Orange County Treasurer-Tax Collector
Noncompliance Report Summary
For the Month Ended August 31, 2000

During August there were two noncompliance incidents in the Educational Investment Pool and none in the County or John Wayne Airport Investment Pools. Although certain Investment Policy Statement (IPS) guidelines were temporarily exceeded, the Treasurer believes there was no material impact of a negative nature to the Educational Investment Pool. However, we have disclosed noncompliance with the IPS for the County=s Pool related to the monthly distribution of accrual basis interest income.

County Investment Pool

08-31 Gross investment earnings and the monthly administrative and overhead costs were not reflected in pool participants= accounts as of the first working day of the month.

July=s investment earnings, administrative and overhead costs were not distributed to pool participants= accounts during August. The Auditor-Controller and the Treasurer have arrived at a compromise for posting monthly accrual basis interest earnings. In September, the Treasurer anticipates implementation of the changes necessary to post monthly accrual basis earnings to the County general ledger utilizing a receivable account for each fund.

Educational Investment Pool

08-28 The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio.

Due to a calculation error, an additional $10 million of Mitsubishi Corporation commercial paper was purchased, bringing the overall single issuer holdings to 5.20 percent. The Treasurer has decided to hold the respective security until maturity on September 6, 2000, bringing the overall single issuer holdings back within compliance.

08-29 The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio.

A $70 million dollar acquisition of a repurchase agreement, collateralized by corporate notes, brought the overall single issuer holdings of Greenwich to 5.91 percent of the portfolio. The following business day this acquisition matured bringing the overall portfolio holdings for a single issuer back into compliance.

Technical Incidents

Issues regarding technical incidents are reported as follows:

County Investment Pool

08-01 The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio.

As reported in July=s Noncompliance Report Summary, holdings for Syndicated Loan Funding exceeded 5 percent of the market value of the portfolio. As of August 31, these holdings are 5.08 percent of the market value of the portfolio. The Treasurer has decided to hold the respective securities until maturity.

Educational Investment Pool

08-01 The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio.

As reported in July=s Noncompliance Report Summary, holdings for Syndicated Loan Funding exceeded 5 percent of the market value of the portfolio. As of August 31, these holdings are 5.67 percent of the market value of the portfolio. The Treasurer has decided to hold the respective securities until maturity.

08-01 The percentage of overall portfolio holdings for a single issuer exceeded 5 percent of the market value of the portfolio.

As reported in July=s Noncompliance Report Summary, holdings for Bank One/Bank One Texas exceeded 5 percent of the market value of the portfolio. As of August 31, these holdings are 5.40 percent of the market value of the portfolio. The Treasurer has decided to hold the respective securities until maturity in September 2000.