



+COUNCIL AGENDA REPORT

City of Anaheim OFFICE OF THE CITY TREASURER

DATE: SEPTEMBER 27, 2011
FROM: OFFICE OF THE CITY TREASURER
SUBJECT: INVESTMENT PORTFOLIO REPORT – AUGUST 2011

ATTACHMENT (Y/N): YES ITEM #

RECOMMENDATION:

That the City Council, by Motion, approve the Investment Portfolio Report for August 2011.

DISCUSSION:

This is the investment report for the City's general pool for the month ending August 31, 2011. The report is provided to ensure that the City Council is informed as to the investment activities and fulfills the reporting requirements of the City's adopted investment policy.

COMPLIANCE:

All investment transactions were executed in accordance with the California Government Code and the City's Investment Policy. There is sufficient liquidity to meet the City's anticipated expenditure requirements for the next six months.

INVESTMENT SUMMARY:

The following table shows summary investment information for the month ending August 31, 2011:

	Short-term Portfolio	Long-term Portfolio	Total Portfolio Values
Portfolio Balance (Market Value) *	\$ 112,051,416	\$ 303,126,356	\$ 415,177,772
Effective Yield	0.25 %	2.26 %	1.71 %
Avg. Weighted Maturity	4 Days	2.5 Years	1.8 Years
Net Earnings	\$ 23,811	\$ 564,280	\$ 588,091
Benchmark**	0.01%	0.27%	0.19 %

* Portfolio balance includes approximately \$80.1 million of the 2011A Electric Bond project funds

** Benchmark value is the Interpolated Treasury Yield to the Portfolio's Avg. Weighted Maturity

INVESTMENT ACTIVITIES

The City Treasurer's Investment Portfolio was downgraded from "AAAF" to "AAF" by Standard and Poor's (S&P) effective August 8, 2011. This action was the result of S&P downgrading the debt issues of the United States Treasury and Federal Agency's from "AAA" to "AA+". The action of S&P to downgrade United States direct issuance debt and the corresponding Federal Agency debt issues was prompted by the ongoing political discussions in Washington about the federal budget and specifically the amount and increase in the national debt limit. This action has the additional effect of casting a shadow over public and private investment firms that rely on these ratings.

It should be pointed out the downgrade in credit rating is the sole action of Standard and Poor's, since the other two major national credit firms of Moody's Investor Services and Fitch Ratings have maintained the "AAA" credit rating on all U.S. Treasury and Federal Agency debt issues. This downgrade is not a reflection on the management of the City's investment portfolio but rather focuses on the credit rating of the investment holdings of the portfolio. As of August 31, 2011, the City's investment portfolio had no investments in United States Treasury issues and had approximately \$245 million or 58 percent of total portfolio funds invested in Federal Agencies.

Even with the credit downgrade to the investment portfolio, the investment portfolio is still eligible and qualifies as a 'permitted investment' for City bond funds (i.e., project or acquisition funds).

This credit downgrade is for the City's investment portfolio and does NOT reflect or affect the credit rating of the City's bond issues.

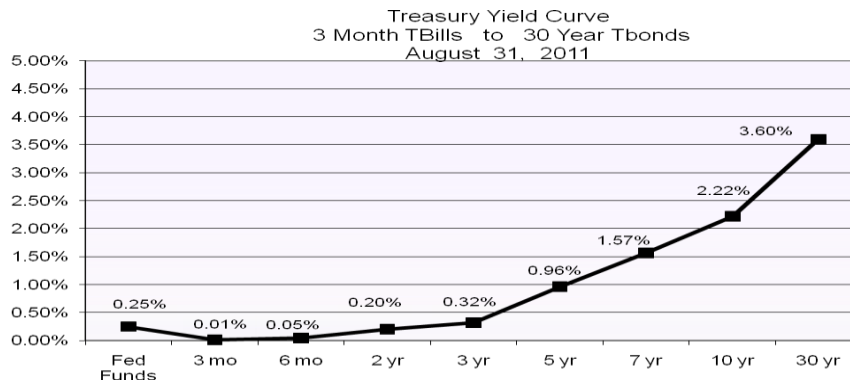
On August 11, 2008, the City of Anaheim's Investment Policy was recognized and certified by the Association of Professional Treasurers of the United States and Canada (APT US&C) as meeting all standards and criteria established by the APT US&C.

INVESTMENT ENVIRONMENT

The month of August 2011 saw the United States Treasury debt issues downgraded from the historical level of "AAA" to "AA+" by Standard and Poor's Corporation (S&P). The downgrade was triggered by the ongoing negotiations in Congress of raising the debt service ceiling and the absence of a clear strategy by Congress to reduce the continuing annual budget deficits. Although the debt ceiling was finally raised by Congress to avert the immediate crisis, the continuing budget issues remain for discussion. S&P announced the credit downgrade to U.S. Treasury and corresponding Federal Agency (FNMA, FFCB, FHLB, FHLMC) debt issues was due to the absence of a long term plan to address the nation's continuing deficit condition.

