

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY COMPLIANCE  
September 30, 2004**

<b>Investment Policy Guidelines</b>		<b>Orange County Investment Pool</b>		<b>Orange County Educational Investment Pool</b>		<b>John Wayne Airport Investment Pool</b>	
<b>Percent of Portfolio</b>	<b>Investment Type</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>	<b>Market Value of Investments</b>	<b>Percent of Portfolio</b>
100%	U.S. Treasuries	-	-	-	-	\$1,996,250	4.51%
100%	U.S. Government Agencies	\$1,130,282,677	38.34%	\$494,043,416	25.41%	15,073,917	34.04%
40%	Commercial Paper	541,843,113	18.37%	650,513,735	33.46%	16,942,328	38.26%
50%	Repurchase Agreements	140,000,000	4.75%	-	-	-	-
30%	Negotiable Certificates of Deposit	550,645,393	18.67%	408,969,284	21.03%	8,998,548	20.32%
20%	Money Market Funds	27,780,889	0.94%	9,733,227	0.50%	1,272,458	2.87%
40%	Bankers' Acceptances	9,999,520	0.34%	29,884,310	1.54%	-	-
10%	State & Local Agency Obligations	-	-	-	-	-	-
10%	Receivable-Backed Securities	-	-	-	-	-	-
30%	Medium-Term Notes	548,329,797	18.59%	351,161,660	18.06%	-	-
		<b>\$2,948,881,389</b>	<b>100.00%</b>	<b>\$1,944,305,632</b>	<b>100.00%</b>	<b>\$44,283,501</b>	<b>100.00%</b>

<b>Compliance Category (Yes/No)</b>	<b>Money Market Fund (Fund #692)</b>	<b>Extended Fund (Fund #699)</b>	<b>Orange County Educational Investment Pool</b>		<b>John Wayne Airport Investment Pool</b>	
Percentage Limits	Yes		Yes		Yes	
Maturity Limits	Yes	Yes	Yes		Yes	
Quality Limits	Yes		Yes		Yes	
Net Asset Value Limits	Yes		Yes		Yes	

**Orange County Treasurer-Tax Collector  
Noncompliance Report Summary  
For the Month Ended September 30, 2004**

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

**Investment Diversification Disclosure**

The money market fund is authorized to purchase an additional 5 percent of its total assets in any authorized investment type for a period not to exceed 30 business days. The IPS requires disclosure of any investing under this provision. During September, as discussed below, commercial paper holdings exceeded the 40% IPS limitation.

09-24 A reduction in the Pool's total assets on September 24, 2004 increased holdings of total commercial paper to 40.10% of the market value of the portfolio. On the next business day, the percentage of total commercial paper holdings was back within the 40% limitation.

**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:

09-30 A reduction in the Pool's total assets on September 30, 2004 increased holdings of Amsterdam Funding Corp to 5.09% of the market value of the portfolio. The Treasurer has decided to hold these securities until maturity.

**Credit Watch-Negative**

On September 30, 2004 Fitch and Moody's placed their respective long-term Senior Unsecured Debt ratings for Merck & Co. Inc. on credit watch negative. The short-term ratings were affirmed. The Merck (MRK) securities were purchased before the rating actions and are considered technical incidents.

<u>Investment Pool</u>	<u>Instrument Type</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>% of Portfolio</u>	<u>Credit Watch Negative</u>	<u>ST/LT Ratings</u>
County	MTN	2/22/2005	\$50,700,000	2.09%	Moody's Fitch	P1/Aaa *- F1+/AAA*-
Educational	MTN	2/22/2005	50,000,000	2.16%	Moody's Fitch	P1/Aaa *- F1+/AAA*-
		Total	<u>\$100,700,000</u>			

\* Credit Watch.