



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: 11/18/2008
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) *Bernice James* Bernice James, Treasurer - Tax Collector, 568-2490
Contact Info: Stacey Matson, Investment & Debt Officer, 568-2158
SUBJECT: Treasurer's Investment Pool, Fiscal Year 2008-2009 First Quarter (July - September 2008)

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:
Accept for filing the F/Y 2008-2009 First Quarter (July - September, 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 September 30, 2008, was \$670,949,127, and \$1,906,288 in Directed Investments. Market value of the investment pool was \$667,921,679 and of directed investments was \$1,944,163. The weighted average days to maturity (WAM) for the pool was 685 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 9/30/2008, 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.

At September 30th the pool has holdings of 2.56% in senior debt issued by Wachovia Bank. At the time of purchase this debt fully met compliance requirements of the Treasurer's Investment Policy. However, at September 30th Wachovia was rated A1, BBB-, and BB- by Moodys, Standard & Poors, and Fitch respectively. Subsequent to quarter end, upon an agreement by Wells Fargo Bank to purchase Wachovia Bank, Wachovia's ratings by S & P and Fitch were upgraded by both agencies to A+.

Generally, the policy of the Treasurer's Investment Pool is to hold investments to maturity. Due to the events and turmoil in the financial markets, at this time we may have occasion to reassess a purchased security and may determine it beneficial to sell it prior to maturity. At September 30th the pool had holdings of 4.25% in Fortis Funding LLC, which is guaranteed by the parent company Fortis Bank. However, we became concerned that Fortis Bank may experience difficulties related to sub-prime investment losses. We immediately sought an offer directly from Fortis to sell back to them the four commercial paper securities in the pool. On October 1, 2008 we sold back to them on a cost basis \$28,410,449 of commercial paper for a settlement price of \$28,442,991, receiving \$32,542 above our principal investment. The yield for the related investments, will be included in the December 31, 2008 quarterly apportionment. At all times the credit ratings on these securities were in compliance with our policy. At the time of our purchase and sale, Fortis LLC short term ratings were A-1, P-1, F-1+. We are pleased to have resolved this issue favorably and have no holdings in Fortis Bank and Fortis LLC.

\$6,431,217, a return of 3.401%, 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 2.8% for the quarter ended 9/30/2008, as measured through 6/30/2008. Gross Domestic Product (GDP), the value of all goods and services produced within the economy, is expected to experience a sharp decrease when measured through September 30, 2008, and to advance slowly the final quarter of the 2008 calendar year. Over the quarter prices for energy dropped steeply and inflation began to moderate.

In September the Treasury Department made explicit what had been an implicit guarantee for the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), Lehman Brothers filed for bankruptcy, Bank of America announced it would acquire Merrill Lynch, and market concerns about the health of other financial institutions increased. The Treasury Department proposed a plan to stabilize financial institutions which Congress eventually adopted. The Federal Reserve has also implemented various initiatives to provide liquidity and stability into the market.

As holders of senior debt of Fannie Mae and Freddie Mac we were reassured as to full payment of principal and interest on these investments by the US Treasury's establishment of a lending facility to both enterprises. However, much is still in flux, and many details are pending.

Short-term interest rates and long-term interest rates continued to be volatile with funding markets remaining strained. Shorter – term commercial paper and longer – term corporate bond credit markets experienced increased yields, while Treasury yields, short and long, dropped. Strains continue in financial markets with unmitigated concern regarding tight credit conditions, the ongoing housing contraction, and financial institution stability.

Treasurer's **Investment Pool, Fiscal Year 2008-2009 First Quarter (July - September 2008)**

11/18/2008

Page 3 of 4

After reducing the Federal funds rate 225 basis points over the period January through April 2008, the FOMC left it unchanged through the end of September at 2.0%. Subsequent to quarter end, in an inter-meeting on October 8, the FOMC reduced the rate 50 basis points to 1.5%. The FOMC will meet on October 29th and December 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: Not Accomplished. LAIF's five year moving average for the quarter is 3.56%, as compared to 3.42% for the pool.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

For the quarter ending September 30, 2008, net investment earnings achieved by the pool were \$6.4 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 3.401% and 3.943%, respectively.

Staffing Impact(s):

Legal Positions:

N/A

FTEs:

N/A

Special Instructions:

None

Attachments:

Treasurer's First 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 SEPTEMBER 30, 2008

