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Commission of Orange County

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**Executive Officer's Report  
March 4, 2009 Meeting**

**DATE:** February 24, 2009  
**TO:** Children and Families Commission of Orange County  
**FROM:** Michael M. Ruane, Executive Director  
**SUBJECT:** Executive Officer's Report

CLERK OF THE BOARD  
ORANGE COUNTY  
BOARD OF SUPERVISORS

The Executive Officer's Report for March 4, 2009, will include the following items.

**A. Informational Items (Report)**

1. Financial Highlights (included in Attachment 1)
2. Upcoming Community Events

**B. Quarterly Investment Report (Report)**

As required by California Government Code Section 53646, and the Commission's Investment Policy Statement adopted by the Commission on May 7, 2008, the Commission Treasurer submits the Quarterly Investment Report to the Commission (Exhibit A). The Investment Report summarizes Commission investments in both the OCIP Money Market Fund and the Specific Long-Term Investment Program, for the period October 1 through December 31, 2008. The Report also contains information on market conditions during the reporting period.

**C. The California Endowment's Healthy Community Funding Initiative – Santa Ana Site (Report and Action)**

In December, The California Endowment selected Santa Ana as one of its sites for a 10-year community investment program. The Commission is anticipated to take a lead or active role in the planning effort for the project. At the meeting, we will provide a report and any recommended actions required to move forward on this important effort.

**ATTACHMENTS:**

1. Financial Highlights
2. Quarterly Investment Report

# FINANCIAL HIGHLIGHTS

## January 31, 2008

### Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **\$35,523,685** with laddered maturities extending through July 2010. The Commission's investment portfolio report is included in Attachment 1C. Unrealized gains and losses that are noted have not become actual. They become realized gains and losses when the security in which there is a gain or loss is actually sold. The U.S. Treasuries in the Commission's investment portfolio are held until maturity.

### Revenue Update

The Children and Families Commission of Orange County received and recorded **\$21,280,934** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- \$16,499,822 – Tobacco Tax Revenues for July 2008 through December 2008. As reported by the state, Prop 10 revenues for July 2008 through December 2008 are approximately \$780,178 or 4.5% lower than the year to date estimated budget plan of \$17,280,000.
- \$2,246,819 – Interest Revenues received for July 2008 through January 2009 are approximately \$28,181 or 1.2% lower than the year to date estimated budget plan of \$2,275,000.

### Expenditure Update

The total actual operating expenditures and encumbrances year to date are **\$77,960,224**. Overall budgeted expenditures and encumbrances were approximately \$35,172,886 higher than the year to date current operating budget plan of \$42,787,338. The variance is due to the reconciliation of provisional payments issued in June 2008 and the implementation of multi-year encumbrances within the general ledger.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended January 31, 2009:

- \$77,960,224 – Total Year To Date Actual Operating Expenditures and Encumbrances
  - \$73,664,738 for Children's Programs
    - \$39,128,059 – Healthy Children Programs
    - \$4,468,893 – Strong Families Programs
    - \$21,610,228 – Ready to Learn (School Readiness) Programs
    - \$8,457,559 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$2,045,496)
  - \$4,295,486 for Administrative Functions

