

KEN BURKE

CLERK OF THE CIRCUIT COURT — PINELLAS COUNTY, FLORIDA

FINANCE DIVISION

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor
Clerk of the Water and Navigation Control Authority

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TO: The Honorable Chairman and Members
of the Board of County Commissioners

THRU: *KRB* Ken Burke
Clerk of the Circuit Court

FROM: Claretha N. Harris *CNH*
Chief Deputy Director, Finance Division

DISTR: James L. Bennett, County Attorney
Robert S. LaSala, County Administrator
Board Records
Press

SUBJECT: Quarterly Investment Report for the Period Ended December 31, 2008

DATE: June 29, 2009

Attached is the Quarterly Investment Report for the period ended December 31, 2008.

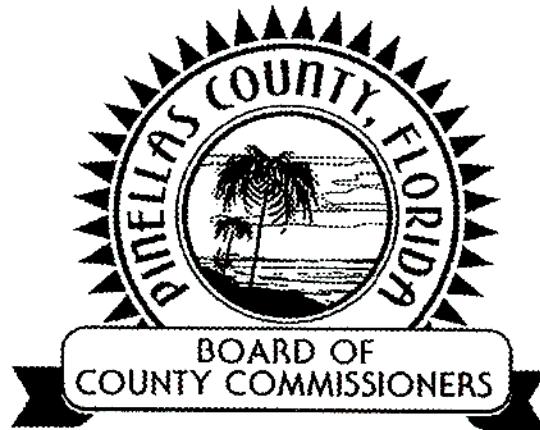
The following is a summary of key points identified in the attached Quarterly Investment Report:

✓ Total Portfolio - book value (at quarter end)	\$722,970,759
✓ Securities - book value (at quarter end)	\$517,363,728
✓ Securities weighted average maturity (WAM) (at quarter end)	1.99 years
✓ Realized investment income for three months	\$ 4,108,385
✓ Yield on short-term portfolio	
○ Effective annual yield	1.38%
○ Benchmark (3-month T-Bill)	.30%
✓ Yield on long-term portfolio	
○ Effective annual yield	3.56%
○ Benchmark (2-year T-Bill)	2.00%

Thank you, in advance, for your attention to the attached Quarterly Investment Report. If you have any questions, please contact me at 727-464-8300.

Attachment

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QUARTERLY
INVESTMENT REPORT

For the Period Ended
December 31, 2008

Prepared by Ken Burke
Clerk of the Circuit Court
Finance Division

Investment Policy

Section 218.415, Florida Statutes authorizes the governing body of a local government to adopt a written investment plan to govern investment activity. The Board of County Commissioners (Board) adopted Section 2-144 of the Pinellas County Code, Investment of Surplus Public Funds, establishing policies for investing all County surplus funds controlled by the Board. All investment activity is conducted in accordance with Code Section 2-144 and additional written policies and procedures.

In accordance with the above laws and policies, the Clerk is required to submit a report on the performance of the County's investments portfolio quarterly and annually. In this Annual Investment Report, we also show investment objectives and permitted investments, demonstrating compliance with policies.

Portfolio Activity Summary

During the fiscal quarter, primarily the cyclical influx of tax revenues raised the portfolio's book value by \$69.7 million. As interest rates dropped accentuating a positive yield curve, the County increased its allocation in securities by \$171.4 million. The effect of purchasing securities at lower yields reduced the long-term portfolio's effective yield to 3.56% at December 31, 2008 compared to 4.91% at September 30, 2008. Due to the portfolio's liquidity as of September 30, 2008, some securities were purchased longer on the yield curve. This repositioning raised the portfolio's weighted average maturity in securities from 1.91 to 1.99 years. Portfolio activity for the fiscal year is shown on page 6 of this report.

During the quarter, the County evaluated the methodology for amortizing premiums to maturity. This review necessitated revising the amortization of premiums to the first call date to more accurately reflect the anticipated yield. Previously premiums were amortized over the life of the security.

Portfolio Performance

Total realized investment income for the fiscal quarter ended December 31, 2008 was \$4.1 million. The decline in investment income was due to a reduction in net revenues available for investment and declining available investment yields over the last year, as discussed later in this report. The effective annual yield for the long-term portfolio was above its benchmark. The County had locked in higher yielding securities as long-term interest rates declined. The short-term portfolio's effective annual yield for the quarter was also above its benchmark. The County had maintained funds in public funds money market accounts, secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, providing above-market returns.

