



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Treasurer - Tax
Collector
Department No.: 065
For Agenda Of: 8/9/11
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors *K Tesoro for*
FROM: Department Harry E. Hagen, CPA, CPFO, CPFIM, Treasurer - Tax Collector
Director(s) 568-2490
Contact Info: Kim Tesoro, CPA, CPFO, Investment and Debt Officer
568-2153
SUBJECT: Treasurer's Investment Pool, FY 2010-2011 Fourth Quarter (Apr - Jun 2011)

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: Select Concurrence

Recommended Actions:

That the Board of Supervisors:

- A) Accept for filing the Fiscal Year 2010-2011 Fourth Quarter (April - June, 2011) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b).
- B) Review and approve the Investment Policy Statement.
- C) Appoint the Santa Barbara County Executive Officer to the Treasury Oversight Committee.

Summary Text:

As presented on Page 9, the value of the Treasurer's Investment Pool at principal cost on June 30, 2011, was \$926,301,035. Market value of the investment pool was \$928,291,817. The weighted average days-to-maturity (WAM) for the investment pool was 529 days.

The Treasurer's Investment Pool earned \$2,118,420 for the quarter ending June 30, 2011, an annualized return of 0.796%. Per Government Code Section 53600.5, the Santa Barbara County Treasurer has a mandated responsibility to manage and invest public funds with the primary objective of safeguarding principal, the secondary objective of meeting the liquidity needs of pool participants, and thirdly, the objective of attaining a market average rate of return, consistent with the primary objectives of safety and liquidity.

In October 2009 the Treasurer's Investment Pool was assigned Standard & Poor's (S&P) top rating of 'AAAF' for credit quality, reflecting the highest level of protection against potential losses from default and a top rating of 'S1' for volatility, indicating the low risk sensitivity of the investment pool to interest rate movements, credit risk, investment diversification or concentration, liquidity, and leverage. S&P has upheld the rating in their monthly reviews. However, on July 15, 2011 S&P has placed the "AAAF" fund credit quality rating on CreditWatch Negative because of its significant exposure to the U.S. sovereign credit ratings through direct and indirect investments in U.S. Treasury and U.S. government agency securities. This action follows the placement by S&P of its short- and long-term credit ratings on the United States of America on CreditWatch with negative implications on July 14, 2011. The rating agency has indicated there is a fifty percent chance it could downgrade the U.S. debt within the next 90 days "if we conclude that Congress and the Administration have not achieved a credible solution to the rising U.S. government debt burden and are not likely to achieve one in the foreseeable future." The long-term ratings of Fannie Mae, Freddie Mac, select Federal Home Loan Banks, and the Farm Credit System Banks have also been affected.

For the quarter ending June 30, 2011 the Treasurer's Investment Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss in order to meet cash flow demands.

All investments purchased, met or exceeded state and local policy requirements for credit quality. Credit quality of assets held in the Treasurer's Investment Pool is monitored on an ongoing basis.

The Santa Barbara County Treasurer conforms to all applicable State statutes and County resolutions that govern the investment of public funds.

The attached investment policy has been amended on pages, five, seven and sixteen. The Ethics and Conflicts of Interest section on page 5 was clarified by limiting the types of financial services firms a Treasury Oversight Committee member may not be employed by to just those with which the Treasurer is doing business with. The Permitted Investments section on page 7 and the Authorized Investment Summary Table on page 16 were updated to remove the 'AAA' credit rating requirement on securities issued by government-sponsored enterprises. Both of these changes realign our policy with the California Government Code.

As outlined in Government Code section 27130 et. seq., the Board of Supervisors, in consultation with the County Treasurer, shall establish the Treasury Oversight Committee with membership consisting of between three and eleven members from specified categories.

The County Treasurer nominates the County Executive Officer as the representative appointed by the County Board of Supervisors to the Treasury Oversight Committee. In addition, the following members, previously nominated by the Treasurer and confirmed by the Board, will continue to serve:

- Dr. Elizabeth Miller, Vice President Administrative Services, Allan Hancock College, Community College District Member
- Mr. Fred Gaeden, CPA, Public Member with academic background in finance
- Mr. Craig Geyer, Santa Barbara County Special Districts Association, Special Districts Member
- Mr. Steven Towner, Santa Barbara County Education Office, Designee of the County Superintendent of Schools

Background:

The FOMC meeting on June 21-22 discussed the slowdown of the economic recovery in recent months. Conditions in the labor market are still weak and the unemployment rate rose each month to end the quarter at 9.2 percent. This resulted in more foreclosure of family homes and low demand in the housing market even as measures of home prices continued to fall further. Furthermore, the Japan earthquakes in March had negatively

affected the global supply chain and increased the price of auto parts and reduced the U.S. industrial production of automobiles.

The Federal Open Market Committee (FOMC) issued this statement at its June meeting “To promote the ongoing economic recovery and to help ensure that inflation, over time, is at levels consistent with its mandate, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent. The Committee continues to anticipate that economic conditions – including low rates of resource utilization and a subdued outlook for inflation over the medium run – are likely to warrant exceptionally low levels for the federal funds rate for an extended period.” The target range of 0 to .25% was set by the FOMC in December 2008, where it has remained since.

The FOMC will meet next quarter on August 9 and September 20. The committee’s focus is to seek monetary and financial conditions that will foster price stability and promote sustainable growth in output.

This quarterly report is being submitted to you as required by California Government Code section 53646 (b). In addition, California Government Code section 53646 (b) (3) requires the Treasurer-Tax Collector to include a statement in the Treasurer’s Report affirming the ability of the Santa Barbara County Investment Pool to meet expenditure requirements for the next six months.

This report and the Treasurer’s Investment Policy was reviewed and discussed by the Treasury Oversight Committee at its quarterly meeting. The Treasury Oversight committee promotes the public interest and is governed by California Government Code sections 27130 through 27133.

Performance Measure:

The following performance measures are related to the Treasurer’s Investment Pool:

To ensure the financial stability of the County, monitor and project liquidity requirements as evidenced by zero securities sold at a loss to meet cash flow needs of pool participants: Accomplished

To ensure the financial stability of the County and secure public agency funds, stay within compliance 100% of the time with the Government Code and the Treasurer’s Investment Policy: Accomplished.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

For the quarter ending June 30, 2011, net investment earnings achieved by the Treasurer’s Investment Pool were \$2,118,420, with the County receiving 44%, Schools 48%, and Special Districts the balance of 8%, as shown on Page 14, Chart 4. The net yield earned for the quarter on an annualized basis is 0.796 % and over the past year is 0.878%.

Attachments:

1. Treasurer’s Fourth Quarter Investment Pool Report (April - June 2011)
2. Treasurer’s Investment Policy Statement

Authored by:

Kim Tesoro, CPA, CPFO, Investment & Debt Officer

SANTA BARBARA COUNTY

**TREASURER'S REPORT TO THE BOARD OF SUPERVISORS AND
THE TREASURY OVERSIGHT COMMITTEE**

FOR THE QUARTER ENDED JUNE 30, 2011

Table of Contents

I. Economic Trend

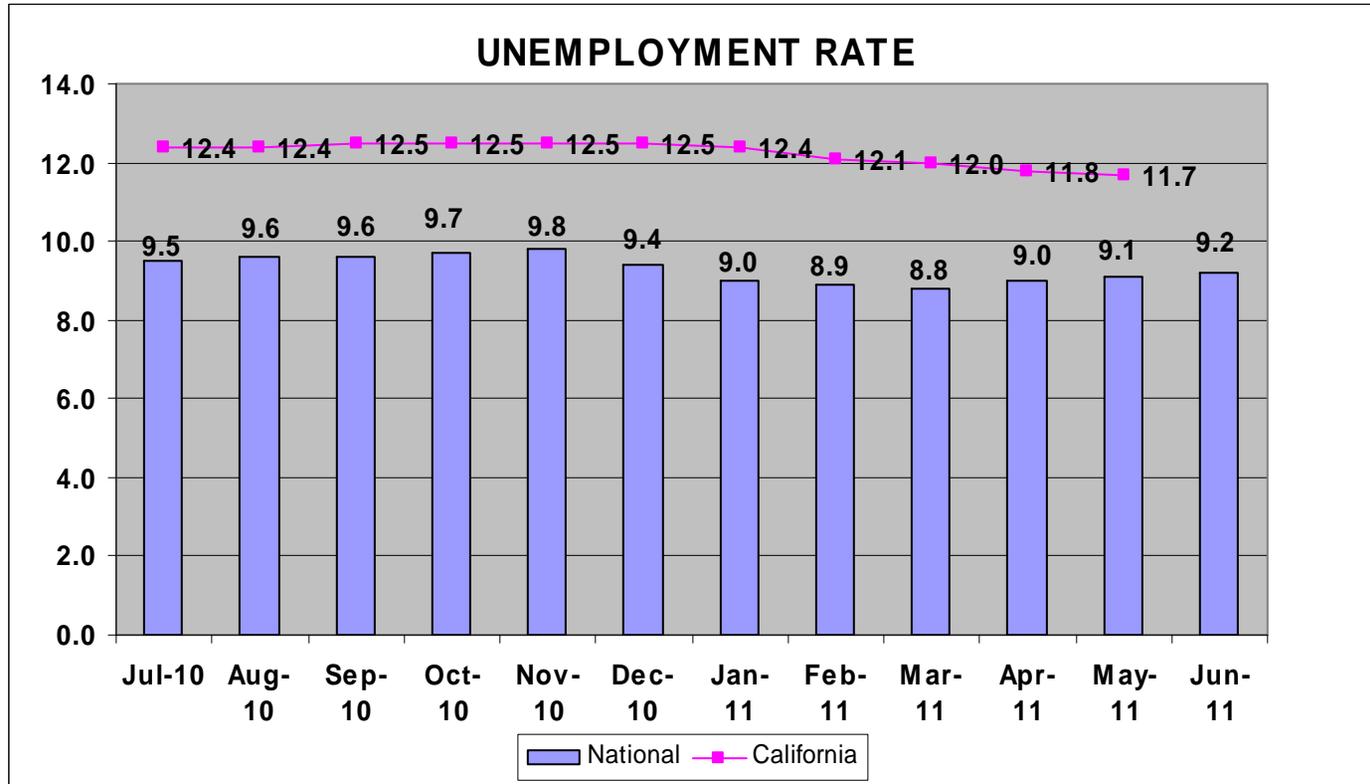
II. Overview of Investment Activities

ECONOMIC TREND

- **The Federal Reserve (FED) maintained the target federal funds rate at a range of 0 to .25% throughout the quarter.**
- **The FED has indicated low interest rates will remain in place for an extended period.**
- **The unemployment rate moved up each month to end the quarter at 9.2%.**
- **The Consumer Price Index was over 3% for the entire quarter with both May and June showing price increases of 3.6% over the prior year.**
- **Consumer confidence dropped to a seven-month low of 58.5 in June.**
- **The pace of the economic recovery has slowed in recent months with the U.S. economy expanding at a 1.9% annual rate for the quarter ending March 2011 compared to 3.1% for the prior quarter.**

ECONOMIC TREND: Unemployment Rate

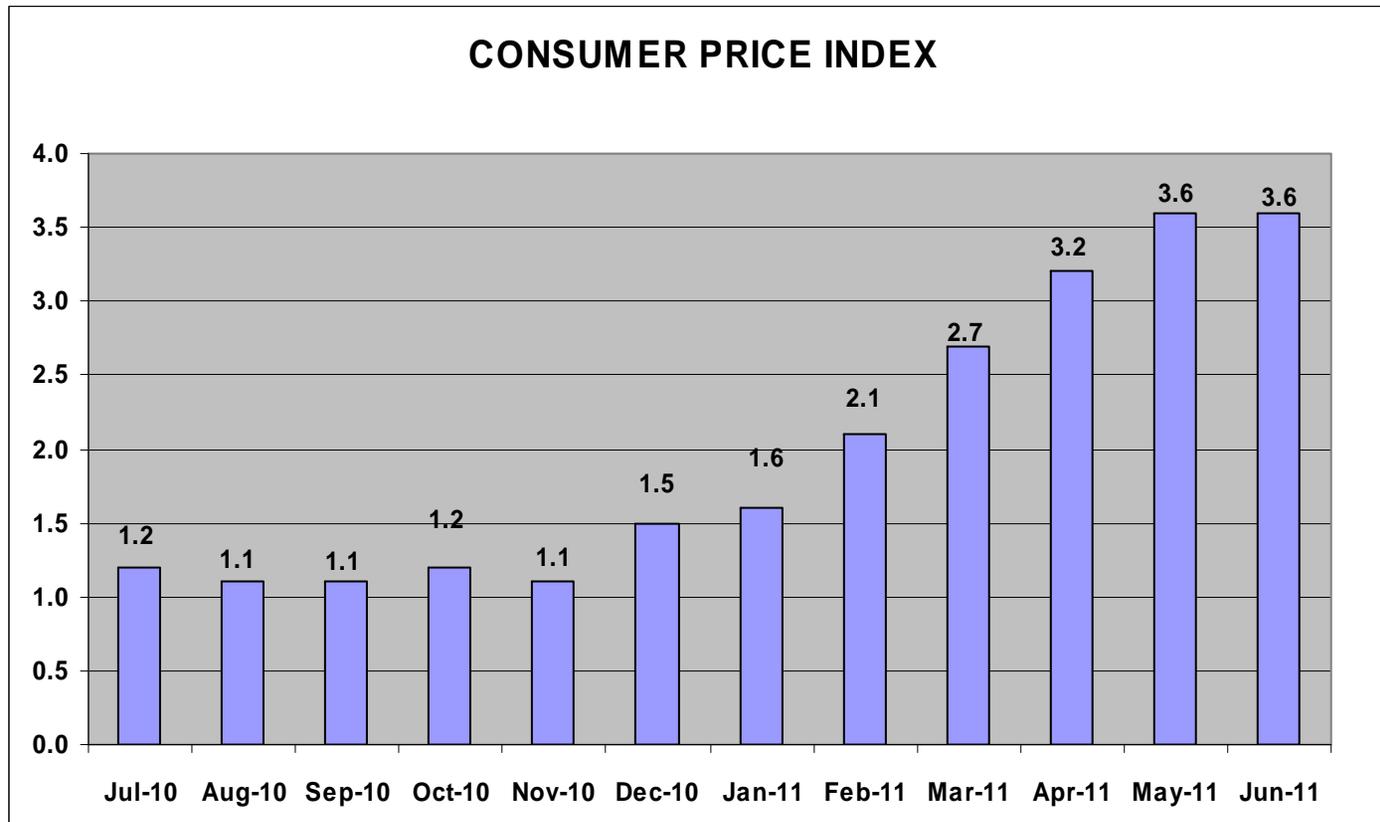
The unemployment rate represents the number of unemployed persons as a percent of the labor force. The sampling used each month to calculate the rate is approximately 60,000 households. The national unemployment rate began the quarter at 8.8% and ended at 9.2%. The California unemployment rate was 11.7% in May.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Inflation

