



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: 8/21/12  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**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 2011-2012 Fourth Quarter (Apr - June 2012)

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** N/A

As to form: Select\_Concurrence

**Recommended Actions:**

That the Board of Supervisors:

- A) Accept for filing the Fiscal Year 2011-2012 Fourth Quarter (April - June, 2012) report on the Treasurer's Investment Pool, pursuant to Government Code section 53646(b);
- B) Approve the Investment Policy Statement.

**Summary Text:**

The value of the Treasurer's Investment Pool at principal cost on June 30, 2012, was \$869,741,689. Market value of the investment pool was \$871,196,967. The weighted average days-to-maturity (WAM) for the investment pool was 705 days.

The Treasurer's Investment Pool earned \$1,888,804 for the quarter ending June 30, 2012, an annualized return of 0.717%. The net yield earned over the past year is 0.657%. 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.

For the quarter ending June 30, 2012 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 investment policy has been amended to reflect the current minimum reporting standards required by California Government Code. The Treasurer typically reports more information than the code requires. Additionally, the apportionment of earnings and costs section was updated to reflect the accounting method used to record earnings.

**Background:**

Economic growth continues to expand moderately at a rate of 1.9% down from 3% the prior quarter. The unemployment rate remained elevated at 8.2% and improvements in labor market conditions earlier in the year have slowed. Although recent activity in home sales, construction, and prices show the housing market improving, the sector has remained depressed by the supply of foreclosed or distressed properties and tight credit conditions. Inflation decreased throughout the quarter, starting at 2.7% and ending at 1.7% primarily due to the decline in gasoline and crude oil prices. Longer-term inflation expectations remained stable.

The Federal Open Market Committee (FOMC) issued this statement at its March meeting "To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates 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 at least through late 2014." The target range of 0 to ¼ percent was set by the FOMC in December 2008, where it has remained since. The FOMC will meet next quarter on July/August 31-1 and September 12-13. 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 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:**

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, 2012, net investment earnings achieved by the Treasurer's Investment Pool were \$1,888,804, with the County receiving 45%, Schools 45%, and Special Districts the balance of 10%. The net yield earned for the quarter on an annualized basis is 0.717% and over the past year is 0.657%.

**Attachments:**

1. Treasurer's Fourth Quarter Investment Pool Report (April - June 2012)
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, 2012**

## **ECONOMIC TREND**

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- **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 at least through late 2014.**

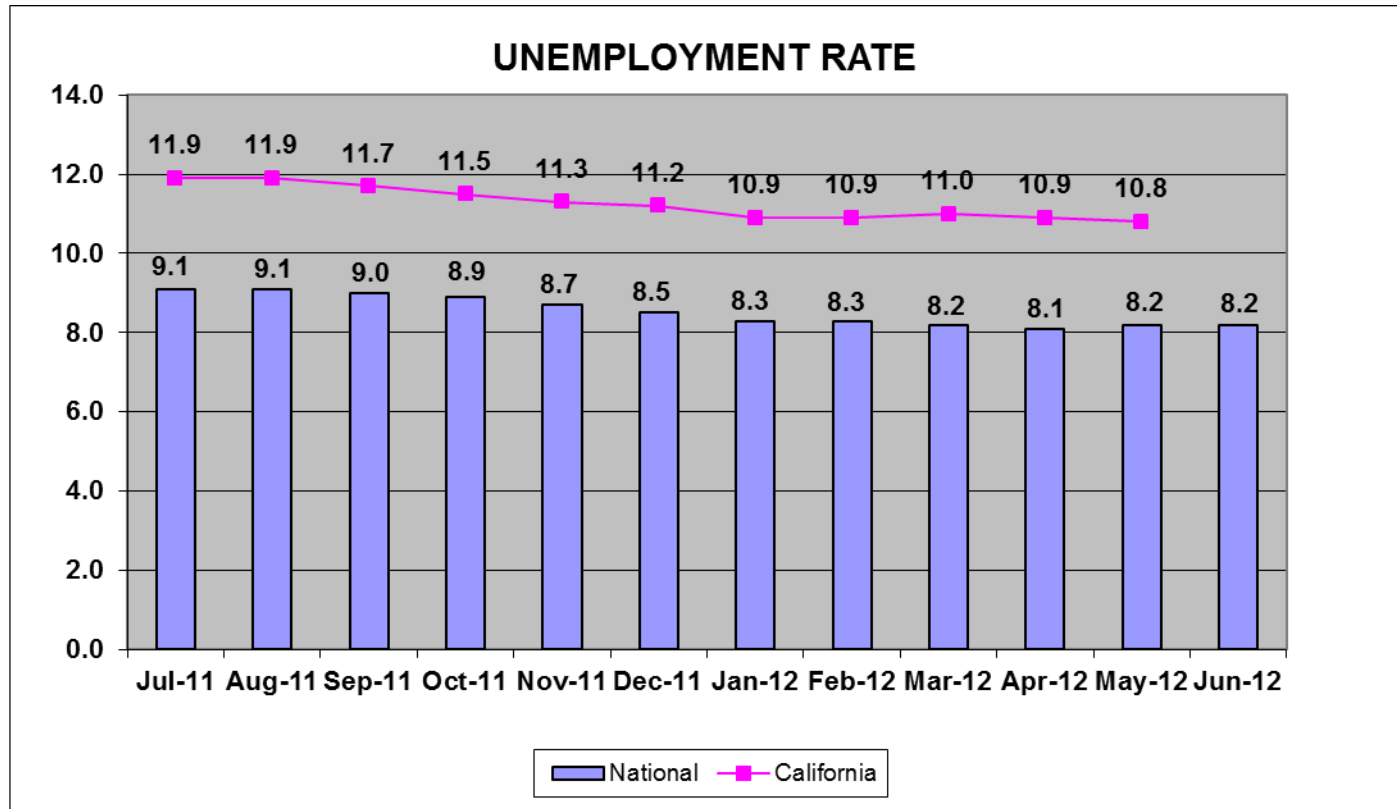
## **INVESTMENT ACTIVITIES**

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- **The investment portfolio 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.**

