	-	27,241.66	813,117.01
310	VEHICLES/EQUIPMENT REPLACEMENT	5,401,007.31	-	127,789.02	5,273,218.29
320	INFORMATION TECHNOLOGY	1,378,673.00	-	495,315.47	883,357.53
325	TECHNOLOGY REPLACEMENT	3,102,790.20	-	32,042.00	3,070,748.20
330	SUPPORT SERVICES	(55,300.81)	-	30,281.25	(85,582.06)
335	SUPPORT SERVICES REPLACEMENT	385,997.51	-	-	385,997.51
340	FACILITIES	434,338.57	-	125,818.37	308,520.20
350	FACILITY REPLACEMENT	2,609,597.57	-	6,480.69	2,603,116.88
380	SARDA DEBT SVC	(34,157,565.49)	-	-	(34,157,565.49)
381	RDA PROPERTY TAX TRUST FUND	1,001,651.74	-	-	1,001,651.74
382	2010-11 TABS REFUNDING ESCROW	(212,813.40)	-	-	(212,813.40)
460	CFD 88-12 DEBT SVC	-	-	-	-
472	CFD 01-2 HARVESTON AB DEBT SVC	1,666,702.23	-	201.24	1,666,500.99
473	CFD 03-1 CROWNE HILL DEBT SVC	1,715,129.01	-	201.24	1,714,927.77
474	AD 03-4 JOHN WARNER DEBT SVC	-	-	-	-
475	CFD 03-3 WOLF CREEK DEBT SVC	1,991,473.85	-	201.24	1,991,272.61

Fund	Fund Description	Beginning Fund Balance	Receipts	Disbursements	Ending Fund Balance
476	CFD 03-6 HARVESTON2 DEBT SVC	674,946.19	-	201.24	674,744.95
477	CFD 03-2 RORIPAUGH DEVT SVC	1,546,236.68	-	201.24	1,546,035.44
478	CFD 16-1 RORIPAUGH PH II	6,419,369.71	-	727.21	6,418,642.50
479	CFD 19-01 MUNICIPAL SERVICES	(376.28)	-	201.24	(577.52)
481	CFD 23-01 ALTAIR	3,306.25	-	727.28	2,578.97
482	CFD 23-02 PRADO	(1,362.33)	-	727.35	(2,089.68)
483	CFD 20-01 HEIRLOOM FARMS	1,685,713.03	-	727.38	1,684,985.65
501	SL C ZONE 1 SADDLEWOOD	21,689.54	-	2,780.09	18,909.45
502	SL C ZONE 2 WINCHESTER CREEK	136,260.78	-	2,841.54	133,419.24
503	SL C ZONE 3 RANCHO HIGHLANDS	70,830.96	-	5,167.43	65,663.53
504	SL C ZONE 4 THE VINEYARDS	6,206.60	-	1,160.15	5,046.45
505	SL C ZONE 5 SIGNET SERIES	35,761.78	-	2,836.41	32,925.37
506	SL C ZONE 6 WOODCREST COUNTRY	51,091.69	-	1,500.13	49,591.56
507	SL C ZONE 7 RIDGEVIEW	16,685.29	-	935.70	15,749.59
508	SL C ZONE 8 VILLAGE GROVE	125,246.71	-	11,896.31	113,350.40
509	SL C ZONE 9 RANCHO SOLANA	29,329.75	-	220.30	29,109.45
510	SL C ZONE 10 MARTINIQUE	16,744.61	-	1,673.75	15,070.86
511	SL C ZONE 11 MEADOWVIEW	4,283.97	-	202.81	4,081.16
512	SL C ZONE 12 VINTAGE HILLS	94,006.83	-	8,873.34	85,133.49
513	SL C ZONE 13 PRESLEY DEVELOP	37,218.30	-	3,731.89	33,486.41
514	SL C ZONE 14 MORRISON HOMES	13,866.20	-	1,667.12	12,199.08
515	SL C ZONE 15 BARCLAY ESTATES	16,624.51	-	584.87	16,039.64
516	SL C ZONE 16 TRADEWINDS	95,048.56	-	10,812.40	84,236.16
517	SL C ZONE 17 MONTE VISTA	3,181.67	-	126.51	3,055.16
518	SL C ZONE 18 TEMEKU HILLS	91,156.44	-	6,131.51	85,024.93
519	SL C ZONE 19 CHANTEMAR	90,409.01	-	5,737.04	84,671.97
520	SL C ZONE 20 CROWNE HILL	301,400.71	-	12,706.78	288,693.93
521	SL C ZONE 21 VAIL RANCH	210,906.08	-	18,204.25	192,701.83
522	SL C ZONE 22 SUTTON PLACE	13,477.02	-	343.84	13,133.18
523	SL C ZONE 23 PHEASANT RUN	33,058.73	-	400.76	32,657.97
524	SL C ZONE 24 HARVESTON	39,670.17	-	12,764.06	26,906.11
525	SL C ZONE 25 SERENA HILLS	90,647.05	-	2,949.88	87,697.17
526	SL C ZONE 26 GALLERYTRADITION	2,902.58	-	123.28	2,779.30
527	SL C ZONE 27 AVONDALE	11,784.45	-	952.41	10,832.04
528	SL C ZONE 28 WOLF CREEK	247,020.63	-	20,778.75	226,241.88
529	SL C ZONE 29 GALLERY PORTRAIT	11,977.94	-	215.52	11,762.42
530	SL C ZONE 30 FUTURE ZONES	36,062.11	-	-	36,062.11
700	CERBT RETIREE HEALTH-GASB45	20,303,893.53	-	85,624.57	20,218,268.96
701	PENSION RATE STABILIZATION	4,225,273.56	-	-	4,225,273.56
<b>Grand Total</b>		<b>210,083,081.96</b>	<b>15,986,764.32</b>	<b>17,008,654.84</b>	<b>209,061,191.44</b>

