



City of Laguna Beach Investment Report



MARCH 31, 2012

PREPARED BY:

**LAURA PARISI, C.P.A., CCMT
CITY TREASURER**



City of Laguna Beach

Investment Report

March 2012

Honorable Mayor and Members of the City Council,

The requested monthly Investment Report follows. I verify that the investment portfolio is in conformity with California laws and the Treasurer's Investment Policy which is approved annually by the City Council. The Treasurer's cash management program provides sufficient liquidity to meet expenditure requirements for the next six months.

Respectfully submitted,


Laura Parisi, C.P.A., CCMT
City Treasurer

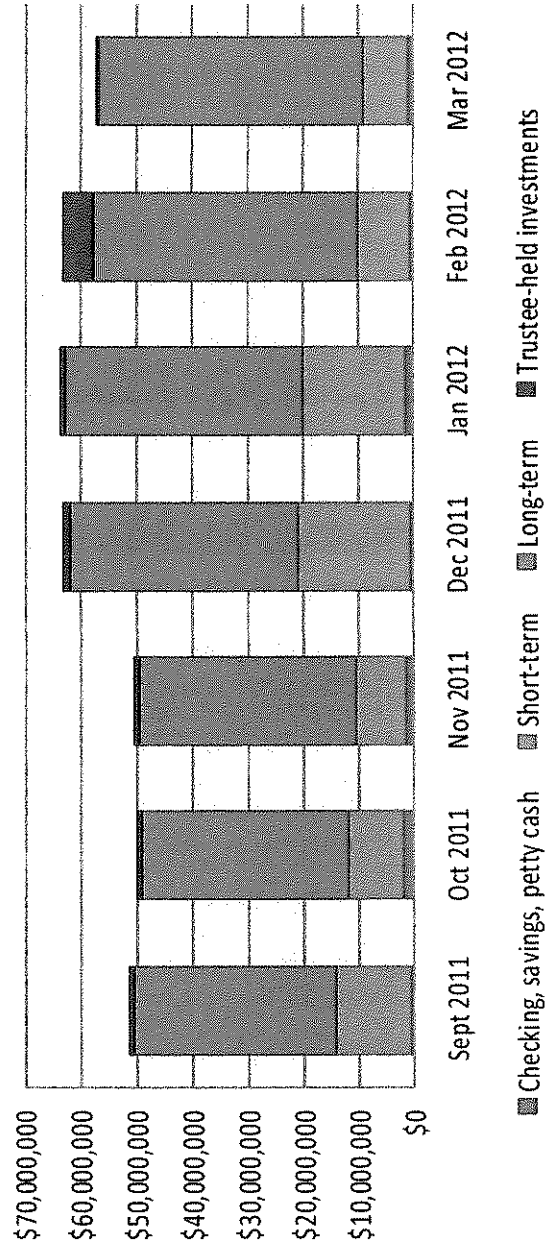
City of Laguna Beach

Cash and investments were \$57,144,032.33 at March 31, 2012. The balance is \$2,955,506.80 higher than the prior year.

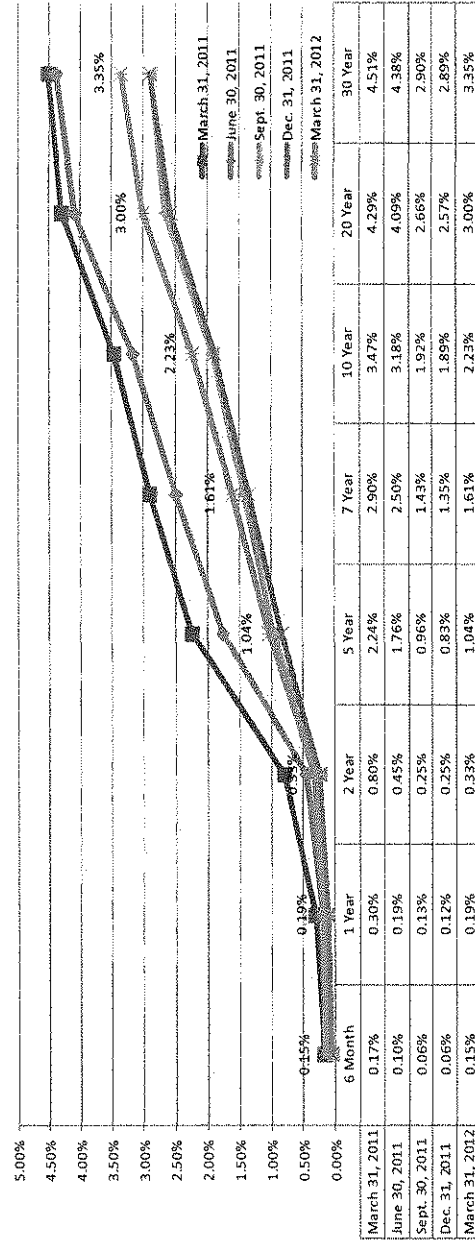
Seven of the fifteen assessment districts were refinanced by creating a single new bond issue. This refinancing created the fluctuations in the trustee-held investments during the months of February and March.

