



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: 8/19/2008
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Bernice James, Treasurer - Tax Collector, 568-2490
Contact Info: Stacey Matson, Investment & Debt Officer, 568-2158

SUBJECT: Treasurer's Investment Pool, Fiscal Year 2007-2008 Fourth Quarter (April - June)

County Counsel Concurrence:
As to form: Yes No N/A

Auditor-Controller Concurrence:
As to form: Yes No N/A

Other Concurrence: N/A
As to form: Yes No N/A

Recommended Action(s):

That the Board of Supervisors:

- A. Accept for filing the F/Y 2007-2008 Fourth Quarter (April - June, 2008) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b).

Summary:

As presented on Page 9, the value of the Treasurer's Pool at principal cost on June 30, 2008, was \$789,902,998, and \$1,906,288 in Directed Investments. Market value of the investment pool was \$790,792,837 and of directed investments was \$1,944,600. The weighted average days to maturity (WAM) for the pool was 646 days.

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 finally, the objective of attaining a market average rate of return, consistent with the primary objectives of safety and liquidity.

For the quarter ended 6/30/2008, the Treasurer's Pool anticipated and met all liquidity requirements, precluding any need to sell holdings unexpectedly at a potential loss.

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

Treasurer's Investment Pool, Fiscal Year 2007-2008 Fourth Quarter (April - June)

8/19/2008

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\$7,721,810, a return of 3.38%, was earned from investments of the pool and distributed for the benefit of programs provided by the County, schools, and special districts.

It is the adopted policy of the Santa Barbara County Treasurer to invest public funds in a manner which provides the maximum security of principal, while meeting the daily cash flow needs of investment pool participants. A lesser emphasis is to achieve the highest yield possible. The Santa Barbara County Treasurer conforms to all applicable State statutes and County resolutions that govern the investment of public funds.

Background:

The US economy expanded at an annual pace of 1.0% for the quarter ended 6/30/2008, as measured through 3/31/2008. Gross Domestic Product (GDP), the value of all goods and services produced within the economy, is anticipated to continue to grow at a sluggish pace, with analysts expecting an annual rate for calendar year 2008 ranging from 1.0% to 2.0%. At the June 2008, Federal Reserve Open Market Committee (FOMC) meeting, Chairman Ben Bernanke and his colleagues remarked that "Tight credit conditions, the ongoing housing contraction, and the rise in energy prices are likely to weigh on economic growth over the next few quarters", along with noting that inflation risk was increased. The Federal unemployment rate, increased from 5.1% to end the quarter at 5.5%, its highest level since September of 2005. Short-term interest rates and long-term interest rates continued to be volatile.

After reducing the Federal funds rate 200 basis points over the period January through March 2008, the FOMC further reduced it by 25 basis points to 2.00% at its April meeting. The Committee left the rate at 2.0% at its June meeting. The FOMC will meet on August 5th and September 16th, providing insights on the economy's growth prospects and inflation.

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 were 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 Measures:

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

To ensure the financial stability of the County, achieve an investment pool yield equal to, or greater than LAIF's, on a five year moving average: Accomplished.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

For the quarter ending June 30, 2008, net investment earnings achieved by the pool were \$7.7 million, with the County receiving 42%, Schools 50%, and Special Districts the balance of 8%, as shown on Page 14, Chart 4. The net yield for the quarter and on an annualized basis is 3.38% and 4.306%, respectively.

Staffing Impact(s):

Legal Positions:

N/A

FTEs:

N/A

Special Instructions:

None

Attachments:

Treasurer's Fourth Quarter Investment Pool Report

Authored by:

Stacey Matson, CPA, 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, 2008

Table of Contents

I. Economic Trend

II. Overview of Investment Activities

ECONOMIC TREND: Impact on the Pool

- **The Federal Reserve (FED) decreased the short - term interest rate 25 basis points at its April meeting, and left it unchanged at its June meeting, ending the quarter at 2%. Since January 2008 the rate has been decreased 150 basis points. Although the FOMC is balancing concerns of economic growth and inflation, recent data has stressed inflationary considerations. Due to the concerns regarding inflation, the vast majority of analysts do not expect FOMC changes this summer to the short term rate and slow increases to it beginning at the September meeting.**
- **The impact of the short - term rate beginning the quarter at 2.25%, ending it at 2.0%, and remaining at 2% for the majority of the current quarter, would result in fixed income investments being offered at a lower rate of return than current pool holdings. As investments mature they would then be invested at a lower rate.**
- **The unemployment rate, ended the quarter at another record high level since September 2005. After beginning the quarter at 5.1%, it decreased in April to 5.0%, increased in May to 5.5%, ending the quarter at 5.5% in June. Payrolls decreased by a further 191,000 jobs last quarter, following the prior quarters loss of 247,000. The soaring unemployment rate and declines over the past two quarters in non-farm payrolls highlights the lack of new job creation and real wage growth.**
- **Consumer Confidence eroded further. It declined from a beginning level of 65.9 to end the quarter at 50.4. Declines in consumer confidence may result in reduced consumer spending, impacting economic growth. The economy has continued to experience growth at a slow rate, 1.0% for the quarter ended March 2008. This slowdown is expected to continue.**

ECONOMIC TREND: Unemployment Rate

The unemployment rate decreased slightly in the first month of the quarter, only to continue its trend of reaching highs not experienced since its monthly seasonally adjusted level in September of 2005. It began the quarter at 5.1% decreased to 5.0% in April, experienced a sharp increase to 5.5% in May, and remained unchanged to end the quarter at 5.5%. 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.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Inflation