Quarter-End Yields Over The Last Year					
<u>Individual Yields</u> (at quarter end)	<u>12/07</u>	<u>03/08</u>	<u>06/08</u>	<u>09/08</u>	<u>12/08</u>
Short Term Portfolio:					
Cash Pools	4.11 %	2.51 %	2.47 %	2.03 %	.14 %
State Board of Administration (SBA)	4.92	3.09	2.40	2.41	.97
<u>Effective Yields</u> (3 month daily average)					
Short Term Portfolio	4.00	3.13	1.96	2.01	1.38
Long Term Portfolio	4.38	4.37	4.46	4.91	3.56
Portfolio Overall	4.20	3.80	3.38	3.44	2.61
<u>Benchmarks</u>					
Short Term Funds:					
3-month US Treasury constant maturity (3-month average)	3.47	2.09	1.65	1.52	.30
Long Term Funds:					
2-year US Treasury constant maturity (12-month average)	4.36	3.67	3.08	2.57	2.00

Treasury Yields

Historical Treasury yields declined across all maturities in comparison to last year. The declines in yields ranged between 316 basis points (3 Month) and 189 basis points (5 Year), year-over-year. Treasury yields in all categories declined in comparison to last quarter with decreases ranging between 82 basis points (3 Month) and 145 basis points (1 Year). The historical Treasury yields at quarter-end for the last five quarters are presented below.

<i>Historical U.S. Treasury Yields Over the Last Year</i>					
<u>Maturity</u>	<u>12/07</u>	<u>03/08</u>	<u>06/08</u>	<u>09/08</u>	<u>12/08</u>
3 Month	3.24%	1.32%	1.73%	.90%	.08%
6 Month	3.39	1.48	2.15	1.61	.26
1 Year	N/A	N/A	2.33	1.79	.34
2 Year	3.05	1.58	2.62	1.96	.76
3 Year	N/A	N/A	N/A	N/A	.97
5 Year	3.44	2.44	3.33	2.98	1.55

Investment Objectives

The investment policy outlines three specific objectives to be applied in the management of County investments. The primary objective is safety of County funds. Safe investments are those that ensure minimum credit risk (the risk that principal will not be repaid) and minimum market risk (the risk that the principal value will not decrease over the life of the investment).

The second objective is the provision of sufficient liquidity. The funds are invested so that the County can meet its operating, payroll and capital requirements as they come due. Liquidity also means the ability to sell investments when necessary, with minimal delay and loss of principal. The portfolio's investments are held to maturity to avoid selling prior to maturity and risking a loss of principal.

Income or return on investment is the third objective. Return on investment is secondary to the safety and liquidity objectives. We strive to maximize the return on the portfolio, but avoid assuming unreasonable investment risk.

Permitted Investments, Portfolio Composition and Allowable Maturities

Permitted investments include:

The Florida Local Government Surplus Funds Trust Fund (SBA) - The SBA is administered and invested by the State Board of Administration for the purpose of pooling investments for local governments while providing liquidity and safety of principal.

U. S. Treasury Obligations - Negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the U. S. Government. Such securities include, but are not limited to, Treasury bills, notes or bonds and Treasury strips.

U. S. Agency Obligations - Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States agencies, provided with the full faith and credit of the U. S. Government. Such securities include, but are not limited to, the Farmers Home Administration, the Federal Financing Bank, Federal Housing Administration Debentures and Government National Mortgage Association (GNMA).

Federal Instrumentalities - Bonds, debentures, notes or other evidence of indebtedness issued by government-sponsored corporations established by law to implement various federal government lending programs. These corporations are not full faith and credit agencies. Such securities include, but are not limited to, Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (Freddie Mac) and Student Loan Marketing Association (Sallie Mae).

Commercial Paper - Commercial paper is an unsecured short-term promissory note issued by a corporation ranging from 3 to 270 days. The policy requires the issuer's debt to be rated, at the time of purchase, A1 by Standard and Poors and P1 by Moody's Investor Services.

Certificates of Deposit - Non-negotiable interest bearing time certificates of deposit in banks organized under the laws of the United States and doing business and situated in Florida, provided any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

Money Market Funds - Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Time Deposits - Interest bearing time deposits or savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes.