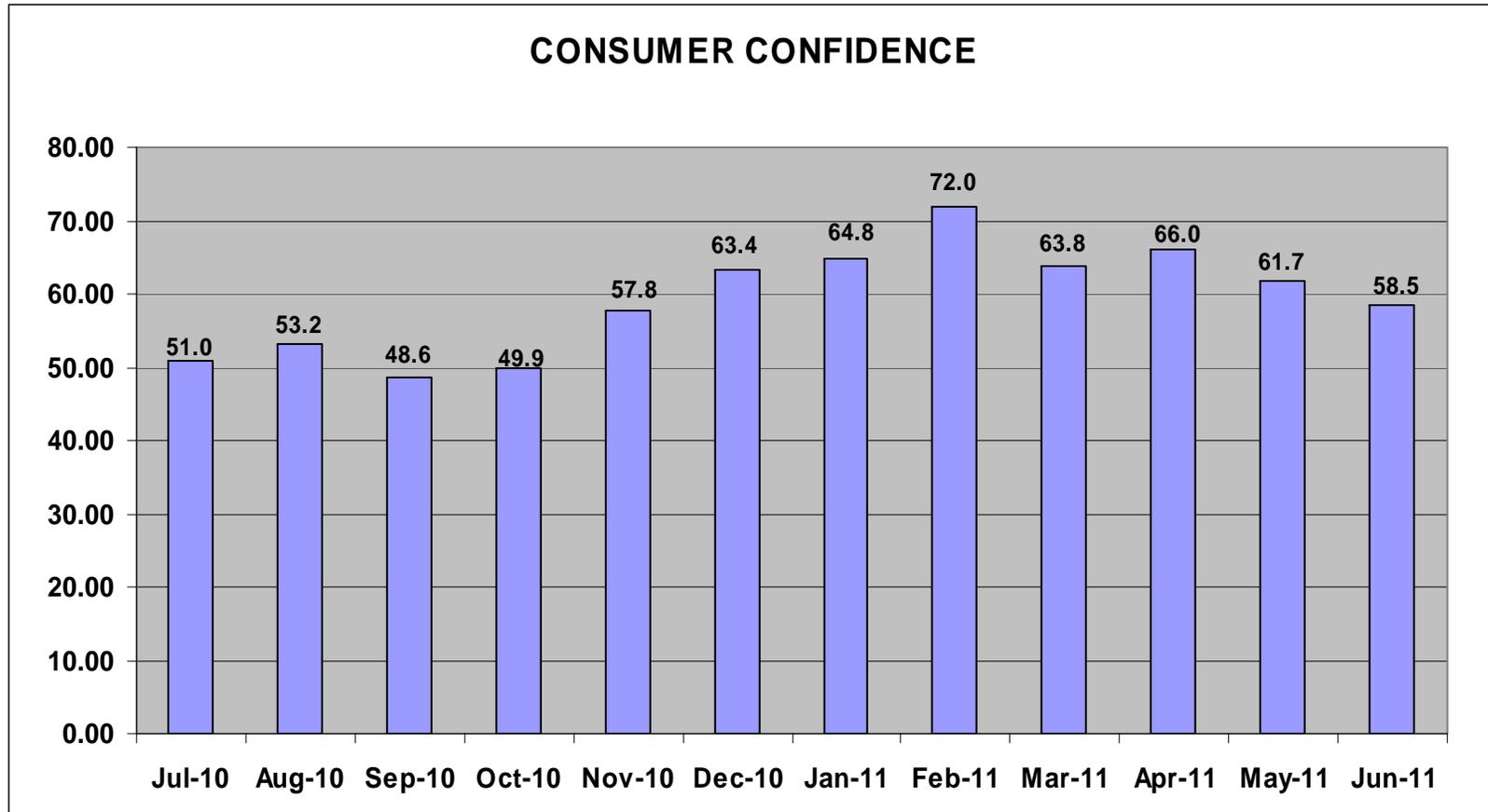
The Consumer Price Index (CPI) represents changes in prices of all goods and services purchased for consumption by urban households. It began the quarter at 2.7 and ended at 3.6. The Core CPI, which excludes food and energy, began the quarter at 1.2 and ended at 1.6.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Consumer Confidence

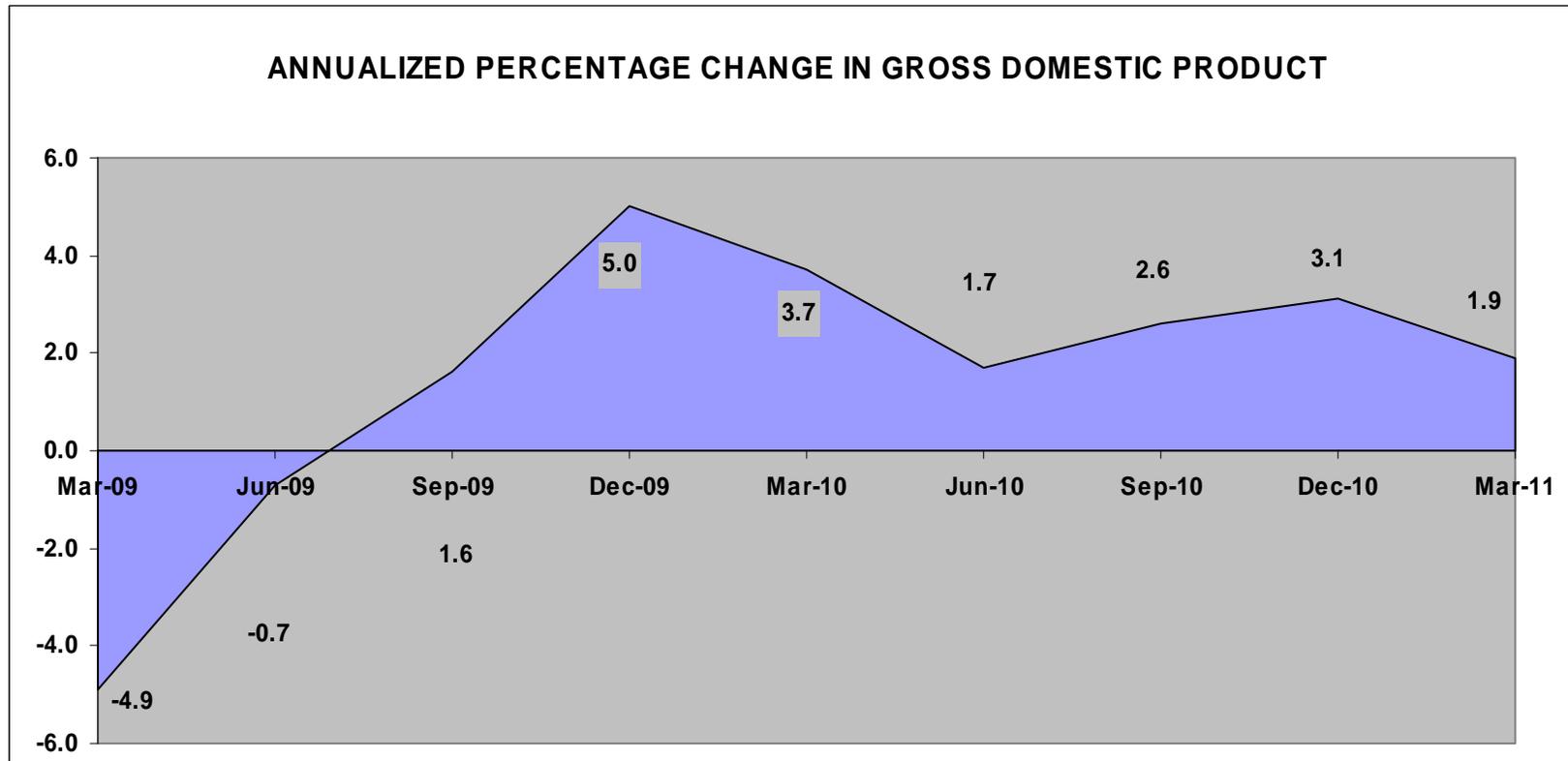
Consumer Confidence is the average of responses to current business and employment conditions and responses to six-month future expectations for business conditions, employment conditions, and total family income. It began the quarter at 63.8 and ended at 58.5.



Source: Conference Board

ECONOMIC TREND: GDP (Gross Domestic Product)

Gross domestic product is the value of all goods and services produced. The economy experienced its seventh consecutive quarter of positive growth, ending March 2011 at 1.9%. Annualized GDP first evidenced significant improvement in June 2009, and became positive in September 2009 at 1.6%.



Source: Bureau of Economic Analysis

II. Overview of Investment Activities

**Santa Barbara County Treasury
Statement of Assets
As of June 30, 2011**

Asset Description	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value 6/30/2011	Fair Value 3/31/2011	Net Change
Treasurer's Pool Cash						
Cash on Hand	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ -
Bank Deposits	139,999,868	-	-	139,999,868	98,018,864	41,981,004
Total Treasurer's Pooled Cash	140,003,868	-	-	140,003,868	98,022,864	41,981,004
Treasurer's Pool Investments:						
Local Agency Investment Fund (LAIF)	50,000,000	-	-	50,000,000	50,000,000	-
California Asset Management Program (CAMP)	60,000,000	-	-	60,000,000	40,000,000	20,000,000
U.S. Treasury Bills	-	-	-	-	119,982,800	(119,982,800)
Negotiable Certificates of Deposit	-	-	-	-	16,011,350	(16,011,350)
Medium Term Notes: TLGP ¹	4,999,000	63,300	-	5,062,300	5,093,550	(31,250)
Medium Term Notes	20,098,800	249,850	-	20,348,650	25,802,667	(5,454,017)
Municipal Anticipation Bond	-	-	-	-	10,057,800	(10,057,800)
Government Agency Bonds	70,915,950	1,628,553	-	72,544,503	87,502,731	(14,958,228)
Government Agency Bonds - Callable	364,974,618	535,598	(555,908)	364,954,308	409,708,614	(44,754,306)
Government Agency Discount Notes	215,308,799	69,389	-	215,378,188	130,379,577	84,998,611
Total Treasurer's Pool Investments	786,297,167	2,546,690	(555,908)	788,287,949	894,539,089	(106,251,140)
Total Treasurer's Pool Cash and Investments	926,301,035	2,546,690	(555,908)	928,291,817	992,561,953	(64,270,136)
Treasurer's Pool Outstanding Purchase Interest	1,635	-	-	1,635	13,726	(12,091)
Investments Held with Fiscal Agents:						
Local Agency Investments Fund (LAIF)	-	-	-	-	449,549	(449,549)
Money Market	18,014,566	-	-	18,014,566	22,277,227	(4,262,661)
Government Agency Bonds and Notes	4,635,564	66,196	-	4,701,760	8,065,064	(3,363,304)
Total Investments Held with Fiscal Agents	22,650,130	66,196	-	22,716,326	30,791,840	(8,075,514)
Total Cash, Investments, and Outstanding Purchase Interest	\$ 948,952,800	\$ 2,612,886	\$ (555,908)	\$ 951,009,778	\$ 1,023,367,519	\$ (72,357,741)