The financial markets were concerned the downgrade action would cause higher interest rates and costs to service the current and future debt issues of the government and increase the cost of debt (loans – consumer and mortgage) to consumers. In actuality, the opposite action occurred, as interest rates continue to drop to all-time historic lows. The benchmark ten-year U.S. Treasury Note, which is a base indicator used in determining long term mortgage interest rates, dropped over half a percent from the close of July 2011 of 2.80% to 2.22% for the end of August 2011. Corresponding interest rates dropped as well, with the three month U.S. Treasury bill rate auctioned at 0.0%.

Putting the decline in interest rates in perspective, the lower interest rates were the result of a "flight to quality" by international investors as the European financial crisis continues to grow. Even with a credit downgrade, the United States financial markets still provide the access, liquidity and safety to funds that investors seek. We agree with this view in our investment strategy of continuing to hold securities in the Federal Agencies. There is no other market in the world that provides the efficiencies of the United States and investment safety. The chart below shows the interest rates for U. S. Treasury issues for the month ending August 2011:



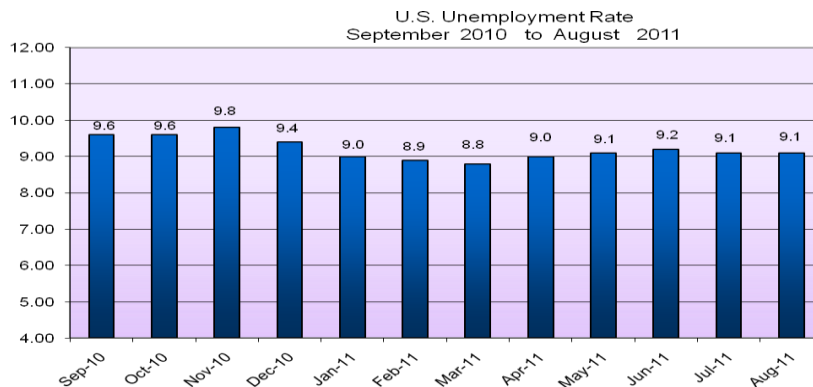
Source: Bloomberg Financial Systems

The Federal Reserve announced at the August 9, 2011 ‘Federal Open Market Committee’ (FOMC) meeting that the ‘target’ Federal Funds rate would remain at the range of 0.0% to 0.25%, citing continued “risk to growth” to the economy. Chairman Ben Bernanke went further in stating he will continue to provide low interest rates to the financial markets until the middle of calendar 2013. This key market interest rate has remained at this level since the FOMC meeting on December 16, 2008. The Federal Funds interest rate is the interest rate that banks charge other banks to borrow money.

Against this backdrop, the economic data for the U.S. economy continues to show signs of a slowdown from the recovery that began in the spring of 2009. One economic indicator we have been following is the national unemployment rate, which tends to show the overall health of the national economy. For the month of August 2011, the national unemployment rate was reported at 9.1%, unchanged from July 2011. The unemployment rate appears to be stalled in a narrow range from a low of 8.8% in March 2011 to a high of 9.2% in June 2011.

The Bureau of Labor Statistics September 2, 2011 news release reported that “. . . nonfarm payroll employment was unchanged (0) in August, and the unemployment rate held at 9.1 percent. Employment in most major industries changed little over the month. Health care continued to add jobs, and a decline in information employment reflected a strike (Verizon communications). Government employment continued to trend down, despite the return of workers from a partial government shutdown in Minnesota.”

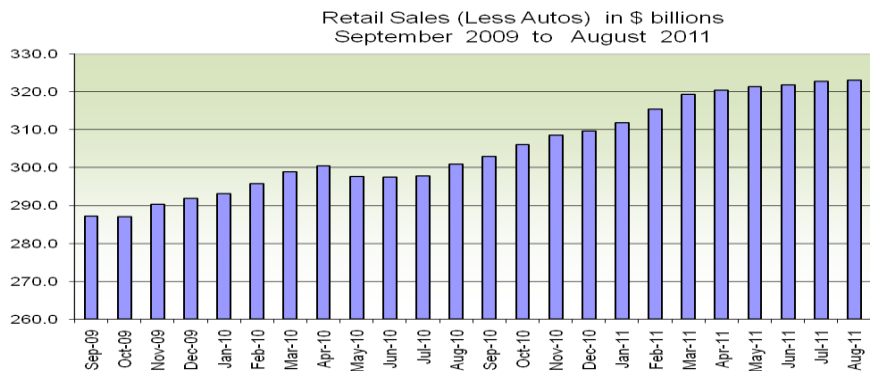
As noted, the unemployment rate is considered a “lagging” indicator for immediate financial and economic events are delayed in being reflected in the unemployment rate. The chart below shows the national unemployment rate for the past twelve months:



Source: Bureau of Statistics, Dept of Labor

Another key economic factor we review is the monthly Retail Sales (less Autos), which measures the level of consumer spending and provides an indication of the underlying vitality of the overall national economy. The

release of August 2011 data indicates the consumer is continuing to spend but at marginally lower levels in the past four months. The chart below shows the monthly increase in consumer spending for the past twenty four months.