The **composition** of the portfolio is diversified to control the risk of loss resulting from the over concentration of assets in a specific maturity, issuer, instrument, dealer or bank through which investments are bought and sold. Diversification strategies are reviewed and revised periodically as necessary to meet portfolio objectives.

The **maximum allowable maturity** for any investment in the portfolio is five years, however we make every effort to match investment maturities with known cash needs and anticipated cash flow requirements. Funds needed to meet current operating requirements have shorter maturities, generally less than twelve (12) months. Bond construction funds, bond fund reserves and other non-operating funds have terms appropriate to the need for funds and, if applicable, in accordance with debt covenants.

Key Economic Indicators

Federal Funds Rate - The Federal Open Market Committee (FOMC) met three times, October 8th, 29th and December 16th, lowering rates and establishing a target range for the Federal Fund rate of 0 to 1/4 percent.

The statement from the December 16 FOMC meeting indicated "since the Committee's last meeting, labor market conditions have deteriorated, and the available data indicate that consumer spending, business investment, and industrial production have declined. Financial markets remain quite strained and credit conditions tight. Overall, the outlook for economic activity has weakened further".

"The Federal Reserve will employ all available tools to promote the resumption of sustainable economic growth and to preserve price stability. In particular, the Committee anticipates that weak economic conditions are likely to warrant exceptionally low levels of the federal funds rate for some time".

Subsequent to December 31, the FOMC has met four times maintaining a target range for the Federal Funds rate of 0 to 1/4 percent.

Gross Domestic Product (GDP) – Real GDP decreased at an annualized seasonally adjusted rate (in chain linked 2000 dollars) of 6.2%; lower than the .5% decrease for the third calendar quarter. The decrease in real GDP in the fourth quarter was primarily due to negative contributions from personal consumption expenditures, exports, equipment and software, and residential fixed investment. This was partly offset by a positive contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased.

Durable Goods Orders – New orders for manufactured durable goods decreased 13.5% during the fourth calendar quarter, or \$85.3 billion.

Unemployment Rate – The unemployment rate rose during the fourth calendar quarter from 6.1% in September 2008 to 7.2% in December 2008. Initial jobless claims decreased from 499,000 for the week ending September 26, 2008 to 491,000 for the week ending December 26; a high of 589,000 occurred during this same period.

Personal Income and Outlays - Personal income declined .7% during the fourth calendar quarter while personal outlays declined 2.9%.

New Home Sales - The fourth quarter estimate for new home sales decreased 29.3% to 82,000; the prior quarter was revised to an 18.9% decrease. The seasonally adjusted estimate of new houses for sale expressed in months at the end of September 2008 and December 2008 was 11.5 and 12.9 respectively, with December 2007 at 9.8 months. Average selling prices for new homes sold or for sale decreased from \$284,833 to \$270,733 in the fourth calendar quarter of 2008.

Existing Home Sales - In December, the estimate for seasonally adjusted annual existing home sales was 4.74 million; down from 5.14 million in September. The total supply of homes available for purchase expressed in months decreased from 10.0 at the end of September 2008 to 9.3 at the end of December 2008. Average selling prices for existing homes declined from \$244,567 to \$222,900 in the fourth quarter of 2008.

Consumer Confidence - The Conference Board's Consumer Confidence Index decreased in December to 38.6. This was a decrease of 22.8 points since September 2008. The decrease reflects the rapid and steep deterioration of economic conditions that occurred in the fourth quarter of 2008.

Consumer Price Index (CPI) - The CPI for all urban consumers, all items, fell 3.4% in the fourth calendar quarter, or a compound annual rate of 12.7%. This was caused primarily by a decrease in transportation and energy costs.

	<i>Summary of Key Economic Indicators¹</i>			
	<i>Quarter Ended</i>			
	<u>03/31/2008</u>	<u>6/30/2008</u>	<u>09/30/08</u>	<u>12/31/08</u>
Federal Funds Rate (target)	4.25-2.25%	2.25-2.00%	2.00-2.00%	2.00-0.00%
Gross Domestic Product (GDP) (annualized) (billions)	\$11,646.0	\$11,727.4	\$11,712.4	\$11,525.0
Durable Goods Orders (millions)	\$639,771	\$642,395	\$632,186	\$546,840
Unemployment Rate	4.8-5.1%	5.0-5.5%	5.7-6.1%	6.5-7.2%
Personal Income (annualized) (billions)	\$11,960.5	\$12,152.2	\$12,159.4	\$12,124.1
Personal Outlays (annualized) (billions)	\$10,404.9	\$10,538.2	\$10,559.9	\$10,315.7
New Home Sales (units)	141,000	143,000	116,000	82,000
Existing Home Sales (units)	965,000	1,421,000	1,431,000	1,095,000
Consumer Confidence	87.9-65.9	62.8-51.0	51.9-59.8	44.7-38.6
Consumer Price Index (CPI) (annualized) change	3.1%	7.9%	2.6%	-12.7%

¹ Values include industry projections commonly subject to revision.

