



City of Laguna Beach Investment Report



JUNE 30, 2012

**PREPARED BY:
LAURA PARISI, C.P.A., CCMT
CITY TREASURER**

City of Laguna Beach Treasurer's Certification June 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,

A handwritten signature in cursive script that reads "Laura Parisi".

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

City of Laguna Beach

Cash and investments totaled **\$63,747,336 on June 30, 2012**. The balance is \$3,160,168 higher than the prior year.

Included in the total are monies used to fund operations, current year capital projects and bond payments. Also included are reserves for future capital projects, insurance, benefits, parking, disaster relief, automobile replacement, sewers and more including open space.

In order of priority, the funds are placed in investments selected for their;

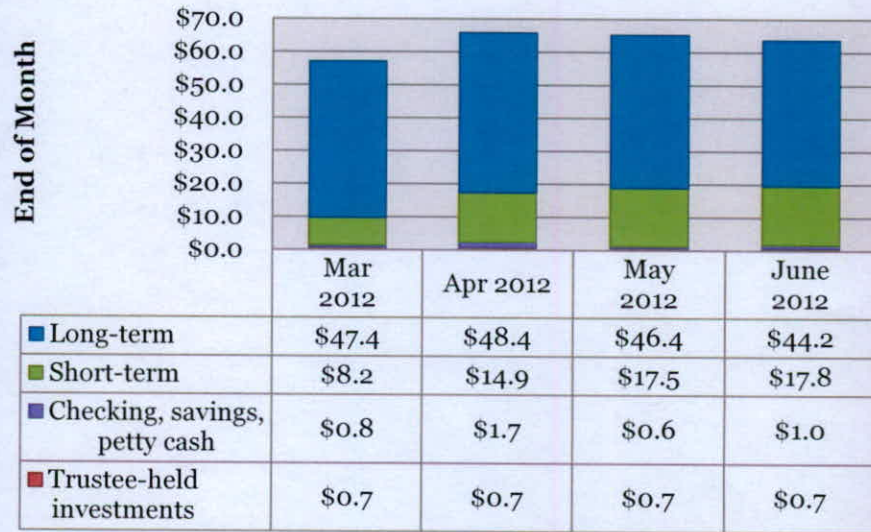
Safety of principal,

Liquidity to fund cash needs and

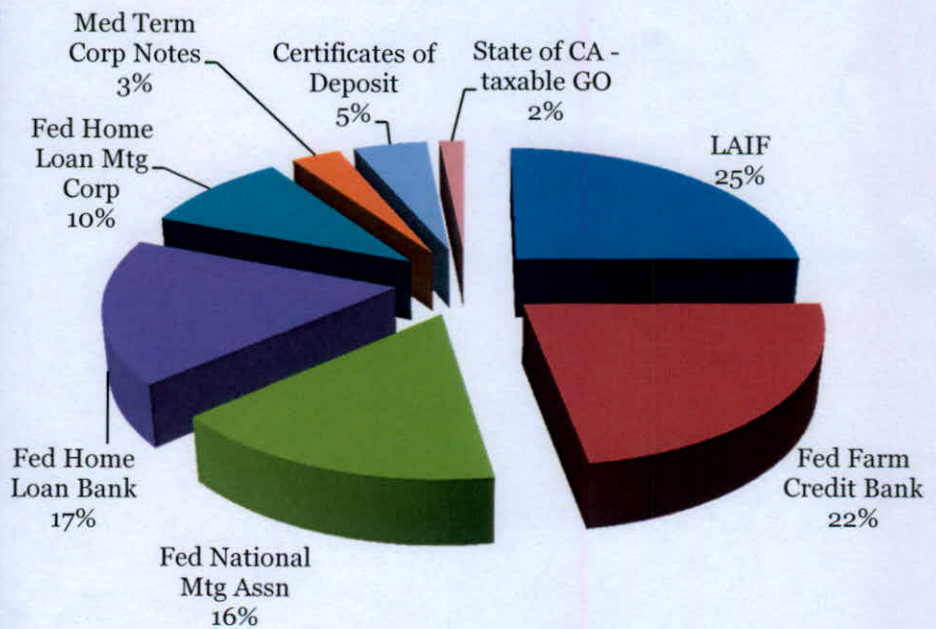
Yield to provide revenue.