The treasury yield curve rose slightly for maturities beyond five years (longer than an allowable City investment). Turmoil in European markets and a global flight to safety have been partially offset by US monetary policies.

Total Investments Including Cash



U.S. Treasury Yield Curve

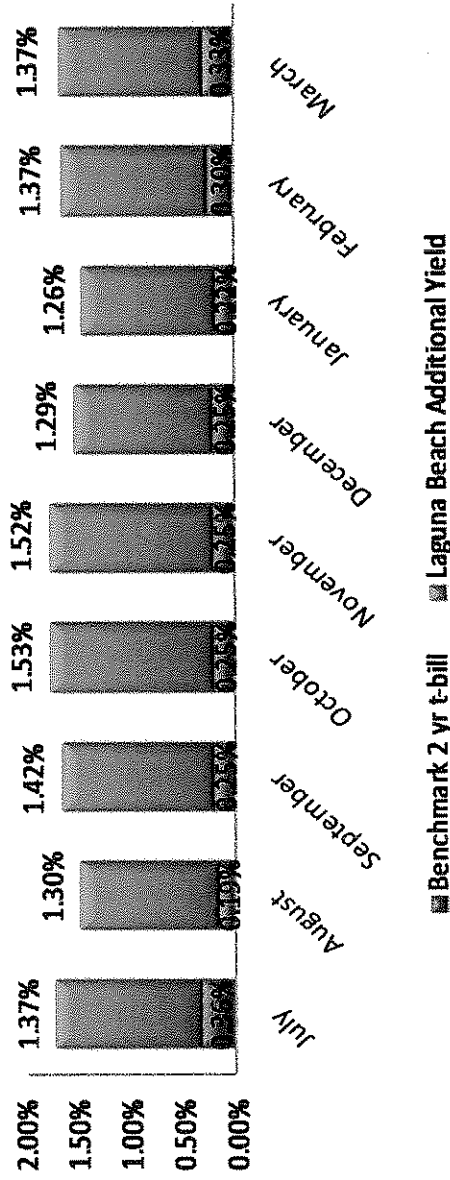


City of Laguna Beach

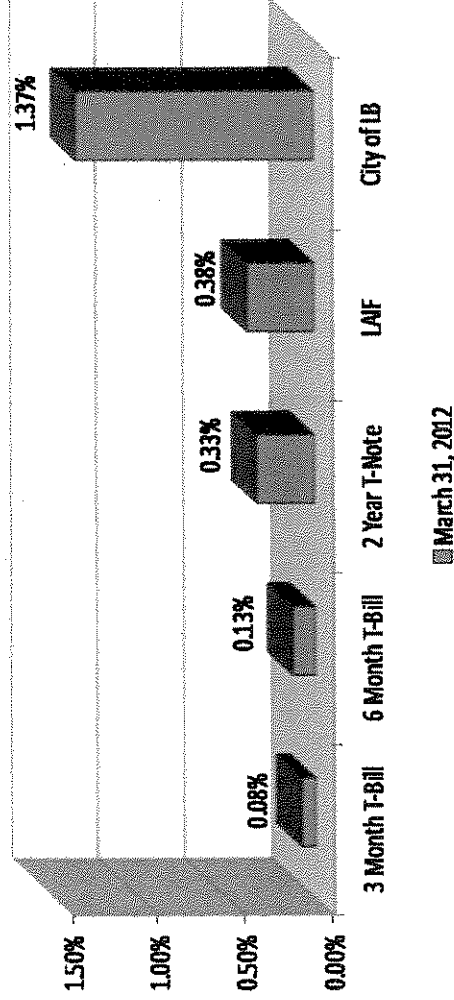
March 31, 2012
Yield:

The Laguna Beach average portfolio yield continued to exceed the benchmark 2 year U.S. Treasury note in every month during the prior 12 months. The average investment yield at March 31, 2012 was 1.37% or 1.04% greater than the City benchmark.