Notes: <sup>1</sup> The amounts shown are preliminary and may not reflect adjusting journal entries.

<sup>2</sup> Fund Balances fluctuate throughout the Fiscal Year and may temporarily have a negative balance due to the differences in timing of receipts, disbursements, interfund transfers, and journal entries.

3.0 LONG TERM INVESTMENT PORTFOLIO STATISTICS



**4.0 LONG TERM INVESTMENT PORTFOLIO TRANSACTIONS**

<b>Date</b>	<b>CUSIP ID</b>	<b>Description</b>	<b>Amount</b>
09/03/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(75,000.00)
09/03/2024	91282CHV6	INTEREST EARNED U S TREASURY NT	75,000.00
09/03/2024	31846V542	INTEREST EARNED FIRST AM TREAS OB FD CL Z	40,411.60
09/04/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(40,411.60)
09/09/2024	25160PAM9	INTEREST EARNED DEUTSCHE BK AG N Y	26,855.00
09/09/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(26,855.00)
09/11/2024	91159HHK9	MATURED US BANCORP MTN	5,000,000.00
09/11/2024	31846V542	PURCHASED UNITS OF FIRST AM TREAS OB FD CL Z	(5,000,000.00)
09/11/2024	91159HHK9	INTEREST EARNED US BANCORP MTN	90,000.00
09/11/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(90,000.00)
09/25/2024	3130ALEU4	INTEREST EARNED F H L B DEB	291.67
09/25/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(291.67)
09/30/2024	31846V542	PURCHASED UNITS FIRST AM TREAS OB FD CL Z	(2,750.00)
09/30/2024	3130AP3M5	INTEREST EARNED F H L B DEB	2,750.00

**5.0 APPENDIX A - ALLOWABLE INVESTMENT INSTRUMENTS**

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2021)<sup>A</sup>  
 APPLICABLE TO ALL LOCAL AGENCIES<sup>B</sup>