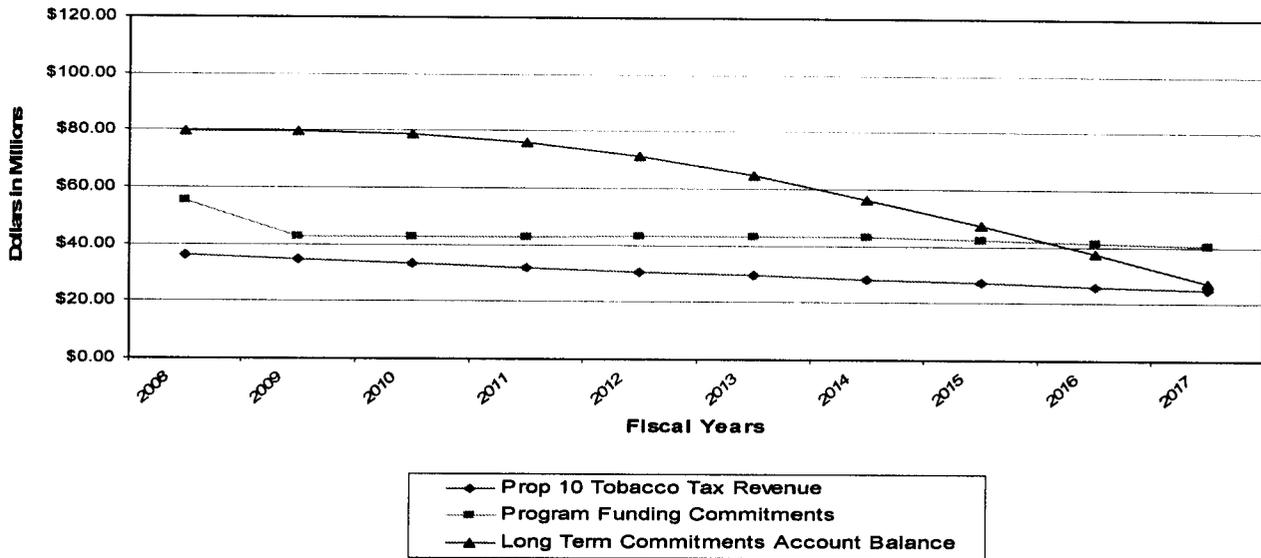
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of \$4,295,486 were 4.3% of the year to date ended January 31, 2009 Operating Budget of \$99,879,723.

### Consistent with 10-Year Financial Plan

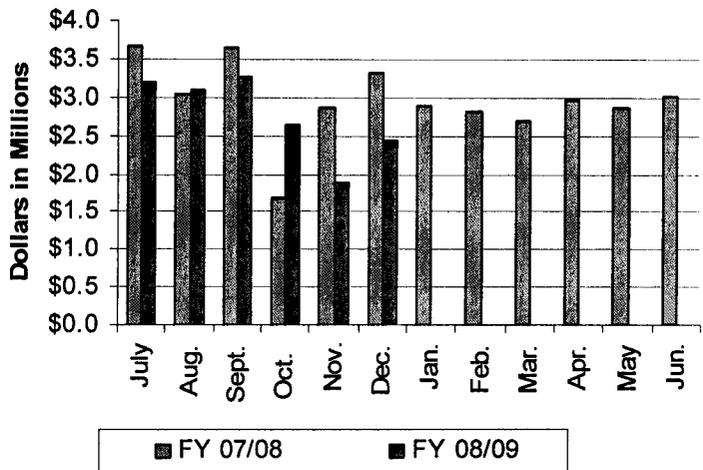
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

# Children and Families Commission of Orange County Snapshot Period Ended January 31, 2009

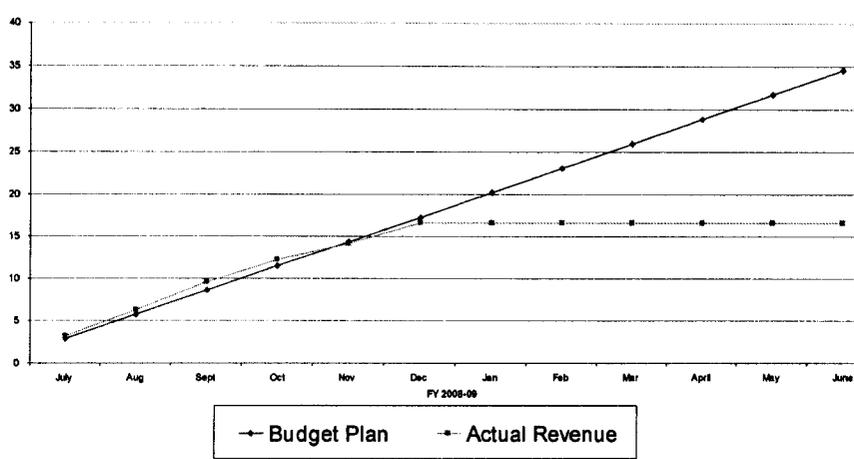
## 1) Ten-Year Financial Plan Projections