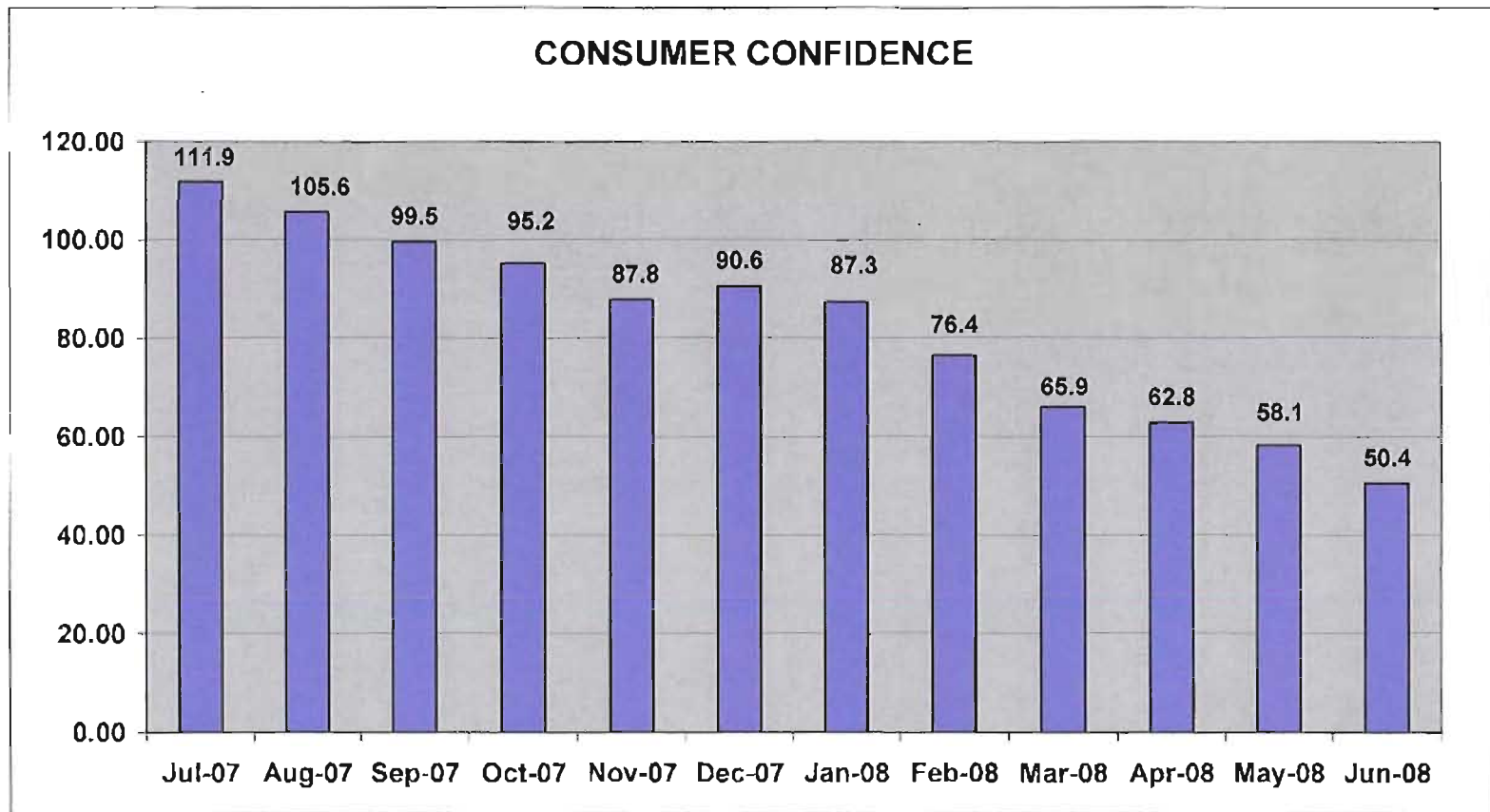
The Consumer Price Index (CPI) ended the June 30 quarter well above both the prior quarter and analyst's expectations. It began the quarter at 4.0% and ended it at 5.0%. The Core CPI, which excludes food and energy, remained flat, beginning and ending the quarter at 2.4%. The CPI represents changes in prices of all goods and services purchased for consumption by urban households.



Source: Bureau of Labor Statistics

ECONOMIC TREND: Consumer Confidence

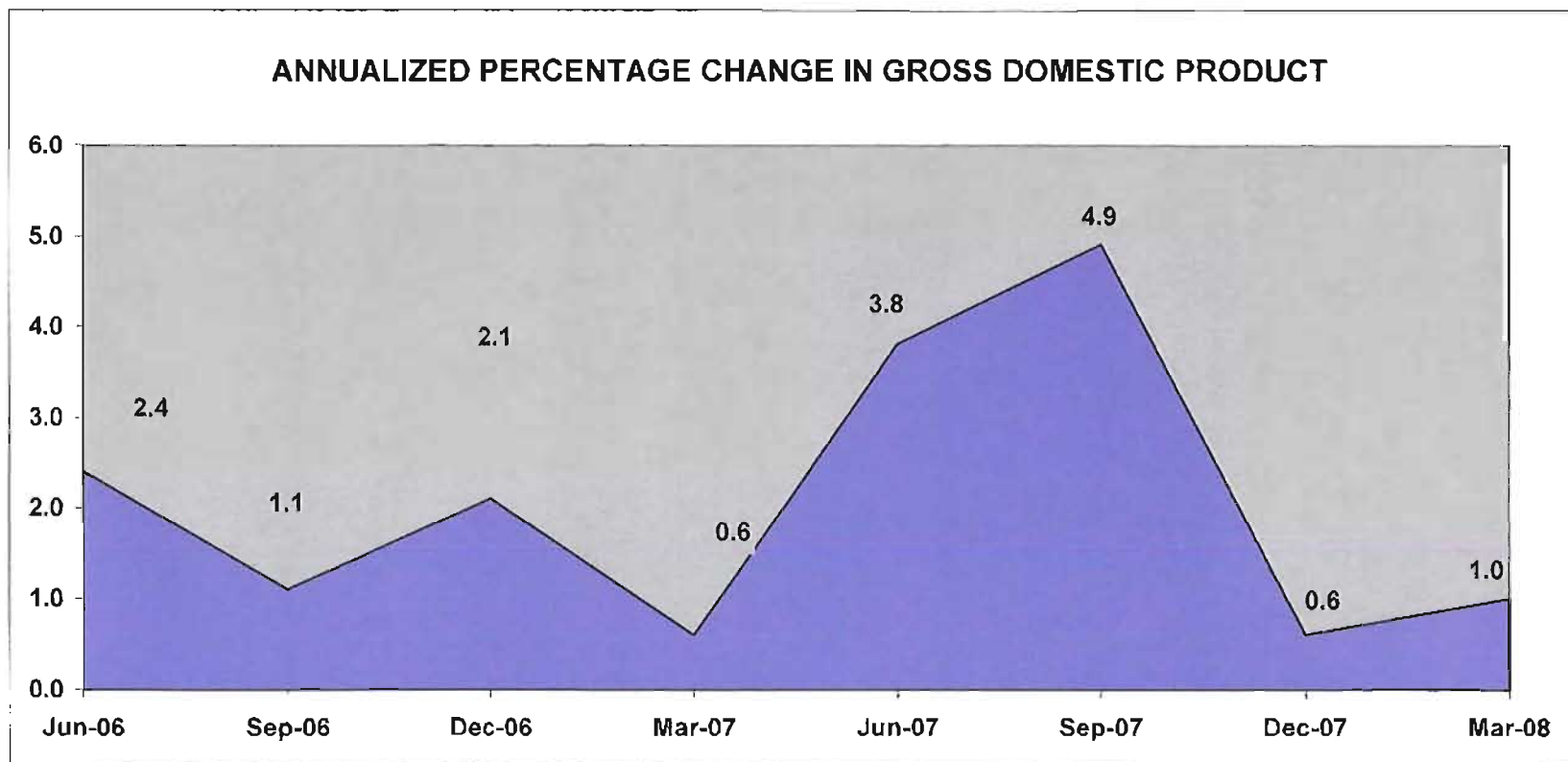
Consumer Confidence, which began the quarter at 65.9, continued its descent, reaching the lowest level since February of 1992 to end the quarter at 50.4. This Index is the average of responses to current business and employment conditions and responses to six-month future expectations for business conditions, employment conditions, and total family income.



Source: Conference Board

ECONOMIC TREND: GDP (Gross Domestic Product)

The economy continued to grow at a sluggish annual rate. For the quarter ended 3/31/2008 it grew at a rate of 1.0%, a slight increase over the 12/31/2007 rate of .6% and nowhere near the 4.9% rate for the quarter ended 9/30/2007. Gross domestic product is the value of all goods and services produced. The 4.9% GDP growth for the September 2007 quarter is the highest rate of growth for any quarter since that ended September 2003 and the .6% for the quarters ended 3/31/07 and 12/31/07 is the lowest rate of growth for any quarter since December 2002.



