



# City of Laguna Beach

## City Treasurer Monthly Report - Unaudited For the Month of August 2011

### Cash Activity for the Month

Cash and investments, beginning of month	\$	58,509,533.11
Cash receipts		3,944,341.77
Cash disbursements		(8,144,369.77)
Cash and investments, end of month	\$	54,309,505.11

### Cash and Investment Portfolio at Month-End

	Current Year				Prior Year Cost
	Market Value	Cost	Cost	Avg. Return	
<b>Investment Securities and Accounts Managed by City Treasurer</b>					
<b>Long-term investments:</b>					
Federal agency securities	\$ 31,255,920.00	\$ 30,996,950.00	57.075%	1.850%	\$ 33,544,450.00
Subtotal	31,255,920.00	30,996,950.00	57.075%	1.850%	33,544,450.00
<b>Short-term investments:</b>					
State Local Agency Investment Fund	19,095,184.53	19,095,184.53	35.160%	0.408%	14,838,040.50
Investments in local banks - FDIC insured C.D.s	-	-	0.000%	N.D.	500,000.00
Subtotal	19,095,184.53	19,095,184.53	35.160%	0.408%	15,338,040.50
<b>Other Accounts:</b>					
Savings accounts	44,193.22	44,193.22	0.081%		47,063.32
Checking accounts	1,593,497.22	1,593,497.22	2.934%		878,281.83
Petty cash/change funds	3,617.75	3,617.75	0.007%		3,617.75
Subtotal	1,641,308.19	1,641,308.19	3.022%		928,962.90
<b>Investment Securities Managed by Others</b>					
Trustee-held investments	2,576,062.39	2,576,062.39	4.743%		3,138,019.28
Grand total - cash and investments	\$ 54,568,475.11	\$ 54,309,505.11	100.000%		\$ 52,949,472.68

I verify that this 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.

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Laura Parisi, C.P.A., C.C.M.T.  
City Treasurer

