

## M E M O

TO: Board of Directors

FROM: Finance Manager

SUBJECT: INVESTMENT REPORT PERIOD ENDING AUGUST 31, 2007

DATE: September 18, 2007

### **RECOMMENDATION:**

It is recommended that the Board of Directors review and file this report.

### **BACKGROUND:**

At the December 15, 2004 Board of Directors Meeting your Board adopted Resolution No. 17 (05-06) which established an Investment Policy for the San Lorenzo Valley Water District. The Investment Policy and California Government Code, Section 53646, states that the Board of Directors shall receive investment reports at least quarterly.

Attached are account statements for the period ending August 31, 2007 from the District's Local Agency Investment Fund (LAIF) Account (See Attachment 1) and Morgan Stanley Investment Account (See Attachment 2).

It is recommended that the Board of Directors review and file this report.

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Karen Alvarez  
Finance Manager

KA  
Attachment

**OFFICE OF THE TREASURER**

SACRAMENTO

Local Agency Investment Fund  
PO Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001  
[www.treasurer.ca.gov/pmia-laif](http://www.treasurer.ca.gov/pmia-laif)



August, 2007 Statement

SAN LORENZO VALLEY WATER DISTRICT

Attn: DISTRICT MANAGER

13060 HIGHWAY 9

BOULDER CREEK CA 95006

**Account Number : 90-44-001****Account Summary**

Total Deposit :	0.00	Beginning Balance :	47,576.96
Total Withdrawal :	0.00	Ending Balance :	<b>47,576.96</b>

**RECEIVED**

SEP 17 2007

**SAN LORENZO VALLEY  
WATER DISTRICT**

# Bill Lockyer, State Treasurer

## Inside the State Treasurer's Office



### Pooled Money Investment Account Summary of Investment Data

	Average Daily Portfolio	Effective Yield	Average Life (Month End in Days)
<b>January 2007</b>	\$57,956,340	5.156	183
<b>January 2006</b>	\$58,086,223	3.955	175
<b>Change</b>	-\$129,883	+1.201	+8
<b>February 2007</b>	\$59,468,500	5.181	184
<b>February 2006</b>	\$57,817,453	4.043	177
<b>Change</b>	\$1,651,047	+1.138	+7
<b>March 2007</b>	\$57,580,012	5.214	170
<b>March 2006</b>	\$53,828,826	4.142	181
<b>Change</b>	\$3,751,186	+1.072	-11
<b>April 2007</b>	\$58,660,031	5.222	166
<b>April 2006</b>	\$54,555,166	4.305	162
<b>Change</b>	\$4,104,865	+0.917	+4
<b>May 2007</b>	\$63,222,005	5.248	170
<b>May 2006</b>	\$62,884,541	4.563	151
<b>Change</b>	\$337,464	+0.685	+19
<b>June 2007</b>	\$62,380,261	5.250	176
<b>June 2006</b>	\$63,221,434	4.700	152
<b>Change</b>	-\$841,173	+0.550	+24
<b>July 2007</b>	\$60,681,221	5.255	186
<b>July 2006</b>	\$59,553,163	4.849	164
<b>Change</b>	\$1,128,058	+0.406	+22
<b>August 2007</b>	\$59,657,942	5.253	214
<b>August 2006</b>	\$57,570,790	4.946	161
<b>Change</b>	\$2,087,152	+0.307	+53

**State of California  
Pooled Money Investment Account  
Market Valuation  
8/31/2007**

Carrying Cost Plus			
Description	Accrued Interest Purch.	Fair Value	Accrued Interest
United States Treasury:			
Bills	\$ 1,953,062,638.80	\$ 1,977,264,000.00	NA
Notes	\$ -	\$ -	\$ -
Federal Agency:			
SBA	\$ 619,387,334.13	\$ 617,810,374.95	\$ 5,765,169.38
MBS	\$ 1,250,299,293.64	\$ 1,233,564,492.37	\$ 5,904,449.39
Bonds	\$ 6,152,890,131.30	\$ 6,159,015,934.85	\$ 95,423,090.35
Floaters	\$ 644,862,433.82	\$ 644,889,600.00	\$ 3,961,515.62
Discount Notes	\$ 7,372,547,881.26	\$ 7,461,130,900.00	NA
FHLMC PC	\$ 385,295.41	\$ 397,967.97	\$ 6,269.63
GNMA	\$ 203,072.78	\$ 228,031.27	\$ 2,017.01
Bankers Acceptances	\$ -	\$ -	NA
Bank Notes	\$ 1,000,000,000.00	\$ 999,669,400.00	\$ 15,828,597.23
CDs	\$ 9,965,086,176.76	\$ 9,959,766,184.15	\$ 110,114,629.16
Commercial Paper	\$ 9,313,452,466.08	\$ 9,362,825,191.39	NA
Corporate:			
Floaters	\$ 119,024,753.95	\$ 116,299,390.00	\$ 811,745.28
Bonds	\$ 255,065,509.13	\$ 255,533,197.91	\$ 2,677,884.97
Repurchase Agreements		\$ -	NA
Reverse Repurchase	\$ (99,250,000.00)	\$ (99,250,000.00)	\$ (416,215.90)
Time Deposits	\$ 8,869,495,000.00	\$ 8,869,495,000.00	NA
AB 55 & GF Loans	\$ 9,677,985,592.76	\$ 9,677,985,592.76	NA
TOTAL	\$ 57,094,497,579.82	\$ 57,236,625,257.62	\$ 240,079,152.12