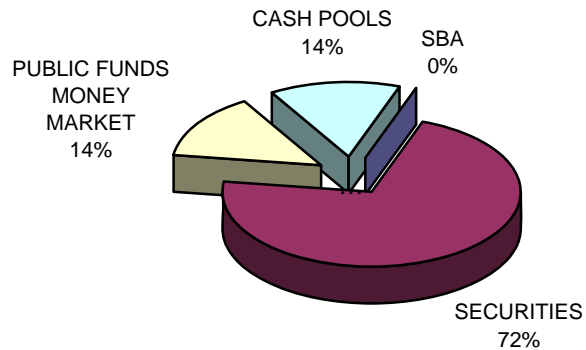
Investment Strategy

Our “buy and hold” investment strategy is based on our current security mix (Agencies, Instrumentalities, Treasuries, etc.), projected cash flows, current and desired weighted average maturity (WAM), and interest rate projections. On average, economists are projecting short-term interest rates will increase from .19% to .28% by December 2009. As shown in the Detailed Portfolio Schedule on page 7, we currently have 29.9% placed with callable Agency securities. Since an equivalent portfolio's yield exceeds current market rates, most of the current portfolio's callable securities have a high probability of being called. With a positive yield curve, short-term interest rates projected to remain steady over the next year, and reducing the current allocation level in securities for liquidity purposes, we anticipate the long-term portfolio's weighted average maturity will decline throughout the balance of this fiscal year.

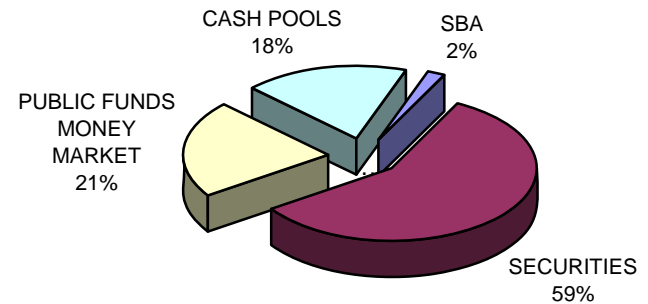
**Pinellas County Board of County Commissioners
Portfolio Summary**

	----- December 31, 2008 -----				----- December 31, 2007 -----	
Investments	Par Value	Market Value	Book Value	% of Portfolio	Book Value	% of Portfolio
Federal Agency Issues	\$ 513,215,000	526,380,243	\$ 517,363,728	71.56 %	\$ 440,085,041	58.08 %
Public Funds Money Market	62,115,189	62,115,189	62,115,189	8.59	124,262,289	16.40
State Board of Administration	852,911	703,383	852,911	0.12	15,371,442	2.03
Cash Pools	102,464,514	102,464,514	102,464,514	14.17	139,698,326	18.44
Unrestricted Cash and Investments	678,647,615	691,663,329	682,796,343	94.44	719,417,098	94.95
Public Funds Money Market						
2003 Sewer Bond Proceeds Account	40,174,369	40,174,369	40,174,369	5.56	38,243,608	5.05
State Board of Administration						
2003 Sewer Bond Proceeds Account	47	37	47	-	1,096	-
Total Cash and Investments	\$ 718,822,030	\$ 731,837,736	\$ 722,970,759	100.00 %	\$ 757,661,802	100.00 %

December 31, 2008



December 31, 2007



Pinellas County
Portfolio Holdings by Security Type
Report Format: By Transaction
As of 12/31/2008