Source: Bureau of Economic Analysis

II. Overview of Investment Activities

SANTA BARBARA COUNTY INVESTMENT FUNDS
Quarter Ending June 30, 2008

SUMMARY OF INVESTMENTS IN THE TREASURER'S POOL	
PRINCIPAL COST	\$ 789,902,998
MARKET VALUE (provided by Union Bank)	\$ 790,792,837
CUMULATIVE UNREALIZED GAIN (See Note Below)	\$ 889,839
TOTAL NET EARNINGS ON THE TREASURER'S POOL	\$ 7,721,810
AVERAGE DAILY BALANCE ON THE TREASURER'S POOL	\$ 918,722,417
CASH	\$ 25,710,507
ACCRUED INTEREST AT PURCHASE	\$ 129,832
NET INTEREST RATE ON THE TREASURER'S POOL	3.38 %
WEIGHTED AVERAGE DAYS TO MATURITY	646
WEIGHTED AVERAGE DAYS TO CALL DATE	196

SUMMARY OF INVESTMENTS IN TOBACCO SETTLEMENT FUND	
PRINCIPAL COST	\$1,906,288
MARKET VALUE	\$1,944,600
CUMULATIVE UNREALIZED GAIN (See Note Below)	\$ 38,312
YIELD TO MATURITY	4.814%
WEIGHTED AVERAGE DAYS TO MATURITY	1,031

SUMMARY OF THE CERTIFICATES OF PARTICIPATION RESERVE FUNDS	
PRINCIPAL COST	\$34,128,675
MARKET VALUE	\$34,246,576
CUMULATIVE UNREALIZED GAIN (See Note Below)	\$ 117,901
YIELD TO MATURITY	2.23%
WEIGHTED AVERAGE DAYS TO MATURITY	147

Note: Sufficient liquidity is maintained in the pool and for required reserve funds to avoid the actual realization of any unrealized losses due to market interest rate fluctuations. It is our basic policy to retain securities in the pool until maturity, when the pool realizes the full par value of the investment.

CHARTS: The following charts are provided for your review:

Chart 1: Asset Distribution by Sector

Chart 2: Credit Rating By Percent of Book Value

Chart 3: Maturity Distribution

Chart 4: Agency Quarterly Income Distribution

Chart 5: Quarterly Performance Versus Selected Benchmarks

As you can see on Chart 1, for the quarter ending June 30, 2008, 16.4% of the pool's assets were invested in Government Agency Bonds, 37.4% in Callable Securities, 21.7% in Commercial Paper, 5.1% in LAIF (Local Agency Investment Fund), 17.1% in Medium Term Notes, and 2.3% in Negotiable Certificates of Deposit.

Chart 2 shows that 58.6% of securities in the pool are rated AAA, 12.3% are rated AA, 18.3% are rated A-1, P-1, F-1, 5.7% A-1, F-1, and 5.1% are in LAIF.

Chart 3 shows that 34.9% of the pool's investments have a maturity between 1 and 90 days, 5.2% between 91 days and 1 year, 11.2% between 1 year and 2 years, 8.4% between 2 and 3 years, 4.5% between 3 and 4 years, 23.9% between 4 and five years, and the other 11.9% is invested in LAIF.

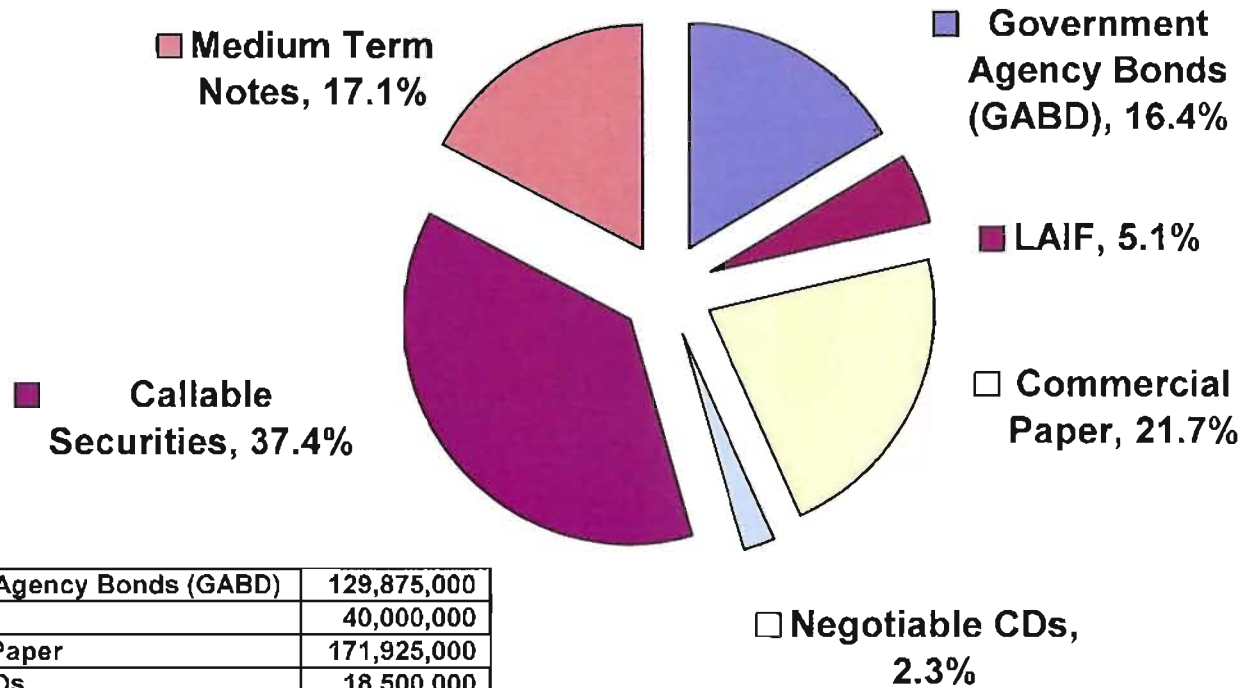
Chart 4 reflects how the pool's net earnings of \$7,721,810 were distributed between the County (42%), Schools (50%) and Special Districts (8%).

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

The investment portfolio as of the quarter ending June 30, 2008 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.