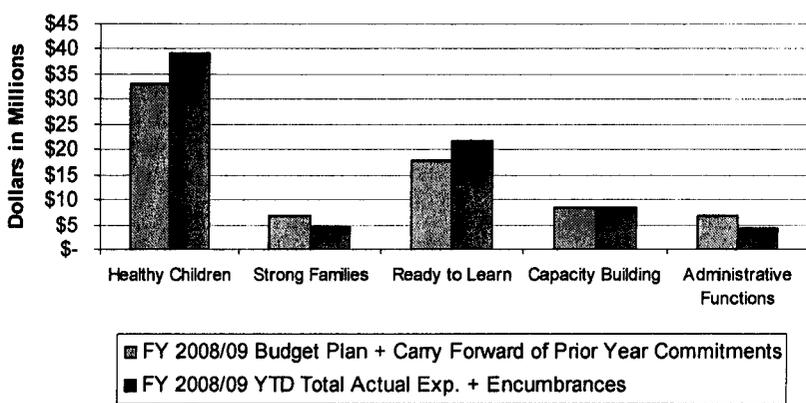
## 2) FYS 07/08 & 08/09 Tobacco Monthly Revenues \*



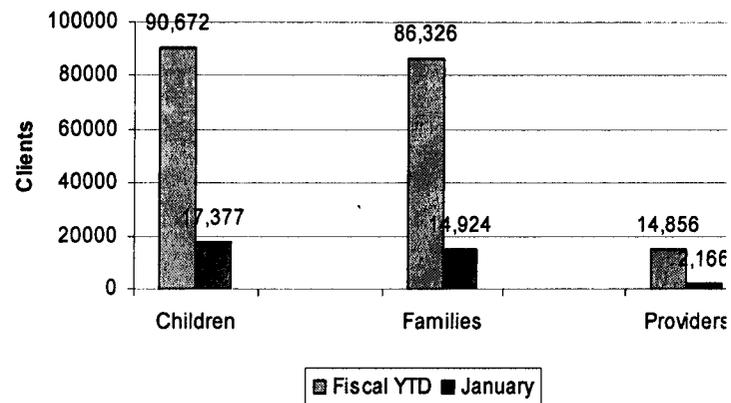
## 3) FY 2008-09 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date \*



## 4) FY 2008-09 Budget Plan Vs. YTD Total Actuals



## 5) Clients served in January and Fiscal YTD



\* SOURCE: County Funds Distribution Report (08) First 5 California

**Children and Families Commission of Orange County**  
**Comparison of FY 2008-09 Budget vs. Actuals - Unaudited**  
**Period Ended 1/31/09**

**High Level Summary**

	<b>FY 2008-09</b> <small>(budget + carry forward for prior year commitments)</small>	<b>FY 2008-09 YTD</b> <b>Total Actual</b> <b>Expend. &amp; Encumb.</b> <b>Thru 1/31/09</b>	<b>Budget vs.</b> <b>Actuals</b>	<b>Actuals % of</b> <b>Final Budget</b> <b>Amount</b>
<b>FINANCING</b>				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	34,560,000	16,499,822	-18,060,178	48%
All Other General Purpose Revenues	4,370,000	2,514,523	-1,855,477	58%
General Purpose Revenues Subtotal	38,930,000	19,014,345	-19,915,655	49%
Special Purpose Revenues	4,918,955	2,266,589	-2,652,366	46%
TOTAL REVENUES	43,848,955	21,280,934	-22,568,021	49%
Multi-Year Commitments - Operating Budget	0	0		
Fund Balance Available	47,964,762	43,587,439		
PY Carry forward Encumbrances	8,066,006	14,087,217		
TOTAL FINANCING	99,879,723	78,955,590	-22,568,021	79%
<b>REQUIREMENTS</b>				
<u>PROGRAM SERVICES</u>				
Healthy Children	33,120,778	39,128,059	6,007,281	118%
Strong Families	6,884,109	4,468,893	-2,415,216	65%
Ready to Learn	17,808,799	21,610,228	3,801,429	121%
Capacity Building	8,298,116	8,457,559	159,443	102%
TOTAL PROGRAM SERVICES	66,111,802	73,664,738	7,552,936	111%
Administrative Functions	6,737,921	4,295,486	-2,442,436	64%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,349,723	77,960,224	4,610,501	106%
Transfer to Long Term Commitments Account	10,000,000	0	-10,000,000	0%
Undesignated/Unreserved	16,530,000			
TOTAL REQUIREMENTS	99,879,723	77,960,224	-5,389,499	78%
FINANCES LESS EXPENSES	0	995,366	995,366	