Description	CUSIP/Ticker	Settlement Date	Next Call Date	Call Frequency	Maturity Date	Face Amount/Shares	Market Value	Book Value	Coupon Rate	YTM to Book ⁽¹⁾	Days ⁽¹⁾
FFC Bond											
FFCB 2.375 12/30/2011-09	31331GHW2	12/30/2008	3/30/2009	Continuous	12/30/2011	20,000,000.00	19,981,200.00	20,000,000.00	2.375	2.37445	1094
FFCB 3.5 10/3/2011	31331Y3P3	8/5/2008		N/A	10/3/2011	10,000,000.00	10,534,400.00	9,976,638.30	3.5	3.59122	1006
Sub Total / Average						30,000,000.00	30,515,600.00	29,976,638.30	2.75	2.78004	1065
FHLB Bond											
FHLB 0 7/6/2009	313385HU3	12/23/2008		N/A	7/6/2009	20,000,000.00	19,958,000.00	19,950,155.40	0	0.48445	187
FHLB 2.75 3/12/2010	3133XPY57	4/18/2008		N/A	3/12/2010	20,000,000.00	20,468,800.00	20,004,158.80	2.75	2.73049	436
FHLB 3.15 6/23/2011-09	3133XSQ50	12/23/2008	6/23/2009	Continuous	12/23/2011	19,775,000.00	19,855,286.50	19,921,444.95	3.15	1.5877	174
FHLB 3.75 8/18/2009	3133X8EL2	12/23/2008		N/A	8/18/2009	20,000,000.00	20,406,200.00	20,398,360.80	3.75	0.57976	230
FHLB 4.375 6/8/2012	3133XBT39	8/15/2008		N/A	6/8/2012	10,000,000.00	10,796,900.00	10,125,276.70	4.375	3.97704	1255
FHLB 4.75 12/10/2010	3133XDTA9	12/24/2007		N/A	12/10/2010	20,000,000.00	21,350,000.00	20,331,533.20	4.75	3.83814	709
FHLB 4.8 9/8/2010	3133XD3A7	12/6/2007		N/A	9/8/2010	20,000,000.00	21,250,000.00	20,346,332.60	4.8	3.70806	616
FHLB 4.875 10/19/2011-09	3133XMFP1	10/19/2007	10/19/2009	One Time	10/19/2011	10,000,000.00	10,312,500.00	9,999,300.00	4.875	4.87783	1022
FHLB 5 10/2/2009	3133XH7E6	8/27/2007		N/A	10/2/2009	20,000,000.00	20,650,000.00	20,023,044.00	5	4.83484	275
FHLB 5.02 10/22/2012-10	3133XMPK1	10/22/2007	10/22/2010	One Time	10/22/2012	9,280,000.00	9,807,846.40	9,293,257.22	5.02	4.93407	660
FHLB 5.125 9/14/2011-09	3133XM4S7	9/14/2007	9/14/2009	One Time	9/14/2011	14,160,000.00	14,580,410.40	14,154,737.72	5.125	5.14039	987
FHLB 5.65 6/29/2012-10	3133XLE74	9/17/2007	6/29/2010	One Time	6/29/2012	10,000,000.00	10,618,800.00	10,090,794.20	5.65	4.98849	545
Sub Total / Average						193,215,000.00	200,054,743.30	194,638,395.59	3.889	3.16705	522
FHLMC Bond											
FHLMC 2.55 4/21/2009	3128X7ME1	4/21/2008		N/A	4/21/2009	10,000,000.00	10,067,700.00	9,999,236.10	2.55	2.57549	111
FHLMC 3.55 8/26/2011-09	3128X76D1	11/26/2008	2/26/2009	Quarterly	8/26/2011	20,000,000.00	20,073,600.00	19,995,176.80	3.55	3.56086	968
FHLMC 3.875 9/30/2011-09	3128X7Z80	9/30/2008	9/30/2009	One Time	9/30/2011	20,000,000.00	20,419,400.00	20,000,000.00	3.875	3.87501	1003
FHLMC 4.75 1/18/2011	3134A4VJ0	11/30/2007		N/A	1/18/2011	20,000,000.00	21,418,800.00	20,385,618.00	4.75	3.74302	748
FHLMC 4.79 8/4/2010	3128X4GL9	4/25/2008		N/A	8/4/2010	10,000,000.00	10,562,400.00	10,265,161.20	4.79	3.05089	581
FHLMC 4.79 8/4/2010	3128X4GL9	4/28/2008		N/A	8/4/2010	10,000,000.00	10,562,400.00	10,253,777.20	4.79	3.12397	581