Fair Value Including Accrued Interest	\$	57,476,704,409.74
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Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

**POOLED MONEY INVESTMENT ACCOUNT**

**SUMMARY OF INVESTMENT DATA**

**A COMPARISON OF JULY 2007 WITH JULY 2006**

**(DOLLARS IN THOUSANDS)**

	JULY 2007	JULY 2006	CHANGE
Average Daily Portfolio	\$ 60,681,221	59,553,163	\$ +1,128,058
Accrued Earnings	\$ 270,085	\$ 245,248	\$ +24,837
Effective Yield	5.255	4.849	+0.406
Average Life-Month End (In Days)	186	164	+22
Total Security Transactions			
Amount	\$ 34,169,222	\$ 30,026,066	\$ +4,143,156
Number	718	622	+96
Total Time Deposit Transactions			
Amount	\$ 4,626,600	\$ 4,697,190	\$ -70,590
Number	172	174	-2
Average Workday Investment Activity	\$ 1,847,420	\$ 1,736,163	\$ +111,257
Prescribed Demand Account Balances			
For Services	\$ 263,394	\$ 274,402	\$ -11,008
For Uncollected Funds	\$ 124,585	\$ 126,059	\$ -1,474

**BILL LOCKYER  
TREASURER  
STATE OF CALIFORNIA**

**INVESTMENT DIVISION SELECTED INVESTMENT DATA  
ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO  
(000 OMITTED)**

JULY 31, 2007			
<u>TYPE OF SECURITY</u>	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>	<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
<b>Government</b>			
Bills	\$ 3,129,457	5.11	+0.04
Bonds	0	0.00	0
Notes	0	0.00	0
Strips	0	0.00	0
<b>Total Government</b>	<b>\$ 3,129,457</b>	<b>5.11</b>	<b>+0.04</b>
<b>Federal Agency Coupons</b>	<b>\$ 7,825,338</b>	<b>12.78</b>	<b>+0.39</b>
<b>Certificates of Deposit</b>	<b>13,084,418</b>	<b>21.36</b>	<b>-2.40</b>
<b>Bank Notes</b>	<b>1,200,000</b>	<b>1.96</b>	<b>-0.02</b>
<b>Bankers' Acceptances</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Repurchases</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Federal Agency Discount Notes</b>	<b>6,718,395</b>	<b>10.97</b>	<b>+2.26</b>
<b>Time Deposits</b>	<b>8,698,495</b>	<b>14.20</b>	<b>+0.89</b>
<b>GNMAs</b>	<b>206</b>	<b>0.00</b>	<b>0</b>
<b>Commercial Paper</b>	<b>11,303,512</b>	<b>18.46</b>	<b>-3.44</b>
<b>FHLMC/Remics</b>	<b>852,706</b>	<b>1.39</b>	<b>+0.07</b>
<b>Corporate Bonds</b>	<b>375,232</b>	<b>0.61</b>	<b>+0.02</b>
<b>AB 55 Loans</b>	<b>8,505,519</b>	<b>13.89</b>	<b>+2.92</b>
<b>GF Loans</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Reversed Repurchases</b>	<b>-447,900</b>	<b>-0.73</b>	<b>+0.73</b>
<b>Total (All Types)</b>	<b>\$ 61,245,378</b>	<b>100.00</b>	

**INVESTMENT ACTIVITY**

	JULY 2007		JUNE 2007	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	718	\$ 34,169,222	755	\$ 35,623,083
Other	1	570	19	317,588
Time Deposits	172	4,626,600	143	2,746,500
<b>Totals</b>	<b>891</b>	<b>\$ 38,796,392</b>	<b>917</b>	<b>\$ 38,687,171</b>
 PMIA Monthly Average Effective Yield	 5.255		 5.250	
 Year to Date Yield Last Day of Month	 5.255		 5.121	