INVESTMENT TYPE	MAXIMUM MATURITY <sup>C</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>D</sup>	MINIMUM QUALITY REQUIREMENTS	GOVERNMENT CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers’ Acceptances	180 days	40% <sup>E</sup>	None	53601(g)
Commercial Paper— Non-Pooled Funds <sup>F</sup>	270 days	25% of the agency's monies <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(C)
Commercial Paper— Pooled Funds <sup>I</sup>	270 days	40% of the agency's monies <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>J</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% <sup>K</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>L</sup>	20% of the base value of the portfolio	None <sup>M</sup>	53601(j)
Medium-Term Notes <sup>N</sup>	5 years	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds and Money Market Mutual Funds	N/A	20% <sup>O</sup>	Multiple <sup>P,Q</sup>	53601(l) and 53601.6(b)
Collateralized Bank Deposits <sup>R</sup>	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple <sup>S</sup>	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund <sup>T</sup>	N/A	None	None	16340
Supranational Obligations <sup>U</sup>	5 years	30%	"AA" rating category or its equivalent or better	53601(q)



### TABLE OF NOTES

- A. Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- B. Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- C. Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- D. Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- E. No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- F. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
- G. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.
- H. Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- I. Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
- J. No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- K. Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
- L. Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- M. Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- N. "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- O. No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- P. A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- Q. A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- R. Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- S. A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- T. Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- U. Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

## 6.0 APPENDIX B - GLOSSARY OF TERMS

**Accrued Interest:** Interest earned but not yet received.

**Active Deposits:** Funds which are immediately required for disbursement.

**Agencies:** Federal agency securities and/or Government Sponsored Enterprises (GSE) which include Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Association (Farmer Mac).

**Amortization:** An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

**Annual Comprehensive Financial Report (ACFR):** The official annual financial report for the City. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**Ask Price:** The price a broker/dealer offers to sell securities.

**Bankers' Acceptance (BA):** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Basis Point:** One basis point is one hundredth of one percent (0.01).

**Benchmark:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Bid Price:** The price a broker/dealer offers to purchase securities.

**Bond:** A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Book Value:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**Certificate of Deposit:** A deposit insured up to \$250,000 (current amount) by the FDIC at a set rate for a specified period of time.

**Collateral:** Securities, evidence of deposit, or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

**Constant Maturity Treasury (CMT):** An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

**Coupon:** The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**Credit Analysis:** A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

**Current Yield:** The interest paid on an investment expressed as a percentage of the current price of the security.

**Custody:** A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

**Delivery vs. Payment (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**Discount:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**Duration:** The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

**Fannie Mae:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

**Federal Reserve System:** The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks, and 5,700 commercial banks that are members.

**Federal Deposit Insurance Corporation (FDIC):** Insurance provided to customers of a subscribing bank which guarantees deposits to a set limit (currently \$250,000) per account.

**Fed Wire:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**Freddie Mac:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

**Ginnie Mae:** Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

**Inactive Deposits:** Funds not immediately needed for disbursement.

**Interest Rate:** The annual yield earned on an investment, expressed as a percentage.

**Investment Agreements:** An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

**Liquidity:** Refers to the ability to rapidly convert an investment into cash.

**Market Value:** The price at which a security is trading and could presumably be purchased or sold.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Medium Term Notes:** Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

**New Issue:** Term used when a security is originally "brought" to market.

**Perfected Delivery:** Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

**Purchase Date:** The date in which a security is purchased for settlement on that or a later date.

**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Repurchase Agreement (REPO):** A transaction where the seller (bank) agrees to buy back from the buyer (City) the securities at an agreed upon price after a stated period of time.

**Reverse Repurchase Agreement (REVERSE REPO):** A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

**Risk:** Degree of uncertainty of return on an asset.

**Safekeeping:** see Custody.

**Sallie Mae:** Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**Settlement Date:** The date on which a trade is cleared by delivery of securities against funds.

**Structured Notes:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLMC, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**Supranationals:** A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is the International Bank for Reconstruction and Development (IBRD or World Bank), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).

**Treasury Bills:** U.S. Treasury Bills which are short-term, direct obligations of the U.S. Government issued with original maturities of 13 weeks, 26 weeks and 52 weeks; sold in minimum amounts of \$10,000 in multiples of \$5,000 above the minimum. Issued in book entry form only. T-bills are sold on a discount basis.

**Treasury Bonds:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**Treasury Notes:** Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**U.S. Government Agencies:** Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

**Yield to Maturity:** The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

**Yield Curve:** The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.