FHLMC 5.05 2/23/2009	3128X4C90	3/12/2007		N/A	2/23/2009	10,000,000.00	10,064,100.00	10,001,544.00	5.05	4.93502	54
FHLMC 5.4 6/15/2010-9	3128X6CX2	9/19/2008	6/15/2009	One Time	6/15/2010	20,000,000.00	20,403,600.00	20,219,488.80	5.4	2.94031	166
Sub Total / Average						120,000,000.00	123,572,000.00	121,120,002.10	4.361	3.49365	591
FNMA Bond											
FNMA 2.625 4/1/2010-09	3136F9ET6	4/14/2008	4/1/2009	One Time	4/1/2010	20,000,000.00	20,087,600.00	19,987,906.60	2.625	2.6747	456
FNMA 3.25 3/2/2010-09	3136F9Q48	12/2/2008	3/2/2009	Quarterly	12/2/2010	20,000,000.00	20,075,000.00	20,024,400.00	3.25	2.52545	61
FNMA 3.25 6/22/2011-09	3136F9Y31	12/22/2008	6/22/2009	Quarterly	12/22/2011	20,000,000.00	20,075,000.00	20,162,830.00	3.25	1.52295	173
FNMA 3.8 9/30/2011-09	31398AUB6	12/31/2008	9/30/2009	One Time	9/30/2011	20,000,000.00	20,368,800.00	20,403,600.00	3.8	1.08932	273
FNMA 3.875 9/2/2011-09	31398ATS1	9/12/2008	9/2/2009	One Time	9/2/2011	20,000,000.00	20,412,600.00	20,072,988.60	3.875	3.31568	245
FNMA 4.33 7/28/2011-09	31398ATA0	12/31/2008	7/28/2009	One Time	7/28/2011	20,000,000.00	20,406,200.00	20,378,200.00	4.33	1.02179	209
FNMA 4.57 6/15/2009	31359MZE6	11/25/2008		N/A	6/15/2009	20,000,000.00	20,362,600.00	20,282,572.00	4.57	1.44348	166
FNMA 5.08 5/14/2010-09	31398ABT8	6/14/2007	5/14/2009	One Time	5/14/2010	10,000,000.00	10,156,300.00	9,948,258.50	5.08	5.4923	499
FNMA 5.625 5/19/2011-09	3136F7B48	12/24/2008	5/19/2009	One Time	5/19/2011	20,000,000.00	20,293,800.00	20,367,936.60	5.625	0.80584	139
Sub Total / Average						170,000,000.00	172,237,900.00	171,628,692.30	3.984	2.0171	232
Sub Total / Securities						513,215,000.00	526,380,243.30	517,363,728.29			
Cash											
Wachovia Cash	WACHCASH	9/30/2007	N/A	N/A	N/A	102,464,514.38	102,464,514.38	102,464,514.38	0.16	0.16	1
Sub Total / Average						102,464,514.38	102,464,514.38	102,464,514.38	0.16	0.16	1
Local Government Investment Pool											
SBA LGIP	SBA2-B	12/5/2007	N/A	N/A	N/A	46.12	36.82	46.12	0	0	1
SBA LGIP	SBA1-B	12/28/2007	N/A	N/A	N/A	741,653.48	592,125.01	741,653.48	0	0	1
SBA LGIP	SBA2-A	9/30/2007	N/A	N/A	N/A	0.61	0.61	0.61	1.02	1.02	1
SBA LGIP	SBA1-A	9/30/2007	N/A	N/A	N/A	111,257.78	111,257.78	111,257.78	1.02	1.02	1
Sub Total / Average						852,957.99	703,420.22	852,957.99	0.133	0.13305	1
Public Funds Money Market											
BB&T MM	BBTMM-9830	8/14/2008	N/A	N/A	N/A	60,594,073.68	60,594,073.68	60,594,073.68	2.9	2.9	1
BBT-SEWER MM	BBTMM-9814	8/13/2008	N/A	N/A	N/A	39,066,094.45	39,066,094.45	39,066,094.45	2.9	2.9	1
Wachovia-Ops MM	WACHMM2741	11/20/2007	N/A	N/A	N/A	1,521,115.47	1,521,115.47	1,521,115.47	0.44	0.44	1
Wachovia-Sewer MM	WACHMM2929	12/7/2007	N/A	N/A	N/A	1,108,274.48	1,108,274.48	1,108,274.48	0.44	0.44	1
Sub Total / Average						102,289,558.08	102,289,558.08	102,289,558.08	2.837	2.83676	1
Total / Average						718,822,030.45	731,837,735.98	722,970,758.74	3.257	2.45422	339