**Children and Families Commission of Orange County  
Investment Portfolio Report  
As of January 31, 2009**

Attachment 1C

<u>Issuer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Days to Maturity</u>	<u>Yield (%)</u>	<u>CUSIP</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Accrued Earnings</u>	
									<u>For Month</u>	<u>To Date</u>
<b>Treasury Bill (issued at a discount)</b>										
U.S. Treasury Security	1/14/2009	7/9/2009	176	0.2500	912795M99	\$ 4,993,888.89	\$ 4,993,220.00	\$ (668.89)	\$ 625.00	\$ 625.00
<b>Subtotal for: Treasury Bill</b>						<b>4,993,888.89</b>	<b>4,993,220.00</b>	<b>(668.89)</b>	<b>625.00</b>	<b>625.00</b>
<b>Treasury Bond (semi-annual coupons)</b>										
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	5,028,125.00	42,198.04	19,283.24	211,231.71
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	5,072,655.00	96,011.12	19,822.00	128,710.32
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	5,101,560.00	147,587.40	19,945.20	201,379.88
U.S. Treasury Security	4/30/2008	1/31/2010	641	2.3023	912828HP8	4,984,779.15	5,075,780.00	84,423.35	9,691.30	6,871.01
U.S. Treasury Security	4/30/2008	4/30/2010	730	2.3462	912828HX1	4,978,515.65	5,096,095.00	109,427.07	9,961.11	35,298.57
U.S. Treasury Security	7/31/2008	7/31/2010	730	2.641	912828JF8	5,010,546.90	5,156,250.00	148,375.94	11,141.19	(2,293.01)
<b>Subtotal for: Treasury Bond</b>						<b>29,454,896.40</b>	<b>30,530,465.00</b>	<b>628,022.92</b>	<b>89,844.04</b>	<b>581,198.48</b>
<b>Grand Total</b>						<b>\$ 34,448,785.29</b>	<b>\$ 35,523,685.00</b>	<b>\$ 627,354.03</b>	<b>\$ 90,469.04</b>	<b>\$ 581,823.48</b>

All of the above investments and any investment decisions made for the month January 31, 2009 were in full compliance with the Commission's investment policy as adopted on May 2, 2007.

The Commission had adequate cash flows for six months of operations.

Signed by: \_\_\_\_\_  
Director of Finance

# Quarterly Investment Report



Children & Families  
Commission of Orange County

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*For the Period October 1 – December 31, 2008*

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**Quarterly Investment Report  
October 1, 2008 through December 31, 2008**

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**OVERVIEW**

Pursuant to California Government Code Section 53646, and the Commission's Investment Policy Statement adopted on May 7, 2008, the Treasurer submits the Quarterly Investment Report to the Commission. The Investment Report summarizes investment activities for the Commission for the three-month period from October 1 through December 31, 2008.

Currently the Commission invests solely in 1) the Orange County Investment Pool's Money Market Fund ("Money Market Fund"), and 2) the Sustainability Fund is invested in a Specific Long-Term Investment Program ("SLP"). All funds are managed by the Orange County Treasurer's Office.