Source: Census Bureau, US Government

The City’s investment portfolio remains strongly diversified and invested in high credit quality issues of U.S. Treasuries, Federal Agencies, Medium Term Corporate Notes and high grade commercial paper. Investments in money market accounts are restricted to U.S. Treasury and Federal Agencies only and a review of the State of California Local Agency Investment Fund (LAIF) shows high levels of liquidity and safe investments. The City’s investment strategy continues to focus on safety and providing liquidity for the City’s operational requirements.

INVESTMENT PERFORMANCE

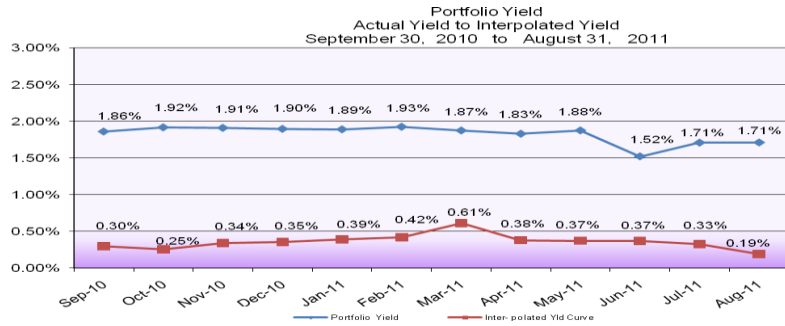
For August 2011, the City Treasurer’s Investment Portfolio performance was:

	Amount of Funds (Market Value)	Maturity	Effective Yield	Interpolated Yield	Total Return Monthly	Total Return Annual
Short-Term Portfolio	\$ 112,051,416	4 days	0.25 %	0.01 %	0.021	0.297
Long-Term Portfolio	\$ 303,126,356	2.5 years	2.26 %	0.27 %	0.341	2.797
Total Portfolio	\$ 415,177,772	1.8 years	1.71 %	0.19 %	0.251	1.950

The portfolio balance reflects a deposit of \$80,077,991 for acquisition funds from the 2011A Electric Bonds. As a “AA” credit rated portfolio, we are recognized as a permitted investment by the bond indenture of the above bonds. These funds enjoy the advantage of superior market rates of return in a historically low interest rate environment.

Please note the use of interpolated yield values and total return values are guidelines and not used in the performance evaluation of the portfolio. The investment of public funds is exposed to a large range of variable factors, such as increases or decreases in revenues and expenditures as well as seasonal timing, which can affect the cash flow of the City.

The City’s investment portfolio continues to provide an above market rate of return on funds as shown in the following graph which shows the City’s net overall performance to a market indicator for the past twelve months:



Source: Treasurer's Office, Anaheim

A complete listing of the portfolio holdings and investment activity for the City of Anaheim's Investment Portfolio for the month of August 2011 is on the following pages.

IMPACT ON BUDGET:

There is no impact on the General Fund.