¹Temporary Liquidity Guarantee Program

Treasurer's Pool Earnings Summary:

Total Net Earnings on the Treasurer's Pool	\$ 2,118,420
Average Daily Balance on the Treasurer's Pool	\$ 1,067,701,534
Net Interest Rate on the Treasurer's Pool	0.796%
Weighted Average Days to Maturity	529

CHARTS: The following charts are provided for your review:

Chart 1: Asset Distribution by Sector (Par Value)

Chart 2: Credit Rating At Time of Purchase By Percent of Book Value

Chart 3: Maturity Distribution

Chart 4: Average Daily Cash Balance and Income Distribution

Chart 5: Quarterly Performance Versus Selected Benchmarks

As you can see on Chart 1, for the quarter ending June 30, 2011, 30.9% of the pool's assets were invested in Government Agency Bonds, 39.4% in Callable Securities, 5.4% in LAIF (Local Agency Investment Fund), 6.5% in CAMP, 2.2% in Medium Term Notes, 0.5% in Medium Term Notes – FDIC Insured, and 15.1% in cash on deposit at the bank.

Chart 2 shows that at June 30, 2011, based upon ratings at the time of purchase as required by the adopted investment policy, 77.9% of securities in the pool were rated AAA, 1.6% are rated AA, and 20.5% were unrated.

Chart 3 shows that at June 30, 2011, 15.7% of the pool's investments have a maturity between 1 and 90 days, 12.4% between 91 days and 1 year, 6.0% between 1 year and 2 years, 15.8% between 2 and 3 years, 15.8% between 3 and 4 years, 7.2% between 4 and five years, and the other 27.0% is invested in LAIF, other overnight securities, or is cash on deposit at the bank.

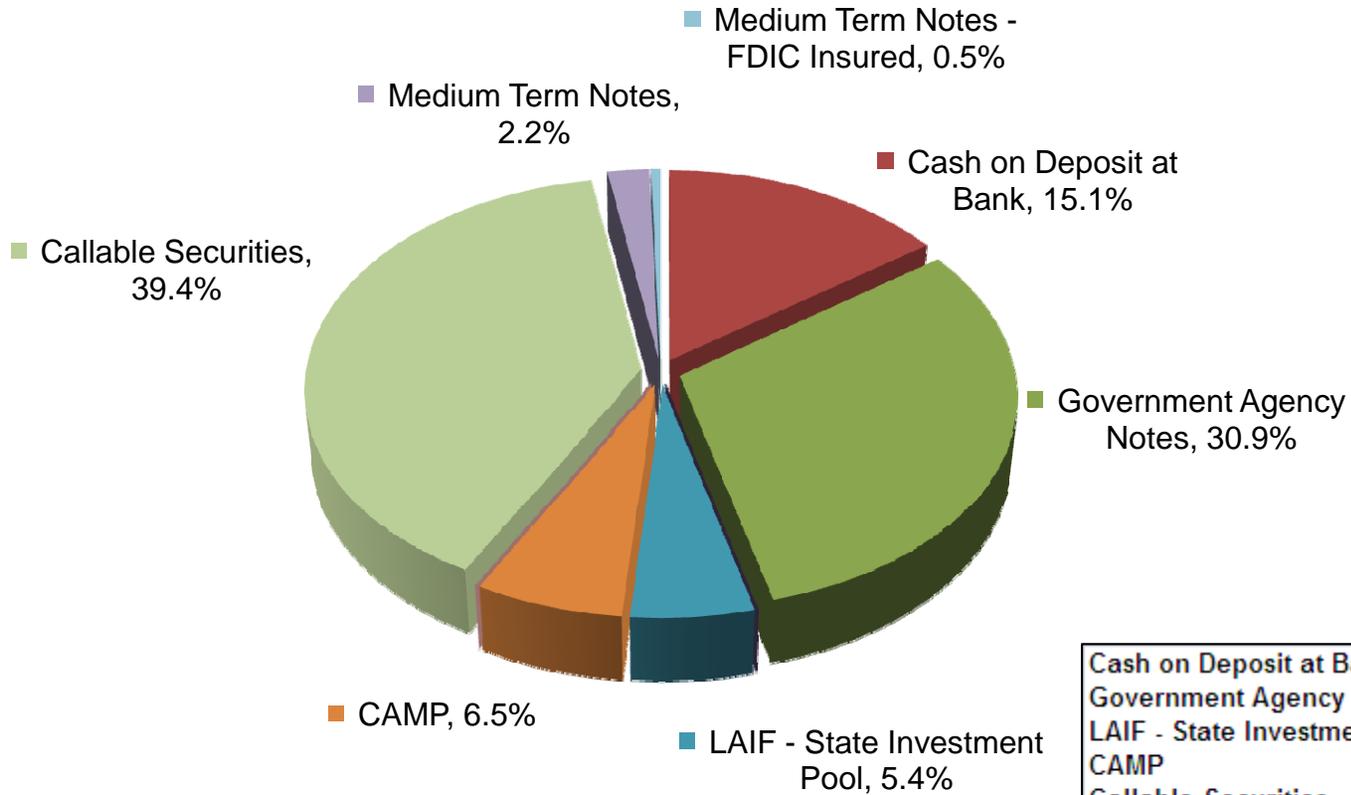
Chart 4 reflects how the pool's net earnings of \$2,118,420 were distributed between the County (44%), Schools (48%) and Special Districts (8%), based upon average daily cash balances.

Chart 5 compares the County's return to various indexes on a quarterly basis.

The investment portfolio as of the quarter ending June 30, 2011 is in compliance with the Treasurer's statement of investment policy.

The Treasurer's Investment Pool has sufficient cash flow available to meet all budgeted expenditures for the next six months.

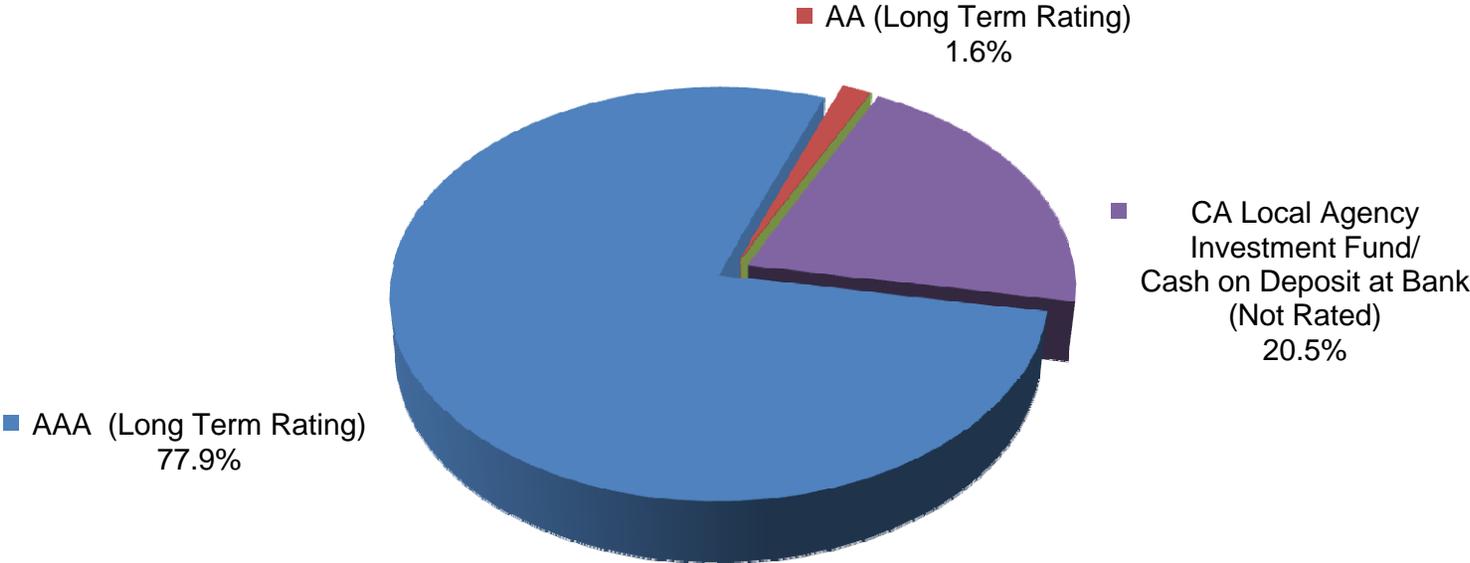
TREASURER'S INVESTMENT PORTFOLIO ASSET DISTRIBUTION BY SECTOR (PAR VALUE) 6/30/2011