# Bill Lockyer, State Treasurer

## Inside the State Treasurer's Office

### Local Agency Investment Fund (LAIF)



#### PMIA Performance Report

Date	Daily Yield	Quarter to Date Yield	Average Maturity (in days)
8/30/2007	5.27	5.25	205
8/31/2007	5.27	5.25	214
9/1/2007	5.27	5.25	214
9/2/2007	5.27	5.25	214
9/3/2007	5.27	5.25	214
9/4/2007	5.27	5.25	213
9/5/2007	5.25	5.25	212
9/6/2007	5.24	5.25	212
9/7/2007	5.23	5.25	215
9/8/2007	5.23	5.25	215
9/9/2007	5.23	5.25	215
9/10/2007	5.24	5.25	210
9/11/2007	5.23	5.25	213
9/12/2007	5.23	5.25	214

#### LAIF Performance Report

Quarter ending 6/30/2007

Apportionment Rate: 5.23%  
Earnings Ratio: .00014325574266716  
Fair Value Factor: .999545022

#### PMIA Average Monthly Effective Yields

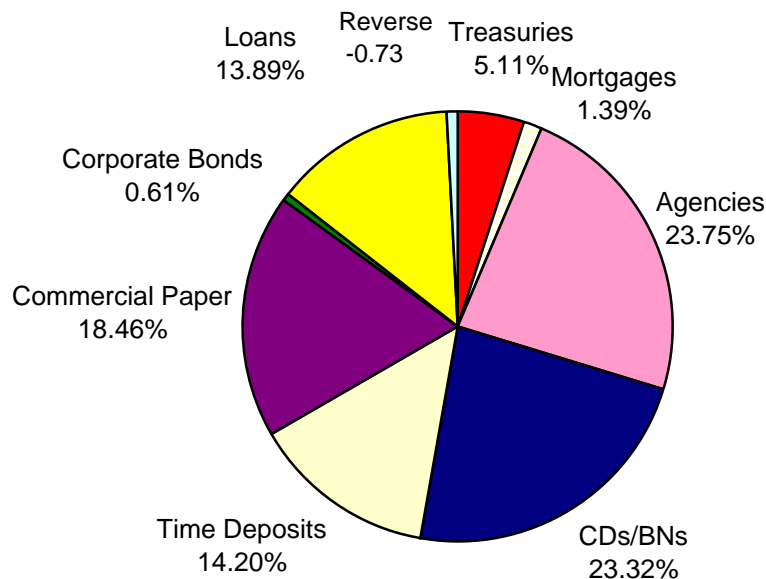
Aug 2007 5.253%  
July 2007 5.255%  
May 2007 5.248%

#### Pooled Money Investment Account

##### Portfolio Composition

\$61.2 Billion

07/31/07



## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

PAGE 1 OF 12

Your Financial Advisor  
JAMES M BARGETTO  
SENIOR VICE PRESIDENT  
MORGAN STANLEY  
716 OCEAN STREET  
SANTA CRUZ, CA 95060  
(831) 457-4314

Account Number  
136 022962 014

(950069119604)  
SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT  
ATTENTION: JAMES A MUELLER  
13060 HIGHWAY 9  
BOULDER CREEK CA 95006-9119

Access your account at:  
[www.morganstanley.com/online](http://www.morganstanley.com/online)