The holdings are diversified into the high quality investments based on the Investment Policy, California government code and market conditions.

Total Investments Including Cash (in millions)



Investment Holdings and Diversification At June 30, 2012



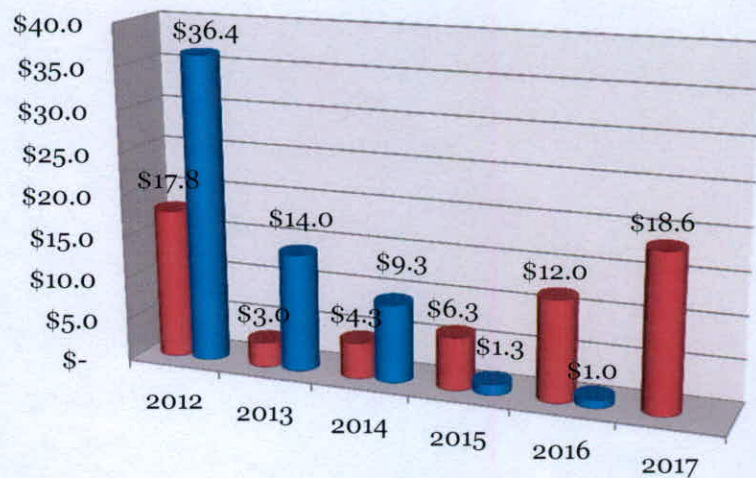
City of Laguna Beach

Callable securities issued by government sponsored enterprises represent 65% of the portfolio as shown in the prior chart. The effective duration based on call date is less than 8 months versus the final maturity date duration of 33 months.

The low interest rate environment was maintained through June 30, 2012.

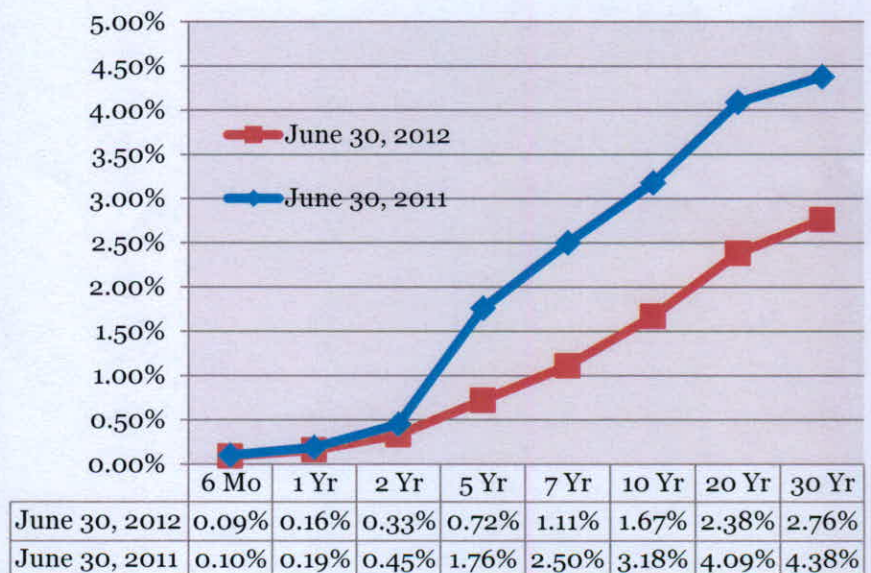
The U.S. Treasury Yield Curve shows the impact of federal policy on key interest rates. The 2 year treasury note rate is the benchmark for "market rate of return" on the Laguna Beach portfolio.