Cash on Deposit at Bank	\$ 140,003,868
Government Agency Notes	\$ 286,306,000
LAIF - State Investment Pool	\$ 50,000,000
CAMP	\$ 60,000,000
Callable Securities	\$ 365,085,000
Medium Term Notes	\$ 20,000,000
Medium Term Notes - FDIC Insured	\$ 5,000,000
TOTAL	\$ 926,394,868

CHART 1

Credit Rating At Time of Purchase By Percent of Book Value 6/30/2011



Investment Policy Requirements:
 Agency of the Federal Government/US Government Sponsored: AAA
 Commercial Paper of US Corporations, Assets Greater Than \$500 million: A1, P1, F1
 (by two of the three rating agencies)
 State of California: LAIF: N/A
 Negotiable CD's: A1, P1, F1 (by two of the three rating agencies)
 Medium Term Notes/Corporate Notes of US Corporations: Up to three years: AA-
 by at least two of the three rating agencies. Greater than three years: AA by at least
 two of the three rating agencies.

CHART 2

**TREASURER'S INVESTMENT PORTFOLIO
MATURITY DISTRIBUTION
6/30/2011**

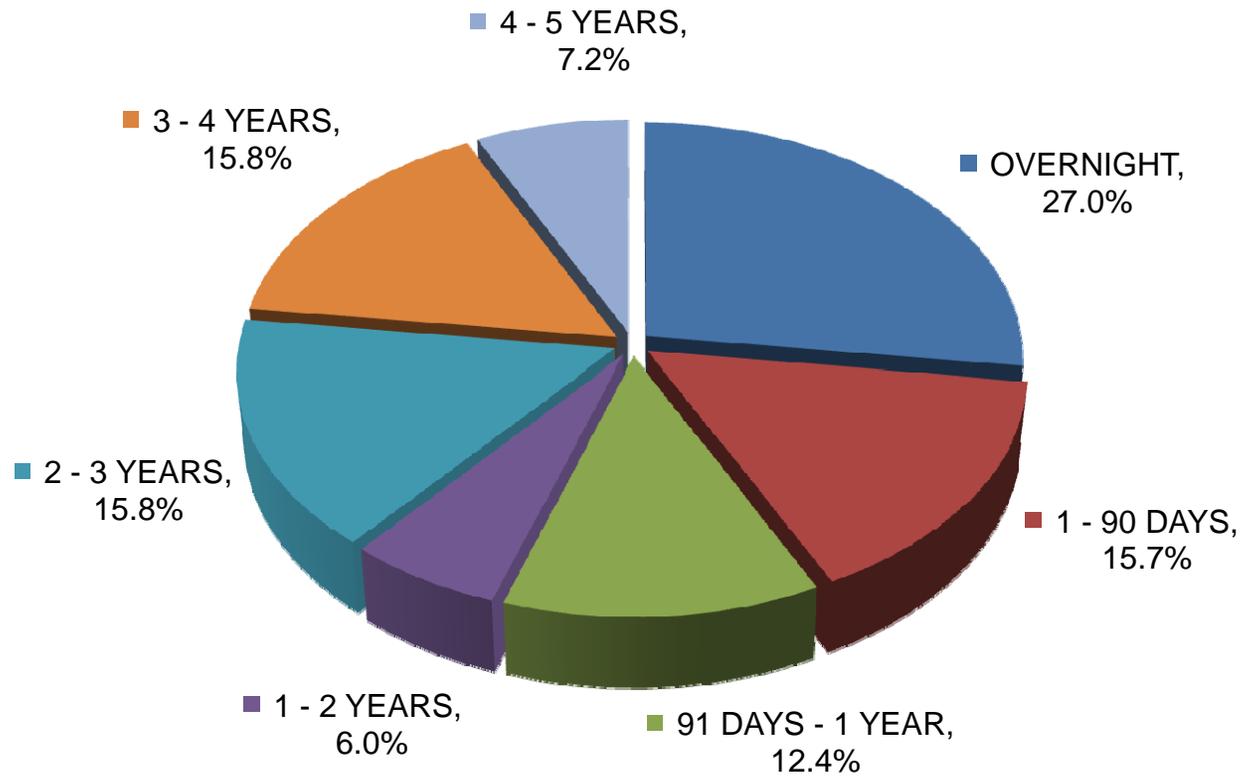
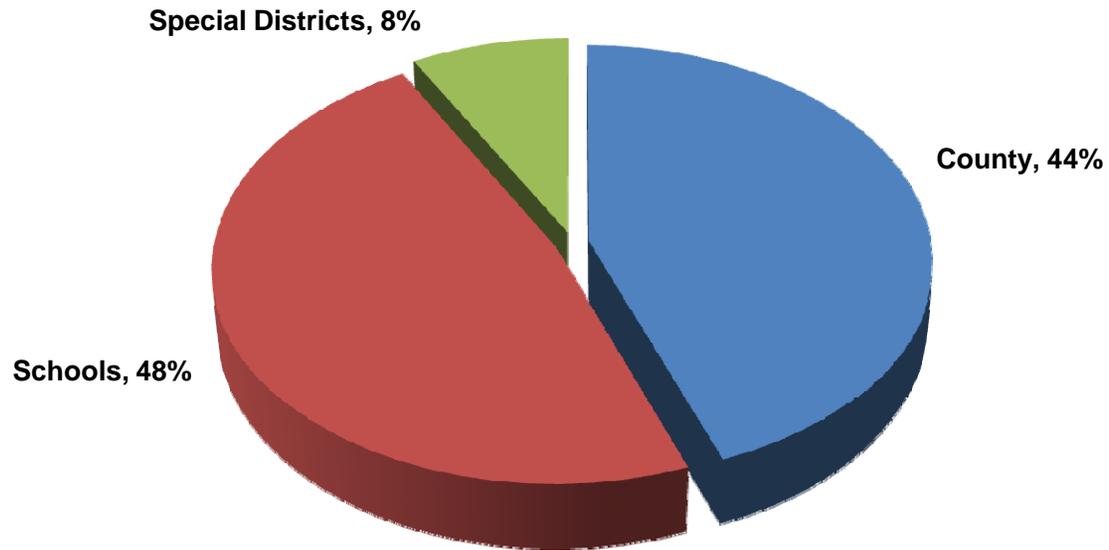


CHART 3

**TREASURER'S INVESTMENT PORTFOLIO
AVERAGE DAILY CASH BALANCE & INCOME DISTRIBUTION
for the Quarter Ended 6/30/2011**



The average daily cash balance of all entities in the pool over the 6/30/2011 quarter was \$1,067,701,533. Aggregate interest earnings of \$2,118,420 was distributed to pool participants.