Respectfully submitted,

Henry W. Stern, CTP
City Treasurer

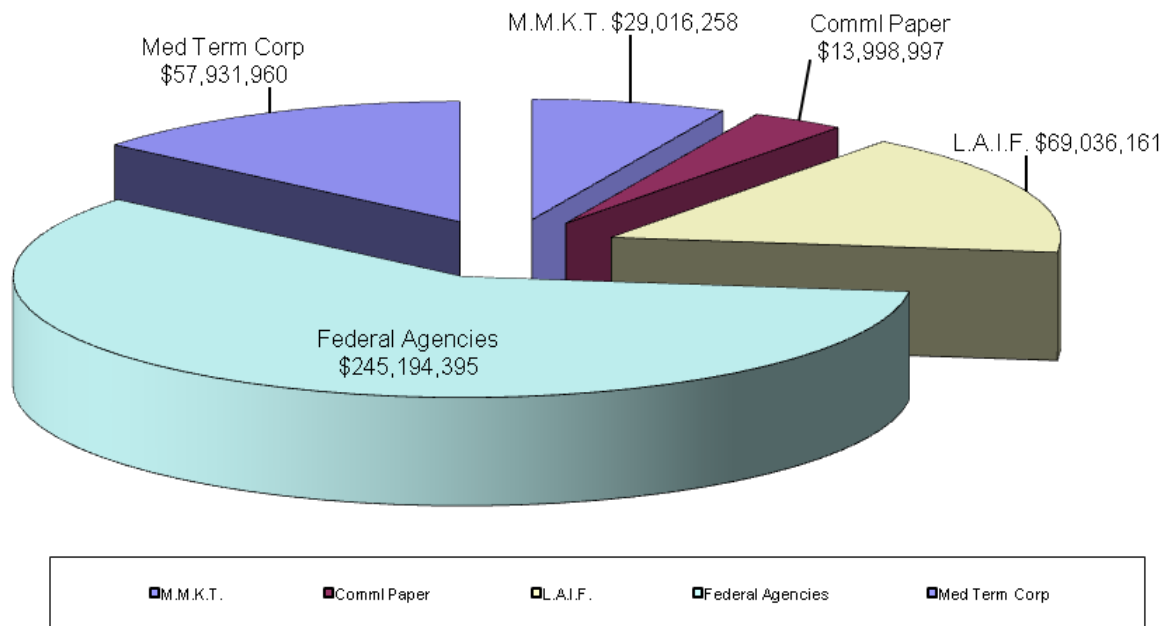
Attachment

1. City Treasurer's Investment Report

Balances, Yields and Average Maturities
August 31, 2011

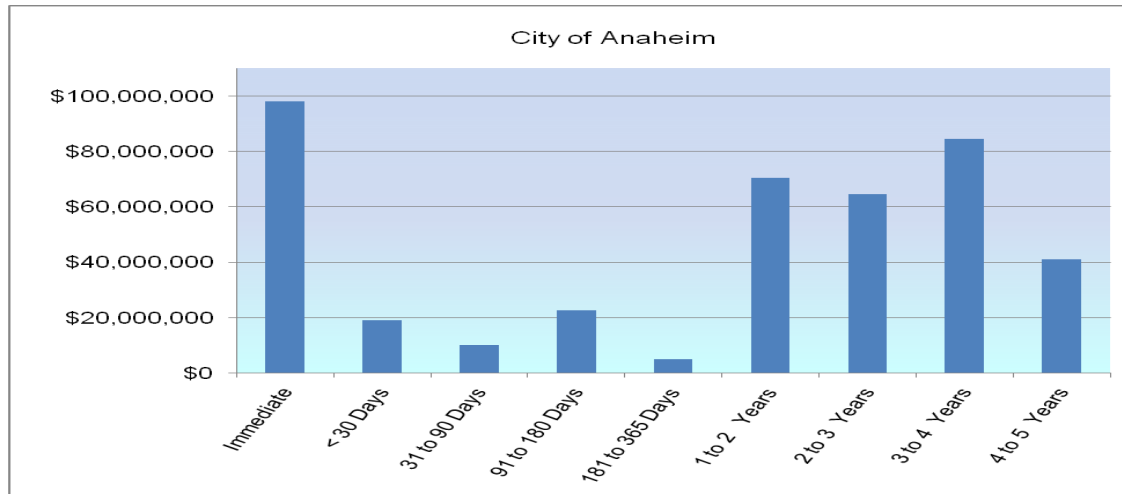
<u>Description</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Yield to Maturity</u>	<u>Percent of Total Funds</u>	<u>Average Weighted Maturity</u>	
						<u>Days</u>	<u>Years</u>
Short-Term Portfolio							
Money Market Funds	\$29,016,258	\$29,016,258	\$29,016,258	0.01%	6.99%	1	0.00
L.A.I.F. (State of California	\$69,036,161	\$69,036,161	\$69,036,161	0.41%	16.63%	1	0.00
subtotal: Cash and Overnight Investments	\$98,052,419	\$98,052,419	\$98,052,419		23.62%	1	0.00
Commercial Paper	\$14,000,000	\$13,998,997	\$13,998,997	1.25%	3.37%	21	0.06
Medium Term Corporate Notes	\$0	\$0	\$0	0.00%	0.00%	0	0.00
U.S. Federal Agencies	\$0	\$0	\$0	0.00%	0.00%	0	0.00
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
subtotal: Pooled Investments	\$14,000,000	\$13,998,997	\$13,998,997	0.12%	3.37%	12	0.03
Total Short-Term Portfolio:	\$112,052,419	\$112,051,416	\$112,051,416	0.25%	26.99%	4	0.01
Long -Term Portfolio							
Commercial Paper	\$0	\$0	\$0		0.00%	0	0.00
Medium Term Corporate Notes	\$56,391,000	\$56,750,674	\$57,931,960	3.15%	13.95%	755	2.07
U.S. Federal Agencies	\$240,185,000	\$239,916,631	\$245,194,395	2.04%	59.06%	927	2.54
U.S. Treasury	\$0	\$0	\$0	0.00%	0.00%	0	0.00
Total Long-Term Portfolio:	\$296,576,000	\$296,667,305	\$303,126,356	2.26%	73.01%	894	2.45
Total Cash and Pooled Investments	\$408,628,419	\$408,718,721	\$415,177,772	1.71%	100.00%	650	1.78