Shortened Duration - Impact of Higher Yielding Callable Securities At June 30, 2012 (in millions)



■ Final Maturity Date ■ Effective Duration With Callable Securities

U.S. Treasury Yield Curve

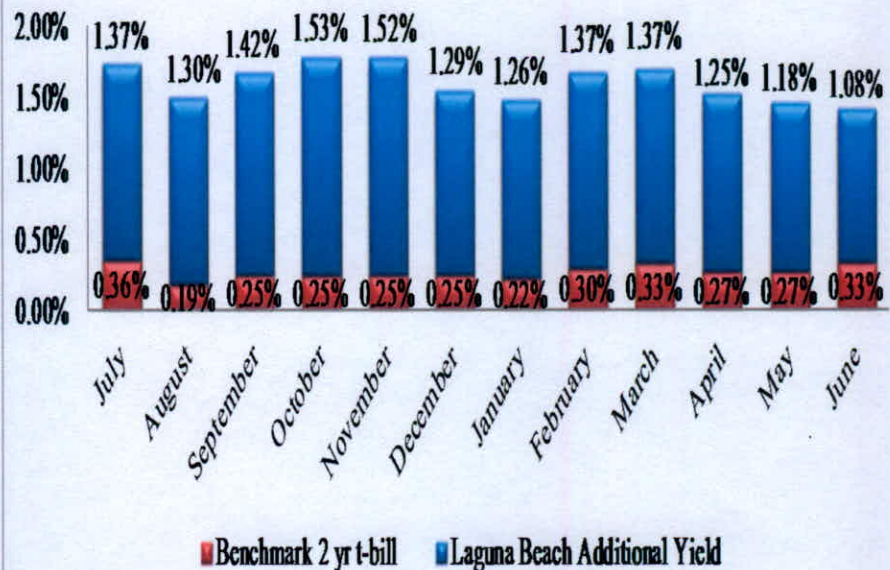


City of Laguna Beach

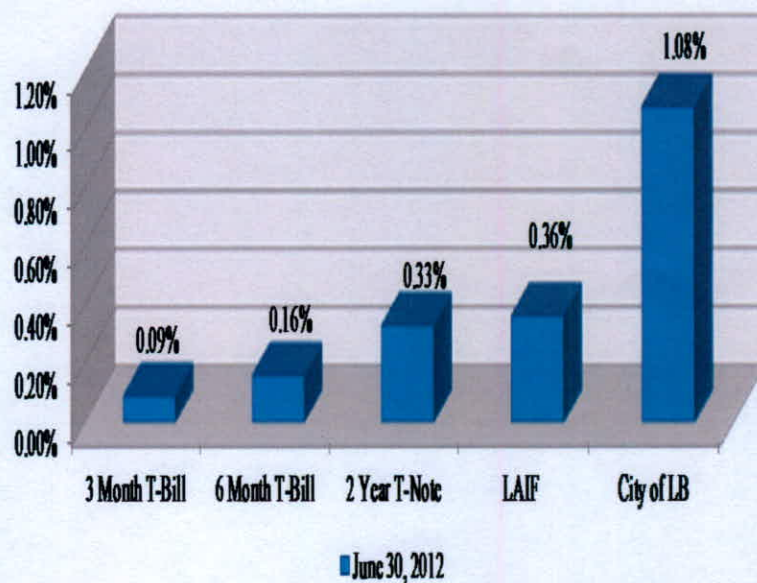
**June 30, 2012
Yield:**

The Laguna Beach average portfolio yield exceeded the benchmark in every month during the prior 12 months due primarily to the higher interest rates on callable governmental agency investments. The average investment yield at June 30, 2012 was 1.08%.

Yield vs. Benchmark



Yield Comparison





City of Laguna Beach

City Treasurer Monthly Report - Unaudited

For the Month of June 2012

Cash Activity for the Month

Cash and investments, beginning of month	\$	65,263,049.84
Cash receipts		3,621,595.88
Cash disbursements		(5,137,309.02)
Cash and investments, end of month	\$	63,747,336.70