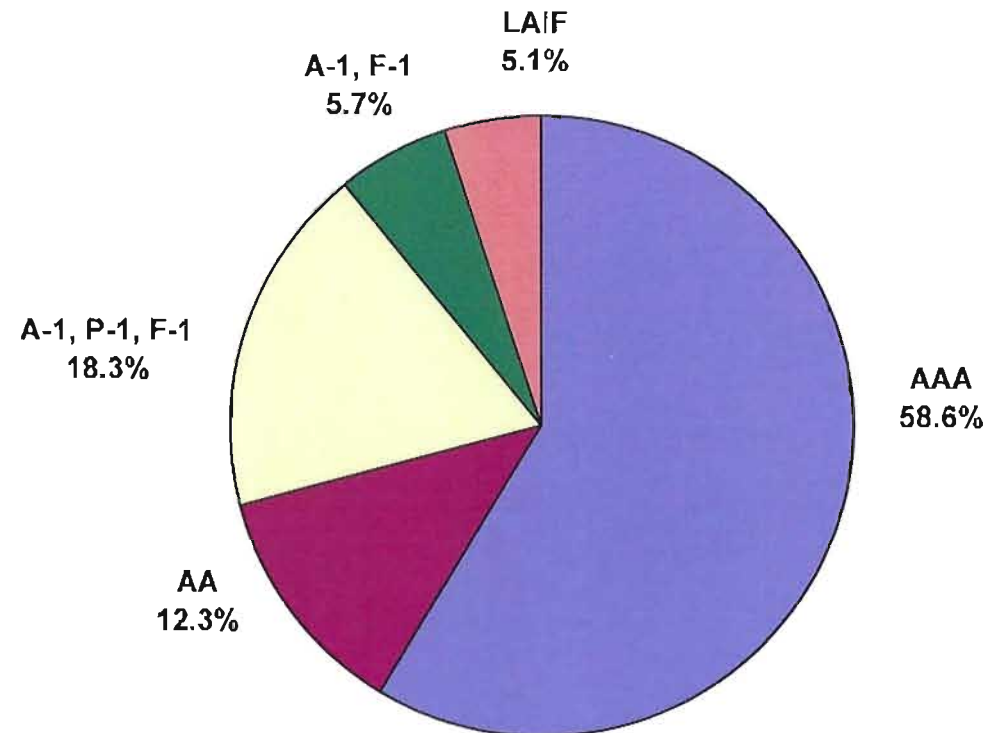
**TREASURER'S INVESTMENT PORTFOLIO
ASSET DISTRIBUTION BY SECTOR (PAR VALUE)
6/30/2008**



Government Agency Bonds (GABD)	129,875,000
LAIF	40,000,000
Commercial Paper	171,925,000
Negotiable CDs	18,500,000
Callable Securities	295,887,000
Medium Term Notes	135,131,000
TOTAL	791,318,000

CHART 1

Credit Rating By Percent of Book Value 6/30/2008



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

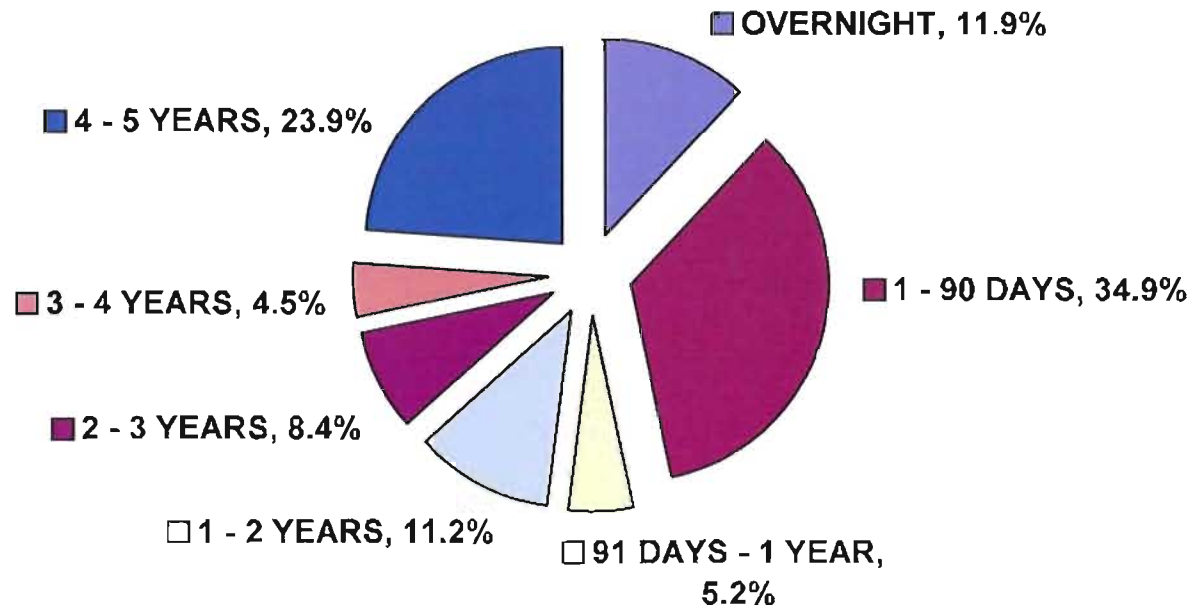
Negotiable CD's: A1, P1, F1 (by two of the three rating agencies)

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
6/30/2008**



OVERNIGHT 1 - 90 DAYS 91 DAYS - 1 YEAR 1 - 2 YEARS 2 - 3 YEARS 3 - 4 YEARS 4 - 5 YEARS

CHART 3

**TREASURER'S INVESTMENT PORTFOLIO
AGENCY QUARTERLY INCOME DISTRIBUTION**

6/30/08

\$7,721,810

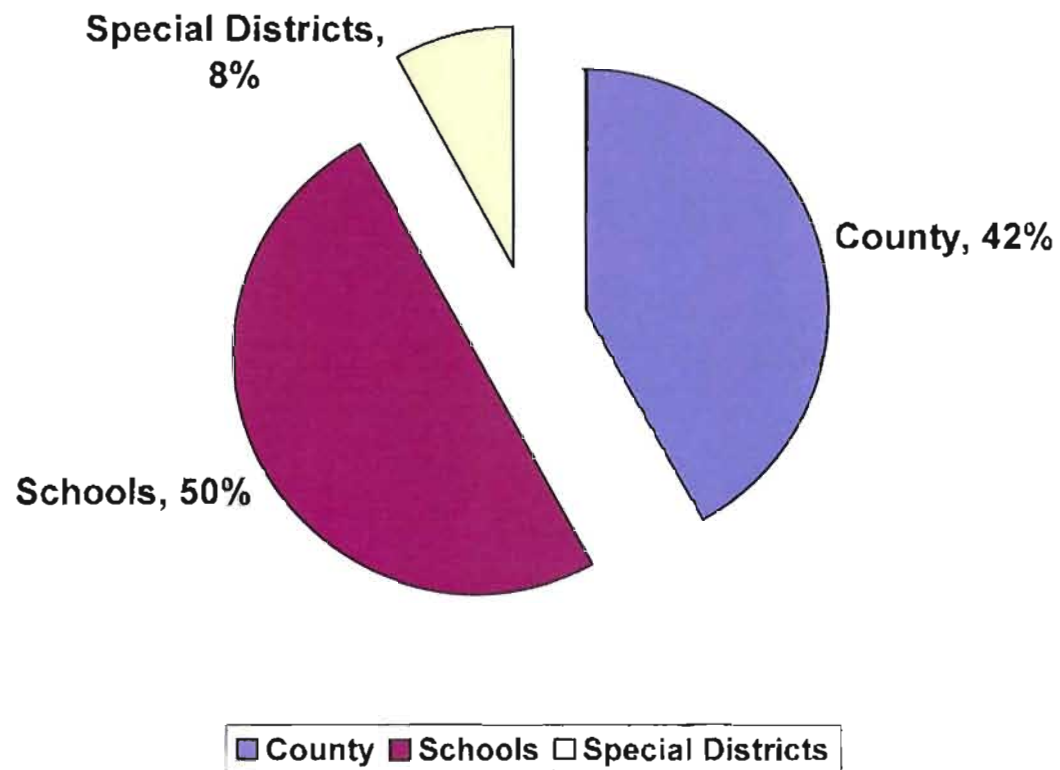


CHART 4

TREASURER'S INVESTMENT PORTFOLIO QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS 6/30/2008