City of Anaheim
Investment Portfolio Asset Allocation
August 31, 2011
\$ 415,177,772



Liquidity Schedule
 August 31, 2011

	<u>Availability</u>	<u>Market Value</u>	<u>Cumulative Balances</u>	<u>% of Total Assets</u>
Money Market Funds	Immediate	\$29,016,258	\$29,016,258	6.99%
L.A.I.F. (State of California)	Immediate	\$69,036,161	\$98,052,419	23.62%
Pooled Investment Maturities:	< 30 Days	\$19,019,127	\$117,071,546	28.20%
	31 to 90 Days	\$10,029,660	\$127,101,206	30.61%
	91 to 180 Days	\$22,571,959	\$149,673,165	36.05%
	181 to 365 Days	\$5,036,675	\$154,709,840	37.26%
	1 to 2 years	\$70,399,523	\$225,109,363	54.22%
	2 to 3 years	\$64,555,293	\$289,664,656	69.77%
	3 to 4 years	\$84,485,462	\$374,150,118	90.12%
	4 to 5 years	\$41,027,653	\$415,177,772	100.00%
Total Cash and Pooled Investments:		\$415,177,772		



Summary and Comparison of Yields and Balances
August 31, 2011

<u>Description</u>	<u>Current Month</u> <u>August 31, 2011</u>	<u>Prior Month</u> <u>July 31, 2011</u>
Yield to Maturity (at market):		
Money Market Funds (US Treasuries)	0.01%	0.01%
L.A.I.F. (State of California)	0.41%	0.38%
U.S. Treasuries	0.00%	0.00%
Federal Agency Bonds	2.04%	2.04%
Commercial Paper	0.13%	0.13%
Medium Term Corporate Notes	3.15%	3.15%
	1.71%	1.71%
Weighted Average Maturity (Days)	650	676
Weighted Average Maturity (Years)	1.78	1.85
Balances (at Market Value)		
Money Market Funds (US Gov Sec)	\$29,016,258	\$14,113,718
L.A.I.F. (State of California)	\$69,036,161	\$50,036,161
U.S. Treasuries	\$0	\$0
Federal Agencies	\$245,194,395	\$244,577,540
Commercial Paper	\$13,998,997	\$45,997,936
Medium Term Corporate Notes	\$57,931,960	\$58,232,201
Total Portfolio:	\$415,177,772	\$412,957,556
Earnings:	<u>Current Month</u> <u>August 31, 2011</u>	<u>Fiscal Year to</u> <u>Date Earnings</u>
Total Interest Earnings for Month:	\$628,477.02	\$1,242,847.23
Total Adjustments from Premiums and Discounts	-\$40,385.61	-\$75,524.46
Total Capital Gains or Losses	\$0.00	\$3,920.00
Total Earnings for Month	<u>\$588,091.41</u>	<u>\$1,171,242.77</u>

City of Anaheim
Investment Portfolio Summary

<u>Month / Yr</u>	<u>Core Portfolio</u>	<u>Reserve Portfolio</u>	<u>Portfolio Balance (market value)</u>	<u>Portfolio Yield</u>	<u>Avg Wgt Mat. - Days</u>	<u>Avg Wgt Mat. - Yrs</u>	<u>Inter - polated Yld Curve</u>	<u>Difference: City Yield / Interpolated</u>
Jun-09	\$92,988,732	\$316,049,180	\$409,037,911	2.26%	752	2.06	1.12%	1.14%
Jun-10	\$127,268,510	\$256,712,953	\$383,981,463	1.87%	536	1.47	0.45%	1.42%
Jul-10	\$123,081,456	\$242,447,380	\$365,528,837	1.83%	530	1.45	0.41%	1.42%
Aug-10	\$117,235,549	\$242,490,054	\$359,725,603	1.86%	516	1.41	0.35%	1.51%
Sep-10	\$119,485,790	\$227,468,279	\$346,954,069	1.86%	500	1.37	0.30%	1.56%
Oct-10	\$100,978,349	\$219,241,780	\$320,220,129	1.92%	520	1.42	0.25%	1.66%
Nov-10	\$101,526,759	\$218,216,183	\$319,742,942	1.91%	499	1.37	0.34%	1.57%
Dec-10	\$105,898,549	\$210,264,073	\$316,162,622	1.90%	470	1.29	0.35%	1.54%
Jan-11	\$108,407,446	\$234,543,785	\$342,951,231	1.89%	542	1.48	0.39%	1.50%
Feb-11	\$104,729,248	\$236,419,373	\$341,148,622	1.93%	546	1.50	0.42%	1.50%
Mar-11	\$111,156,980	\$235,802,908	\$346,959,888	1.87%	572	1.57	0.61%	1.26%
Apr-11	\$116,033,678	\$227,553,117	\$343,586,795	1.83%	533	1.46	0.38%	1.45%
May-11	\$102,200,682	\$240,161,108	\$342,361,790	1.88%	613	1.68	0.37%	1.50%
Jun-11	\$180,459,755	\$261,836,213	\$442,295,968	1.52%	554	1.52	0.35%	1.17%
Jul-11	\$110,147,815	\$302,809,741	\$412,957,556	1.71%	676	1.85	0.33%	1.38%
Aug-11	\$112,051,416	\$303,126,356	\$415,177,772	1.71%	650	1.78	0.19%	1.52%