## ECONOMIC TREND: Unemployment Rate

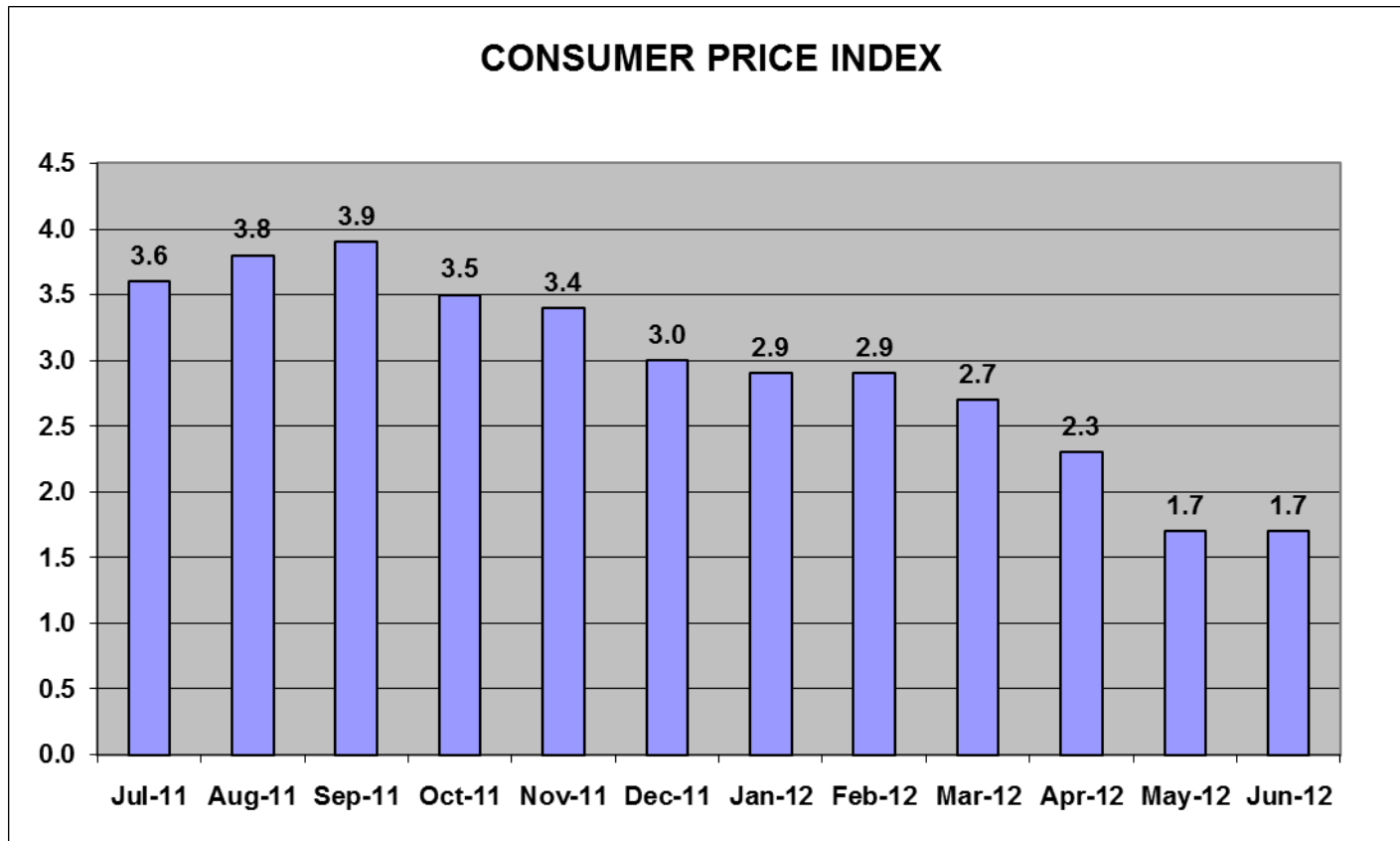
The unemployment rate represents the number of unemployed persons as a percent of the labor force. The sampling used each month to calculate the rate is approximately 60,000 households. The national unemployment rate began the quarter at 8.2% and ended at 8.2%. The California unemployment rate was 10.8% in May.



Source: Bureau of Labor Statistics

## ECONOMIC TREND: Inflation

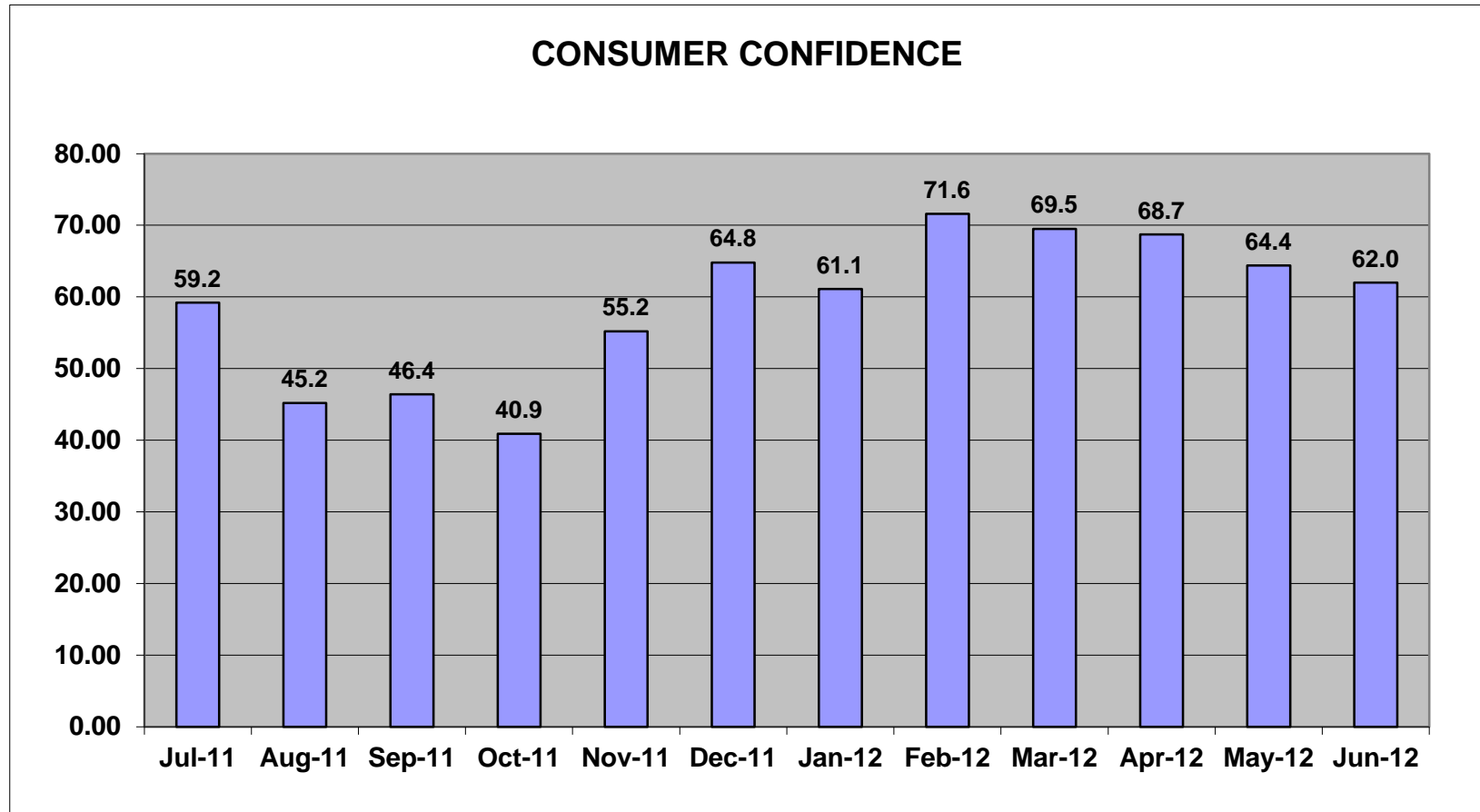
*The Consumer Price Index (CPI) represents changes in prices of all goods and services purchased for consumption by urban households. It began the quarter at 2.7 and ended at 1.7. The Core CPI, which excludes food and energy, began the quarter at 2.3 and ended at 2.2.*