Table of Contents

I. Economic Trend

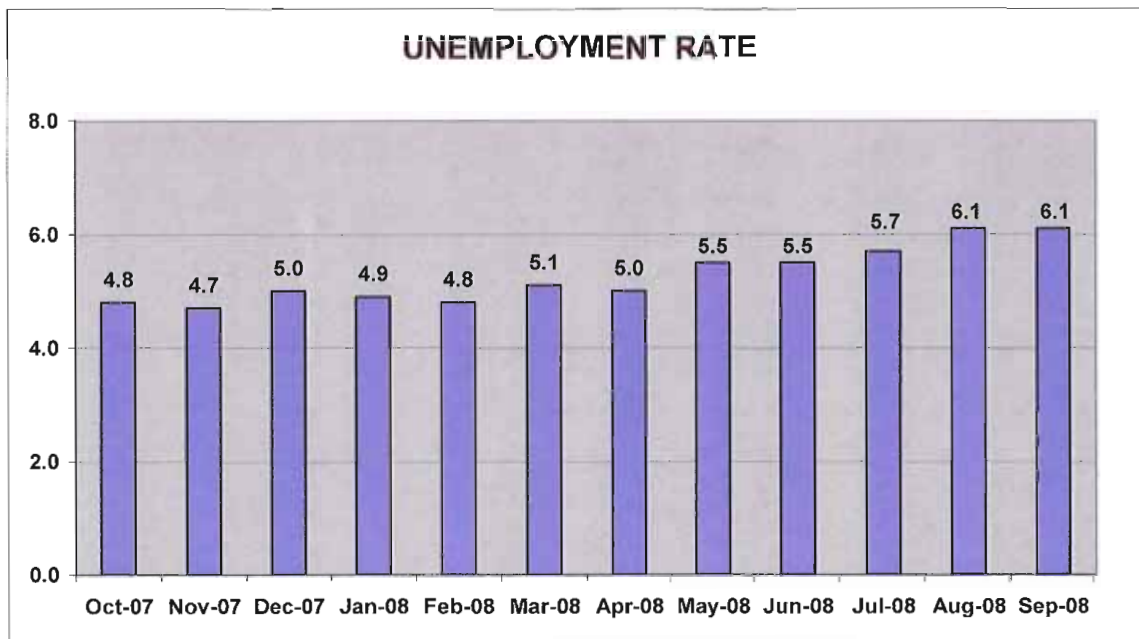
II. Overview of Investment Activities

ECONOMIC TREND: Impact on the Pool

- The Federal Reserve (FED), left the short - term interest rate unchanged, ending the quarter where it began at 2.0%. The 2.0% rate was set April 30th when it was decreased 25 basis points. From January through April 2008 the rate has been decreased by 175 basis points.
- The impact of the short - term rate remaining unchanged for the quarter resulted in the pool earnings flattening, earning a rate of 3.401% as compared to 3.38% for the prior quarter. The reductions by the FED and the uncertainty and volatility in the market have resulted in fixed income investments being offered at a lower rate of return than current pool holdings. As investments mature they are likely to be invested at a lower rate.
- The unemployment rate, ended the quarter at another record high level since September 2003. After beginning the quarter at 5.5%, it increased in July to 5.7%, increased in August to 6.1%, and then remained constant, ending the September 2008 quarter at 6.1%. Payrolls decreased, for the third quarter in a row, by 299,000 jobs last quarter, following the prior two quarter's losses of 214,000, and 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 income growth, and the increased potential for slowdown in economic growth.
- Consumer Confidence showed some improvement. It increased from a beginning level of 51.0 in June to end the September 2008 quarter at 59.8. However, it is still low, especially as compared to levels of 99.5 and 65.9, at September 2007 and March 2008, respectively. The economy has continued to experience growth at a slow rate, 2.8% for the quarter ended June 2008. This slowdown is expected to continue.

ECONOMIC TREND: Unemployment Rate

The unemployment rate continuing its trend upward, reached highs not experienced since its monthly seasonally adjusted level in September of 2003. It began the quarter at 5.5%, reached 6.1% in August, and remained unchanged in September. 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) after increasing in July, decreased in August and September. CPI began the quarter at 5.0% and ended it at 4.9%. For the period September 2006 through September 2007 CPI ranged from 1.3% to 2.8%. The quarter end low since that date is the 4.0% experienced in March 2008. The Core CPI, which excludes food and energy, increased slightly, beginning the quarter at 2.4% and ending it at 2.5%. 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

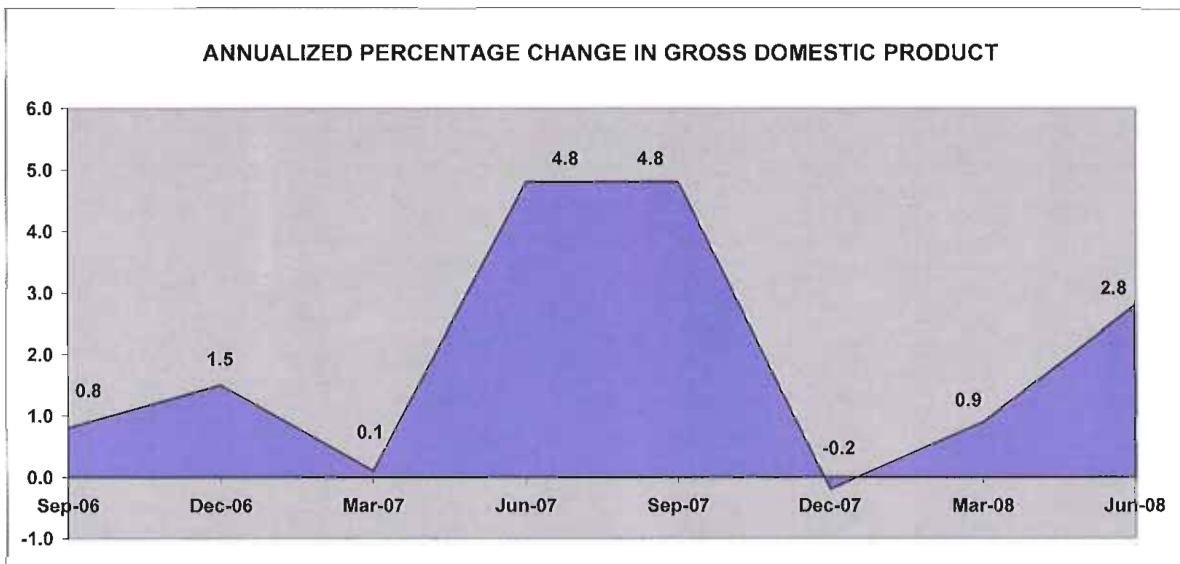
Consumer Confidence began the quarter at 51.0, its lowest level of the last 12 months. It improved somewhat over the next three months ending the September 30th quarter at 59.8. The average level for the period October 2007 through September 30, 2008 was 70.44. This Index is the average of responses 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)

Although the economy was improved as compared to the preceding 2 quarters, it was at a slower rate than the 3 to 3.3% range analyst's forecast. For the quarter ended 6/30/2008 it grew at a rate of 2.80%, an improvement over the 3/31/2008 rate of .9% and the negative .2% rate for the quarter ended 12/31/2007. Gross domestic product is the value of all goods and services produced. The 4.8% GDP growth for the June and September 2007 quarter's is the highest rate of growth for any quarter since that ended September 2003 and the -.2% for the quarter ended 12/31/07 is the lowest rate of growth for any quarter since September 2001.



