# ORANGE COUNTY TREASURER-TAX COLLECTOR INVESTMENT POLICY COMPLIANCE June 30, 2006

Investment Policy Guidelines		Orange County Investment Pool		Orange County Educational Investment Pool		John Wayne Airport Investment Pool	
Percent of Portfolio (See Notes)	Investment Type	Market Value of Investments	Percent of Portfolio	Market Value of Investments	Percent of Portfolio	Market Value of Investments	Percent of Portfolio
100%	U.S. Treasuries	-	-	-	-	-	-
40%	Bankers' Acceptances	-	-	-	-	-	-
30%	Negotiable Certificates of Deposit	\$ 596,839,408	17.06%	\$ 514,778,170	27.42%	\$ 12,381,663	23.75%
45%	Commercial Paper	764,290,370	21.86%	908,109,246	48.37%	23,076,860	44.26%
100%	U.S. Government Agencies	1,355,621,040	38.76%	174,612,031	9.29%	8,663,580	16.62%
20%	Money Market Funds	18,196,691	0.52%	9,393,097	0.50%	6,736,401	12.92%
30%	Medium-Term Notes	484,772,694	13.86%	200,646,181	10.69%	1,279,296	2.45%
50%	Repurchase Agreements	170,000,000	4.86%	70,000,000	3.73%	-	-
10%	Municipal Debt	107,764,737	3.08%	-	-	-	-
10%	Receivable-Backed Securities	-	-	-	-	-	-
		\$ 3,497,484,940	100.00%	\$ 1,877,538,725	100.00%	\$ 52,137,801	100.00%

Compliance Category (Yes/No)	Money Market Fund	Extended Fund		range County Educational Investment Pool		John Wayne Airport Investment Pool	
Percentage Limits	Yes		Yes		Yes		
Maturity Limits	Yes	Yes	Yes		Yes		
Quality Limits	Yes		Yes		Yes		
Net Asset Value Limits	Yes		Yes		Yes		

- Notes: (1) The Money Market Fund is authorized to purchase an additional 5-percent of its total assets in any authorized investment type except commercial paper, for a period not to exceed 30 business days.
  - (2) Commercial paper holdings in the Money Market Fund may increase up to 50 percent of the total assets if the portfolio's month-end weighted average credit rating (WACR) remains at AA- or higher.

# Orange County Treasurer-Tax Collector Noncompliance Report Summary For the Month Ended June 30, 2006

During June the County, Educational, John Wayne Airport, and Children and Families Commission Investment pools all were free of noncompliance incidents. Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded during the month in the County Pool, the Treasurer believes they did not cause any material impact of a negative nature.

#### **Technical Incidents**

Issues regarding technical incidents are reported as follows:

### **County Investment Pool**

The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio:

05-19 A reduction in the Pool's total assets on May 19, 2006 increased the holdings of Sigma Financial Inc. to 5.23% of the market value of the portfolio. The Treasurer has decided to hold this security until its maturity on August 15, 2006. This will bring the percentage of overall holdings for a single issuer back within IPS limits.

## **Educational Investment Pool**

The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio:

- 06-29 A reduction in the Pool's total assets on June 29, 2006 increased the holdings of Lockhart Funding to 5.01% of the market value of the portfolio. The Treasurer has decided to hold this security until its maturity on July 5, 2006. This will bring the percentage of overall holdings for a single issuer back within IPS limits.
- 06-30 A reduction in the Pool's total assets on June 30, 2006 increased the holdings of First Tennessee Bank to 5.32% of the market value of the portfolio. The Treasurer has decided to hold this security until its maturity on July 17, 2006. This will bring the percentage of overall holdings for a single issuer back within IPS limits.
- 06-30 A reduction in the Pool's total assets on June 30, 2006 increased the holdings of Societe Generale to 5.32% of the market value of the portfolio. The Treasurer has decided to hold this security until its maturity on July 14, 2006. This will bring the percentage of overall holdings for a single issuer back within IPS limits.