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 69.5 and ended at 62.0.*

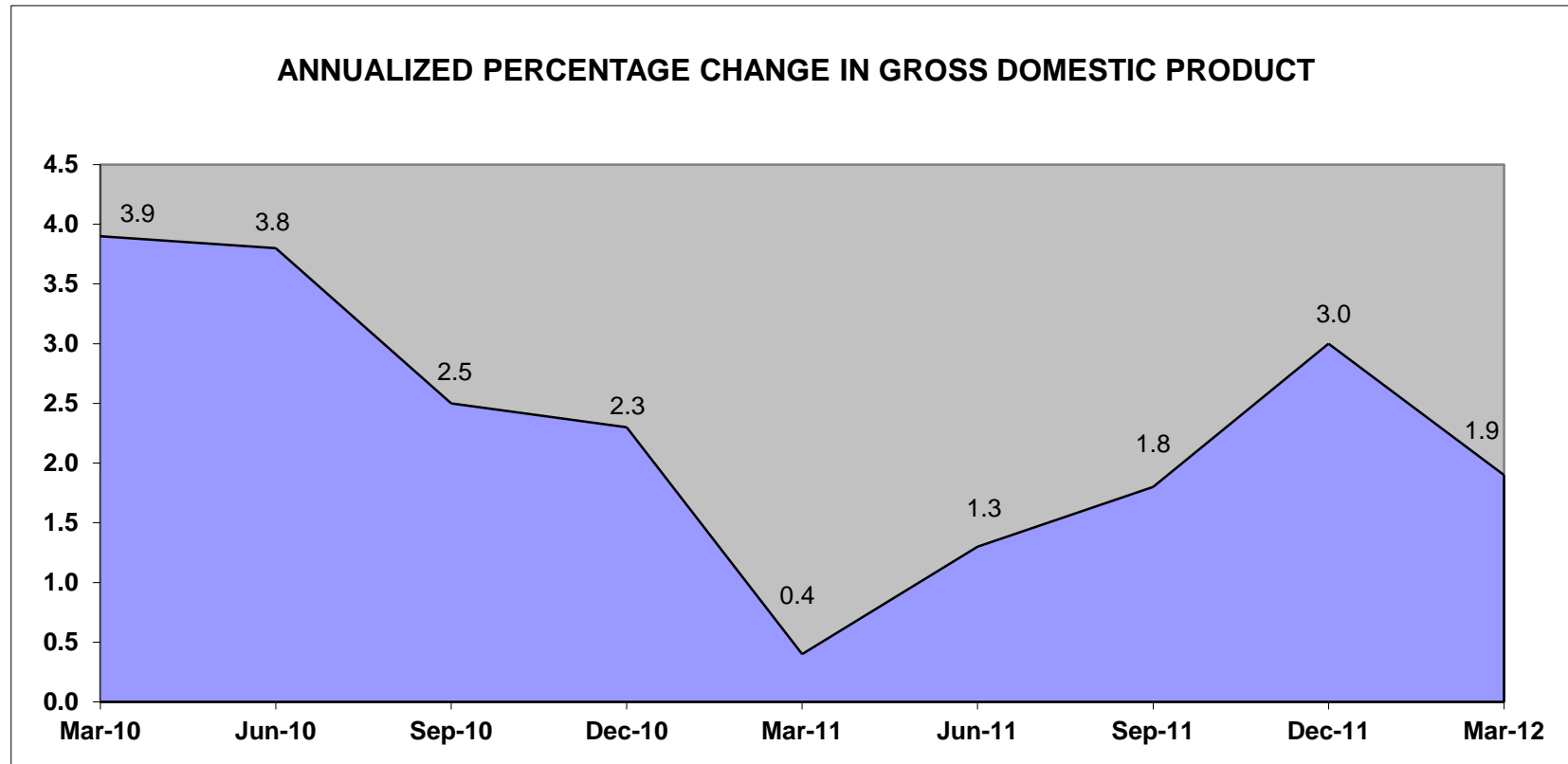


Source: Conference Board



## ECONOMIC TREND: GDP (Gross Domestic Product)

*Gross domestic product is the value of all goods and services produced. The economy experienced its eleventh consecutive quarter of positive growth, ending March 2012 at 1.9%.*



Source: Bureau of Economic Analysis

**Santa Barbara County Treasurer's Investment Pool  
Statement of Assets  
As of June 30, 2012**

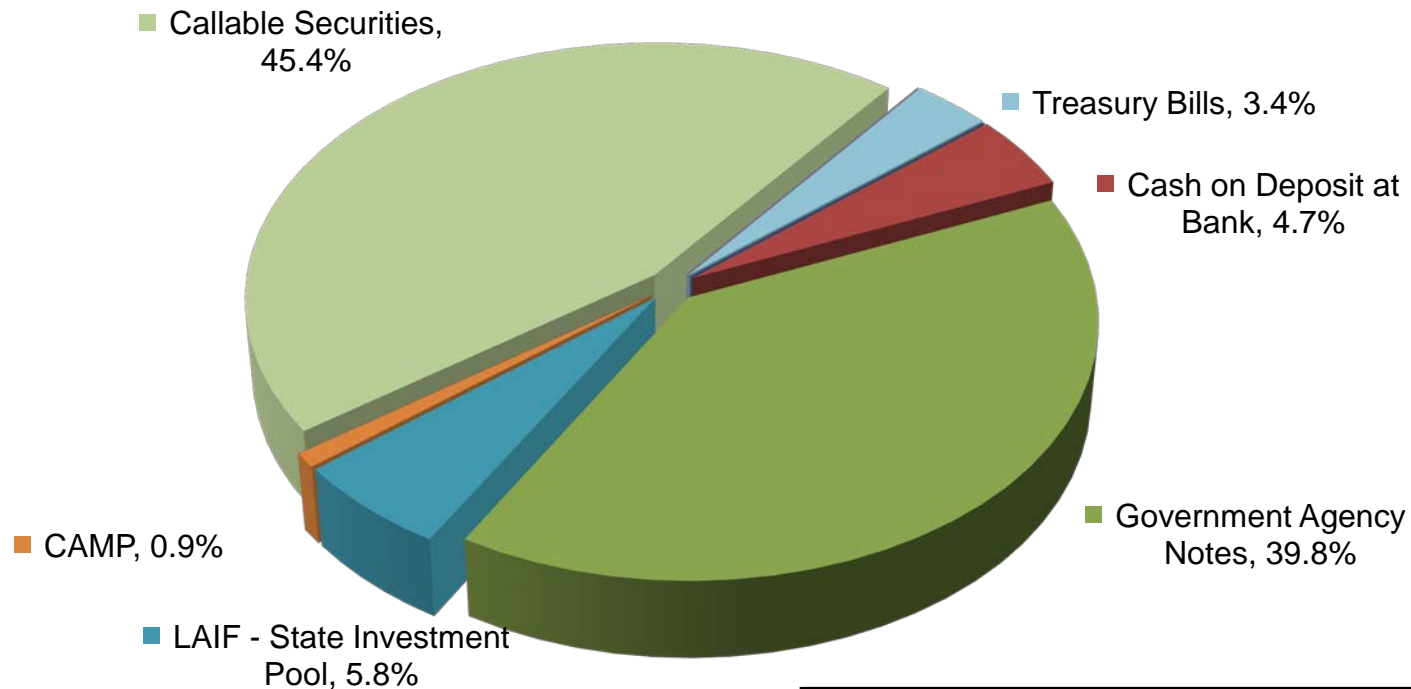
Asset Description	Cost	Net Unrealized Holding Gains/(Losses)	Fair Value* 6/30/2012	Percent of Portfolio	Yield to Maturity	Weighted Average Days to Maturity	Fair Value 3/31/2012	Net Change
<b>Cash</b>	\$ 40,913,301	\$ -	\$ 40,913,301	4.70	0.120	1	\$ 31,528,137	\$ 9,385,164
<b>California Asset Management Program (CAMP)</b>	8,000,000	-	8,000,000	0.92	0.230	1	45,000,000	(37,000,000)
<b>Local Agency Investment Fund (LAIF)</b>	50,000,000	-	50,000,000	5.74	0.360	1	50,000,000	-
<b>U.S. Treasury Bills</b>	29,983,694	13,306	29,997,000	3.44	0.139	60	19,989,200	10,007,800
<b>Medium Term Notes</b>	-	-	-	-	-	-	5,079,000	(5,079,000)
<b>Government Agency Bonds</b>	276,285,450	553,360	276,838,810	31.78	0.515	464	302,195,642	(25,356,832)
<b>Government Agency Discount Notes</b>	69,940,994	34,806	69,975,800	8.03	0.125	101	84,963,150	(14,987,350)
<b>Government Agency Bonds - Callable</b>	394,618,250	853,806	395,472,056	45.39	1.156	1,207	469,458,049	(73,985,993)
<b>Total</b>	869,741,689	1,455,278	871,196,967	100.00	0.844	705	1,008,213,178	(137,016,211)