Source: Bureau of Economic Analysis

II. Overview of Investment Activities

SANTA BARBARA COUNTY INVESTMENT FUNDS
Quarter Ending September 30, 2008

SUMMARY OF INVESTMENTS IN THE TREASURER'S POOL

PRINCIPAL COST	\$ 670,949,127
MARKET VALUE (provided by Union Bank)	\$ 667,921,679
CUMULATIVE UNREALIZED LOSS (See Note Below)	\$ 3,027,448
TOTAL NET EARNINGS ON THE TREASURER'S POOL	\$ 6,431,217
AVERAGE DAILY BALANCE ON THE TREASURER'S POOL	\$ 752,179,148
CASH	\$ 31,828,779
ACCRUED INTEREST AT PURCHASE	\$ 66,007
NET INTEREST RATE ON THE TREASURER'S POOL	3.401 %
WEIGHTED AVERAGE DAYS TO MATURITY	685
WEIGHTED AVERAGE DAYS TO CALL DATE	288

SUMMARY OF INVESTMENTS IN TOBACCO SETTLEMENT FUND

PRINCIPAL COST	\$1,906,288
MARKET VALUE	\$1,944,163
CUMULATIVE UNREALIZED GAIN (See Note Below)	\$ 37,875
YIELD TO MATURITY	4.814%
WEIGHTED AVERAGE DAYS TO MATURITY	939

SUMMARY OF THE CERTIFICATES OF PARTICIPATION RESERVE FUNDS

PRINCIPAL COST	\$32,093,322
MARKET VALUE	\$32,298,770
CUMULATIVE UNREALIZED GAIN (See Note Below)	\$ 205,448
YIELD TO MATURITY	2.35%
WEIGHTED AVERAGE DAYS TO MATURITY	299

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 September 30, 2008, 15.9% of the pool's assets were invested in Government Agency Bonds, 37.3% in Callable Securities, 18.4% in Commercial Paper, 5.9% in LAIF (Local Agency Investment Fund), 17.4% in Medium Term Notes, and 5.1% in Negotiable Certificates of Deposit.

Chart 2 shows that at September 30th, based upon ratings at the time of purchase per the adopted investment policy, 58.1% of securities in the pool were rated AAA, 12.6% are rated AA, 22.8% are rated A-1, P-1, F-1, .5% A-1, F-1, and 6.0% are in LAIF. At September 30th the pool holds 2.5% of Wachovia Bank. At the time of purchase this security with its AA rating fully met compliance requirements of the Treasurer's Investment Policy. However, at September 30th Wachovia was rated A1, BBB-, and BB- by Moodys, Standard & Poors, and Fitch respectively. Subsequent to quarter end, upon an agreement by Wells Fargo Bank to purchase Wachovia Bank, Wachovia's ratings by S & P and Fitch were upgraded by both agencies to A+.

Chart 3 shows that 16.8% of the pool's investments have a maturity between 1 and 90 days, 21.0% between 91 days and 1 year, 11.0% between 1 year and 2 years, 9.1% between 2 and 3 years, 5.3% between 3 and 4 years, 24.4% between 4 and five years, and the other 12.4% is invested in LAIF.

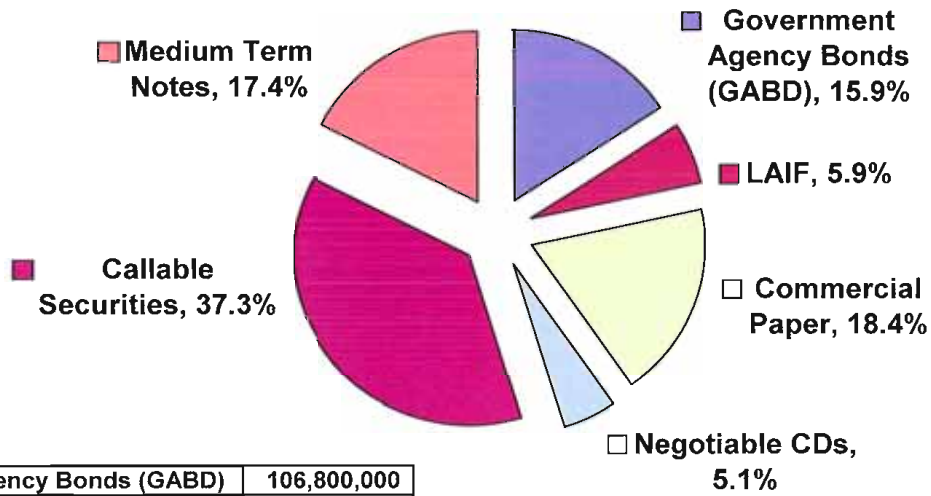
Chart 4 reflects how the pool's net earnings of \$6,431,217 were distributed between the County (42%), Schools (50%) and Special Districts (8%), based upon average daily cash balances.

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

The investment portfolio as of the quarter ending September 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.