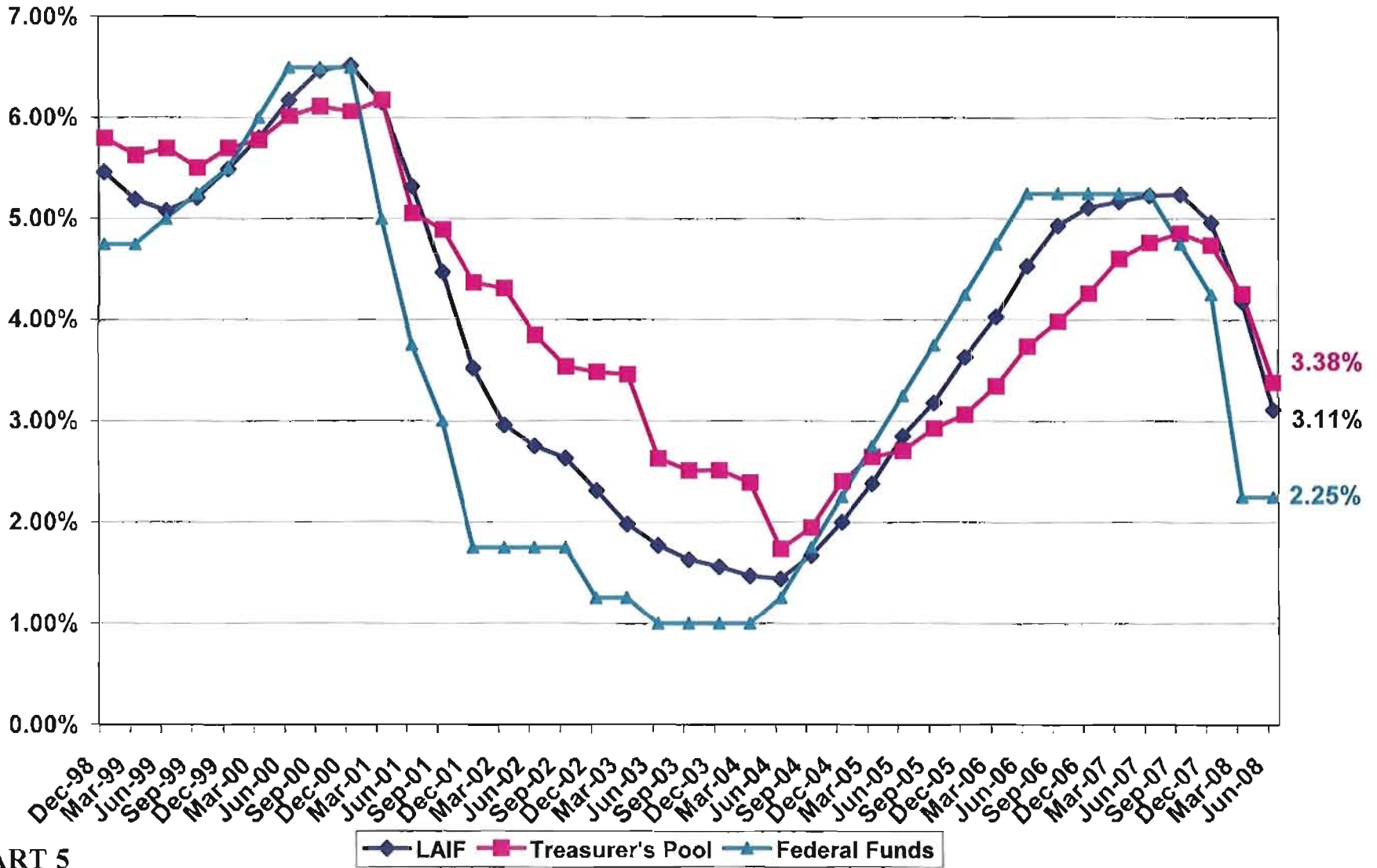


CHART 5



**County Pool 2007-2008
Portfolio Management
Portfolio Summary
April 1, 2008 through June 30, 2008**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM	YTM 360 Equiv.
Local Agency Investment Funds	40,000,000.00	40,000,000.00	40,000,000.00	5.06	1	1	3.120	3.077
Negotiable CDs	18,500,000.00	18,500,000.00	18,500,000.00	2.34	225	163	3.051	3.051
Medium Term Notes	135,131,000.00	135,152,290.85	135,419,543.47	17.12	886	493	4.414	4.368
Medium Term Notes - Callable	15,000,000.00	14,918,650.00	14,961,088.09	1.89	874	703	3.832	3.794
Commercial Paper Disc. - Amortizing	171,925,000.00	171,589,940.00	171,589,308.93	21.59	60	26	2.650	2.650
Federal Agency Coupon Securities	49,775,000.00	50,111,663.50	49,825,535.48	6.30	923	551	4.600	4.537
Federal Agency Disc. - Amortizing	80,100,000.00	79,968,720.00	79,969,123.23	10.11	34	27	2.183	2.183
Federal Agency Coupon - Callables	280,887,000.00	280,553,572.73	280,729,106.85	35.49	1,570	1,414	4.246	4.188
Investments	791,318,000.00	790,792,837.08	790,993,707.05	100.00%	806	646	3.649	3.614

Total Earnings **June 30 Period Ending**

Average Daily Balance 904,606,760.34
 Effective Rate of Return 3.67%

Stacey Matson, CPA, Investment & Debt Officer

County Pool 2007-2008
Portfolio Management
Investment Status Report - Investments
June 30, 2008