Note: August 2011 balance reflects acquisition funds from 2011A Electric Bonds, approx \$80.1 million

City Treasurer's Investment Report – August 2011

Attachment 1

CITY OF ANAHEIM
Short-Term Portfolio Listing

August 31, 2011

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
SYS17430	17430	LAIF	MMKT	AA+	36,902,344.35	36,902,344.35	36,902,344.35		8/1/2011	0.41%
SYS17431	17431	LAIF	MMKT	AA+	32,133,816.66	32,133,816.66	32,133,816.66		8/1/2011	0.41%
SYS987	987	FIDELITY GOVERNMENT MMKT	MMKT	AA+	17,694,155.04	17,694,155.04	17,694,155.04		8/1/2011	0.01%
SYS500	500	GOLDMAN SACHS PRIME	MMKT	AA+	11,322,103.26	11,322,103.26	11,322,103.26		8/1/2011	0.01%
19121BWG0	1595	COCA COLA	CP	A1/P1	5,000,000.00	4,999,735.06	4,999,735.06	06/17/2011	09/16/2011	0.13%
36959JWP4	1612	GENERAL ELEC CAP CORP	CP	A1/P1	5,000,000.00	4,999,671.24	4,999,671.24	08/23/2011	09/23/2011	0.11%
90526NWW1	1613	Union Bank of California	CP	A1/P1	4,000,000.00	3,999,590.32	3,999,590.32	08/24/2011	09/30/2011	0.13%
Total Short-Term Portfolio:					<u>112,052,419.31</u>	<u>112,051,415.93</u>	<u>112,051,415.93</u>			<u>0.25%</u>

CITY OF ANAHEIM
Long-Term Portfolio Listing

August 31, 2011

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
3133XH6G2	1039 C	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	5,000,000.00	5,020,130.00	09/29/2006	09/29/2011	5.34%
31331Y3P3	1296	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	10,000,000.00	9,999,486.01	10,029,660.00	07/15/2008	10/03/2011	3.50%
3133XVQL8	1456	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	3,240,000.00	3,240,009.06	3,248,505.00	12/28/2009	12/09/2011	1.13%
3137EACF4	1454	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	5,000,632.53	5,014,215.00	12/28/2009	12/15/2011	1.13%
38141GBU7	1511	Goldman Sachs Gp	MTN	A	9,005,000.00	9,124,166.37	9,192,799.28	05/28/2010	01/15/2012	6.60%
36962GXS8	1510	GENERAL ELEC CAP CORP	MTN	AA	5,000,000.00	5,082,119.61	5,116,440.00	05/28/2010	02/15/2012	5.88%
3133XWDC0	1458	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,994,838.75	5,036,675.00	12/28/2009	05/25/2012	1.25%
31359MPF4	1286	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,019,388.95	10,426,270.00	06/25/2008	09/15/2012	4.38%
3133XVNT4	1470	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	9,850,000.00	9,865,452.74	10,028,935.10	02/04/2010	12/14/2012	1.75%
3137EACG2	1469	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,982,298.49	5,073,415.00	01/29/2010	01/09/2013	1.38%
31398AME9	1206	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,501,700.00	01/28/2008	01/28/2013	4.00%
949746NY3	1333	WELLS FARGO CO	MTN	AA+	8,000,000.00	7,968,019.50	8,362,240.00	12/23/2008	01/31/2013	4.38%
59018YM40	1516	BANK OF AMERICA	MTN	A	8,206,000.00	8,412,147.96	8,419,339.59	06/23/2010	02/05/2013	5.45%
38141GDB7	1517	Goldman Sachs Gp	MTN	A	2,224,000.00	2,287,701.56	2,308,927.89	06/23/2010	04/01/2013	5.25%
02666QB69	1237	American Honda	MTN	A+	5,000,000.00	4,999,016.61	5,267,015.00	04/02/2008	04/02/2013	4.63%
3134G2QF2	1609	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,011,680.00	07/18/2011	07/18/2013	0.65%
31331J2Z5	1547	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,967,342.88	5,046,910.00	01/07/2011	11/26/2013	0.92%
3133XSP93	1330	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	6,845,000.00	6,862,993.82	7,265,043.43	12/15/2008	12/13/2013	3.13%
3136FPZ26	1559	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,999,810.89	5,016,610.00	01/24/2011	01/13/2014	1.38%
31398A3K6	1567	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,993,776.94	5,096,300.00	03/23/2011	03/14/2014	1.25%