Yield vs. Benchmark



Yield Comparison



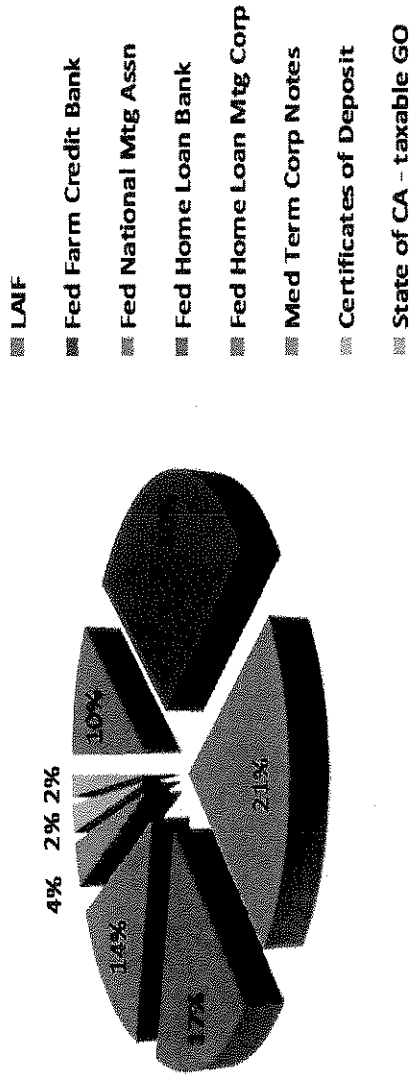
City of Laguna Beach

Safety and Liquidity:

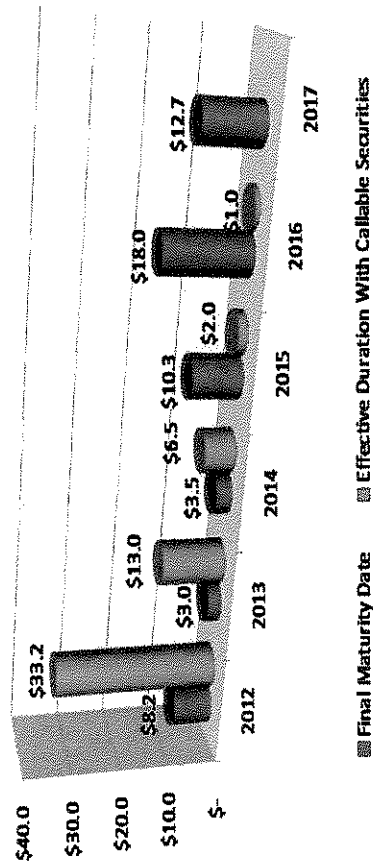
The investments held are highly rated securities that comply with the Laguna Beach Investment Policy. The City policy is more conservative than California government code. Within the policy, investments are diversified as shown the top graph.

Liquidity is necessary to meet the operating and capital needs of the City. Short-term investments and callable securities have resulted in an effective duration of 309 days which is shorter than the 1,247 day duration based on the final investment maturity date.

Investment Holdings and Diversification At March 31, 2012



Shortened Duration - Impact of Higher Yielding Callable Securities At March 31, 2012 (in millions)





City of Laguna Beach **City Treasurer Monthly Report - Unaudited** **For the Month of March 2012**

Cash Activity for the Month

Cash and Investments, beginning of month	\$ 63,161,659.64
Cash receipts	4,382,998.83
Cash disbursements	(10,410,826.14)
Cash and Investments, end of month	\$ 57,144,032.33