CHART 4

**TREASURER'S INVESTMENT PORTFOLIO
 QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS
 6/30/2011**

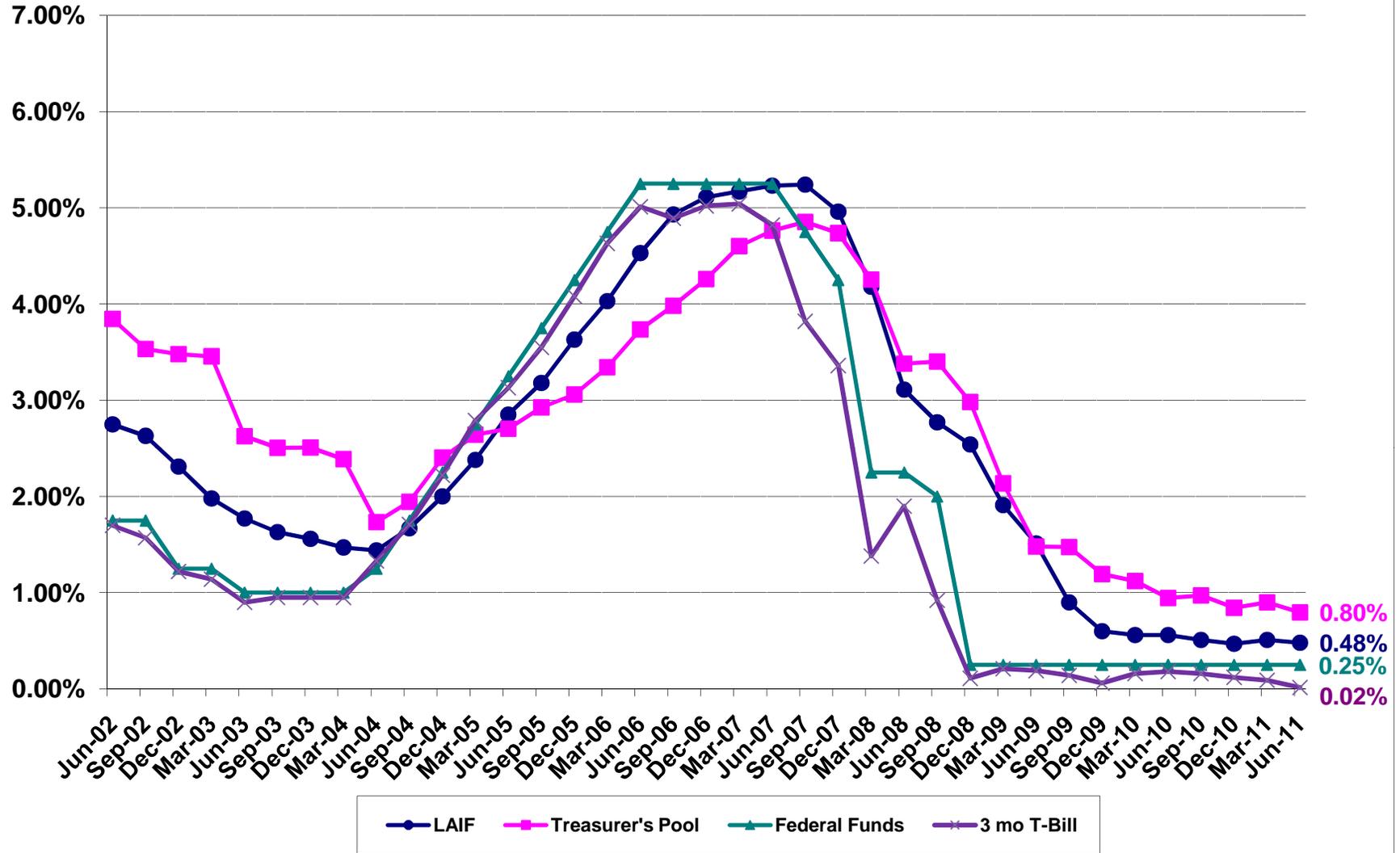


CHART 5

**County Pool 2010-2011
Portfolio Management
Investment Status Report - Investments
June 30, 2011**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Cash												
SYS5217	5217	BAC	140,003,868.00	0.370		05/31/2011	1	1	140,003,868.00		140,003,868.00	140,003,868.00
Cash Totals			140,003,868.00				1	1	140,003,868.00	0.00	140,003,868.00	140,003,868.00
CAMP												
SYS5272	5272	CAMP	60,000,000.00	0.100		12/01/2010	1	1	60,000,000.00		60,000,000.00	60,000,000.00
CAMP Totals			60,000,000.00				1	1	60,000,000.00	0.00	60,000,000.00	60,000,000.00
Local Agency Investment Funds												
SYS1009	1009	LAIF	50,000,000.00	0.480			1	1	50,000,000.00		50,000,000.00	50,000,000.00
Local Agency Investment Funds Totals			50,000,000.00				1	1	50,000,000.00	0.00	50,000,000.00	50,000,000.00
Medium Term Notes												
36962GM76	3833	GECC	5,000,000.00	0.439	11/21/2011	09/10/2007	1,533	143	5,003,600.00	Received	4,984,350.00	4,998,540.15
949746NJ6	4693	WELLS	5,000,000.00	5.300	08/26/2011	03/10/2009	899	56	5,033,800.00	Received	4,932,050.00	4,995,781.88
94975CAL1	4194	WFC	5,000,000.00	5.500	08/01/2012	04/02/2008	1,582	397	5,244,900.00	Received	5,212,400.00	5,053,134.06
929903CF7	4731	WFC	5,000,000.00	5.300	10/15/2011	04/06/2009	922	106	5,066,350.00	Received	4,970,000.00	4,996,567.66
Medium Term Notes Totals			20,000,000.00				1,235	176	20,348,650.00	0.00	20,098,800.00	20,044,023.75
Medium Term Notes - FDIC												
949744AA4	4544	WFC	5,000,000.00	3.000	12/09/2011	12/10/2008	1,094	161	5,062,300.00		4,999,000.00	4,999,853.57
Medium Term Notes - FDIC Totals			5,000,000.00				1,094	161	5,062,300.00	0.00	4,999,000.00	4,999,853.57
Federal Agency Coupon Securities												
31331YAC4	3914	FFCB	6,000,000.00	4.820	10/12/2012	10/30/2007	1,809	469	6,340,260.00	Received	6,060,600.00	6,015,677.10
31331G6G9	5017	FFCB	5,000,000.00	1.125	06/11/2012	12/11/2009	913	346	5,037,750.00		4,996,950.00	4,998,847.78
31331J2V4	5265	FFCB	5,000,000.00	0.550	11/19/2012	11/19/2010	731	507	5,010,850.00		4,997,500.00	4,998,270.83
31331KAH3	5310	FFCB	5,000,000.00	1.125	02/27/2014	01/19/2011	1,135	972	5,040,550.00		4,990,150.00	4,991,577.28
31331KHW3	5342	FFCB	5,000,000.00	1.625	11/19/2014	04/19/2011	1,310	1,237	5,073,500.00		4,997,100.00	4,997,261.86
3133XBBV6	3909	FHLB	5,000,000.00	4.625	02/15/2012	10/26/2007	1,573	229	5,134,750.00	Received	5,021,550.00	5,003,116.33
3133XVRS2	4993	FHLB	5,000,000.00	1.000	12/28/2011	11/16/2009	772	180	5,020,500.00		4,988,100.00	4,997,235.83
3137EACF4	4978	FHLMC	5,000,000.00	1.125	12/15/2011	10/22/2009	784	167	5,022,500.00	Received	4,991,500.00	4,998,196.64
3136F9CL5	4152	FNMA	4,900,000.00	4.125	03/11/2013	03/11/2008	1,826	619	5,204,143.00		4,897,550.00	4,899,169.72
3136F9CB7	4153	FNMA	5,000,000.00	4.000	03/11/2013	03/11/2008	1,826	619	5,299,850.00		5,000,000.00	5,000,000.00
31398ANT5	4155	FNMA	5,000,000.00	4.250	02/25/2013	03/12/2008	1,811	605	5,313,250.00	Received	5,000,000.00	5,000,000.00
31398AP71	5124	FNMA	5,000,000.00	1.250	06/22/2012	04/19/2010	795	357	5,044,850.00		4,994,350.00	4,997,467.24
31398A4T6	5270	FNMA	5,000,000.00	0.500	10/30/2012	11/29/2010	701	487	5,008,150.00	Received	4,989,100.00	4,992,444.14
3135G0BR3	5370	FNMA	5,000,000.00	0.500	08/09/2013	06/17/2011	784	770	4,993,600.00		4,991,500.00	4,991,654.15