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
Local Agency Investment Funds												
SYS1009	1009	LAIF	40,000,000.00	3.120			1	1	40,000,000.00		40,000,000.00	40,000,000.00
Local Agency Investment Funds Totals			40,000,000.00				1	1	40,000,000.00	0.00	40,000,000.00	40,000,000.00
Negotiable CDs												
90531CKC5	4170	UBKCAL	9,500,000.00	2.578	07/31/2008	03/20/2008	133	30	9,500,000.00		9,500,000.00	9,500,000.00
90531CSC7	4307	UBKCAL	9,000,000.00	3.550	05/01/2009	06/13/2008	322	304	9,000,000.00		9,000,000.00	9,000,000.00
Negotiable CDs Totals			18,500,000.00				225	163	18,500,000.00	0.00	18,500,000.00	18,500,000.00
Medium Term Notes												
060505BU7	3744	BAC	5,000,000.00	4.500	08/01/2010	07/10/2007	1,118	761	4,998,150.00	Received	4,880,800.00	4,905,177.11
172967DU2	3202	CITIG	5,000,000.00	5.100	09/29/2011	10/24/2006	1,801	1,185	4,941,850.00	Received	4,956,900.00	4,971,638.99
2515A0HP1	4189	DBL	5,000,000.00	5.000	10/12/2010	03/31/2008	925	833	5,076,000.00	Received	5,189,250.00	5,170,553.51
36982GH49	1849	GECC	7,000,000.00	3.125	04/01/2009	04/01/2004	1,826	274	6,997,340.00	Received	6,989,080.00	6,998,382.00
36982GUL6	3158	GECC	10,938,000.00	7.375	01/19/2010	10/02/2008	1,205	567	11,499,447.54	Received	11,700,050.46	11,296,234.34
36962GR48	3713	GECC	5,000,000.00	4.125	09/01/2009	06/22/2007	802	427	5,018,650.00	Received	4,870,550.00	4,931,091.25
36982GT79	3831	GECC	5,000,000.00	2.788	01/05/2009	09/07/2007	486	188	4,998,500.00	Received	4,992,850.00	4,997,234.18
36982GM76	3833	GECC	5,000,000.00	2.858	11/21/2011	09/10/2007	1,533	1,238	4,899,150.00	Received	4,984,350.00	4,987,361.58
36982GR48	4086	GECC	5,000,000.00	4.125	09/01/2009	01/30/2008	580	427	5,018,650.00	Received	5,057,723.50	5,049,814.13
38141EKK4	4215	GOLDM	5,000,000.00	2.891	12/22/2008	04/10/2008	256	174	4,881,450.00	Received	4,966,900.00	4,977,502.34
4042Q0AN9	4032	HSBCBA	10,000,000.00	3.875	09/15/2009	12/31/2007	824	441	9,877,500.00	Received	9,902,000.00	9,930,729.64
441812KH6	3853	HSBCFI	7,000,000.00	4.125	11/18/2009	10/01/2007	777	503	6,953,590.00	Received	6,870,729.25	6,916,354.22
46523ECM9	3511	JPMCC	5,000,000.00	2.623	09/05/2008	03/18/2007	539	68	4,994,300.00	Received	4,997,050.00	4,999,638.78
46623EHU6	4067	JPMCC	5,000,000.00	3.408	01/22/2010	01/22/2008	731	570	4,990,500.00		5,000,000.00	5,000,000.00
89233PJ98	3923	TOYMTN	5,000,000.00	2.843	08/05/2008	09/04/2007	367	66	4,997,050.00		5,000,000.00	5,000,000.00
929903AC6	3444	WACCOR	4,000,000.00	3.500	08/15/2008	02/12/2007	550	45	3,994,880.00	Received	3,900,840.00	3,991,864.94
929903AD4	3849	WACCOR	7,693,000.00	3.625	02/17/2009	09/24/2007	512	231	7,605,838.31	Received	7,548,910.11	7,828,259.81
929903AQ5	4216	WACCOR	4,500,000.00	2.949	10/28/2008	04/10/2008	201	119	4,407,075.00	Received	4,487,395.50	4,492,537.63
92976WAT3	4217	WACCOR	5,000,000.00	4.375	06/01/2010	04/11/2008	781	700	4,888,050.00	Received	5,033,500.00	5,030,019.48
949746JB8	3017	WELLS	5,000,000.00	4.000	08/15/2008	07/18/2008	759	45	4,999,850.00	Received	4,852,250.00	4,991,297.19
94974BA77	3134	WELLS	4,000,000.00	3.120	08/15/2008	09/18/2008	697	45	3,994,720.00	Received	3,845,680.00	3,990,116.33
949746MZ1	3158	WELLS	5,000,000.00	4.625	08/09/2010	09/29/2006	1,410	769	5,050,450.00	Received	4,932,850.00	4,963,381.51
949746NZ0	4088	WELLS	5,000,000.00	3.343	01/29/2010	01/31/2008	729	577	4,994,250.00		5,000,000.00	5,000,000.00
94975CAL1	4194	WFC	5,000,000.00	5.500	08/01/2012	04/02/2008	1,582	1,492	5,075,250.00	46,597.22	5,212,400.00	5,200,274.53

**County Pool 2007-2008
Portfolio Management
Investment Status Report - Investments
June 30, 2008**

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
Medium Term Notes Totals			135,131,000.00				886	493	135,152,290.85	46,597.22	135,162,058.82	135,419,543.47
Medium Term Notes - Callable												
060505CY8	3983	BAC	5,000,000.00	2.729	02/12/2010	12/10/2007	795	591	4,952,650.00	Received	4,963,000.00	4,972,494.34
89233PL61	3912	TOYMTN	5,000,000.00	5.200	10/29/2010	10/29/2007	1,096	850	5,018,900.00		5,000,000.00	5,000,000.00
89233PV60	4254	TOYMTN	5,000,000.00	2.850	04/28/2010	04/28/2008	730	686	4,945,100.00		4,987,500.00	4,988,593.75
Medium Term Notes - Callable Totals			15,000,000.00				874	703	14,916,650.00	0.00	14,950,500.00	14,961,088.09
Commercial Paper Disc. -Amortizing												
02581RG00	4269	AMEX	5,900,000.00	2.320	07/24/2008	05/12/2008	73	23	5,890,324.00		5,872,243.78	5,891,254.89
02581RLA9	4305	AMEX	5,000,000.00	2.860	11/10/2008	08/11/2008	152	132	4,943,900.00		4,938,622.22	4,947,566.66
02581RH89	4306	AMEX	10,100,000.00	2.450	08/08/2008	06/12/2008	57	38	10,072,225.00		10,060,820.42	10,073,880.28
2960E2GA5	4231	ERSTE	3,500,000.00	2.800	07/10/2008	04/16/2008	85	9	3,497,795.00		3,476,861.11	3,497,550.00
2960E2GA5	4267	ERSTE	7,000,000.00	2.750	07/10/2008	05/09/2008	62	9	6,995,590.00		6,966,847.22	6,995,187.50
2960E2GR8	4282	ERSTE	5,000,000.00	2.500	07/25/2008	05/23/2008	83	24	4,991,450.00		4,978,125.00	4,991,666.67
2960E2G23	4286	ERSTE	11,000,000.00	2.500	07/02/2008	05/28/2008	35	1	10,999,230.00		10,973,283.89	10,999,236.11
3495P2G35	4296	FORTIS	5,200,000.00	2.420	07/03/2008	06/02/2008	31	2	5,199,272.00		5,189,163.78	5,199,300.89
3495P2H75	4302	FORTIS	12,400,000.00	2.510	08/07/2008	08/06/2008	62	37	12,366,768.00		12,346,397.56	12,368,011.45
3495P2HB6	4303	FORTIS	4,000,000.00	2.560	08/11/2008	06/10/2008	62	41	3,988,120.00		3,982,364.44	3,988,337.77
40439LHU7	4287	HVBUSF	10,000,000.00	2.760	08/28/2008	05/28/2008	92	58	9,956,800.00		9,929,466.67	9,955,533.34
5006E0G83	4212	KOREA	8,700,000.00	2.820	07/08/2008	04/10/2008	89	7	8,695,737.00		8,639,346.50	8,695,229.50
5006E0HV1	4253	KOREA	9,100,000.00	3.080	08/29/2008	04/28/2008	123	59	9,060,051.00		9,004,237.67	9,054,065.22
52525MG77	4274	LEHM	7,000,000.00	2.750	07/07/2008	05/15/2008	53	6	6,997,060.00		6,971,659.72	6,996,791.67
6931M2G13	4293	PB FIN	9,800,000.00	2.820	07/01/2008	05/30/2008	32	0	9,800,000.00		9,775,434.67	9,800,000.00
6931M2H53	4304	PB FIN	7,300,000.00	2.970	08/05/2008	06/11/2008	55	35	7,281,458.00		7,266,878.25	7,278,921.25
6931M2GV7	4328	PB FIN	5,600,000.00	2.830	07/29/2008	06/30/2008	29	28	5,588,800.00		5,587,233.56	5,587,673.78
71343NG18	4327	PEPSIA	12,525,000.00	2.670	07/01/2008	06/30/2008	1	0	12,525,000.00		12,524,071.06	12,525,000.00
92344LGE9	4279	VZCOMM	5,000,000.00	2.350	07/14/2008	05/21/2008	54	13	4,995,450.00		4,982,375.00	4,995,756.94
92344LG90	4288	VZCOMM	10,000,000.00	2.400	07/09/2008	05/28/2008	42	8	9,994,400.00		9,972,000.00	9,994,666.67
92344LGG4	4290	VZCOMM	6,800,000.00	2.420	07/16/2008	05/28/2008	49	15	6,593,070.00		6,578,260.33	6,593,345.00
92344LHM0	4292	VZCOMM	11,200,000.00	2.500	08/21/2008	05/29/2008	84	51	11,157,440.00		11,134,666.67	11,160,333.34
Commercial Paper Disc. -Amortizing Totals			171,925,000.00				60	26	171,589,940.00	0.00	171,151,337.52	171,589,308.93
Federal Agency Coupon Securities												
31331YAC4	3914	FFCB	6,000,000.00	4.820	10/12/2012	10/30/2007	1,809	1,564	6,189,360.00	Received	6,080,600.00	6,052,404.38