City Treasurer's Investment Report – August 2011

Attachment 1

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CITY OF ANAHEIM
Long-Term Portfolio Listing

August 31, 2011

CUSIP	Security #	Issuer	Security Type	S & P Rating	Par Value	Book Value	Market Value	Purchase Date	Maturity Date	Stated Rate
313374D56	1602	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	4,000,000.00	3,998,266.67	4,007,336.00	07/11/2011	04/11/2014	1.00%
31331GTJ8	1369	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	8,000,000.00	8,002,522.67	8,429,640.00	04/17/2009	04/17/2014	2.63%
31331GTJ8	1379	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,500,000.00	4,488,439.84	4,741,672.50	05/01/2009	04/17/2014	2.63%
31331GTJ8	1468	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	4,000,000.00	4,034,624.35	4,214,820.00	01/29/2010	04/17/2014	2.63%
31398AXJ6	1496	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	5,026,575.81	5,264,410.00	04/30/2010	05/15/2014	2.50%
478160AX2	1584	Johnson & Johnson	MTN	AAA	3,000,000.00	2,996,819.78	3,062,886.00	05/20/2011	05/15/2014	1.20%
3136FPV95	1548	FED NATL MORTGAGE ASSN	Fed Agy	AA+	2,350,000.00	2,349,194.66	2,360,255.40	01/07/2011	07/03/2014	1.70%
3135G0BT9	1606	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,049,410.00	07/11/2011	07/11/2014	1.13%
313370JS8	1568	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	8,000,000.00	7,954,158.78	8,201,472.00	03/23/2011	09/12/2014	1.38%
3133745Q9	1597	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,999,428.33	5,002,265.00	06/22/2011	09/22/2014	1.25%
31331KHW3	1580	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,038,645.84	5,144,660.00	05/16/2011	11/19/2014	1.63%
31398AZV7	1495	FED NATL MORTGAGE ASSN	Fed Agy	AA+	8,000,000.00	8,014,925.66	8,525,424.00	04/30/2010	11/20/2014	2.63%
3134G2HC9	1582	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,998,133.33	5,012,415.00	05/25/2011	11/25/2014	1.50%
313371W51	1557	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	5,000,000.00	4,925,997.42	5,079,920.00	01/24/2011	12/12/2014	1.25%
3136FRXN8	1604	FED NATL MORTGAGE ASSN	Fed Agy	AA+	10,000,000.00	10,000,000.00	10,053,700.00	06/30/2011	12/30/2014	1.25%
3134G2MX7	1601	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,996,840.28	5,015,420.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1605	FED HOME LOAN MORT CORP	Fed Agy	AA+	10,000,000.00	9,994,652.78	10,030,840.00	07/06/2011	01/06/2015	1.35%
3134G2MX7	1608	FED HOME LOAN MORT CORP	Fed Agy	AA+	5,000,000.00	4,998,715.28	5,015,420.00	07/06/2011	01/06/2015	1.35%
3133XWX95	1481	FEDERAL HOME LOAN BANKS	Fed Agy	AA+	2,000,000.00	2,001,120.99	2,137,296.00	03/19/2010	03/13/2015	2.75%
31331KFS4	1569	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,983,338.82	5,144,105.00	03/24/2011	03/24/2015	1.67%
31331KKU3	1579	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	5,004,826.82	5,076,000.00	05/16/2011	05/13/2015	1.93%
3136FRSL8	1599	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,993,791.67	5,046,525.00	06/29/2011	06/29/2015	1.50%
594918AG9	1591	Microsoft Corp	MTN	AAA	5,000,000.00	5,000,000.00	5,097,165.00	06/09/2011	09/25/2015	1.63%
31398A4K5	1574	FED NATL MORTGAGE ASSN	Fed Agy	AA+	3,000,000.00	2,999,273.83	3,108,462.00	05/11/2011	10/15/2015	1.88%
931142CX9	1581	Walmart	MTN	AA	2,956,000.00	2,897,568.15	2,975,787.46	05/18/2011	10/25/2015	1.50%
31331J3T8	1549	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,891,625.00	5,126,605.00	01/07/2011	12/01/2015	1.75%
31331J3T8	1558	FEDERAL FARM CREDIT BANK	Fed Agy	AA+	5,000,000.00	4,901,824.27	5,126,605.00	01/24/2011	12/01/2015	1.75%
38143USC6	1560	Goldman Sachs Gp	MTN	A	5,000,000.00	4,991,749.42	5,004,350.00	02/08/2011	02/07/2016	3.63%
478160AY0	1583	Johnson & Johnson	MTN	AAA	3,000,000.00	2,991,364.85	3,125,010.00	05/20/2011	05/15/2016	2.15%
3136FRTM5	1598	FED NATL MORTGAGE ASSN	Fed Agy	AA+	5,000,000.00	4,997,107.50	5,027,925.00	06/28/2011	06/28/2016	2.15%
3136FRTM5	1607	FED NATL MORTGAGE ASSN	Fed Agy	AA+	6,400,000.00	6,396,569.74	6,435,744.00	06/29/2011	06/28/2016	2.15%
Total Long-Term Portfolio:					<u>296,576,000.00</u>	<u>296,667,305.21</u>	<u>303,126,355.65</u>			<u>2.26%</u>
Total Portfolio Listings:					<u>408,628,419.31</u>	<u>408,718,721.14</u>	<u>415,177,771.58</u>			<u>1.71%</u>