\*Provided by Union Bank

**Treasurer's Pool Earnings Summary:**

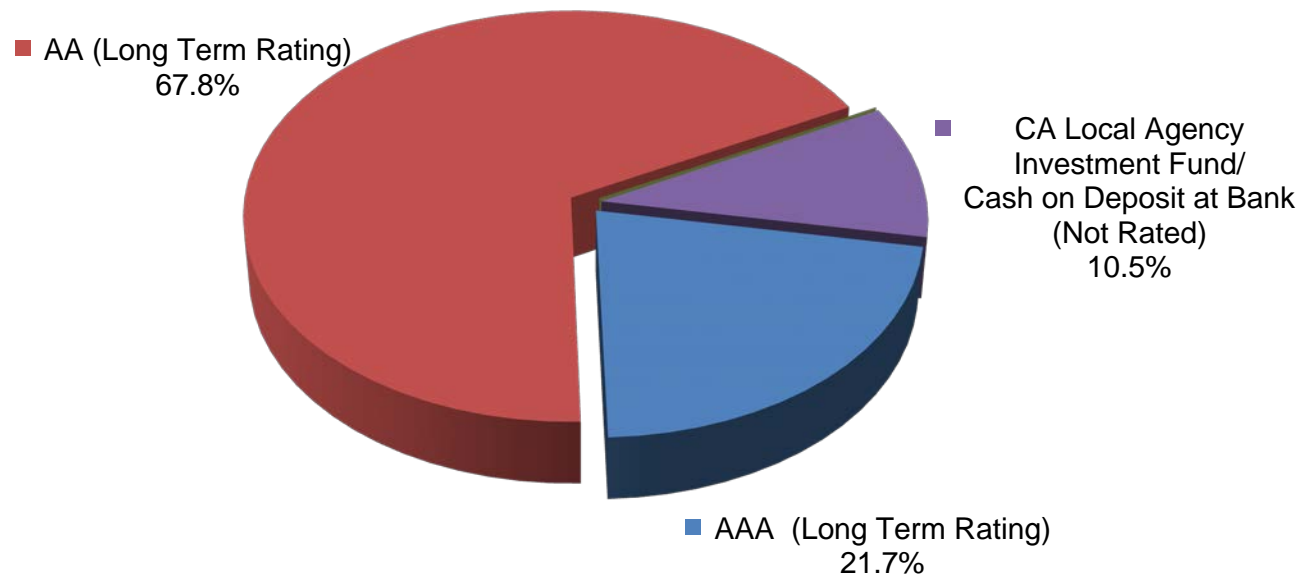
<b>Total Net Earnings on the Treasurer's Pool</b>	\$ 1,888,804
<b>Average Daily Balance on the Treasurer's Pool</b>	\$ 1,059,898,170
<b>Net Interest Rate on the Treasurer's Pool</b>	0.717%

## TREASURER'S INVESTMENT PORTFOLIO ASSET DISTRIBUTION BY SECTOR (PAR VALUE) 6/30/2012



Cash on Deposit at Bank	\$ 40,913,301
Government Agency Notes	\$ 346,000,000
LAIF - State Investment Pool	\$ 50,000,000
CAMP	\$ 8,000,000
Callable Securities	\$ 394,780,000
Treasury Bills	\$ 30,000,000
<b>TOTAL</b>	<b>\$ 869,693,301</b>

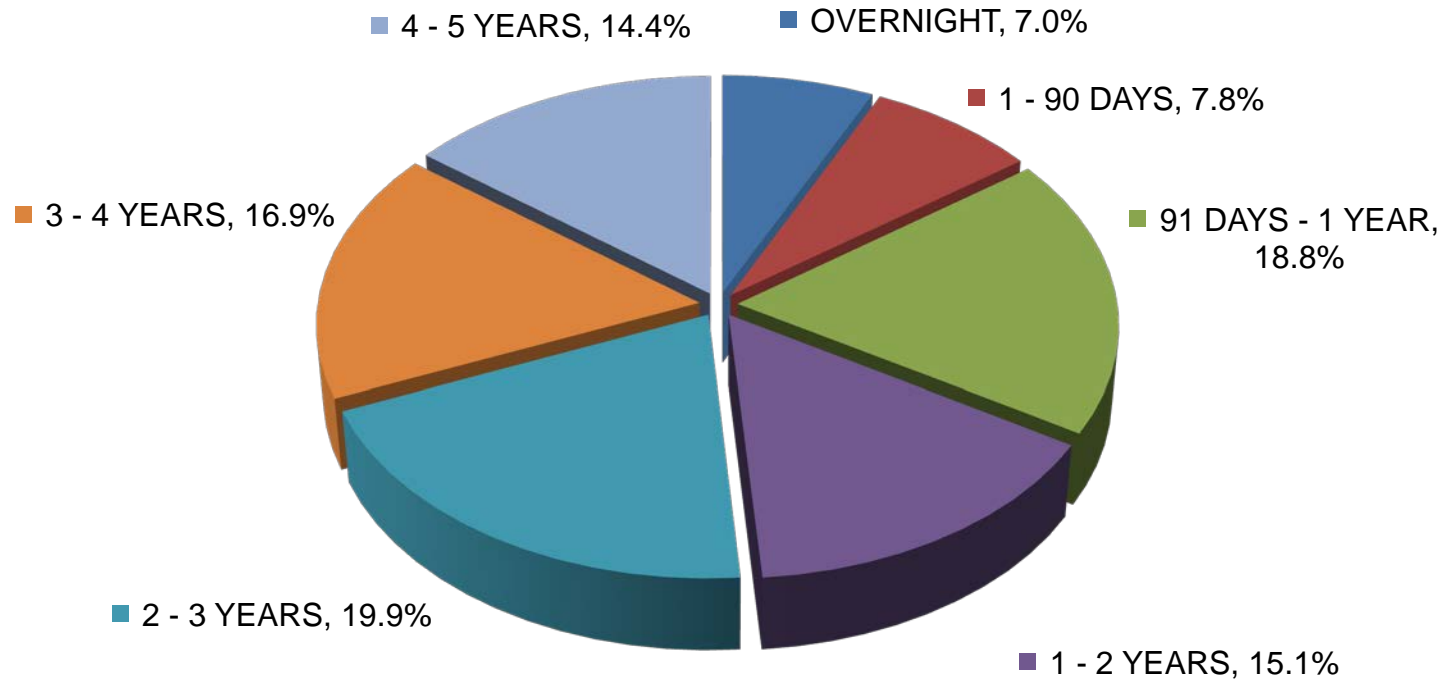
## S&P Credit Rating At Time of Purchase By Percent of Book Value 6/30/2012