Cash and Investment Portfolio at Month-End

	Market Value	Current Year Cost	Pct of Total Avg. Returns	Prior Year Cost
Long-term Investments:				
Federal agency securities	\$ 43,792,025.05	\$ 43,680,570.00	76%	\$ 41,543,450.00
Medium-term corporate notes	2,070,840.00	2,000,000.00	3%	2,600%
Municipal notes and bonds	1,001,660.00	1,000,000.00	2%	1,500%
Negotiable Certificates of Deposit - FDIC Insured	751,105.00	750,000.00	1%	1,167%
Subtotal	47,615,630.05	47,430,570.00	83%	41,543,450.00
Short-term Investments:				
State Local Agency Investment Fund	5,740,251.93	5,740,251.93	10%	9,726,047.47
Federal agency securities	2,009,220.00	1,998,450.00	3%	1,203%
Investments in local banks - FDIC Insured C.D.s	499,812.50	500,000.00	1%	0.460%
Subtotal	8,249,284.43	8,238,701.93	14%	9,976,047.47
Savings, checking and change funds				
Savings accounts	56,802.10	56,802.10	0%	61,394.43
Checking accounts	764,363.40	764,363.40	1%	1,416,568.74
Petty cash/change funds	3,617.75	3,617.75	0%	3,617.75
Subtotal	824,583.25	824,583.25	1%	1,481,583.92
Trustee-held investments	650,177.15	650,177.15	1%	1,187,459.14
Grand total - cash and investments	\$ 57,339,674.88	\$ 57,144,032.33	100%	\$ 54,188,525.53

(a). The earnings allow since credit applies to funds held by Bank of America and partially offset bank fees. Petty cash/change funds do not earn the credit.

Cash and Investment Custody (statements are available on request)

Union Bank Institutional Custody	\$ 49,874,662.55	\$ 49,879,020.00	\$ 41,543,450.00
State Local Agency Investment Fund	5,740,251.93	5,740,251.93	9,726,047.47
Bank of New York Trustee	650,177.15	650,177.15	1,187,459.14
Bank of America	820,965.50	820,965.50	1,477,951.17
Citizens Business Bank	250,000.00	250,000.00	250,000.00
Internal change funds	3,617.75	3,617.75	3,617.75
Cash and Investments total	\$ 57,339,674.88	\$ 57,144,032.33	\$ 54,188,525.53