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Federal Agency Coupon Securities												
3133XEEH8	2721	FHLB	5,000,000.00	4.900	07/24/2008	01/27/2008	909	23	5,007,800.00	Received	4,987,250.00	4,999,673.08
31339YGN6	3542	FHLB	5,000,000.00	2.625	07/15/2008	04/02/2007	470	14	5,000,000.00	Received	4,852,435.00	4,895,537.99
3133X0LJ8	3572	FHLB	5,000,000.00	3.750	08/15/2008	04/11/2007	492	45	5,006,250.00	Received	4,915,000.00	4,992,272.73
3133XBBV6	3909	FHLB	5,000,000.00	4.625	02/15/2012	10/26/2007	1,573	1,324	5,123,450.00	Received	5,021,550.00	5,018,141.51
3133XR7F1	4270	FHLB	5,000,000.00	2.450	08/12/2009	05/12/2008	457	407	4,975,000.00		5,000,000.00	5,000,000.00
3128X4YE5	3582	FHLMC	5,000,000.00	5.000	07/23/2008	04/13/2007	467	22	5,007,250.00	Received	4,992,300.00	4,999,631.74
3128X1RX7	3591	FHLMC	3,875,000.00	3.060	07/15/2008	04/18/2007	454	14	3,875,697.50	Received	3,779,016.25	3,871,993.80
3128X5S33	3625	FHLMC	5,000,000.00	4.875	09/12/2008	05/02/2007	499	73	5,022,250.00	Received	4,987,450.00	4,998,181.53
3136F9CLS	4152	FNMA	4,900,000.00	4.125	03/11/2013	03/11/2008	1,826	1,714	4,904,608.00		4,897,550.00	4,897,699.72
Federal Agency Coupon Securities Totals			49,775,000.00				923	551	50,111,663.50	0.00	49,493,151.25	49,825,536.48
Federal Agency Disc. -Amortizing												
313384ZZ5	4309	FHLBDN	3,500,000.00	2.200	07/29/2008	08/16/2008	43	28	3,494,050.00		3,490,802.78	3,494,011.11
313384ZR3	4310	FHLBDN	2,900,000.00	2.130	07/21/2008	06/17/2008	34	20	2,896,520.00		2,894,186.17	2,896,568.34
313384ZS1	4312	FHLBDN	4,000,000.00	2.150	07/22/2008	08/18/2008	34	21	3,994,800.00		3,991,877.78	3,994,983.33
313384ZY8	4313	FHLBDN	4,500,000.00	2.150	07/28/2008	08/19/2008	39	27	4,492,800.00		4,489,518.75	4,492,743.75
313384ZF9	4315	FHLBDN	7,000,000.00	2.130	07/11/2008	08/23/2008	18	10	6,995,800.00		6,992,545.00	6,995,858.33
313384A74	4317	FHLBDN	9,500,000.00	2.220	08/04/2008	08/24/2008	41	34	9,480,050.00		9,475,980.83	9,480,081.65
313384A25	4318	FHLBDN	10,000,000.00	2.150	07/30/2008	06/25/2008	35	29	9,983,000.00		9,979,097.22	9,982,680.55
313384A80	4319	FHLBDN	4,500,000.00	2.220	08/08/2008	06/25/2008	42	36	4,490,100.00		4,488,345.00	4,490,010.00
313384A41	4321	FHLBDN	8,000,000.00	2.200	08/01/2008	06/26/2008	36	31	7,984,800.00		7,982,400.00	7,984,844.44
313384ZM4	4322	FHLBDN	12,000,000.00	2.130	07/17/2008	08/26/2008	21	16	11,988,000.00		11,985,090.00	11,988,640.00
313384ZN2	4323	FHLBDN	4,200,000.00	2.170	07/18/2008	08/27/2008	21	17	4,195,800.00		4,194,683.50	4,195,696.17
313384B81	4324	FHLBDN	10,000,000.00	2.260	08/13/2008	06/27/2008	47	43	9,973,000.00		9,970,494.44	9,973,005.55
Federal Agency Disc. -Amortizing Totals			80,100,000.00				34	27	79,968,720.00	0.00	79,935,001.47	79,989,123.23
Federal Agency Coupon - Callables												
31331X4V1	3868	FFCB	5,000,000.00	5.200	10/03/2011	10/03/2007	1,461	1,189	5,026,550.00		4,999,000.00	4,999,186.11
31331YQW3	4093	FFCB	5,000,000.00	3.150	02/04/2010	02/04/2008	731	583	5,003,150.00		4,999,500.00	4,999,602.08
31331YRD4	4104	FFCB	8,000,000.00	3.625	02/06/2012	02/06/2008	1,461	1,315	7,920,000.00		8,000,000.00	8,000,000.00
31331YUN8	4133	FFCB	6,277,000.00	3.900	02/13/2013	02/29/2008	1,811	1,688	6,204,437.88	10,880.13	6,275,430.75	6,275,538.06
31331YC73	4227	FFCB	5,000,000.00	4.000	04/16/2012	04/16/2008	1,461	1,385	4,989,050.00		5,000,000.00	5,000,000.00
31331YG53	4252	FFCB	5,000,000.00	3.300	10/22/2010	04/25/2008	910	843	4,982,800.00	1,375.00	4,982,250.00	4,983,556.02
3133XMR78	3911	FHLB	5,000,000.00	4.800	10/29/2010	10/29/2007	1,096	850	5,029,700.00		4,995,625.00	4,996,605.32