The funds in the Money Market Fund are invested for liquidity. The Sustainability Fund is invested in specific U.S. Treasury Securities, with maturities not to exceed three years. The U.S. Treasury Notes and Bills are invested in a "laddered" maturities approach.

The on-going monitoring of the Commission's investment program by staff and Sperry Capital Inc., the Commission's independent financial advisor, indicates that the investments are in compliance with the Commission's adopted Investment Policy Statement as well as with the California Government Code.

The overall performance of the Orange County Investment Pool's Money Market Fund has tracked with money market benchmark indices. In addition, the Commission appears to have sufficient liquidity together with anticipated revenues to meet the Commission's budgeted expenditures over the next six months.

**MONEY MARKET FUND**

The Commission's investment in the Orange County Money Market Fund on December 31, 2008 totaled \$110,803,144. On December 1, 2008, Standard & Poor's awarded the Money Market Funds a "AAAm" rating. This rating is reserved for money market funds with the highest level of principal and stability protection. Orange County is the first municipality in California, and the first County in the United States to have received the "AAAm" rating for its money market funds. The Orange County Money Market Funds are also rated "Aaa" by Moody's Investors Service.

## **SPECIFIC LONG-TERM INVESTMENT PROGRAM**

The market value (i.e. the price of each security at the close of the market on the last trading day of the month) of the U.S. Treasury Securities in the SLP was \$35,643,755 on December 31, 2008, with an average yield of 3.72%. As the individual Treasuries mature, the proceeds are reinvested by the Orange County Treasurer following consultation with the Commission's Treasurer and Financial Advisor. The next Treasury security matured on January 15, 2009.

## **MARKET CONDITIONS**

**U.S Treasury Yields:** Due in large part to the continuing credit and liquidity crisis over subprime mortgage securities, the fourth quarter continued to see volatile rates for U.S. Treasury securities. The yield on 3-month Treasury Bill began the quarter at 0.85%, peaked at 1.24 % on October 24, hit a record low of 0.00% on December 18 as well as on December 24, and closed at 0.11% on December 31. The yield on 10-year Treasury Notes began the quarter at 3.77%, peaked at 4.08% on October 14, hit a record low of 2.08% on December 18 and closed at 2.25% on December 31.

**Yield Curve:** The sharp drop in the U.S. Treasury yield curve reflected an unprecedented "flight to quality" at the end of the fourth quarter of 2008. On December 31, three-month U.S. Treasury Bills yielded 0.11%, the five-year the U.S. Treasury Note yielded 1.55%, 10-year U.S. Treasury Note yielded 2.25%, and the 30-year U.S. Treasury Bond yielded 2.69%.

**Markets & Rates:** December was a month to remember in the capital markets. US Treasury securities dropped to the lowest yields in decades.

It took the National Bureau of Economic Research until December 2, 2008 to decide what should seem obvious given all the foreclosures, bank failures and layoffs; the the United States is officially mired in a recession. Many economists feel that the current U.S. recession will probably be the longest since World War II and could worsen without heavy government spending.

The nation lost 524,000 jobs in December, bringing the total drop for last year to 2.589 million, just shy of the 2.75 million decline at the end of World War II, according to the US Department of Labor. The national unemployment rate climbed to 7.2 percent, the highest level in almost 16 years. The California unemployment rate climbed to 8.4 percent in November.

President-elect Obama, who assumed office on January 20, 2009, has urged lawmakers to pass his economic recovery program "in the next few weeks," warning that "if nothing is done, this recession could linger for years." His plan, which has met with mixed reception in Congress, may exceed \$825 billion.

The Federal Reserve Bank reduced lowered its benchmark interest rate to a range of zero to 0.25% at the conclusion of its December 16, 2008 policy meeting, aiming to stimulate bank lending by bringing down borrowing costs.