City of Laguna Beach
Investment Portfolio Detail - Unaudited
at March 31, 2012

Investment Type	CUSIP	Par Value	Market Value	Purchase Price	Premium (Discount)	Purchase or Dated	Maturity Date	Next Call Maturity	Coupon Rate	Yield	Days to	
											Maturity Today	Call (a) Today
(1) State Investment Fund (LAIF)		\$ 5,740,251.93	\$ 5,740,251.93	\$ 5,740,251.93		Various	1 yr or less	1 yr or less	0.383%	0.460%	Various	Various
(2) CD Investment in local Banks		500,000.00	499,812.50	500,000.00		Various	1 yr or less	1 yr or less	0.383%	0.460%	Various	Various
(3) Federal Home Loan Bank Bonds	313307M05	1,000,000.00	1,003,850.00	998,450.00	(1,550.00)	05/28/10	08/28/12	08/28/12	1.000%	1.251%	150	150
(4) Fed Home Loan Bank Bond	313307Y11	1,000,000.00	1,005,370.00	1,000,000.00		08/18/10	10/22/12	10/22/12	1.150%	1.400%	205	205
(5) California SV Var Purp GO and GO Ref	313063BN8	1,000,000.00	1,001,650.00	1,009,430.00	9,430.00	10/03/11	09/01/13	09/01/13	1.500%	1.500%	519	519
(6) Federal Natl Mfg Assn	3136FFPC40	1,000,000.00	1,000,840.00	1,000,000.00		09/20/10	09/20/13	09/20/13	1.000%	1.000%	538	173
(7) 313370J58		1,000,000.00	1,009,870.00	999,500.00	(500.00)	08/30/10	10/30/13	10/30/13	1.000%	1.051%	578	578
(8) CD City of McKeel Utah	02005QYJ6	250,000.00	250,000.00	250,000.00		07/13/12	07/13/14	07/13/14	1.000%	1.000%	653	653
(9) CD Barclays Bk Del	06740KFO5	250,000.00	249,985.00	250,000.00		07/13/12	07/13/14	07/13/14	1.000%	1.000%	653	653
(10) Federal Home Loan Bank Bonds	313373G09	1,000,000.00	1,029,740.00	1,000,000.00		04/29/11	10/29/14	10/29/14	1.750%	1.700%	942	942
(11) Federal Home Loan Mortgage Corp	3134G24Y5	1,000,000.00	1,001,840.00	1,000,000.00		11/14/11	11/14/14	11/14/14	0.875%	0.870%	958	228
(12) Federal Home Loan Mortgage Corp	3134G2PM8	1,000,000.00	1,002,080.00	1,000,000.00		06/29/11	12/29/14	06/29/14	1.250%	1.250%	1,003	90
(13) CD GE Cap Finl Inc.	36160VC254	250,000.00	251,135.00	250,000.00		01/08/12	01/08/15	01/08/15	1.500%	1.500%	1,011	1,011
(14) Federal Home Ln Mfg Corp	3134G3MFB	1,000,000.00	997,470.00	1,000,000.00		02/13/12	02/13/14	02/13/14	0.550%	0.550%	1,049	684
(15) Federal Farm Credit Bank Bonds	31331JQJ8	1,000,000.00	1,003,710.00	1,000,000.00		06/08/10	06/08/15	06/08/15	2.500%	2.500%	1,164	69
(16) Federal Farm Credit Bank Bonds	31331JRK1	1,000,000.00	1,003,180.00	1,000,000.00		06/15/10	06/15/15	06/15/15	2.500%	2.490%	1,171	76
(17) Federal Home Loan Mfg Corp	3134G3BE2	1,000,000.00	1,001,080.00	1,000,000.00		12/30/11	06/30/15	12/30/15	1.000%	1.000%	1,188	639
(18) Federal Farm Cr Bks Cons	31331JVS9	1,000,000.00	1,004,420.00	1,000,000.00		07/18/10	07/18/15	07/18/15	2.100%	2.100%	1,202	107
(19) Federal Farm Credit Bank	31331KQV1	1,000,000.00	1,002,320.00	1,000,000.00		09/14/11	09/14/15	09/14/15	1.040%	1.040%	1,262	167
(20) Federal Home Ln Mfg Corp	3134G3NWS	1,000,000.00	1,002,820.00	1,000,000.00		01/30/12	10/30/15	01/30/15	1.000%	1.000%	1,308	305
(21) Federal Natl Mfg Assn Notes	3136FFJ17	1,000,000.00	995,825.85	995,000.00		11/04/11	11/04/15	05/04/12	1.300%	1.800%	1,513	34
(22) General Electric Capital Corp Notes	36982G418	1,000,000.00	1,027,720.00	1,000,000.00		08/09/11	11/09/15	11/09/15	2.250%	2.190%	1,318	1,318
(23) Federal Farm Credit Bank Bonds	31331J3A0	1,000,000.00	1,002,290.00	1,000,000.00		11/23/10	05/23/12	05/23/12	2.000%	2.000%	1,332	53
(24) General Elec Cap Corp	36982G5C4	1,000,000.00	1,043,120.00	1,000,000.00		08/28/11	05/28/16	05/28/16	2.950%	2.820%	1,500	1,500
(25) Federal Farm Credit Bank	31331KJZ1	1,000,000.00	1,003,190.00	1,000,000.00		05/23/11	05/23/16	05/23/16	2.310%	2.300%	1,516	51
(26) Federal Natl Mfg Assn Notes	3136FFMFP5	1,000,000.00	1,018,800.00	1,000,000.00		06/08/11	06/08/16	06/08/16	2.200%	2.160%	1,528	432