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Federal Agency Coupon - Callables												
3133XNGB9	4012	FHLB	7,000,000.00	4.800	12/18/2012	12/18/2007	1,827	1,631	7,054,670.00		6,996,500.00	6,996,875.28
3133XNUZ0	4037	FHLB	6,500,000.00	2.952	12/24/2012	01/03/2008	1,817	1,637	6,500,000.00	Received	6,500,000.00	6,500,000.00
3133XNXH7	4077	FHLB	10,000,000.00	4.600	01/25/2013	01/25/2008	1,827	1,669	10,012,500.00		10,000,000.00	10,000,000.00
3133XP6L3	4122	FHLB	10,000,000.00	4.200	01/29/2013	02/21/2008	1,804	1,673	9,987,500.00	25,666.67	9,942,000.00	9,946,240.72
3133XPXN9	4136	FHLB	5,000,000.00	3.000	09/03/2009	03/03/2008	549	429	5,001,550.00		5,000,000.00	5,000,000.00
3133XQFY3	4228	FHLB	10,000,000.00	4.000	04/18/2013	04/18/2008	1,826	1,750	9,896,900.00		10,000,000.00	10,000,000.00
3128X5JJ8	3115	FHLMC	5,000,000.00	5.450	09/02/2011	09/12/2006	1,816	1,158	5,020,050.00	Received	4,991,100.00	4,994,326.87
3128X6GR1	3768	FHLMC	5,000,000.00	6.000	07/24/2012	07/24/2007	1,827	1,484	5,010,550.00		5,000,000.00	5,000,000.00
3128X6QU3	3935	FHLMC	5,000,000.00	5.000	11/13/2012	11/13/2007	1,827	1,596	5,028,600.00		5,000,000.00	5,000,000.00
3128X6TS5	3982	FHLMC	5,000,000.00	4.750	12/10/2012	12/10/2007	1,827	1,623	5,037,650.00		5,000,000.00	5,000,000.00
3128X6P67	4100	FHLMC	10,000,000.00	4.000	02/05/2013	02/05/2008	1,827	1,680	9,780,600.00		10,000,000.00	10,000,000.00
3128X6H90	4110	FHLMC	5,000,000.00	4.250	02/12/2013	02/12/2008	1,827	1,687	4,994,600.00		4,998,000.00	4,998,154.44
3128X8Y42	4121	FHLMC	5,000,000.00	4.150	02/21/2013	02/21/2008	1,827	1,696	4,978,000.00		4,987,000.00	4,987,938.89
3128X65L6	4151	FHLMC	4,825,000.00	4.250	03/11/2013	03/11/2008	1,826	1,714	4,834,746.50		4,825,000.00	4,825,000.00
3128X6H90	4156	FHLMC	5,000,000.00	4.250	02/12/2013	03/12/2008	1,798	1,687	4,994,600.00	17,708.33	4,990,000.00	4,990,815.82
3128X7EQ3	4180	FHLMC	8,425,000.00	3.750	03/27/2013	03/27/2008	1,826	1,730	8,392,226.75		8,419,776.50	8,420,049.28
3128X7DP8	4192	FHLMC	5,000,000.00	3.000	04/01/2010	04/01/2008	730	639	4,989,850.00		4,996,000.00	4,996,500.00
3128X7JK1	4224	FHLMC	10,000,000.00	3.250	04/14/2011	04/14/2008	1,095	1,017	9,926,700.00		10,000,000.00	10,000,000.00
3128X7HY3	4233	FHLMC	6,630,000.00	4.000	04/10/2013	04/17/2008	1,819	1,744	6,566,418.30	5,156.67	6,610,110.00	6,610,930.89
3128X7NC4	4275	FHLMC	5,000,000.00	4.000	05/15/2013	05/15/2008	1,826	1,779	5,001,350.00		5,000,000.00	5,000,000.00
3138F8TN5	3876	FNMA	5,000,000.00	5.350	10/10/2012	10/10/2007	1,827	1,562	5,035,950.00		5,000,000.00	5,000,000.00
31398AHN5	3885	FNMA	5,000,000.00	5.000	10/15/2010	10/15/2007	1,096	836	5,029,700.00		4,994,531.25	4,995,827.55
31398AHX3	3886	FNMA	5,000,000.00	5.020	10/15/2010	10/15/2007	1,096	836	5,028,150.00		4,995,000.00	4,996,185.19
3138F8UD5	3899	FNMA	5,000,000.00	5.125	04/22/2011	10/22/2007	1,278	1,025	5,023,450.00		5,000,000.00	5,000,000.00
31398AJA1	3903	FNMA	10,000,000.00	5.400	10/24/2012	10/24/2007	1,827	1,576	10,082,500.00		10,000,000.00	10,000,000.00
3136F8YVW9	4006	FNMA	5,000,000.00	4.800	12/14/2012	12/14/2007	1,827	1,627	5,009,400.00		5,000,000.00	5,000,000.00
3136F8ZD0	4018	FNMA	10,000,000.00	5.000	12/20/2012	12/20/2007	1,827	1,633	10,031,300.00		10,000,000.00	10,000,000.00
3136F8E76	4076	FNMA	5,000,000.00	4.375	01/24/2013	01/25/2008	1,828	1,668	5,004,700.00	607.64	5,000,000.00	5,000,000.00
31398AMU3	4108	FNMA	5,000,000.00	3.550	02/08/2011	02/08/2008	1,096	952	4,990,650.00		4,998,437.50	4,998,644.39
3136F8Z99	4112	FNMA	8,570,000.00	4.300	02/13/2013	02/13/2008	1,827	1,688	8,559,287.50		8,570,000.00	8,570,000.00
3138F8W68	4114	FNMA	5,000,000.00	3.400	02/14/2011	02/14/2008	1,096	958	4,978,150.00		4,993,750.00	4,994,542.82
3136F9CB7	4153	FNMA	5,000,000.00	4.000	03/11/2013	03/11/2008	1,826	1,714	4,971,900.00		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	1,700	5,001,550.00	10,034.72	5,000,000.00	5,000,000.00
31398ANG3	4162	FNMA	5,000,000.00	4.250	02/27/2013	03/17/2008	1,808	1,702	4,990,650.00	11,805.58	4,998,437.50	4,998,528.79

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Federal Agency Coupon - Callables												
3138F9EJ8	4204	FNMA	10,000,000.00	3.000	04/07/2010	04/07/2008	730	645	9,978,100.00		9,993,500.00	9,994,258.33
3138F9MK6	4284	FNMA	10,000,000.00	4.625	05/06/2013	05/06/2008	1,826	1,770	10,018,800.00		10,000,000.00	10,000,000.00
3138F9TG8	4297	FNMA	4,660,000.00	4.000	08/03/2011	08/03/2008	1,095	1,067	4,674,585.80		4,660,000.00	4,660,000.00
Federal Agency Coupon - Callables Totals			280,887,000.00				1,570	1,414	280,553,572.73	83,234.72	280,710,948.50	280,729,106.85
Investment Totals			791,318,000.00				806	646	790,792,837.08	129,831.94	789,902,997.56	790,993,707.06