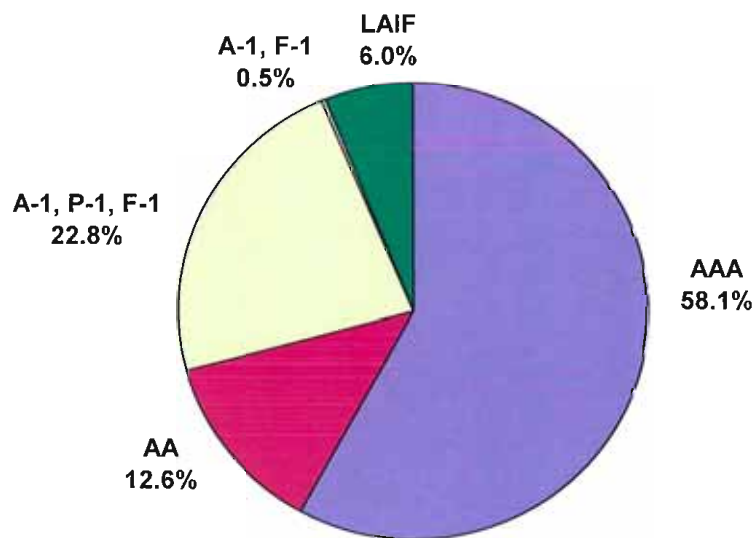
**TREASURER'S INVESTMENT PORTFOLIO
ASSET DISTRIBUTION BY SECTOR (PAR VALUE)
9/30/2008**



Government Agency Bonds (GABD)	106,800,000
LAIF	40,000,000
Commercial Paper	123,630,000
Negotiable CDs	34,000,000
Callable Securities	251,287,000
Medium Term Notes	117,135,000
TOTAL	672,852,000

CHART 1

**Credit Rating At Time of Purchase
By Percent of Book Value
9/30/2008**



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

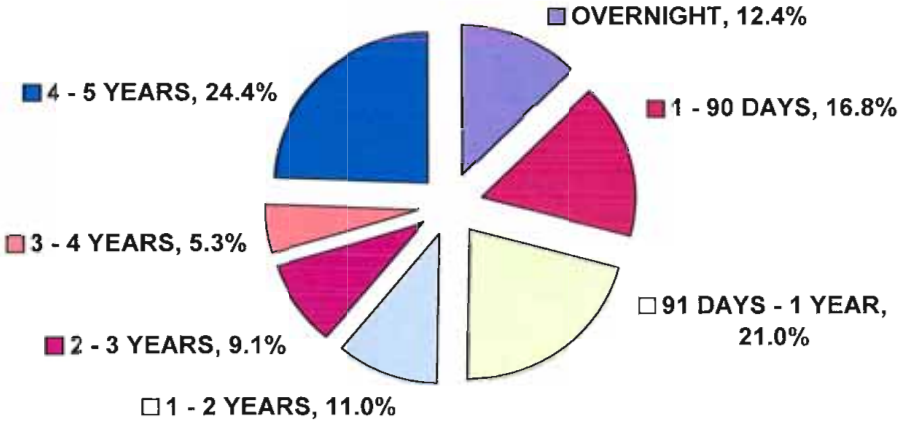
Negotiable CD's: A1, P1, F1 (by two of the three rating agencies)