(27) Federal Home Ln Mfg Corp	3134G3L86	1,000,000.00	1,003,610.00	1,000,000.00		08/20/11	08/20/16	08/20/16	2.050%	2.040%	1,542	81
(28) Federal Farm Credit Bank	31331KPT1	1,000,000.00	1,003,900.00	1,000,000.00		06/22/11	06/22/16	06/22/16	2.000%	1.990%	1,544	83
(29) Federal Natl Mfg Assn Step Cpn	3136FFRV13	1,000,000.00	1,003,450.00	1,000,000.00		06/29/11	06/29/16	06/29/16	1.400%	1.400%	1,551	90
(30) Federal Home Loan Bank Bonds	3133741M3	1,000,000.00	1,005,550.00	1,000,000.00		07/12/11	07/12/16	07/12/16	2.000%	1.990%	1,564	103
(31) Federal Natl Mfg Assn	3136FFRC58	1,000,000.00	1,004,710.00	1,000,000.00		07/27/11	07/27/16	07/27/16	2.000%	1.990%	1,579	118
(32) Federal Farm Credit Bank	31331KQZ8	1,000,000.00	1,003,390.00	1,000,000.00		09/12/11	09/12/16	09/12/16	1.470%	1.470%	1,626	179
(33) Federal Farm Cr Bks	31331KQZ3	1,000,000.00	1,003,340.00	1,000,000.00		09/28/11	09/28/16	09/28/16	1.375%	1.370%	1,640	185
(34) Federal Natl Mfg Assn Step Cpn	3136FFR4E0	1,000,000.00	1,001,930.00	1,000,000.00		09/28/11	09/28/16	09/28/16	1.250%	1.250%	1,642	546
(35) Federal Farm Credit Bank	31331KQ39	1,000,000.00	1,003,480.00	1,000,000.00		10/11/11	10/11/16	10/11/16	1.370%	1.370%	1,655	194
(36) Federal Farm Credit Bank Bonds	31331KGB7	1,000,000.00	1,005,860.00	1,000,000.00		10/18/11	10/18/16	10/18/16	1.620%	1.610%	1,682	201
(37) Federal Natl Mfg Assn	3136FFPC8	1,000,000.00	1,001,530.00	1,000,000.00		11/23/11	11/23/16	11/23/16	1.250%	1.250%	1,698	602
(38) Federal Farm Credit Bank	31331KQ47	1,000,000.00	1,001,290.00	1,000,000.00		11/29/11	11/29/16	11/29/16	1.510%	1.510%	1,703	242
(39) Federal Home Loan Banks	313376M51	2,000,000.00	2,000,120.00	2,000,000.00		12/21/11	12/21/16	12/21/16	1.450%	1.450%	1,726	-
(40) Federal Natl Mfg Assn Step Cpn	3136FFI22	1,000,000.00	1,004,490.00	1,000,000.00		12/28/11	12/28/16	12/28/16	1.290%	1.290%	1,733	637
(41) Federal Home Ln Mfg Corp Step Cpn	3134G3G79	1,000,000.00	1,002,170.00	1,000,000.00		01/11/12	01/11/17	01/11/17	1.250%	1.250%	1,741	651
(42) Federal Farm Credit Bank	31331KBY1	2,000,000.00	1,998,720.00	2,000,000.00		01/18/12	01/18/17	01/18/17	1.270%	1.270%	1,754	293
(43) Federal Farm Credit Bank	3133EAE7	1,000,000.00	999,210.00	1,000,000.00		01/30/11	01/30/17	01/30/17	0.750%	0.750%	1,766	305
(44) Federal Natl Mfg Assn Step Cpn	3136FFC23	1,000,000.00	1,000,590.00	1,000,000.00		02/08/12	02/08/17	02/08/17	1.070%	1.070%	1,773	312
(45) Federal Farm Cr Bks	3133EAC19	1,000,000.00	999,590.00	1,000,000.00		02/07/12	02/07/17	02/07/17	1.250%	1.250%	1,774	37
(46) Federal Home Loan Bank Bonds	313376L94	1,000,000.00	996,050.00	1,000,000.00		02/14/12	02/14/17	02/14/17	1.250%	1.250%	1,781	685
(47) Federal Natl Mfg Assn	3136FFI51	2,000,000.00	2,002,620.00	2,000,000.00		02/15/12	02/15/17	02/15/17	1.000%	1.000%	1,782	686
(48) Federal Home Ln Mfg Corp Step Cpn	3134G3L15	1,000,000.00	1,001,820.00	1,000,000.00		02/21/12	02/21/17	02/21/17	1.300%	1.300%	1,788	692
(49) Federal Natl Mfg Assn	3136FFTK81	1,000,000.00	1,000,280.00	1,000,000.00		03/08/12	03/08/17	03/08/17	1.220%	1.220%	1,803	69
(50) Federal Home Loan Banks	313376B83	1,680,000.00	1,675,279.20	1,676,640.00								
(51) Total Investments		\$ 55,670,251.93	\$ 55,864,914.48	\$ 55,669,271.93								
											Avg. Yield or Days	
											1.366%	
											0.330%	
											Benchmark 2-Year Treasury Rate	

(52) Savings, checking and change funds
(53) Trustee-held investments
(54) Grand total - cash and investments

\$ 824,583.25
\$ 650,177.15
\$ 57,339,674.88

824,583.25
650,177.15
57,144,032.33

Unaudited

- Indicates that the security may be called in full or in part with 5 business days notice.