**County Pool 2010-2011
Portfolio Management
Investment Status Report - Investments
June 30, 2011**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Coupon Securities Totals			70,900,000.00				1,206	539	72,544,503.00	0.00	70,915,950.00	70,880,918.90
Federal Agency Disc. -Amortizing												
313384LD9	5360	FHDN	10,000,000.00	0.050	09/01/2011	05/26/2011	98	62	9,999,500.00		9,998,638.89	9,999,138.89
313384LE7	5361	FHDN	5,000,000.00	0.070	09/02/2011	05/31/2011	94	63	4,999,750.00		4,999,086.11	4,999,387.50
313396LU5	5344	FMCDN	5,000,000.00	0.120	09/16/2011	04/20/2011	149	77	4,999,700.00		4,997,516.67	4,998,716.67
313396MX8	5354	FMCDN	10,000,000.00	0.070	10/13/2011	05/18/2011	148	104	9,998,800.00		9,997,122.22	9,997,977.78
313396MH3	5355	FMCDN	5,000,000.00	0.060	09/29/2011	05/20/2011	132	90	4,999,600.00		4,998,900.00	4,999,250.00
313396MY6	5356	FMCDN	5,000,000.00	0.070	10/14/2011	05/20/2011	147	105	4,999,400.00		4,998,570.83	4,998,979.16
313396PB3	5366	FMCDN	10,000,000.00	0.100	11/10/2011	06/10/2011	153	132	9,997,400.00		9,995,750.00	9,996,333.33
313396NM1	5369	FMCDN	10,000,000.00	0.090	10/27/2011	06/16/2011	133	118	9,998,700.00		9,996,675.00	9,997,050.00
313396SN4	5377	FMCDN	10,000,000.00	0.120	02/01/2012	06/29/2011	217	215	9,992,800.00		9,992,766.67	9,992,833.34
313588JW6	5309	FNDN	10,000,000.00	0.210	08/01/2011	01/13/2011	200	31	9,999,800.00		9,988,333.33	9,998,191.67
313588LC7	5325	FNDN	5,406,000.00	0.155	08/31/2011	03/10/2011	174	61	5,405,837.82		5,401,950.01	5,404,580.18
313588JK2	5326	FNDN	15,000,000.00	0.130	07/21/2011	03/29/2011	114	20	14,999,850.00		14,993,825.00	14,998,916.67
313588JG1	5327	FNDN	5,000,000.00	0.130	07/18/2011	03/30/2011	110	17	4,999,950.00		4,998,013.89	4,999,693.06
313588JL0	5328	FNDN	5,000,000.00	0.130	07/22/2011	03/30/2011	114	21	4,999,950.00		4,997,941.67	4,999,620.83
313588KQ7	5329	FNDN	10,000,000.00	0.110	08/19/2011	04/07/2011	134	49	9,999,700.00		9,995,905.56	9,998,502.78
313588KP9	5330	FNDN	10,000,000.00	0.110	08/18/2011	04/08/2011	132	48	9,999,700.00		9,995,966.67	9,998,533.33
313588JZ9	5331	FNDN	10,000,000.00	0.090	08/04/2011	04/08/2011	118	34	9,999,800.00		9,997,050.00	9,999,150.00
313588JW6	5332	FNDN	10,000,000.00	0.090	08/01/2011	04/11/2011	112	31	9,999,800.00		9,997,200.00	9,999,225.00
313588LD5	5335	FNDN	10,000,000.00	0.110	09/01/2011	04/13/2011	141	62	9,999,500.00		9,995,691.67	9,998,105.56
313588LT0	5337	FNDN	10,000,000.00	0.110	09/15/2011	04/14/2011	154	76	9,999,400.00		9,995,294.44	9,997,677.78
313588MH5	5339	FNDN	10,000,000.00	0.130	09/29/2011	04/15/2011	167	90	9,999,200.00		9,993,969.44	9,996,750.00
313588KL8	5340	FNDN	5,000,000.00	0.100	08/15/2011	04/18/2011	119	45	4,999,850.00		4,998,347.22	4,999,375.00
313588MJ1	5345	FNDN	10,000,000.00	0.110	09/30/2011	04/21/2011	162	91	9,999,200.00		9,995,050.00	9,997,219.44
313588PQ2	5368	FNDN	10,000,000.00	0.100	11/23/2011	06/15/2011	161	145	9,997,200.00		9,995,527.78	9,995,972.22
313588SA4	5376	FNDN	10,000,000.00	0.110	01/20/2012	06/28/2011	206	203	9,993,800.00		9,993,705.56	9,993,797.23
Federal Agency Disc. -Amortizing Totals			215,406,000.00				145	82	215,378,187.82	0.00	215,308,798.63	215,354,977.42
Federal Agency Coupon - Callables												
31331JXE8	5180	FFCB	5,000,000.00	0.730	08/02/2012	08/02/2010	731	398	5,002,500.00		5,000,000.00	5,000,000.00
31331JZC0	5204	FFCB	5,000,000.00	1.330	05/23/2014	08/23/2010	1,369	1,057	5,001,000.00		4,997,500.00	4,998,070.37
31331JYZ0	5207	FFCB	5,000,000.00	1.720	05/26/2015	08/26/2010	1,734	1,425	4,984,900.00		4,997,000.00	4,997,535.09
31331JA29	5225	FFCB	5,000,000.00	1.300	06/03/2014	09/17/2010	1,355	1,068	5,000,850.00	Received	4,993,750.00	4,995,078.59
31331JC43	5233	FFCB	5,000,000.00	1.450	09/02/2014	09/23/2010	1,440	1,159	5,000,900.00	Received	4,997,500.00	4,997,989.78
31331JL68	5241	FFCB	5,000,000.00	1.100	09/30/2013	09/30/2010	1,096	822	5,010,100.00		5,000,000.00	5,000,000.00
31331JZC0	5242	FFCB	5,850,000.00	1.330	05/23/2014	09/30/2010	1,331	1,057	5,851,170.00	Received	5,850,000.00	5,850,000.00
31331JQ97	5246	FFCB	5,000,000.00	1.375	10/14/2014	10/14/2010	1,461	1,201	5,004,200.00		5,000,000.00	5,000,000.00