Cash and Investment Portfolio at Month-End

	Market Value	Current Year Cost	Pct of Total	Avg. Return	Prior Year Cost
Long-term investments:					
Federal agency securities	\$ 38,829,890.80	\$ 38,675,140.00	61%	1.479%	\$ 39,543,450.00
Medium-term corporate notes	2,052,220.00	2,000,000.00	3%	2.600%	-
Municipal notes and bonds	1,008,030.00	1,009,430.00	2%	1.486%	-
Negotiable Certificates of Deposit - FDIC insured	2,498,170.00	2,500,000.00	4%	0.860%	-
Subtotal	44,388,310.80	44,184,570.00	69%	1.643%	39,543,450.00
Short-term investments:					
State Local Agency Investment Fund	15,346,647.38	15,346,647.38	24%	0.358%	19,042,016.04
Federal agency securities	2,004,530.00	1,998,450.00	3%	1.203%	-
Investments in local banks - FDIC insured C.D.s	500,057.50	500,000.00	1%	0.460%	-
Subtotal	17,851,234.88	17,845,097.38	28%	0.456%	19,042,016.04
Savings, checking and change funds					
Savings accounts	35,801.88	35,801.88	0%	0.250%	37,818.98
Checking accounts	992,912.14	992,912.14	2%	Earnings	771,454.58
Petty cash/change funds	3,617.75	3,617.75	0%	Allowance	3,617.75
Subtotal	1,032,331.77	1,032,331.77	2%	Credit (a).	812,891.31
Trustee-held investments	685,337.55	685,337.55	1%	0.358%	1,188,811.06
Grand total - cash and investments	\$ 63,957,215.00	\$ 63,747,336.70	100%		\$ 60,587,168.41

(a). The earnings allowance credit applies to funds held by Bank of America and partially offset bank fees.

Cash and Investment Custody (statements are available on request)

Union Bank Institutional Custody	\$ 46,642,898.30	\$ 46,433,020.00	\$ 39,543,450.00
State Local Agency Investment Fund	15,346,647.38	15,346,647.38	19,042,016.04
Bank of New York Trustee	685,337.55	685,337.55	1,188,811.06
Bank of America	1,028,714.02	1,028,714.02	809,273.56
Citizens Business Bank	250,000.00	250,000.00	-
Internal change funds	3,617.75	3,617.75	3,617.75
Cash and investments total	\$ 63,957,215.00	\$ 63,747,336.70	\$ 60,587,168.41