Date Printed: 9/23/2011

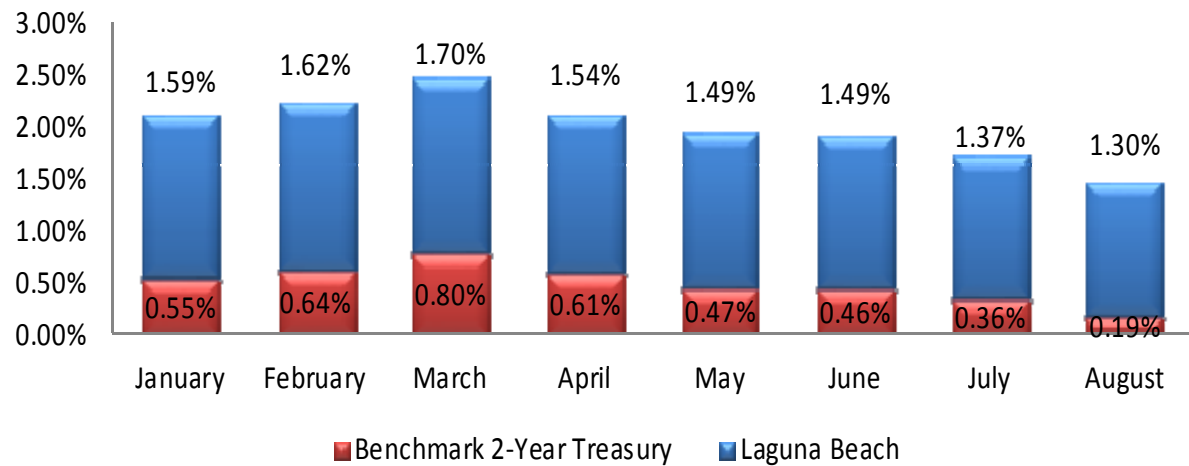
## City of Laguna Beach

**August 31, 2011  
Yield:**

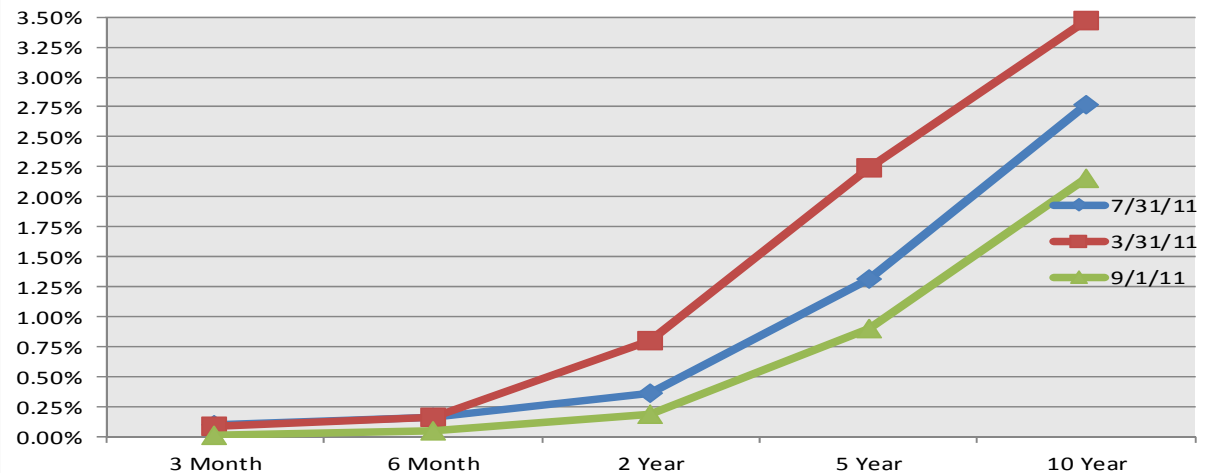
**Laguna Beach portfolio yields continued to exceed the benchmark 2 year t-note.**

**However, market yields have dropped during the month of August.**

### Yield vs. Benchmark



### Yield Curve



## City of Laguna Beach

### August Investment Management

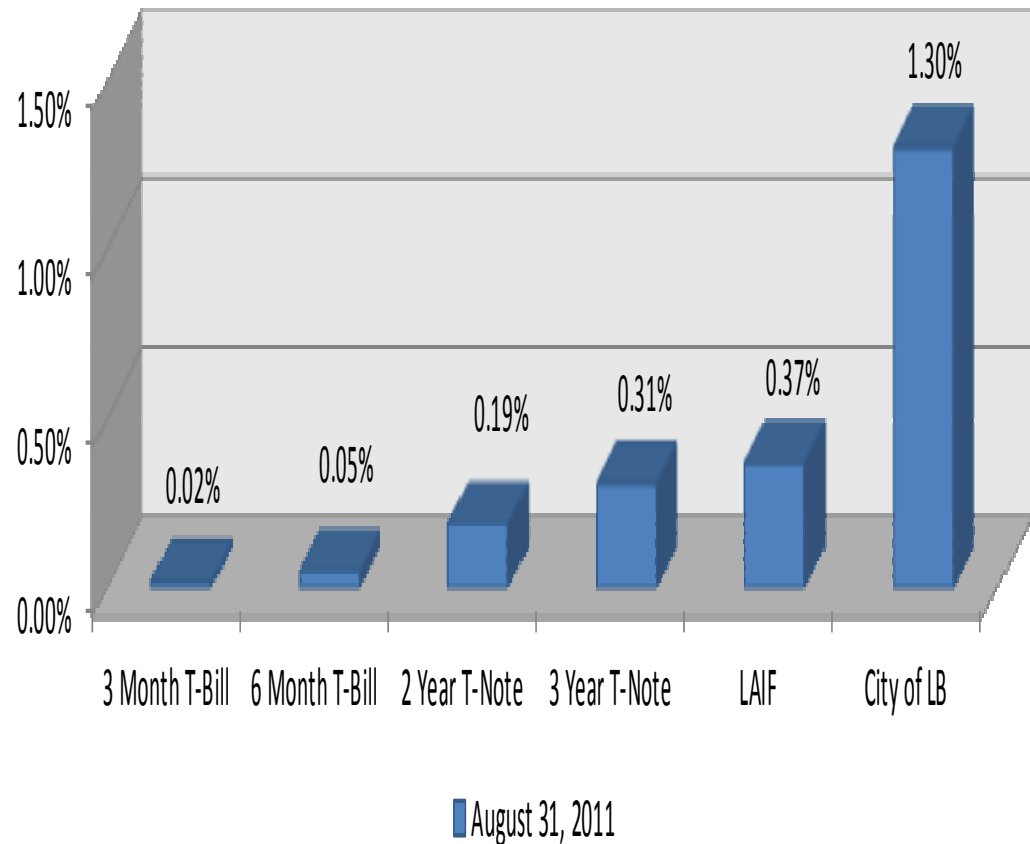
Funds were reinvested at the 4 and 5 year points using primarily callable agency securities due to the low interest rates currently available. Another factor influencing the decision to invest during that time period was a commitment by the federal reserve to maintain low interest rates for the next 2 years. 5 years is the maximum allowable investment for city funds.