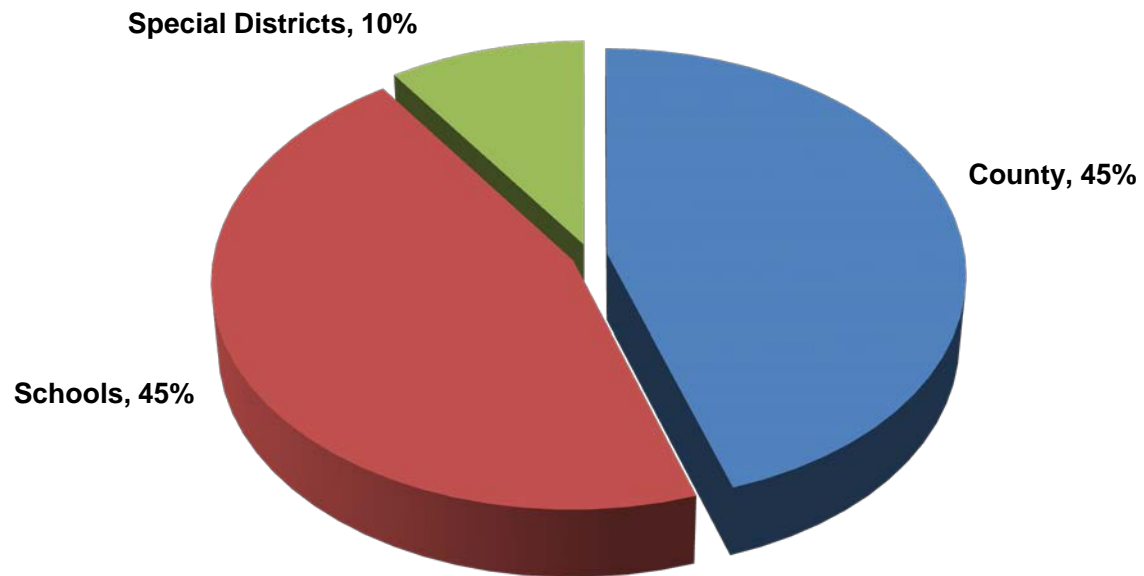
### Investment Policy Requirements:

- US Treasuries: N/A
- Agency of the Federal Government/US Government Sponsored: N/A
- Commercial Paper of US Corporations, Assets Greater Than \$500 million: A1, P1, F1 (by two of the three rating agencies)
- State of California - LAIF/Managed Investment Pools: 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.

**TREASURER'S INVESTMENT PORTFOLIO  
MATURITY DISTRIBUTION  
6/30/2012**

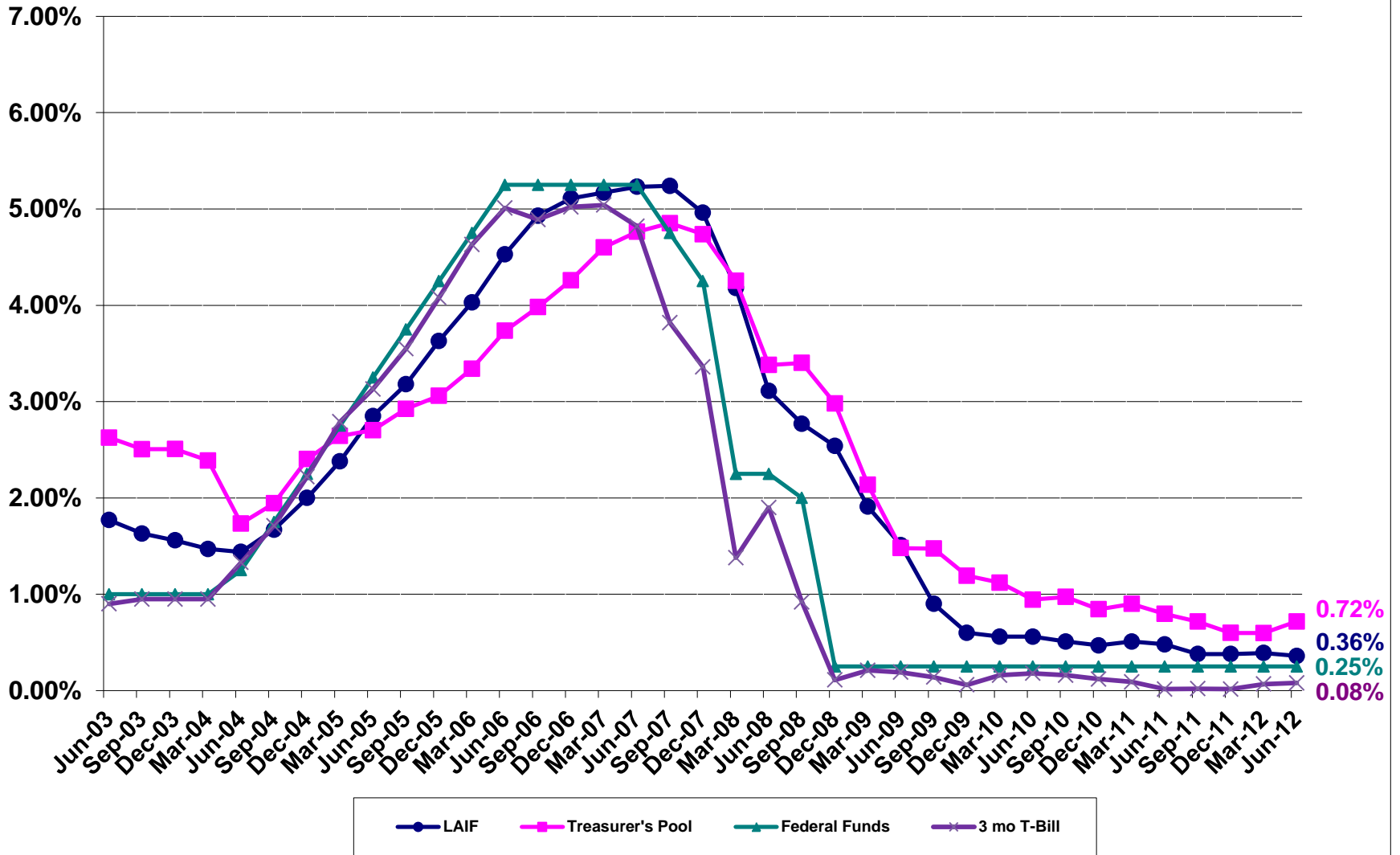


**TREASURER'S INVESTMENT PORTFOLIO  
AVERAGE DAILY CASH BALANCE & INCOME DISTRIBUTION  
for the Quarter Ended 6/30/2012**



The average daily cash balance of all entities in the pool during the quarter was \$1,059,898,170. Aggregate interest earnings of \$1,888,804 was distributed to pool participants.