City of Laguna Beach City Treasurer Monthly Report - List of Investments

Investment Type	Par Value	Market Value	Purchase Price	Premium (Discount)	Purchase or Dated	Maturity Date	Next Call Maturity	Coupon Rate	Yield to Mat	Days to Maturity	Days to Call
(1) State Investment Pool (LAIF)	\$	15,346,647.38	15,346,647.38		Various	Today	Today	0.358%	0.358%	Today	Today
(2) CD Investment in local banks	500,000.00	500,057.50	500,000.00		5/28/2010	1 yr or less	1 yr or less	0.460%	0.460%	Various	Various
(3) Federal Home Loan Bank Bonds	1,000,000.00	1,001,480.00	998,450.00	(1,550.00)	6/18/2010	8/28/2012	8/28/2012	1.100%	1.170%	59	59
(4) Fed Home Loan Bank Bond	1,000,000.00	1,003,050.00	1,000,000.00		10/3/2011	10/22/2012	10/22/2012	1.150%	1.150%	114	114
(5) California St Var Purp GO and GO Ref	1,000,000.00	1,008,030.00	1,009,430.00	9,430.00	9/1/2013	9/1/2013	9/1/2013	1.500%	1.000%	428	428
(6) Federal Natl Mtg Assn	1,000,000.00	1,000,460.00	1,000,000.00		9/20/2010	9/20/2013	9/20/2012	1.000%	1.000%	447	82
(7) Federal Home Loan Bank Bonds	1,000,000.00	1,008,780.00	999,500.00	(500.00)	8/30/2010	10/30/2013	10/30/2013	1.000%	1.000%	487	487
(8) CD Ally Bk Midvale Utah	250,000.00	250,645.00	250,000.00		1/13/2012	1/13/2014	1/13/2014	1.000%	1.000%	562	562
(9) CD Barclays Bk Del	250,000.00	250,645.00	250,000.00		1/13/2012	1/13/2014	1/13/2014	1.000%	1.000%	562	562
(10) CD Apple Bk	250,000.00	249,635.00	250,000.00		5/23/2012	5/23/2014	5/23/2014	0.500%	0.500%	692	692
(11) CD Discover Bk	250,000.00	249,447.50	250,000.00		5/23/2012	5/23/2014	5/23/2014	0.750%	0.750%	692	692
(12) CD Goldman Sachs Bk	250,000.00	249,447.50	250,000.00		5/23/2012	5/23/2014	5/23/2014	0.800%	0.800%	692	692
(13) CD Compass Bk	250,000.00	249,350.00	250,000.00		6/2/2012	6/2/2014	6/2/2014	0.800%	0.800%	702	702
(14) CD BMW Bank of NA	250,000.00	249,135.00	250,000.00		6/22/2012	6/23/2014	6/23/2014	0.750%	0.750%	723	723
(15) Federal Home Loan Bank Bonds	1,000,000.00	1,029,960.00	1,000,000.00		4/29/2011	10/29/2014	10/29/2014	1.750%	1.750%	851	851
(16) Federal Home Loan Mortgage Corp	1,000,000.00	1,001,510.00	1,000,000.00		11/14/2011	11/14/2014	11/14/2012	0.875%	0.875%	867	137
(17) CD Huntington National Bk	250,000.00	249,170.00	250,000.00		6/8/2012	12/8/2014	12/8/2014	0.750%	0.750%	891	891
(18) CD Safra Natl Bank	250,000.00	249,200.00	250,000.00		6/14/2012	12/15/2014	12/15/2014	0.750%	0.750%	898	898
(19) CD GE Cap Finl Inc.	250,000.00	251,495.00	250,000.00		1/6/2012	1/6/2015	1/6/2015	1.500%	1.500%	920	920
(20) Federal Home Ln Mtg Corp	1,000,000.00	1,001,070.00	1,000,000.00		2/13/2012	2/13/2015	2/13/2014	0.550%	0.550%	958	593
(21) Federal Home Loan Mtge Corp	1,000,000.00	1,004,970.00	1,000,000.00		12/30/2011	6/30/2015	12/30/2013	1.000%	1.000%	1,095	548
(22) Federal Farm Cr Bks Cons	1,000,000.00	1,000,620.00	1,000,000.00		7/16/2010	7/16/2015	7/16/2012	2.190%	2.190%	1,111	16
(23) Federal Farm Credit Bank	1,000,000.00	1,001,620.00	1,000,000.00		9/14/2011	9/14/2015	9/14/2012	1.040%	1.040%	1,171	76
(24) Federal Home Ln Mtg Corp	1,000,000.00	1,003,610.00	1,000,000.00		1/30/2012	10/30/2015	1/30/2013	1.000%	1.000%	1,217	214
(25) General Electric Capital Corp Notes	1,000,000.00	1,020,290.00	1,000,000.00		8/9/2011	11/9/2015	11/9/2015	2.250%	2.250%	1,227	1,227
(26) General Elec Cap Corp	1,000,000.00	1,031,930.00	1,000,000.00		8/26/2011	5/9/2016	5/9/2016	2.950%	2.950%	1,409	1,409
(27) Federal Natl Mtge Assn Notes	1,000,000.00	1,015,300.00	1,000,000.00		6/6/2011	6/6/2016	6/6/2013	2.200%	2.200%	1,437	341
(28) Federal Home Loan Bank Bonds	1,000,000.00	1,000,540.00	1,000,000.00		7/12/2011	7/12/2016	7/12/2012	2.000%	2.000%	1,473	12
(29) Federal Natl Mtg Assn	1,000,000.00	1,001,060.00	1,000,000.00		7/27/2011	7/27/2016	7/27/2012	2.000%	2.000%	1,488	27
(30) Federal Farm Credit Banks	1,000,000.00	1,002,140.00	1,000,000.00		9/12/2011	9/12/2016	9/12/2012	1.470%	1.470%	1,535	74
(31) Federal Farm Cr Bks	1,000,000.00	1,002,570.00	1,000,000.00		9/26/2011	9/26/2016	9/26/2012	1.375%	1.375%	1,549	88
(32) Federal Farm Credit Bank	1,000,000.00	1,002,990.00	1,000,000.00		10/11/2011	10/11/2016	10/11/2012	1.370%	1.370%	1,564	103
(33) Federal Farm Credit Bank Bonds	1,000,000.00	1,004,170.00	1,000,000.00		10/18/2011	10/18/2016	10/18/2012	1.620%	1.620%	1,571	110
(34) Federal Farm Credit Banks	1,000,000.00	1,003,640.00	1,000,000.00		11/28/2011	11/28/2016	11/28/2012	1.510%	1.510%	1,612	151
(35) Federal Home Loan Banks	2,000,000.00	2,000,060.00	2,000,000.00		12/21/2011	12/21/2016	3/21/2012	1.450%	1.450%	1,635	-
(36) Federal Natl Mtg Assn Step Cpn	1,000,000.00	1,004,990.00	1,000,000.00		12/28/2011	12/28/2016	12/28/2013	1.300%	1.300%	1,642	546
(37) Federal Home Ln Mtg Corp Step Cpn	1,000,000.00	1,004,470.00	1,000,000.00		1/11/2012	1/11/2017	1/11/2014	1.250%	1.250%	1,656	560
(38) Federal Farm Credit Banks	2,000,000.00	2,008,380.00	2,000,000.00		1/18/2012	1/18/2017	1/18/2013	1.270%	1.270%	1,663	202
(39) Federal Farm Credit Banks	1,000,000.00	1,004,460.00	1,000,000.00		1/30/2011	1/30/2017	1/30/2013	1.230%	1.230%	1,675	214
(40) Federal Natl Mtg Assn Step Cpn	1,000,000.00	1,002,750.00	1,000,000.00		1/30/2011	1/30/2017	1/30/2013	0.750%	0.750%	1,675	214
(41) Federal Farm Cr Bks	1,000,000.00	1,001,480.00	1,000,000.00		2/6/2012	2/6/2017	2/6/2013	1.070%	1.070%	1,682	221
(42) Federal Home Loan Bank Bonds	1,000,000.00	1,000,060.00	1,000,000.00		2/7/2012	2/7/2017	5/7/2012	1.250%	1.250%	1,683	-
(43) Federal Natl Mtg Assn	2,000,000.00	2,021,800.00	2,000,000.00		2/14/2012	2/14/2017	2/14/2014	1.250%	1.250%	1,690	594
(44) Federal Home Ln Mtg Corp Set Cpn	1,000,000.00	1,004,500.00	1,000,000.00		2/15/2012	2/15/2017	2/15/2014	1.000%	1.000%	1,691	595
(45) Federal Natl Mtg Assn	1,000,000.00	1,010,560.00	1,000,000.00		2/21/2012	2/21/2017	2/21/2014	1.300%	1.300%	1,697	601
(46) Federal Home Loan Banks	1,680,000.00	1,680,100.80	1,676,640.00		3/8/2012	3/8/2017	6/8/2012	1.220%	1.222%	1,712	-