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CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Maturity	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Coupon - Callables												
31331JQ89	5247	FFCB	5,000,000.00	1.000	10/18/2013	10/18/2010	1,096	840	5,009,800.00		5,000,000.00	5,000,000.00
31331JT45	5248	FFCB	6,755,000.00	1.500	10/19/2015	10/19/2010	1,826	1,571	6,703,526.90		6,755,000.00	6,755,000.00
31331JZ48	5255	FFCB	5,000,000.00	1.230	11/04/2014	11/04/2010	1,461	1,222	4,977,050.00		5,000,000.00	5,000,000.00
31331JZ89	5259	FFCB	5,000,000.00	1.000	05/08/2014	11/08/2010	1,277	1,042	4,986,650.00		5,000,000.00	5,000,000.00
31331JZ97	5261	FFCB	5,000,000.00	1.600	11/09/2015	11/09/2010	1,826	1,592	4,959,400.00		5,000,000.00	5,000,000.00
31331J3F8	5281	FFCB	5,000,000.00	1.500	12/08/2014	12/08/2010	1,461	1,256	4,990,500.00		5,000,000.00	5,000,000.00
31331J5X7	5295	FFCB	5,000,000.00	2.480	12/21/2015	12/21/2010	1,826	1,634	5,047,500.00		5,000,000.00	5,000,000.00
31331J5W9	5296	FFCB	5,000,000.00	2.000	12/22/2014	12/22/2010	1,461	1,270	5,032,300.00		5,000,000.00	5,000,000.00
31331J5W9	5297	FFCB	5,000,000.00	2.000	12/22/2014	12/22/2010	1,461	1,270	5,032,300.00		5,000,000.00	5,000,000.00
31331J7E7	5306	FFCB	5,000,000.00	0.750	01/11/2013	01/11/2011	731	560	5,011,600.00		5,000,000.00	5,000,000.00
31331J7F4	5307	FFCB	5,000,000.00	2.370	01/11/2016	01/11/2011	1,826	1,655	5,047,150.00		5,000,000.00	5,000,000.00
31331KBR0	5320	FFCB	5,000,000.00	1.480	02/14/2014	02/14/2011	1,096	959	5,034,900.00		5,000,000.00	5,000,000.00
31331KDA5	5323	FFCB	5,000,000.00	1.700	02/24/2014	02/24/2011	1,096	969	5,039,950.00		5,000,000.00	5,000,000.00
31331KCV0	5324	FFCB	5,000,000.00	1.020	03/01/2013	03/01/2011	731	609	5,006,900.00		4,998,750.00	4,998,958.33
31331KHH6	5336	FFCB	5,000,000.00	1.990	10/14/2014	04/14/2011	1,279	1,201	5,002,800.00		4,992,500.00	4,992,958.33
31331KHH6	5338	FFCB	5,000,000.00	1.990	10/14/2014	04/14/2011	1,279	1,201	5,002,800.00		5,000,000.00	5,000,000.00
31331KHF0	5347	FFCB	5,000,000.00	1.620	04/25/2014	04/25/2011	1,096	1,029	5,045,450.00		5,000,000.00	5,000,000.00
31331KLB4	5353	FFCB	5,000,000.00	1.200	05/16/2014	05/16/2011	1,096	1,050	4,995,050.00		5,000,000.00	5,000,000.00
31331KLS7	5359	FFCB	5,000,000.00	1.390	08/25/2014	05/25/2011	1,188	1,151	5,007,700.00		5,000,000.00	5,000,000.00
31331KMQ0	5362	FFCB	5,000,000.00	0.920	01/02/2014	06/02/2011	945	916	5,000,350.00		5,000,000.00	5,000,000.00
31331KMF4	5363	FFCB	5,000,000.00	1.180	06/06/2014	06/06/2011	1,096	1,071	5,011,450.00		5,000,000.00	5,000,000.00
31331KNF3	5365	FFCB	5,000,000.00	1.690	06/09/2015	06/09/2011	1,461	1,439	4,961,000.00		5,000,000.00	5,000,000.00
31331KNR7	5367	FFCB	5,000,000.00	1.370	12/15/2014	06/15/2011	1,279	1,263	4,979,300.00		4,996,250.00	4,996,297.62
31331KQL7	5374	FFCB	5,000,000.00	1.050	06/27/2014	06/27/2011	1,096	1,092	4,969,800.00		5,000,000.00	5,000,000.00
31331KPM6	5378	FFCB	5,000,000.00	0.850	12/23/2013	06/29/2011	908	906	4,990,950.00	708.33	4,998,750.00	4,998,752.80
313370EU8	5177	FHLB	5,000,000.00	1.625	07/29/2014	07/29/2010	1,461	1,124	5,004,900.00		4,997,500.00	4,998,076.39
313370LZ9	5205	FHLB	5,000,000.00	1.250	08/25/2015	08/25/2010	1,826	1,516	5,009,400.00		5,000,000.00	5,000,000.00
313370NG9	5213	FHLB	5,000,000.00	1.450	09/02/2014	09/02/2010	1,461	1,159	5,001,100.00		4,998,750.00	4,999,009.55
313371B47	5243	FHLB	5,000,000.00	1.400	10/06/2014	10/06/2010	1,461	1,193	5,000,600.00		5,000,000.00	5,000,000.00
313371BE5	5249	FHLB	10,000,000.00	1.250	10/20/2015	10/20/2010	1,826	1,572	10,006,400.00		10,000,000.00	10,000,000.00
313371C79	5250	FHLB	5,000,000.00	1.500	01/21/2015	10/21/2010	1,553	1,300	5,000,700.00		5,000,000.00	5,000,000.00
313371E36	5251	FHLB	5,000,000.00	1.250	10/27/2014	10/27/2010	1,461	1,214	4,993,600.00		5,000,000.00	5,000,000.00
313371FW1	5253	FHLB	5,000,000.00	1.000	05/01/2014	11/01/2010	1,277	1,035	5,000,400.00		4,998,750.00	4,998,988.10
313371EW2	5254	FHLB	5,000,000.00	1.270	01/26/2015	11/03/2010	1,545	1,305	4,993,050.00	Received	4,995,000.00	4,995,781.35
313371F68	5256	FHLB	5,000,000.00	0.750	11/04/2014	11/04/2010	1,461	1,222	5,003,200.00		5,000,000.00	5,000,000.00
313371H82	5257	FHLB	5,000,000.00	1.000	02/04/2014	11/04/2010	1,188	949	4,976,500.00		5,000,000.00	5,000,000.00
313371FW1	5258	FHLB	6,750,000.00	1.000	05/01/2014	11/05/2010	1,273	1,035	6,750,540.00	Received	6,749,662.50	6,749,725.92

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Federal Agency Coupon - Callables												
313371JH0	5260	FHLB	5,000,000.00	1.125	08/08/2014	11/08/2010	1,369	1,134	4,986,500.00		4,997,500.00	4,997,931.48
313371JS6	5264	FHLB	5,000,000.00	1.350	02/17/2015	11/17/2010	1,553	1,327	4,986,600.00		4,997,500.00	4,997,866.01
313371P83	5267	FHLB	5,000,000.00	1.050	08/22/2014	11/22/2010	1,369	1,148	4,999,500.00		4,972,500.00	4,976,961.11
313371LG9	5268	FHLB	5,000,000.00	1.750	11/23/2015	11/23/2010	1,826	1,606	4,989,300.00		5,000,000.00	5,000,000.00
313372EQ3	5312	FHLB	5,000,000.00	1.600	04/21/2014	01/21/2011	1,186	1,025	5,003,100.00		5,000,000.00	5,000,000.00
313372D84	5313	FHLB	5,000,000.00	2.590	01/26/2016	01/26/2011	1,826	1,670	5,008,650.00		5,000,000.00	5,000,000.00
313373GF3	5341	FHLB	4,000,000.00	1.250	10/18/2013	04/18/2011	914	840	4,010,200.00		3,999,200.00	3,999,264.89
313373HJ4	5346	FHLB	5,000,000.00	1.000	04/21/2016	04/21/2011	1,827	1,756	5,001,600.00		5,000,000.00	5,000,000.00
313373CW0	5348	FHLB	5,000,000.00	1.375	10/25/2013	04/25/2011	914	847	5,003,800.00		5,000,000.00	5,000,000.00
313373EVO	5349	FHLB	5,000,000.00	1.000	10/28/2014	04/28/2011	1,279	1,215	5,001,150.00		4,992,500.00	4,992,875.00
313373HB1	5350	FHLB	5,000,000.00	2.125	04/29/2015	04/29/2011	1,461	1,398	5,008,300.00		5,000,000.00	5,000,000.00
313373FX5	5351	FHLB	5,000,000.00	1.070	04/29/2013	04/29/2011	731	668	5,003,100.00		5,000,000.00	5,000,000.00
313373K27	5352	FHLB	5,000,000.00	1.200	08/12/2013	05/12/2011	823	773	5,004,800.00		5,000,000.00	5,000,000.00
313371KR6	5357	FHLB	5,000,000.00	1.125	05/15/2014	05/20/2011	1,091	1,049	5,000,400.00	781.25	4,989,100.00	4,989,515.72
313373ZV7	5364	FHLB	5,880,000.00	1.770	06/08/2015	06/08/2011	1,461	1,438	5,829,255.60		5,880,000.00	5,880,000.00
313374E63	5371	FHLB	5,000,000.00	1.050	06/20/2014	06/21/2011	1,095	1,085	4,994,200.00	145.83	5,000,000.00	5,000,000.00
3133744B3	5373	FHLB	5,000,000.00	1.250	06/23/2016	06/23/2011	1,827	1,819	4,973,150.00		5,000,000.00	5,000,000.00
313374AZ3	5380	FHLB	5,850,000.00	1.200	12/29/2014	06/29/2011	1,279	1,277	5,820,165.00		5,845,905.00	5,845,911.50
313374K82	5381	FHLB	5,000,000.00	1.250	06/29/2016	06/29/2011	1,827	1,825	4,942,050.00		5,000,000.00	5,000,000.00
3134G1LZ5	5172	FHLMC	5,000,000.00	1.625	01/21/2014	07/21/2010	1,280	935	5,003,500.00		5,000,000.00	5,000,000.00
3134G1PP3	5198	FHLMC	5,000,000.00	1.400	11/18/2013	08/18/2010	1,188	871	5,006,850.00		5,000,000.00	5,000,000.00
3134G2PM8	5379	FHLMC	5,000,000.00	1.250	12/29/2014	06/29/2011	1,279	1,277	4,962,700.00		5,000,000.00	5,000,000.00
31398AZ47	5178	FNMA	10,000,000.00	1.250	07/29/2013	07/29/2010	1,096	759	10,007,800.00		9,997,500.00	9,998,268.52
3136FM3Z5	5182	FNMA	5,000,000.00	1.500	08/11/2015	08/11/2010	1,826	1,502	5,008,650.00		4,991,250.00	4,992,805.56
3136FRRB1	5372	FNMA	5,000,000.00	1.550	06/22/2015	06/22/2011	1,461	1,452	4,956,800.00		4,995,000.00	4,995,031.25
Federal Agency Coupon - Callables Totals			365,085,000.00				1,349	1,178	364,954,307.50	1,635.41	364,974,617.50	364,988,653.26
Investment Totals			926,394,868.00				691	529	928,291,816.32	1,635.41	926,301,034.13	926,272,294.90