**TREASURER'S INVESTMENT PORTFOLIO  
 QUARTERLY PERFORMANCE VERSUS SELECTED BENCHMARKS  
 6/30/2012**



**County Pool 2011-2012  
Portfolio Management  
Investment Status Report - Investments  
June 30, 2012**

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
<b>Cash</b>												
SYS5495	5495	BAC	40,913,301.00	0.120		05/31/2012	1	1	40,913,301.00		40,913,301.00	40,913,301.00
<b>Cash Totals</b>			<b>40,913,301.00</b>				<b>1</b>	<b>1</b>	<b>40,913,301.00</b>	<b>0.00</b>	<b>40,913,301.00</b>	<b>40,913,301.00</b>
<b>CAMP</b>												
SYS5272	5272	CAMP	8,000,000.00	0.230			1	1	8,000,000.00		8,000,000.00	8,000,000.00
<b>CAMP Totals</b>			<b>8,000,000.00</b>				<b>1</b>	<b>1</b>	<b>8,000,000.00</b>	<b>0.00</b>	<b>8,000,000.00</b>	<b>8,000,000.00</b>
<b>Local Agency Investment Funds</b>												
SYS1009	1009	LAIF	50,000,000.00	0.360			1	1	50,000,000.00		50,000,000.00	50,000,000.00
<b>Local Agency Investment Funds Totals</b>			<b>50,000,000.00</b>				<b>1</b>	<b>1</b>	<b>50,000,000.00</b>	<b>0.00</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>
<b>Federal Agency Coupon Securities</b>												
31331YAC4	3914	FFCB	6,000,000.00	4.820	10/12/2012	10/30/2007	1,809	103	6,077,460.00	Received	6,060,600.00	6,003,434.68
31331J2V4	5265	FFCB	5,000,000.00	0.550	11/19/2012	11/19/2010	731	141	5,007,200.00		4,997,500.00	4,999,520.83
31331KAH3	5310	FFCB	5,000,000.00	1.125	02/27/2014	01/19/2011	1,135	606	5,064,350.00		4,990,150.00	4,994,749.02
31331KHW3	5342	FFCB	5,000,000.00	1.625	11/19/2014	04/19/2011	1,310	871	5,147,600.00		4,997,100.00	4,998,071.16
31331KTK6	5415	FFCB	10,000,000.00	0.875	08/01/2014	08/01/2011	1,096	761	10,100,800.00		10,000,000.00	10,000,000.00
31331K2J8	5484	FFCB	5,000,000.00	0.250	05/24/2013	12/06/2011	535	327	4,997,400.00		5,000,000.00	5,000,000.00
31331K7J3	5517	FFCB	5,000,000.00	0.350	01/23/2014	01/23/2012	731	571	5,001,100.00		5,000,000.00	5,000,000.00
3133EALT3	5566	FFCB	5,000,000.00	0.300	11/18/2013	04/18/2012	579	505	4,998,100.00		5,000,000.00	5,000,000.00
3133763H6	5467	FHLB	10,000,000.00	0.220	10/26/2012	10/28/2011	364	117	10,002,200.00		10,000,000.00	10,000,000.00
313376BV6	5469	FHLB	10,000,000.00	0.200	11/07/2012	11/07/2011	366	129	10,001,700.00		10,000,000.00	10,000,000.00
313376LQ6	5486	FHLB	10,000,000.00	0.350	06/06/2013	12/06/2011	548	340	10,008,100.00		10,000,000.00	10,000,000.00
313376LQ6	5487	FHLB	5,000,000.00	0.350	06/06/2013	12/06/2011	548	340	5,004,050.00		5,000,000.00	5,000,000.00
313376MP7	5500	FHLB	10,000,000.00	0.210	01/03/2013	12/19/2011	381	186	9,999,600.00		10,000,000.00	10,000,000.00
313376P58	5508	FHLB	10,000,000.00	0.350	06/28/2013	01/11/2012	534	362	10,007,900.00		10,000,000.00	10,000,000.00
313376SQ9	5510	FHLB	10,000,000.00	0.170	01/17/2013	01/17/2012	366	200	9,996,100.00		10,000,000.00	10,000,000.00
313376WG6	5521	FHLB	5,000,000.00	0.280	07/26/2013	01/26/2012	547	390	5,000,000.00		5,000,000.00	5,000,000.00
313376VB8	5527	FHLB	10,000,000.00	0.250	07/30/2013	02/03/2012	543	394	9,996,600.00		10,000,000.00	10,000,000.00
313376TQ8	5529	FHLB	5,000,000.00	0.170	02/06/2013	02/06/2012	366	220	4,997,350.00		4,999,500.00	4,999,701.39
313376WB7	5533	FHLB	10,000,000.00	0.280	08/13/2013	02/13/2012	547	408	9,999,200.00		10,000,000.00	10,000,000.00
3133783D1	5534	FHLB	10,000,000.00	0.300	02/13/2014	02/13/2012	731	592	9,991,100.00		10,000,000.00	10,000,000.00
313378AN1	5536	FHLB	5,000,000.00	0.180	02/15/2013	02/15/2012	366	229	4,997,500.00		5,000,000.00	5,000,000.00
313376XT7	5538	FHLB	5,000,000.00	0.240	08/14/2013	02/21/2012	540	409	4,997,350.00	233.33	4,995,550.00	4,996,635.37
313378EW7	5542	FHLB	5,000,000.00	0.190	02/28/2013	02/28/2012	366	242	4,997,700.00		4,999,000.00	4,999,341.67
313378BS9	5543	FHLB	5,000,000.00	0.190	02/28/2013	02/28/2012	366	242	4,997,700.00		4,998,550.00	4,999,045.42
313378FG1	5545	FHLB	10,000,000.00	0.200	03/01/2013	03/02/2012	364	243	9,996,000.00		9,998,700.00	9,999,130.92



**County Pool 2011-2012  
Portfolio Management  
Investment Status Report - Investments  
June 30, 2012**

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
<b>Federal Agency Coupon Securities</b>												
313376ZQ1	5547	FHLB	5,000,000.00	0.375	03/13/2015	03/09/2012	1,099	985	4,982,150.00	1,875.00	4,975,350.00	4,977,896.86
3133794Z9	5569	FHLB	10,000,000.00	0.280	10/25/2013	04/27/2012	546	481	9,995,400.00		10,000,000.00	10,000,000.00
3134G2YJ5	5449	FHLMC	5,000,000.00	0.500	09/19/2014	09/23/2011	1,092	810	5,008,150.00	Received	4,994,200.00	4,995,698.51
3137EACY3	5454	FHLMC	5,000,000.00	0.750	11/25/2014	10/06/2011	1,146	877	5,037,500.00		4,998,300.00	4,998,699.03
3134G2U42	5456	FHLMC	5,000,000.00	0.375	10/15/2013	10/19/2011	727	471	5,004,450.00	Received	4,987,650.00	4,991,996.65
3137EACZ0	5468	FHLMC	5,000,000.00	0.375	11/27/2013	11/01/2011	757	514	5,003,900.00		4,988,550.00	4,992,233.65
3134G2U42	5489	FHLMC	5,000,000.00	0.375	10/15/2013	12/08/2011	677	471	5,004,450.00	Received	4,996,700.00	4,997,704.35
3137EACX5	5509	FHLMC	5,000,000.00	0.375	10/30/2013	01/13/2012	656	486	5,012,250.00	Received	5,003,550.00	5,002,628.21
3134G2UA8	5514	FHLMC	5,000,000.00	1.000	08/20/2014	01/19/2012	944	780	5,058,050.00	Received	5,062,850.00	5,051,913.69
3134G3LA6	5515	FHLMC	10,000,000.00	0.375	02/27/2014	01/23/2012	766	606	10,002,500.00		9,991,000.00	9,992,885.94
3134G3NS5	5530	FHLMC	5,000,000.00	0.300	03/21/2014	02/06/2012	774	628	4,997,700.00		4,997,500.00	4,997,973.86
31398A4T6	5270	FNMA	5,000,000.00	0.500	10/30/2012	11/29/2010	701	121	5,005,750.00	Received	4,989,100.00	4,989,122.87
3135G0BR3	5370	FNMA	5,000,000.00	0.500	08/09/2013	06/17/2011	784	404	5,011,900.00		4,991,500.00	4,995,617.88
3135G0DW0	5453	FNMA	5,000,000.00	0.625	10/30/2014	10/04/2011	1,122	851	5,022,150.00	Received	4,995,550.00	4,996,624.28
3135G0FY4	5474	FNMA	5,000,000.00	0.750	12/19/2014	11/17/2011	1,128	901	5,036,050.00		4,999,850.00	4,999,880.22
3135G0AL7	5531	FNMA	5,000,000.00	2.250	03/15/2016	02/10/2012	1,495	1,353	5,275,950.00	Received	5,291,600.00	5,263,725.02
3135G0KM4	5567	FNMA	5,000,000.00	0.500	05/27/2015	04/19/2012	1,133	1,060	4,996,350.00		4,985,550.00	4,986,480.59
<b>Federal Agency Coupon Securities Totals</b>			<b>276,000,000.00</b>				<b>704</b>	<b>464</b>	<b>276,838,810.00</b>	<b>2,108.33</b>	<b>276,285,450.00</b>	<b>276,229,712.07</b>
<b>Federal Agency Disc. -Amortizing</b>												
313384V48	5553	FHDN	10,000,000.00	0.160	12/31/2012	03/28/2012	278	183	9,993,400.00		9,987,644.44	9,991,866.66
313384YZ6	5557	FHDN	10,000,000.00	0.100	07/05/2012	04/05/2012	91	4	10,000,000.00		9,997,472.00	9,999,888.88
313384ZA0	5558	FHDN	10,000,000.00	0.105	07/06/2012	04/09/2012	88	5	10,000,000.00		9,997,433.00	9,999,854.15
313385BW5	5539	FHLBDN	10,000,000.00	0.180	02/14/2013	02/22/2012	358	228	9,989,900.00		9,982,100.00	9,988,600.00
313396F81	5537	FMCDN	5,000,000.00	0.150	09/14/2012	02/15/2012	212	75	4,999,200.00		4,995,583.33	4,998,437.50
313396H97	5555	FMCDN	10,000,000.00	0.140	10/01/2012	04/03/2012	181	92	9,997,700.00		9,992,961.00	9,996,422.17
313589AD5	5506	FNDN	5,000,000.00	0.140	01/04/2013	01/10/2012	360	187	4,996,400.00		4,993,000.00	4,996,363.89
313588E27	5559	FNDN	10,000,000.00	0.130	08/31/2012	04/09/2012	144	61	9,999,200.00		9,994,800.00	9,997,797.22
<b>Federal Agency Disc. -Amortizing Totals</b>			<b>70,000,000.00</b>				<b>204</b>	<b>101</b>	<b>69,975,800.00</b>	<b>0.00</b>	<b>69,940,993.77</b>	<b>69,969,230.47</b>
<b>Treasury Discounts -Amortizing</b>												
9127956H9	5548	USTR	10,000,000.00	0.150	09/13/2012	03/15/2012	182	74	9,998,400.00		9,992,416.67	9,996,916.67
9127956C0	5552	USTR	10,000,000.00	0.120	08/30/2012	03/28/2012	155	60	9,999,200.00		9,994,833.33	9,998,000.00
9127956B2	5560	USTR	10,000,000.00	0.100	08/16/2012	04/10/2012	128	46	9,999,400.00		9,996,444.44	9,998,722.22
<b>Treasury Discounts -Amortizing Totals</b>			<b>30,000,000.00</b>				<b>155</b>	<b>60</b>	<b>29,997,000.00</b>	<b>0.00</b>	<b>29,983,694.44</b>	<b>29,993,638.89</b>