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
9/30/2008**



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
9/30/08
\$6,431,217**

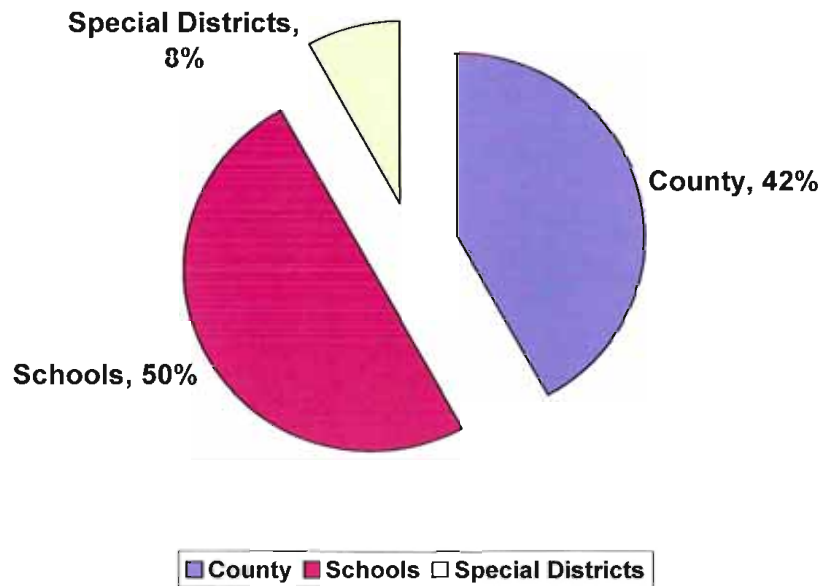


CHART 4

**TREASURER'S INVESTMENT PORTFOLIO
 QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS
 9/30/2008**

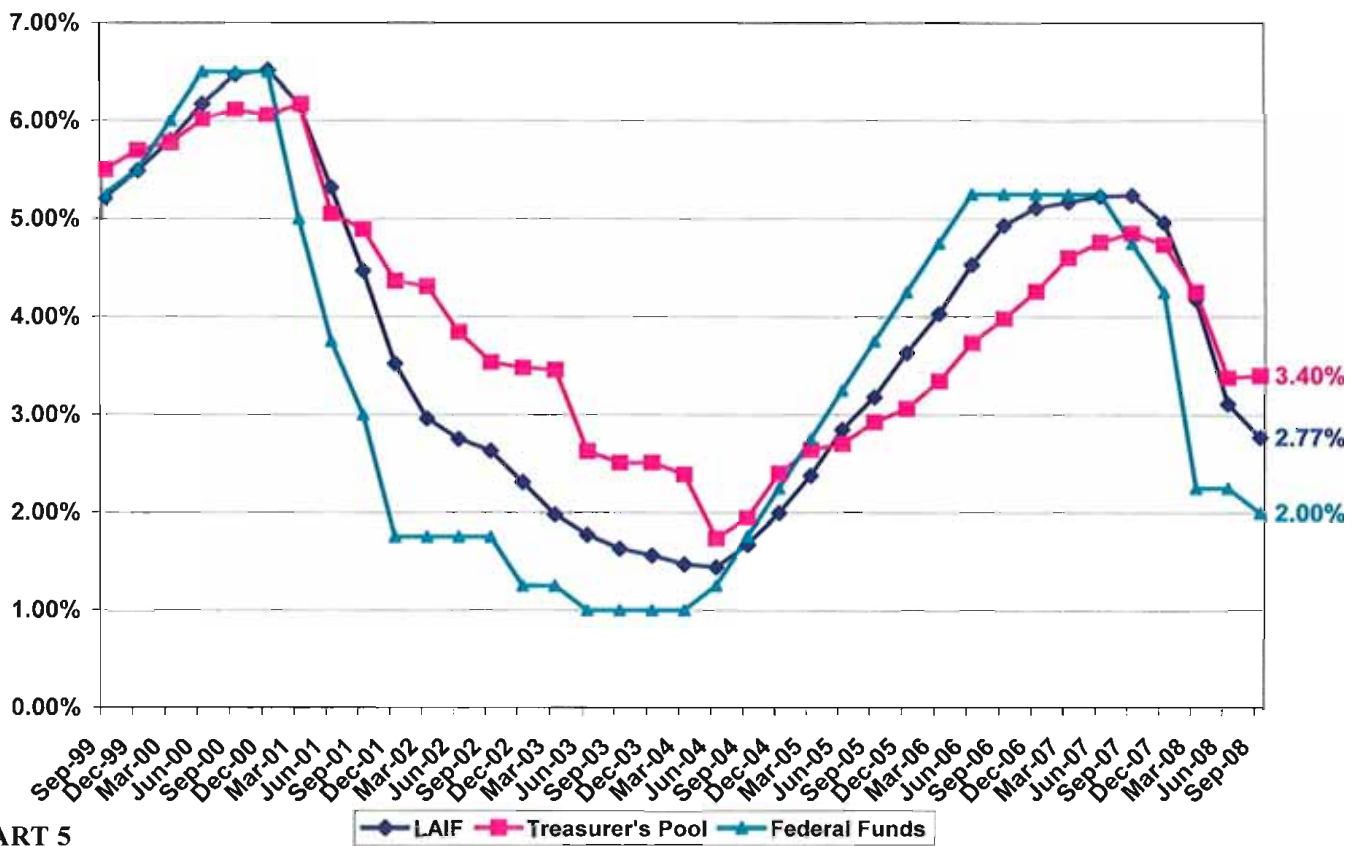


CHART 5



Santa Barbara County

**County Pool 2008-2009
Portfolio Management
Portfolio Summary
July 1, 2008 through September 30, 2008**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Mat./Call	YTM	YTM 360 Equiv.
Local Agency Investment Funds	40,000,000.00	40,000,000.00	40,000,000.00	5.96	1	1	2.780	2.742
Negotiable CDs	34,000,000.00	33,867,125.00	34,000,000.00	5.06	205	139	3.301	3.301
Medium Term Notes	117,135,000.00	114,424,573.30	117,383,786.87	17.48	971	530	4.364	4.316
Medium Term Notes - Callable	15,000,000.00	14,852,000.00	14,966,932.35	2.23	874	34	3.877	3.839
Commercial Paper Disc - Amortizing	123,630,000.00	123,197,127.70	123,291,016.82	18.36	68	32	3.022	3.022
Federal Agency Coupon Securities	50,900,000.00	51,188,556.00	50,947,630.50	7.59	1,240	860	3.673	3.623
Federal Agency Disc - Amortizing	55,900,000.00	54,602,280.00	54,640,171.36	8.14	308	277	3.051	3.051
Federal Agency Coupon - Callables	236,287,000.00	235,790,017.27	236,130,268.48	35.17	1,555	265	4.215	4.158
Investments	672,852,000.00	667,921,679.27	671,359,806.38	100.00%	878	288	3.747	3.711