## STRUCTURED INVESTMENT VEHICLES (“SIVs”)

The OCIP Extended Fund holds \$50 million of Whistlejacket Capital LLC securities scheduled to mature on January 25, 2009, and \$30 million scheduled to mature on January 26, 2009. According to the December 31, 2008 Statement of Assets issued by the Receiver (Deloitte LLC), more than half of the underlying assets are rated “AAA.” Standard & Poor’s states that 95% of the underlying assets are rated “A” or better. The Receiver has elected to continue holding the underlying assets until their maturity, or until overall market conditions improve. The Whistlejacket securities represent less than one percent of the diversified Orange County Investment Pool.

## COMPLIANCE MONITORING

During the reporting period, funds in the OCIP and the Commission’s SLP were invested in compliance with applicable statements of investment policy and were free of non-compliance incidents.

## PORTFOLIO PERFORMANCE SUMMARY

The following table presents an overview of the Orange County Investment Pool’s Money Market Fund for the months ending October 31, November 30, and December 31, 2008.

Orange County Pool - Money Market Fund					
Period Ending	Total Pool Market Value	MONTHLY AVERAGE YIELDS			CNTY MMF AVG Days to MAT
		<u>CNTY MMF</u>	<u>OCIP Net</u>	<u>Benchmark*</u>	
December 31	\$1,787,284,123	1.77%	2.80%	1.80%	58 Days
November 30	\$1,175,397,363	2.18%	2.85%	2.33%	47 Days
October 31	\$1,633,383,931	2.55%	2.17%	2.58%	51 Days

\*MMF Average – Benchmark Comparison Funds: Dreyfus Government Cash Management, Temporary Investment Fund, Fidelity Institutional Cash Management, and Merrill Lynch Institutional Cash Management

## SUMMARY STATEMENTS

Attached for further information and reference are three statements from the December 31, 2008 Orange County Treasurer’s Investment Management Report.

- A. Investment Balances Statement: The balances for all funds managed by the Treasurer are reported on this Statement. The December 31, 2008 balance of the Commission’s SLP (\$34,310,365), expressed as book value (i.e. cost of the investment), can be found under “Non-Pooled Investments” on page two of the Statement.

- B. Statement of Activity: This Statement reports the beginning and ending balances of the Commission's funds in the Money Market Fund. All deposits, withdrawals, investment earnings, and administrative fees for the reporting period are also posted. The Commission's December 31, 2008 ending balance was \$110,803,144.
- C. Investment Portfolio Report: This Report presents detailed information for each of the U.S. Treasury Securities that comprise the Commission's SLP. The December 31, 2008 book value was \$34,310,365 and the market value was \$34,643,755.

### **APPORTIONMENT OF INTEREST EARNINGS**

The Orange County Treasurer apportions interest earnings in the commingled pools to all investors each month. According to the Treasurer's forecast, apportionment of the Commission's interest earnings for the month ended November 2008 will be posted to the Commission's cash account in the County general ledger by approximately February 11, 2009.

#### **Attachments:**

- A. Investment Balances Statement
- B. Statement of Activity
- C. Investment Portfolio Report

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POOL STATISTICS**  
 FOR THE MONTH and QUARTER ENDED DECEMBER 31, 2008