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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
<b>Federal Agency Coupon - Callables</b>												
31331KTC4	5416	FFCB	5,000,000.00	1.000	08/01/2014	08/01/2011	1,096	761	5,002,950.00		5,000,000.00	5,000,000.00
31331KWP1	5432	FFCB	10,000,000.00	0.790	08/28/2014	08/29/2011	1,095	788	10,006,500.00		10,000,000.00	10,000,000.00
31331KXC9	5442	FFCB	5,000,000.00	1.500	09/06/2016	09/06/2011	1,827	1,528	5,012,150.00		5,000,000.00	5,000,000.00
31331KXZ8	5445	FFCB	5,000,000.00	1.470	09/12/2016	09/12/2011	1,827	1,534	5,010,700.00		5,000,000.00	5,000,000.00
31331KG61	5455	FFCB	5,000,000.00	1.290	10/19/2015	10/19/2011	1,461	1,205	5,012,200.00		5,000,000.00	5,000,000.00
31331KS92	5473	FFCB	5,000,000.00	1.120	11/16/2015	11/16/2011	1,461	1,233	5,012,350.00		5,000,000.00	5,000,000.00
31331K2S8	5494	FFCB	5,000,000.00	1.170	12/14/2015	12/14/2011	1,461	1,261	5,010,700.00		5,000,000.00	5,000,000.00
31331K3C2	5499	FFCB	5,000,000.00	0.750	12/19/2014	12/19/2011	1,096	901	5,007,750.00		5,000,000.00	5,000,000.00
31331K3X6	5504	FFCB	5,000,000.00	0.280	06/20/2013	12/21/2011	547	354	4,998,100.00	Received	4,996,250.00	4,997,571.89
31331K6R6	5511	FFCB	5,000,000.00	0.820	07/17/2015	01/17/2012	1,277	1,111	5,000,150.00		5,000,000.00	5,000,000.00
31331K7B0	5512	FFCB	5,000,000.00	1.090	07/18/2016	01/18/2012	1,643	1,478	5,000,250.00		4,998,250.00	4,998,426.08
31331K6Q8	5513	FFCB	5,000,000.00	0.740	04/17/2015	01/19/2012	1,184	1,020	5,000,150.00	Received	5,000,000.00	5,000,000.00
3133EAEK0	5541	FFCB	5,000,000.00	1.000	05/23/2016	02/23/2012	1,551	1,422	5,000,250.00		5,000,000.00	5,000,000.00
3133EAFQ6	5544	FFCB	5,000,000.00	1.260	03/01/2017	03/01/2012	1,826	1,704	5,016,150.00		5,000,000.00	5,000,000.00
3133EAGG7	5546	FFCB	5,000,000.00	1.000	03/08/2016	03/08/2012	1,461	1,346	5,018,350.00		5,000,000.00	5,000,000.00
3133EAJA7	5550	FFCB	5,000,000.00	0.970	03/21/2016	03/21/2012	1,461	1,359	5,000,250.00		4,987,500.00	4,988,368.06
3133EAJE9	5551	FFCB	5,000,000.00	0.460	03/26/2014	03/26/2012	730	633	5,008,450.00		5,000,000.00	5,000,000.00
3133EAKF4	5554	FFCB	10,000,000.00	0.860	10/02/2015	04/02/2012	1,278	1,188	10,000,400.00		10,000,000.00	10,000,000.00
3133EAKP2	5556	FFCB	10,000,000.00	1.360	04/04/2017	04/04/2012	1,826	1,738	10,057,900.00		9,995,000.00	9,995,241.67
3133EALA4	5561	FFCB	5,000,000.00	1.040	04/11/2016	04/11/2012	1,461	1,380	5,019,900.00		5,000,000.00	5,000,000.00
3133EALP1	5565	FFCB	5,000,000.00	0.600	04/16/2015	04/16/2012	1,095	1,019	5,009,700.00		5,000,000.00	5,000,000.00
313376TU9	5528	FHLB	5,000,000.00	0.875	11/03/2015	02/03/2012	1,369	1,220	5,000,150.00		5,000,000.00	5,000,000.00
3133782E0	5540	FHLB	5,000,000.00	0.900	08/22/2016	02/22/2012	1,643	1,513	4,981,800.00		4,985,000.00	4,986,194.44
313378XE6	5568	FHLB	5,000,000.00	1.050	04/27/2017	04/27/2012	1,826	1,761	5,002,650.00		5,000,000.00	5,000,000.00
3134G2PU0	5389	FHLMC	10,000,000.00	1.500	07/13/2015	07/13/2011	1,461	1,107	10,003,000.00		9,950,000.00	9,962,083.33
3134G2PU0	5390	FHLMC	5,000,000.00	1.500	07/13/2015	07/13/2011	1,461	1,107	5,001,500.00		4,960,000.00	4,969,666.67
3134G2PU0	5394	FHLMC	5,000,000.00	1.500	07/13/2015	07/20/2011	1,454	1,107	5,001,500.00	Received	4,999,000.00	4,999,237.96
3134G2PZ9	5395	FHLMC	5,000,000.00	2.010	07/20/2016	07/20/2011	1,827	1,480	5,004,400.00		5,000,000.00	5,000,000.00
3134G2TJ1	5401	FHLMC	5,000,000.00	1.270	01/26/2015	07/26/2011	1,280	939	5,002,750.00		5,000,000.00	5,000,000.00
3134G2SP8	5413	FHLMC	5,000,000.00	2.000	07/28/2016	07/28/2011	1,827	1,488	5,042,650.00		5,000,000.00	5,000,000.00
3134G2Y89	5457	FHLMC	5,000,000.00	1.000	04/24/2015	10/24/2011	1,278	1,027	5,007,900.00		5,000,000.00	5,000,000.00
3134G24N9	5470	FHLMC	5,000,000.00	1.000	05/08/2015	11/08/2011	1,277	1,041	5,022,750.00		5,000,000.00	5,000,000.00
3134G3AW0	5477	FHLMC	5,000,000.00	0.750	05/21/2014	11/21/2011	912	689	5,005,700.00		5,000,000.00	5,000,000.00
3134G3BL3	5482	FHLMC	5,000,000.00	1.000	12/05/2014	12/05/2011	1,096	887	5,008,550.00		5,000,000.00	5,000,000.00
3134G27F3	5491	FHLMC	8,180,000.00	1.500	11/28/2016	12/08/2011	1,817	1,611	8,213,129.00	Received	8,180,000.00	8,180,000.00
3134G3DC1	5501	FHLMC	5,000,000.00	1.375	06/20/2016	12/20/2011	1,644	1,450	5,027,400.00		5,000,000.00	5,000,000.00
3134G3LU2	5535	FHLMC	5,000,000.00	1.050	02/14/2017	02/14/2012	1,827	1,689	5,034,850.00		5,000,000.00	5,000,000.00