**Mat Call Sale Purch
 Purchases Report
 Sorted by Fund - Fund
 August 1, 2011 - August 31, 2011**

CUSIP	Investment #	Fund	Sec. Type Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate of Purchase	Maturity Date	YTM %	Ending Book Value
SHORT- TERM PORTFOLIO												
36959JWP4	1612	01	ACP GECC	5,000,000.00	08/23/2011	09/23 - At Maturity	4,999,526.35		0.110	09/23/2011	0.110	4,999,671.24
90526NWW1	1613	01	ACP UN BK	4,000,000.00	08/24/2011	09/30 - At Maturity	3,999,465.56		0.130	09/30/2011	0.130	3,999,590.32
Subtotal				9,000,000.00			8,998,991.91	0.00				8,998,261.56
Managed Pool Deposits												
				Deposit Amount	Deposit Date		Deposit Amount		Rate			
SYS987	987	01	PA2 FIDELI	175,000.00	08/01/2011		175,000.00		0.045			
SYS987	987	01	PA2 FIDELI	90,625.00	08/09/2011		90,625.00		0.045			
SYS987	987	01	PA2 FIDELI	8,447,000.00	08/12/2011		8,447,000.00		0.045			
SYS987	987	01	PA2 FIDELI	146,875.00	08/15/2011		146,875.00		0.045			
SYS987	987	01	PA2 FIDELI	4,429,000.00	08/16/2011		4,429,000.00		0.045			
SYS987	987	01	PA2 FIDELI	5,000,000.00	08/17/2011		5,000,000.00		0.045			
SYS987	987	01	PA2 FIDELI	5,000,000.00	08/19/2011		5,000,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	6,813,207.00	08/02/2011		6,813,207.00		0.045			
SYS500	500	01	PA2 GOLDBA	2,235,000.00	08/04/2011		2,235,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	1,399,102.00	08/08/2011		1,399,102.00		0.045			
SYS500	500	01	PA2 GOLDBA	1,550,000.00	08/09/2011		1,550,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	971,000.00	08/10/2011		971,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	1,945,000.00	08/17/2011		1,945,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	6,771,606.00	08/24/2011		6,771,606.00		0.045			
SYS500	500	01	PA2 GOLDBA	1,703,000.00	08/30/2011		1,703,000.00		0.045			
SYS500	500	01	PA2 GOLDBA	91.90	08/31/2011		91.90		0.045			
SYS17430	17430	01	PA1 LAIF	19,000,000.00	08/05/2011		19,000,000.00		0.528			
Subtotal				66,676,606.90			66,676,606.90					
Total Purchases and Deposits				74,676,606.90			74,676,488.81	0.00				8,998,261.56

**Mat Call Sale Purch
 Maturity Report
 Sorted by Maturity Date
 Receipts during August 1, 2011 - August 31, 2011**

CUSIP	Investment #	Fund	Sec. Type Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
0660P1V57	1588	01	ACP BAC	6,000,000.00	08/05/2011	06/01/2011	0.150	6,000,000.00	0.00	6,000,000.00	0.00
90526NV51	1590	01	ACP UN BK	10,000,000.00	08/05/2011	06/01/2011	0.150	10,000,000.00	0.00	10,000,000.00	0.00
19121BVC0	1589	01	ACP COCA C	10,000,000.00	08/12/2011	06/01/2011	0.120	10,000,000.00	0.00	10,000,000.00	0.00
71344UVCD	1594	01	ACP PEPSIC	5,000,000.00	08/12/2011	06/17/2011	0.100	5,000,000.00	0.00	5,000,000.00	0.00
2546R3VH4	1593	01	ACP DISNEY	5,000,000.00	08/17/2011	06/08/2011	0.100	5,000,000.00	0.00	5,000,000.00	0.00
19121BVK2	1596	01	ACP COCA C	5,000,000.00	08/19/2011	06/17/2011	0.100	5,000,000.00	0.00	5,000,000.00	0.00
Total Maturities				41,000,000.00				41,000,000.00	0.00	41,000,000.00	0.00