**INVESTMENT STATISTICS - By Investment Fund\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Current Yield	MONTH Average Yield	QUARTERLY Average Yield	Current NAV
<u>O.C. Money Market Fund</u>	MARKET Value \$ 2,308,197,426 COST (Capital) \$ 2,304,343,563 MONTHLY AVG Balance \$ 2,415,790,822 QUARTERLY AVG BALANCE \$ 1,957,409,114 BOOK Value \$ 2,306,735,740	58	1.17%	1.77%	2.17%	1.00
<u>O.C. Educational Money Market Fund</u>	MARKET Value \$ 2,152,827,732 COST (Capital) \$ 2,146,940,935 MONTHLY AVG Balance \$ 1,806,167,936 QUARTERLY AVG BALANCE \$ 1,719,705,452 BOOK Value \$ 2,149,919,066	55	1.18%	1.46%	1.95%	1.00
<u>Extended Fund</u>	MARKET Value \$ 2,503,173,696 COST (Capital) \$ 2,488,043,239 MONTHLY AVG Balance \$ 2,498,751,240 QUARTERLY AVG BALANCE \$ 2,459,158,231 BOOK Value \$ 2,491,711,955	325	3.15%	3.32%	3.36%	1.00
<u>OC Extended Fund B (Whistlejacket Holdings)</u>	MARKET Value \$ 52,200,929 COST (Capital) \$ 62,143,964	25	NA	NA		0.84
<b>ALLOCATION OF EXTENDED FUNDS</b>						
<u>Extended Fund (X Fund) County's Share of X Fund</u>	MARKET Value \$ 1,173,525,010 COST (Capital) \$ 1,166,431,628 MONTHLY AVG Balance \$ 1,245,525,434 QUARTERLY AVG BALANCE \$ 1,341,416,295 BOOK Value \$ 1,168,151,576	325	3.15%	3.43%	3.41%	1.00
<u>Educational Share of X Fund</u>	MARKET Value \$ 1,329,648,685 COST (Capital) \$ 1,321,611,611 MONTHLY AVG Balance \$ 1,253,225,806 QUARTERLY AVG BALANCE \$ 1,117,741,935 BOOK Value \$ 1,323,560,379	325	3.15%	3.22%	3.31%	1.00
<u>OC Extended Fund B County's Share</u>	MARKET Value \$ 28,354,683 COST (Capital) \$ 33,755,575	25	NA	NA		0.84
<u>Educational Share</u>	MARKET Value \$ 23,846,246 COST (Capital) \$ 28,388,389	25	NA	NA		0.84

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POOL STATISTICS  
FOR THE MONTH and QUARTER ENDED DECEMBER 31, 2008**

**INVESTMENT STATISTICS - By Investment Pool\*\*\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Current Yield	MONTH	QUARTERLY	Current NAV
				Average Yield	Average Yield	
<b>COMBINED POOL BALANCES</b>						
<i>County Pool</i>	MARKET Value \$ 3,510,077,119 COST (Capital) \$ 3,504,530,765 MONTHLY AVG Balance \$ 3,695,071,830 QUARTERLY AVG BALANCE \$ 3,332,580,984 BOOK Value \$ 3,508,642,892	149	1.84%	2.33%	2.66%	1.00
<i>Educational Pool</i>	MARKET Value \$ 3,506,322,664 COST (Capital) \$ 3,496,940,935 MONTHLY AVG Balance \$ 3,087,782,131 QUARTERLY AVG BALANCE \$ 2,865,835,776 BOOK Value \$ 3,501,867,834	159	1.99%	2.18%	2.49%	1.00

**INVESTMENT STATISTICS - Non Pooled Investments**

DESCRIPTION	CURRENT BALANCE	BOOK BALANCE BY INVESTMENT TYPE
<b>Specific Investment Funds:</b> 112, 161, 225, 283, 480, 482, 483, 484, 497 505, 510, 514, 546, 660	MARKET Value \$ 111,635,129 COST (Capital) \$ 110,144,115 MONTHLY AVG Balance \$ 110,368,691	Interest Bearing Accounts \$ 32,574 Money Market Funds 16,694,199 Repurchase Agreements 1,081,500 John Wayne Airport Investment Pool 58,026,476 CFCOC Investment Pool 34,310,365 \$ 110,144,115

**MONTH-END TOTALS**

INVESTMENTS & CASH	FUND ACCOUNTING & SPECIFIC INVESTMENTS
County Money Market Fund \$ 2,304,343,583	County Funds \$ 3,516,803,257
County Cash 12,272,492	School Funds 3,496,597,640
Educational Money Market Fund 2,146,940,935	Specific Investments 110,144,115
Extended Fund 2,488,043,239	
OC Extended Fund B 62,143,964	
School Cash (343,295)	
Non Pooled investments @ Cost 110,144,115	
<b>\$ 7,123,545,013</b>	<b>\$ 7,123,545,013</b>

\* Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value.

\*\* Specific non pooled Investments are reported in compliance with Government Code Section 53648 (b)(1). Detailed descriptions are included in the Inventory listing in Section VII of this report.