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<b>Federal Agency Coupon - Callables</b>												
3136FRXA6	5388	FNMA	5,000,000.00	1.500	07/13/2015	07/13/2011	1,461	1,107	5,001,600.00		4,998,750.00	4,999,052.08
3136FRA94	5408	FNMA	5,100,000.00	1.500	04/27/2015	07/27/2011	1,370	1,030	5,103,927.00		5,100,000.00	5,100,000.00
3136FRC43	5410	FNMA	5,000,000.00	2.050	07/27/2016	07/27/2011	1,827	1,487	5,005,550.00		4,996,250.00	4,996,945.83
3136FRP80	5423	FNMA	5,000,000.00	1.050	08/24/2015	08/24/2011	1,461	1,149	5,004,700.00		5,000,000.00	5,000,000.00
3136FRP80	5430	FNMA	5,000,000.00	1.050	08/24/2015	08/26/2011	1,459	1,149	5,004,700.00	Received	5,000,000.00	5,000,000.00
3135G0CN1	5433	FNMA	5,000,000.00	0.650	08/28/2014	08/29/2011	1,095	788	5,002,950.00		5,000,000.00	5,000,000.00
3136FRS61	5444	FNMA	5,000,000.00	1.250	03/07/2016	09/07/2011	1,643	1,345	5,006,050.00		5,000,000.00	5,000,000.00
3136FRT29	5446	FNMA	10,000,000.00	1.000	09/14/2015	09/14/2011	1,461	1,170	10,012,000.00		9,998,000.00	9,998,398.61
3136FR2N2	5448	FNMA	5,000,000.00	1.000	09/19/2016	09/19/2011	1,827	1,541	5,008,000.00		5,000,000.00	5,000,000.00
3136FTAP4	5450	FNMA	5,000,000.00	1.300	09/28/2016	09/28/2011	1,827	1,550	5,010,450.00		4,997,500.00	4,997,879.17
3136FTDE6	5458	FNMA	5,000,000.00	0.770	10/24/2014	10/24/2011	1,096	845	5,014,950.00		4,993,750.00	4,995,179.40
3135G0EF6	5459	FNMA	5,000,000.00	0.800	10/24/2014	10/24/2011	1,096	845	5,006,950.00		5,000,000.00	5,000,000.00
3135G0EL3	5460	FNMA	10,000,000.00	0.600	10/25/2013	10/25/2011	731	481	10,006,400.00		10,000,000.00	10,000,000.00
3136FTHC6	5461	FNMA	5,000,000.00	1.000	01/26/2015	10/26/2011	1,188	939	5,006,850.00		5,000,000.00	5,000,000.00
3136FTHC6	5462	FNMA	5,000,000.00	1.000	01/26/2015	10/26/2011	1,188	939	5,006,850.00		5,000,000.00	5,000,000.00
3136FTFU8	5464	FNMA	5,000,000.00	1.250	10/26/2016	10/26/2011	1,827	1,578	5,013,350.00		5,000,000.00	5,000,000.00
3135G0FH1	5466	FNMA	5,000,000.00	1.100	04/24/2015	10/28/2011	1,274	1,027	5,011,350.00		5,000,000.00	5,000,000.00
3136FTKW8	5472	FNMA	5,000,000.00	0.650	11/14/2014	11/14/2011	1,096	866	5,002,400.00		5,000,000.00	5,000,000.00
3136FTRJ0	5485	FNMA	5,000,000.00	1.500	12/06/2016	12/06/2011	1,827	1,619	5,019,550.00		5,000,000.00	5,000,000.00
3136FTDU0	5490	FNMA	10,000,000.00	1.125	10/26/2015	12/08/2011	1,418	1,212	10,023,200.00	Received	10,000,000.00	10,000,000.00
3136FR7K3	5496	FNMA	5,000,000.00	1.250	09/28/2016	12/16/2011	1,748	1,550	5,008,050.00	Received	4,987,000.00	4,988,472.13
3135G0GP2	5498	FNMA	10,000,000.00	0.750	12/19/2014	12/19/2011	1,096	901	10,014,200.00		10,000,000.00	10,000,000.00
3135G0CV3	5503	FNMA	5,000,000.00	1.050	09/14/2015	12/21/2011	1,363	1,170	5,006,300.00	Received	4,999,500.00	4,999,570.74
3136FTWM7	5507	FNMA	5,000,000.00	0.625	01/10/2017	01/10/2012	1,827	1,654	5,008,650.00		5,000,000.00	5,000,000.00
3136FTYF0	5516	FNMA	5,000,000.00	0.500	01/23/2015	01/23/2012	1,096	936	5,002,300.00		5,000,000.00	5,000,000.00
3136FTC98	5519	FNMA	5,000,000.00	0.500	01/25/2016	01/25/2012	1,461	1,303	5,001,000.00		5,000,000.00	5,000,000.00
3136FTZF9	5520	FNMA	5,000,000.00	0.500	01/25/2016	01/25/2012	1,461	1,303	5,002,650.00		5,000,000.00	5,000,000.00
3136FTZU6	5522	FNMA	6,500,000.00	0.750	01/30/2017	01/30/2012	1,827	1,674	6,516,900.00		6,500,000.00	6,500,000.00
3135G0HC0	5523	FNMA	5,000,000.00	0.625	01/30/2015	01/30/2012	1,096	943	5,007,800.00		5,000,000.00	5,000,000.00
3136FTA58	5524	FNMA	5,000,000.00	1.300	01/30/2017	01/30/2012	1,827	1,674	5,022,150.00		5,000,000.00	5,000,000.00
3136FTA58	5525	FNMA	5,000,000.00	1.300	01/30/2017	01/30/2012	1,827	1,674	5,022,150.00		5,000,000.00	5,000,000.00
3136FTA58	5526	FNMA	5,000,000.00	1.300	01/30/2017	01/30/2012	1,827	1,674	5,022,150.00		4,996,500.00	4,996,793.61
3136FTK65	5532	FNMA	5,000,000.00	0.300	02/13/2015	02/13/2012	1,096	957	5,000,000.00		5,000,000.00	5,000,000.00
<b>Federal Agency Coupon - Callables Totals</b>			<b>394,780,000.00</b>				<b>1,425</b>	<b>1,207</b>	<b>395,472,056.00</b>	<b>0.00</b>	<b>394,618,250.00</b>	<b>394,649,081.67</b>

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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
<b>Investment Totals</b>			869,693,301.00				892	705	871,196,967.00	2,108.33	869,741,689.21	869,754,964.10