⁽¹⁾ - Yield and days is to maturity with the exception of securities purchased at a premium which is to call

Pinellas County
Portfolio Activity at Book Value
Report Format: By CUSIP / Ticker
9/30/2008 to 12/31/2008

Description	CUSIP/Ticker	Ending BV- 9/30 Inv Report	Beginning BV	Buy Principal	Sell Principal	Realized Gain/Loss-BV	Amortized Discount	Amortized Premium	Ending BV
FFC Bond									
FFCB 2.375 12/30/2011-09	31331GHW2		-	20,000,000.00	-	-	-	-	20,000,000.00
FFCB 3.5 10/3/2011	31331Y3P3	9,974,495.30	9,974,495.30	-	-	-	2,143.00	-	9,976,638.30
Sub Total/Average FFC Bond		9,974,495.30	9,974,495.30	20,000,000.00	-	-	2,143.00	-	29,976,638.30
FHLB Bond									
FHLB 0 7/6/2009	313385HU3		-	19,948,000.00	-	-	2,155.40	-	19,950,155.40
FHLB 2.75 3/12/2010	3133XPY57	20,005,036.80	20,005,036.80	-	-	-	-	(878.00)	20,004,158.80
FHLB 3.15 6/23/2009	3133XSQ50		-	19,928,256.25	-	-	-	(6,811.30)	19,921,444.95
FHLB 3.75 8/18/2009	3133X8EL2		-	20,412,400.00	-	-	-	(14,039.20)	20,398,360.80
FHLB 4 10/27/2008	3133XACQ8	20,027,979.20	20,027,979.20	-	20,000,000.00	-	-	(27,979.20)	-
FHLB 4.375 6/8/2012	3133XBT39	10,134,492.60	10,134,492.60	-	-	-	-	(9,215.90)	10,125,276.70
FHLB 4.5 11/13/2008	3133XMWP2	20,050,735.40	20,011,162.20	-	20,000,000.00	-	-	(50,735.40)	-
FHLB 4.75 12/10/2010	3133XDTA9	20,374,694.20	20,374,694.20	-	-	-	-	(43,161.00)	20,331,533.20
FHLB 4.8 9/8/2010	3133XD3A7	20,398,254.00	20,398,254.00	-	-	-	-	(51,921.40)	20,346,332.60
FHLB 4.875 10/19/2011-09	3133XMFP1	9,999,236.80	9,999,236.80	-	-	-	63.20	-	9,999,300.00
FHLB 5 10/2/2009	3133XH7E6	20,030,782.00	20,030,782.00	-	-	-	-	(7,738.00)	20,023,044.00
FHLB 5 12/12/2008	3133XHTU6	10,001,206.80	10,001,206.80	-	10,000,000.00	-	-	(1,206.80)	-
FHLB 5.02 10/22/2010	3133XMPK1	9,297,863.72	9,295,110.44	-	-	-	-	(4,606.50)	9,293,257.22
FHLB 5.125 9/14/2011-09	3133XM4S7	14,154,245.52	14,154,245.52	-	-	-	492.20	-	14,154,737.72
FHLB 5.65 6/29/2010	3133XLE74	10,132,471.50	10,106,151.60	-	-	-	-	(41,677.30)	10,090,794.20
Sub Total/Average FHLB Bond		184,606,998.54	184,538,352.16	60,288,656.25	50,000,000.00	-	2,710.80	(259,970.00)	194,638,395.59
FHLMC Bond									
FHLMC 2.55 4/21/2009	3128X7ME1	9,998,604.20	9,998,604.20	-	-	-	631.90	-	9,999,236.10
FHLMC 3.55 8/26/2011-09	3128X76D1		-	19,995,000.00	-	-	176.80	-	19,995,176.80
FHLMC 3.875 9/30/2011-09	3128X7Z80	20,000,000.00	20,000,000.00	-	-	-	-	-	20,000,000.00
FHLMC 4.75 1/18/2011	3134A4VJ0	20,432,644.60	20,432,644.60	-	-	-	-	(47,026.60)	20,385,618.00
FHLMC 4.79 8/4/2010	3128X4GL9	20,601,352.70	20,601,352.70	-	-	-	-	(82,414.30)	20,518,938.40
FHLMC 5.05 2/23/2009	3128X4C90	10,004,246.00	10,004,246.00	-	-	-	-	(2,702.00)	10,001,544.00