Investments **September 30 Period Ending**

Average Daily Balance	742,012,402.39
Effective Rate of Return	3.62%

Stacey Matson, CPA, Investment & Debt Officer

Reporting period 07/01/2008-09/30/2008

Run Date: 10/17/2008 - 10:26

Portfolio SB89

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**County Pool 2008-2009
Portfolio Management
Investment Status Report - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Mat./Call	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Local Agency Investment Funds												
5YS1009	1009	LAIF	40,000,000.00	2.780			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												
90531CSC7	4307	UBKCAL	9,000,000.00	3.550	05/01/2009	06/13/2008	322	212	8,956,035.00		9,000,000.00	9,000,000.00
90531GTQ5	4334	UBKCAL	10,000,000.00	3.070	01/02/2009	07/07/2008	179	93	9,963,540.00		10,000,000.00	10,000,000.00
90531CWE8	4391	UBKCAL	10,000,000.00	3.110	02/19/2009	08/27/2008	176	141	9,947,550.00		10,000,000.00	10,000,000.00
90531CYF3	4429	UBKCAL	5,000,000.00	3.700	01/06/2009	09/26/2008	102	97	5,000,000.00		5,000,000.00	5,000,000.00
Negotiable CDs Totals			34,000,000.00				205	139	33,867,125.00	0.00	34,000,000.00	34,000,000.00
Medium Term Notes												
060505BU7	3744	BAC	5,000,000.00	4.500	08/01/2010	07/10/2007	1,118	669	4,833,950.00	Received	4,860,800.00	4,910,555.88
172967DU2	3202	CITIG	5,000,000.00	5.100	09/29/2011	10/24/2006	1,801	1,093	4,580,550.00	Received	4,956,900.00	4,973,824.34
2515A0HP1	4189	DBL	5,000,000.00	5.000	10/12/2010	03/31/2008	925	741	5,018,900.00	Received	5,169,250.00	5,151,857.03
36962GH49	1849	GECC	7,000,000.00	3.125	04/01/2009	04/01/2004	1,826	182	6,889,120.00	Received	6,988,080.00	6,998,908.00
36962GUL8	3158	GECC	10,938,000.00	7.375	01/19/2010	10/02/2006	1,205	475	11,012,706.54	Received	11,700,050.48	11,238,454.60
36962GR48	3713	GECC	5,000,000.00	4.125	09/01/2009	06/22/2007	802	335	4,942,050.00	Received	4,870,550.00	4,945,857.41
36962GT79	3831	GECC	5,000,000.00	2.831	01/05/2009	09/07/2007	486	96	4,987,550.00	Received	4,992,850.00	4,998,587.65
36962GM76	3833	GECC	5,000,000.00	2.991	11/21/2011	09/10/2007	1,533	1,146	4,888,700.00	Received	4,984,350.00	4,988,300.78
36962GR48	4086	GECC	5,000,000.00	4.125	09/01/2009	01/30/2008	580	335	4,942,050.00	Received	5,067,723.50	5,039,139.68
38141EKK4	4215	GOLDM	5,000,000.00	3.294	12/22/2008	04/10/2008	256	82	4,926,700.00	Received	4,968,900.00	4,989,397.66
404200AN9	4032	HSBCBA	10,000,000.00	3.875	09/15/2009	12/31/2007	624	349	9,783,500.00	Received	9,902,000.00	9,945,094.46
441812KH6	3863	HSBCFI	7,000,000.00	4.125	11/16/2009	10/01/2007	777	411	6,767,950.00	Received	6,870,729.25	6,931,562.54
46623EHU6	4067	JPMCC	5,000,000.00	3.291	01/22/2010	01/22/2008	731	478	4,993,350.00		5,000,000.00	5,000,000.00
929903AD4	3849	WACCOR	7,693,000.00	3.625	02/17/2009	09/24/2007	512	139	7,304,349.64	Received	7,548,910.11	7,654,041.30
929903AQ5	4216	WACCOR	4,500,000.00	2.846	10/28/2008	04/10/2008	201	27	4,477,050.00	Received	4,467,395.50	4,498,306.86
92976WAT3	4217	WACCOR	5,000,000.00	4.375	06/01/2010	04/11/2008	781	608	4,382,550.00	Received	5,033,500.00	5,026,103.90
949748MZ1	3156	WELLS	5,000,000.00	4.625	08/09/2010	09/29/2006	1,410	677	4,079,300.00	Received	4,932,850.00	4,967,729.35
949748NZ0	4088	WELLS	5,000,000.00	3.223	01/29/2010	01/31/2008	729	485	4,985,200.00		5,000,000.00	5,000,000.00
949746CL3	4359	WELLS	5,004,000.00	5.125	09/01/2012	07/30/2008	1,494	1,431	4,812,747.12	Received	4,928,940.00	4,932,052.62
94975CAL1	4194	WFC	5,000,000.00	5.500	08/01/2012	04/02/2008	1,582	1,400	4,904,300.00	Received	5,212,400.00	5,186,012.83
Medium Term Notes Totals			117,135,000.00				971	530	114,424,573.30	0.00	117,495,178.82	117,383,786.87