Meetings were held with John Pietig, City Manager and included an industry expert Leslie Wells, Sr. Vice President, DA Davidson to discuss, explain and chart the best course of operation under the current volatile market conditions.

The investment activities were scrutinized, holdings analyzed and forward strategies discussed.

The average yield from the resulting portfolio was 1.30%.

## Yield Comparison



## City of Laguna Beach

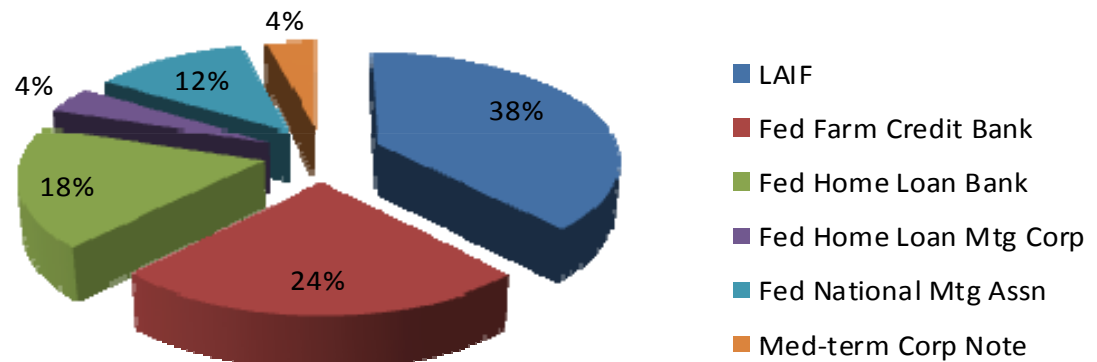
### Investment Diversification and Portfolio Holdings:

The portfolio was diversified and in compliance with the City's diversification guidelines contained in the Investment Policy.

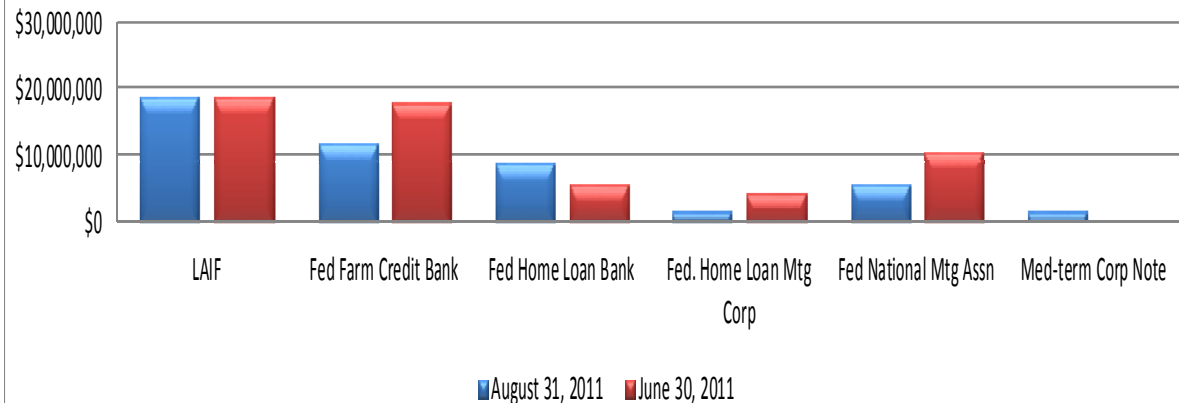
Short-term investments are 38% of the portfolio. These funds will be used for current cash flow needs. They are invested in LAIF; the California Local Agency Investment Fund. This fund provides same day fund availability.

The investments with maturities greater than 1 year but less than 5 years are federally sponsored governmental enterprises, 58% and corporate medium-term notes, 4%.

### Investment Holdings and Diversification



### Investment Portfolio Holdings Comparison



## City of Laguna Beach – August 2011 Investment Activity During Volatility

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Volatility during the month created numerous transactions due to long-term federal agency bonds that were called (or redeemed by issuer).

The reinvestment strategy continued to use the LAIF pool to hold liquidity. The sharp rate drop also caused the LAIF rates to rise above the Laguna Beach benchmark 2 year treasury note.

High quality, safe investments are the top priority for the investment of Laguna Beach funds. Long-term re-investments were made with federal agency securities that had call features of 1 month to 1 year. It is anticipated that the securities will need to be re-invested at the earliest call date. These investments returned rates of 1.37% to 2.3%.

Additionally, the highest possible rates were locked in for 4 and 5 years through the purchase of \$2 million of AA medium-term corporate notes.