\*\*\*The Combined Pool Balances include the County and Educational portions of the Extended Fund and Extended Fund B

\*\*\*\*The Ledger Balance Cash Overdraft in the Schools account is primarily due to timing differences in the recording of deposits



COUNTY OF ORANGE  
**OFFICE OF THE TREASURER-TAX COLLECTOR**  
 HALL OF FINANCE & RECORDS  
 12 CIVIC CENTER PLAZA, ROOM G76  
 P. O. BOX 4515  
 SANTA ANA, CA 92701

February 5, 2009

**STATEMENT OF ACTIVITY**  
**For the Month Ended December 31, 2008**

Orange County Children and Families Commission  
 c/o Michael Ruane, Executive Director  
 17320 Redhill Ave #200  
 Irvine, CA 92614

<u>Cash in Treasury - Fund 225</u>						
<u>Date / Description</u>	<u>Beginning Balance</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Investment Income</u>	<u>Treasury Admin Fee</u>	<u>Ending Balance</u>
12/01/08, November Admin Fee	\$115,361,691.91	\$3,032,905.84	(\$8,077,206.92)		(9,788.33)	
12/09/08, September Interest				213,712.56		
12/19/08, October Interest				281,829.15		
	<u>\$115,361,691.91</u>	<u>\$3,032,905.84</u>	<u>(\$8,077,206.92)</u>	<u>\$495,541.71</u>	<u>(\$9,788.33)</u>	<u>\$110,803,144.21</u>

<u>Accrued Investment Income - Fund 225</u>					
<u>Date / Description</u>	<u>Beginning Balance</u>	<u>Accrual</u>	<u>Payment</u>	<u>Ending Balance</u>	<u>Apportionment Annualized Yield (Gross)</u>
12/09/08, September Interest	\$755,145.38				
12/19/08, October Interest			(213,712.56)		
01/02/09, December Interest		226,003.52	(281,829.15)		
	<u>\$755,145.38</u>	<u>\$226,003.52</u>	<u>(\$495,541.71)</u>	<u>\$485,607.19</u>	<u>2.278%, December</u>

**Children and Families Commission of Orange County  
Investment Portfolio Report  
As of December 31, 2008**

Issuer	Purchase Date	Maturity Date	Days to Maturity	Yield (%)	CUSIP	Cost	Market Value	Unrealized Gain (Loss)	Accrued Earnings	
									For Month	To Date
<b>Treasury Bond (semi-annual coupons)</b>										
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	5,004,690.00	7,093.13	19,010.07	217,196.05
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	5,042,190.00	62,239.27	19,283.22	191,948.47
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	5,089,060.00	116,831.00	19,683.22	199,513.32
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	5,120,310.00	171,911.03	19,945.19	181,434.68
U.S. Treasury Security	4/30/2008	1/31/2010	641	2.3023	912828HP8	4,984,779.15	5,092,190.00	101,569.46	9,686.52	50,304.71
U.S. Treasury Security	4/30/2008	4/30/2010	730	2.3482	912828HX1	4,978,515.65	5,117,970.00	132,214.42	9,961.12	25,337.46
U.S. Treasury Security	7/31/2008	7/31/2010	730	2.6410	912828JF8	5,010,546.90	5,177,345.00	169,023.06	11,135.00	55,315.80
<b>Subtotal for: Treasury Bond</b>						<b>34,310,365.15</b>	<b>35,643,755.00</b>	<b>760,881.37</b>	<b>108,704.34</b>	<b>921,050.49</b>
<b>Grand Total</b>						<b>\$ 34,310,365.15</b>	<b>\$ 35,643,755.00</b>	<b>\$ 760,881.37</b>	<b>\$ 108,704.34</b>	<b>\$ 921,050.49</b>

All of the above investments and any investment decisions made for the month December 31, 2008 were in full compliance with the Commission's investment policy as adopted on May 2, 2007.

The Commission had adequate cash flows for six months of operations.

Signed by: \_\_\_\_\_  
Director of Finance