FHLMC 5.4 6/15/2009	3128X6CX2	20,349,744.40	20,341,278.20	-	-	-	-	(130,255.60)	20,219,488.80
Sub Total/Average FHLMC Bond		101,386,591.90	101,378,125.70	19,995,000.00	-	-	808.70	(262,398.50)	121,120,002.10
FNMA Bond									
FNMA 2.625 4/1/2010-09	3136F9ET6	19,985,461.20	19,985,461.20	-	-	-	2,445.40	-	19,987,906.60
FNMA 3.25 3/2/2009	3136F9Q48		-	20,036,000.00	-	-	-	(11,600.00)	20,024,400.00
FNMA 3.25 6/22/2009	3136F9Y31		-	20,171,400.00	-	-	-	(8,570.00)	20,162,830.00
FNMA 3.8 9/30/2011-09	31398AUB6		-	20,403,600.00	-	-	-	-	20,403,600.00
FNMA 3.875 9/2/2009	31398ATS1	20,104,216.80	20,100,548.60	-	-	-	-	(31,228.20)	20,072,988.60
FNMA 4.33 7/28/2011-09	31398ATA0		-	20,378,200.00	-	-	-	-	20,378,200.00
FNMA 4.57 6/15/2009	31359MZE6		-	20,344,600.00	-	-	-	(62,028.00)	20,282,572.00
FNMA 5.08 5/14/2010-09	31398ABT8	9,938,707.80	9,938,707.80	-	-	-	9,550.70	-	9,948,258.50
FNMA 5.625 5/19/2009	3136F7B48		-	20,386,600.00	-	-	-	(18,663.40)	20,367,936.60
Sub Total/Average FNMA Bond		50,028,385.80	50,024,717.60	121,720,400.00	-	-	11,996.10	(132,089.60)	171,628,692.30
Sub Total/Securities		345,996,471.54	345,915,690.76	222,004,056.25	50,000,000.00	-	17,658.60	(654,458.10)	517,363,728.29
Cash									
Wachovia Cash	WACHCASH	201,456,886.09	201,456,886.09	1,405,675,824.23	1,504,668,195.94	-	-	-	102,464,514.38
Sub Total/Average Cash		201,456,886.09	201,456,886.09	1,405,675,824.23	1,504,668,195.94	-	-	-	102,464,514.38
Local Government Investment Pool									
SBA LGIP	SBA1-A	2,013,319.09	2,013,319.09	56,252.74	1,958,314.05	-	-	-	111,257.78
SBA LGIP	SBA1-B	793,343.73	793,343.73	-	51,690.25	-	-	-	741,653.48
SBA LGIP	SBA2-A	0.03	0.03	3.21	2.63	-	-	-	0.61
SBA LGIP	SBA2-B	49.33	49.33	-	3.21	-	-	-	46.12
Sub Total/Average Local Government Investment		2,806,712.18	2,806,712.18	56,255.95	2,010,010.14	-	-	-	852,957.99
Public Funds Money Market									
BB&T MM	BBTMM-9830	60,153,994.46	60,153,994.46	440,079.22	-	-	-	-	60,594,073.68
BBT-SEWER MM	BBTMM-9814	39,948,096.68	39,948,096.68	287,532.10	1,169,534.33	-	-	-	39,066,094.45
Wachovia-Ops MM	WACHMM2741	1,517,831.72	1,517,831.72	3,283.75	-	-	-	-	1,521,115.47
Wachovia-Sewer MM	WACHMM2929	1,417,718.13	1,417,718.13	2,669.41	312,113.06	-	-	-	1,108,274.48
Sub Total/Average Public Funds Money Market		103,037,640.99	103,037,640.99	733,564.48	1,481,647.39	-	-	-	102,289,558.08
Total / Average		653,297,710.80	653,216,930.02	1,628,469,700.91	1,558,159,853.47	-	17,658.60	(654,458.10)	722,970,758.74

(Note) - \$80,781 in additional amortized premiums incurred through September 30, 2008 was added to this quarter due to changing amortization methods by amortizing premiums to first call date rather than to maturity date.