**County Pool 2008-2009
Portfolio Management
Investment Status Report - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Mat./Call	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Medium Term Notes - Callable												
060505CY8	3983	BAC	5,000,000.00	2.927	02/12/2010	12/10/2007	795	48	4,855,500.00	Received	4,963,000.00	4,976,776.10
89233PL61	3912	TOYMTN	5,000,000.00	5.200	10/29/2010	10/29/2007	1,096	28	5,000,950.00		5,000,000.00	5,000,000.00
89233PV60	4254	TOYMTN	5,000,000.00	2.850	04/28/2010	04/28/2008	730	27	4,995,550.00		4,987,500.00	4,990,156.25
Medium Term Notes - Callable Totals			15,000,000.00				874	34	14,852,000.00	0.00	14,950,500.00	14,966,932.35
Commercial Paper Disc. -Amortizing												
02581RLA9	4305	AMEX	5,000,000.00	2.860	11/10/2008	06/11/2008	152	40	4,978,600.00		4,939,622.22	4,984,111.11
02581RNC3	4340	AMEX	5,100,000.00	3.000	01/12/2009	07/14/2008	182	103	5,042,931.00		5,022,650.00	5,056,225.00
2960E2K28	4337	ERSTE	6,000,000.00	2.820	10/02/2008	07/09/2008	85	1	5,999,460.00		5,960,050.00	5,999,530.00
2960E2K28	4401	ERSTE	5,700,000.00	2.550	10/02/2008	09/04/2008	28	1	5,699,487.00		5,688,695.00	5,699,596.25
3495P2K71	4335	FORTIS	8,400,000.00	2.760	10/07/2008	07/07/2008	92	6	8,394,372.00		8,340,752.00	8,396,136.00
3495P2NW3	4384	FORTIS	9,330,000.00	3.090	01/30/2009	08/04/2008	179	121	9,204,884.70		9,186,652.33	9,233,100.18
3495P2K30	4416	FORTIS	5,900,000.00	4.000	10/03/2008	09/19/2008	14	2	5,898,702.00		5,890,822.22	5,898,888.89
3495P2K63	4417	FORTIS	5,000,000.00	4.000	10/06/2008	09/22/2008	14	5	4,997,200.00		4,992,222.22	4,997,222.22
4042F0KG5	4421	HSBCF	7,200,000.00	2.900	10/16/2008	09/24/2008	22	15	7,180,280.00		7,187,240.00	7,191,300.00
4042F0KT7	4425	HSBCF	7,000,000.00	3.050	10/27/2008	09/26/2008	31	26	6,979,840.00		6,961,815.28	6,984,580.56
5006E0L53	4387	KOREA	4,000,000.00	3.150	11/05/2008	09/25/2008	72	35	3,985,040.00		3,974,800.00	3,987,750.00
5006E0M11	4398	KOREA	6,500,000.00	3.050	12/01/2008	09/03/2008	89	61	6,457,620.00		6,450,988.19	6,466,407.64
8931M2K18	4395	PB FIN	11,800,000.00	2.920	10/01/2008	08/29/2008	33	0	11,800,000.00		11,768,415.33	11,800,000.00
74432JKW0	4406	PRUD	4,000,000.00	2.720	10/30/2008	09/10/2008	50	29	3,987,160.00		3,984,888.89	3,991,235.56
89233GL53	4422	TOYOTA	6,000,000.00	3.050	11/26/2008	09/24/2008	63	56	5,964,240.00		5,967,975.00	5,971,533.33
89233GLD6	4426	TOYOTA	15,000,000.00	3.100	11/13/2008	09/26/2008	48	43	14,931,000.00		14,936,000.00	14,944,458.33
9497F0KE1	4394	WFCNEW	11,700,000.00	2.570	10/14/2008	08/28/2008	47	13	11,686,311.00		11,660,743.25	11,689,141.75
Commercial Paper Disc. -Amortizing Totals			123,630,000.00				68	32	123,197,127.70	0.00	122,936,131.93	123,291,016.82
Federal Agency Coupon Securities												
31331YAC4	3914	FFCB	6,000,000.00	4.820	10/12/2012	10/30/2007	1,809	1,472	5,195,000.00	Received	6,060,600.00	6,049,343.77
3133XBBV8	3909	FHLB	5,000,000.00	4.625	02/15/2012	10/26/2007	1,573	1,232	5,129,700.00	Received	5,021,550.00	5,016,889.41
3133XPXN9	4136	FHLB	5,000,000.00	3.000	09/03/2009	03/03/2008	549	337	4,992,200.00		5,000,000.00	5,000,000.00
3133XR7F1	4270	FHLB	5,000,000.00	2.450	08/12/2009	05/12/2008	457	315	4,970,300.00		5,000,000.00	5,000,000.00
3133XRBH2	4423	FHLB	5,000,000.00	2.610	06/03/2009	09/24/2008	252	245	4,981,250.00	40,237.50	4,983,100.00	4,983,575.10
3128X7JK1	4224	FHLMC	10,000,000.00	3.250	04/14/2011	04/14/2008	1,095	13	9,967,300.00		10,000,000.00	10,000,000.00
3136F9CL5	4152	FNMA	4,900,000.00	4.125	03/11/2013	03/11/2008	1,826	1,622	4,916,856.00		4,897,550.00	4,897,822.22
3136F9CB7	4153	FNMA	5,000,000.00	4.000	03/11/2013	03/11/2008	1,826	1,622	4,992,200.00		5,000,000.00	5,000,000.00

**County Pool 2008-2009
Portfolio Management
Investment Status Report - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Mat/Call	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Coupon Securities												
31338ANT5	4155	FNMA	5,000,000.00	4.250	02/25/2013	03/12/2008	1,811	1,608	5,043,750.00	Received	5,000,000.00	5,000,000.00
Federal Agency Coupon Securities Totals			50,900,000.00				1,240	860	51,188,558.00	40,237.50	50,962,800.00	50,947,630.50
Federal Agency Disc. -Amortizing												
313385JB3	4343	FHLBDN	8,000,000.00	2.800	07/13/2009	07/17/2008	361	285	7,808,800.00		7,775,377.78	7,822,666.67
313384U56	4388	FHLBDN	1,000,000.00	2.650	12/24/2008	08/26/2008	120	84	994,200.00		991,166.67	993,816.67
313385JR8	4393	FHLBDN	10,000,000.00	2.880	07/27/2009	08/28/2008	333	299	9,749,000.00		9,733,600.00	9,760,800.00
313385KX3	4397	FHLBDN	10,000,000.00	2.900	08/28/2009	09/02/2008	358	329	9,723,000.00		9,711,611.11	9,734,972.22
313385LF1	4400	FHLBDN	5,000,000.00	2.900	09/03/2009	09/04/2008	364	337	4,857,500.00		4,853,388.89	4,864,263.89
313385AH9	4428	FHLBDN	7,400,000.00	3.310	01/08/2009	09/26/2008	104	99	7,342,280.00		7,329,239.56	7,332,641.50
313385JV9	4432	FHLBDN	8,500,000.00	3.150	07/31/2009	09/30/2008	304	303	8,284,100.00		8,273,900.00	8,274,643.75
313589KC6	4373	FNDN	6,000,000.00	2.780	08/07/2009	09/13/2008	359	310	5,843,400.00		5,833,663.33	5,858,366.66
Federal Agency Disc. -Amortizing Totals			55,900,000.00				308	277	54,602,280.00	0.00	54,601,947.34	54,640,171.36
Federal Agency Coupon - Callables												
31331X4V1	3868	FFCB	5,000,000.00	5.200	10/03/2011	10/03/2007	1,461	2	5,000,000.00		4,999,000.00	4,999,248.61
31331YQW3	4093	FFCB	5,000,000.00	3.150	02/04/2010	02/04/2008	731	491	4,989,050.00		4,989,500.00	4,999,664.58
31331YRD4	4104	FFCB	8,000,000.00	3.625	02/06/2012	02/06/2008	1,461	128	7,935,040.00		8,000,000.00	8,000,000.00
31331YUN8	4133	FFCB	6,277,000.00	3.900	02/13/2013	02/28/2008	1,811	135	6,208,329.62	Received	6,275,430.75	6,275,617.23
31331YC73	4227	FFCB	5,000,000.00	4.000	04/16/2012	04/16/2008	1,461	1,293	4,987,500.00		5,000,000.00	5,000,000.00
31331YG53	4252	FFCB	5,000,000.00	3.300	10/22/2010	04/25/2008	910	750	4,985,950.00	1,375.00	4,982,250.00	4,985,336.96
3133XMR78	3911	FHLB	5,000,000.00	4.800	10/29/2010	10/29/2007	1,096	28	5,007,800.00		4,995,625.00	4,996,969.91
3133XNG89	4012	FHLB	7,000,000.00	4.800	12/18/2012	12/18/2007	1,827	78	7,028,420.00		6,998,500.00	6,997,050.28
3133XNUZ0	4037	FHLB	6,500,000.00	3.348	12/24/2012	01/03/2008	1,817	84	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	1,577	10,003,100.00		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	120	9,971,900.00	Received	9,942,000.00	9,949,176.60
3133XQFY3	4228	FHLB	10,000,000.00	4.000	04/16/2013	04/16/2008	1,826	15	8,896,900.00		10,000,000.00	10,000,000.00
3128X6QU3	3935	FHLMC	5,000,000.00	5.000	11/13/2012	11/13/2007	1,827	43	5,012,850.00		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	70	5,018,050.00		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	127	8,868,000.00		10,000,000.00	10,000,000.00
3128X6H93	4110	FHLMC	5,000,000.00	4.250	02/12/2013	02/12/2008	1,827	42	4,991,450.00		4,998,000.00	4,998,254.44
3128X6Y42	4121	FHLMC	5,000,000.00	4.150	02/21/2013	02/21/2008	1,827	1,603	4,975,300.00		4,987,000.00	4,988,588.89
3128X6SL6	4151	FHLMC	4,825,000.00	4.250	03/11/2013	03/11/2008	1,826	71	4,835,566.75		4,825,000.00	4,825,000.00
3128X6H90	4156	FHLMC	5,000,000.00	4.250	02/12/2013	03/12/2008	1,796	42	4,991,450.00	Received	4,990,000.00	4,991,124.29