City of Laguna Beach
City Treasurer Monthly Report - List of Investments



Investment Type	Par Value	Market Value	Purchase Price	Premium (Discount)	Purchase or Dated	Maturity Date	Next Call Maturity	Coupon Rate	Yield to Mat	Days to Maturity	Days to Call
(47) Federal Farm Credit Banks	1,000,000.00	1,000,260.00	1,000,000.00		4/10/2012	4/10/2017	7/10/2012	1.350%	1.350%	1,745	10
(48) Federal Home Loan Banks	1,000,000.00	998,970.00	999,000.00	(1,000.00)	5/30/2012	5/30/2017	11/30/2012	1.150%	1.173%	1,795	153
(49) Federal Farm Cr Bks	1,000,000.00	1,000,440.00	1,000,000.00		6/5/2012	6/5/2017	12/5/2012	1.160%	1.160%	1,801	158
(50) Federal Farm Cr Bks	1,000,000.00	999,400.00	1,000,000.00		6/20/2012	6/20/2017	6/20/2013	1.100%	1.100%	1,816	355
(51) Federal Natl Mtg Assn	1,000,000.00	1,001,700.00	1,000,000.00		6/28/2012	6/28/2017	6/28/2013	1.160%	1.160%	1,824	363
(52) Federal Natl Mtg Assn	1,000,000.00	1,000,500.00	1,000,000.00		6/28/2012	6/28/2017	6/28/2013	1.125%	1.125%	1,824	363
(53) Total Investments	\$ 62,026,647.38	62,239,545.68	62,029,667.38				Avg. Yield or Days	1.084%	1.009	1,009	241
(54) Savings, checking and change funds		1,032,331.77	1,032,331.77				Benchmark 2-Year Treasury Rate	0.330%			
(55) Trustee-held investments		685,337.55	685,337.55								
(56) Grand total - cash and investments		63,957,215.00	63,747,336.70								

- Indicates that the security may be called with 5 business days notice.