**County Pool 2008-2009
Portfolio Management
Investment Status Report - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	Term	Days to Mat./Call	Market Value	Accrued Interest At Purchase	Current Principal	Book Value
Federal Agency Coupon - Callables												
3128X7EQ3	4180	FHLMC	8,425,000.00	3.750	03/27/2013	03/27/2008	1,826	87	8,398,208.50		8,419,778.50	8,420,310.46
3128X7DP6	4192	FHLMC	5,000,000.00	3.000	04/01/2010	04/01/2008	730	0	4,977,250.00		4,996,000.00	4,997,000.00
3128X7HY3	4233	FHLMC	6,630,000.00	4.000	04/10/2013	04/17/2008	1,819	9	6,577,556.70	5,156.67	6,610,110.00	6,611,929.27
3128X7NC4	4275	FHLMC	5,000,000.00	4.000	05/15/2013	05/15/2008	1,825	45	5,008,750.00		5,000,000.00	5,000,000.00
3136F8TN5	3876	FNMA	5,000,000.00	5.350	10/10/2012	10/10/2007	1,827	9	5,003,150.00		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	14	5,004,700.00		4,994,531.25	4,996,283.28
31398AHX3	3886	FNMA	5,000,000.00	5.020	10/15/2010	10/15/2007	1,096	14	5,004,700.00		4,995,000.00	4,996,601.85
3136F8UD5	3899	FNMA	5,000,000.00	5.125	04/22/2011	10/22/2007	1,278	21	5,004,700.00		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	23	10,015,600.00		10,000,000.00	10,000,000.00
3136F8YW9	4006	FNMA	5,000,000.00	4.600	12/14/2012	12/14/2007	1,827	439	5,017,200.00		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	38	4,996,900.00		4,998,437.50	4,998,774.59
3136F8Z99	4112	FNMA	8,570,000.00	4.300	02/13/2013	02/13/2008	1,827	1,595	8,553,974.10		8,570,000.00	8,570,000.00
3136F8W68	4114	FNMA	5,000,000.00	3.400	02/14/2011	02/14/2008	1,096	44	4,987,500.00		4,993,750.00	4,995,063.66
31398ANG3	4162	FNMA	5,000,000.00	4.250	02/27/2013	03/17/2008	1,808	57	4,987,500.00	Received	4,998,437.50	4,998,607.79
3136F9EJ6	4204	FNMA	10,000,000.00	3.000	04/07/2010	04/07/2008	730	6	9,953,100.00		9,993,500.00	9,995,070.83
3136F9MK6	4264	FNMA	10,000,000.00	4.625	05/06/2013	05/06/2008	1,826	36	10,021,900.00		10,000,000.00	10,000,000.00
3136F9TG8	4297	FNMA	4,660,000.00	4.000	06/03/2011	06/03/2008	1,095	63	4,667,269.60		4,660,000.00	4,660,000.00
3136F9RZ8	4344	FNMA	5,400,000.00	3.375	06/09/2010	07/17/2008	692	69	5,403,402.00	19,237.50	5,382,720.00	5,384,504.96
Federal Agency Coupon - Callables Totals			236,287,000.00				1,555	265	235,790,617.27	25,769.17	236,102,568.50	236,130,268.48
Investment Totals			672,852,000.00				878	288	667,921,679.27	66,006.67	670,949,126.59	671,359,806.38