### ASSET DETAILS

Your Investments				Current Price	Value	Est Yrly Income	Current Yield
85000	IRWIN UNION BK CD	5050	08MH24	99.759	84,795.15	4,292.50	5.06%
90000	FIRST BANK CA CD	4250	08AP28	99.217	89,295.30	3,825.00	4.28%
95000	DISCOVER BANK CD	3500	08DE03	97.629	92,747.55	3,325.00	3.58%
95000	BANKWEST INC CD	5500	*09FB17	100	95,000.00	5,225.00	5.50%
95000	WEBSTER BANK CD	3300	09MH03	96.890	92,045.50	3,135.00	3.40%
95000	1ST SIGNATURE CD	3300	09MH03	96.890	92,045.50	3,135.00	3.40%
95000	LEHMAN BROS CD	3500	09MH03	97.172	92,313.40	3,325.00	3.60%
95000	CIT BANK CD	4900	09MH06	99.147	94,189.65	4,655.00	4.94%
95000	AMERICAN WEST CD	5400	09JN29	99.821	94,829.95	5,130.00	5.40%
85000	NEVADA SEC BK CD	4600	09AU24	98.344	83,592.40	3,910.00	4.67%
95000	PROVIDIAN NATL CD	4000	09SP15	100.018	95,017.10	3,800.00	3.99%
95000	COLE TAYLOR FID	45000	*09NV24	98.805	93,864.75	4,275.00	4.55%
95000	SOVEREIGN BK CD	50000	*09DE09	99.593	94,613.35	4,750.00	5.02%
95000	TOWER BANK CD	4150	10FB23	96.898	92,053.10	3,942.50	4.28%
95000	FIRST BUSINESS CD	5000	10MY07	98.768	93,829.60	4,750.00	5.06%
95000	NEW SOUTH FSB CD	40000	*10MY12	98.297	93,382.15	3,800.00	4.06%
95000	CAROLINA FIRST CD	40000	*10MY26	98.675	93,741.25	3,800.00	4.05%
95000	M&I BANK FSB FID	4000	*10JL10	98.961	94,012.95	3,800.00	4.04%
90000	FRONTIER BANK FID	4500	*10SP14	97.223	87,500.70	4,050.00	4.62%
95000	WASHINGTON MUT CD	4400	10SP21	96.960	92,112.00	4,180.00	4.53%
80000	NATL REP BANK CD	4900	11JA13	98.180	78,544.00	3,920.00	4.99%
95000	GEAUGA SVGS BK CD	4700	*11JA28	97.529	92,652.55	4,465.00	4.81%
95000	EVERBANK FLA CD	5000	11MY09	98.350	93,432.50	4,750.00	5.08%
85000	NOVA SVGS BK CD	4500	11JN08	96.642	82,145.70	3,825.00	4.65%
95000	CITIZENS NB CD	5750	*11JL28	100.858	95,815.10	5,462.50	5.70%
95000	LASALLE BANK CD	5150	11AU09	98.775	93,836.25	4,892.50	5.21%
95000	FIRESIDE BANK	5300	11AU09	99.298	94,333.10	5,035.00	5.33%
95000	BANKWEST PIERR CD	5500	*11AU30	99.394	94,424.30	5,225.00	5.53%
85000	GUNNISON BANK CD	5050	11OC31	98.314	83,566.90	4,292.50	5.13%
95000	OCEANIC BK CD	5000	12MY09	97.803	92,912.85	4,750.00	5.11%



## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

Your Investments					Current Price	Value	Est Yrly Income	Current Yield
95000	GOLF SVGS BANK CD	5000	12MY09		97.803	92,912.85	4,750.00	5.11%
95000	FRIEDNSHIP ST CD	5000	12MY09		97.803	92,912.85	4,750.00	5.11%
95000	COUNTRYWIDE BK CD	6000	*13AU23		99.697	94,712.15	5,700.00	6.01%
500000	US TSY NOTE	3000	07NV15		99.820	499,100.00	15,000.00	3.00%
925000	FNMA	5750	08FB15		100.188	926,739.00	53,187.50	5.73%
1300000	FHLMC MIN	3000	08MH24		98.774	1,284,062.00	39,000.00	3.03%
850000	US TSY NOTE	4750	08NV15		100.570	854,845.00	40,375.00	4.72%
350000	US TSY NOTE	3000	09FB15		98.281	343,983.50	10,500.00	3.05%
850000	US TSY NOTE	2625	09MH15		97.641	829,948.50	22,312.50	2.68%
500000	US TSY NOTE	4875	09MY15		101.078	505,390.00	24,375.00	4.82%
450000	FNMA	3270	*09JN16		97.469	438,610.50	14,715.00	3.35%
500000	FNMA	3500	*09SP04		97.688	488,440.00	17,500.00	3.58%
525000	FNMA	40000	*09DE17		99.594	522,868.50	21,000.00	4.01%
100000	FFCB	4950	*10FB01		99.688	99,688.00	4,950.00	4.96%
750000	US TSY NOTE	4750	10FB15		101.297	759,727.50	35,625.00	4.68%
500000	FNMA	5080	*10JN18		100.063	500,315.00	25,400.00	5.07%
150000	FNMA	45000	*10AU26		99.688	149,532.00	6,750.00	4.51%
250000	FNMA	50000	*10DE02		99.938	249,845.00	12,500.00	5.00%
500000	US TSY NOTE	4875	11MY31		102.289	511,445.00	24,375.00	4.76%
70000	FHLMC MIN	5250	*11DE15		100.002	70,001.40	3,675.00	5.24%
500000	FHLB	52500	*11DE30		99.875	499,375.00	26,250.00	5.25%
170000	FNMA	45000	*12MH16		99.406	168,990.20	7,650.00	4.52%
<b>Total Value of Priced Investments</b>						\$12,726,088.55	\$548,062.50	4.30%

Custodial Holdings	Symbol	Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
Bank Deposit Program #							
	MORGAN STANLEY TRUST BANK			\$75,154.35			
Total Bank Deposits				\$75,154.35			
Total Custodial Holdings				\$75,154.35			

# Bank deposits are at Morgan Stanley Bank and Morgan Stanley Trust bank (Members FDIC), affiliates of Morgan Stanley & Co. Incorporated.  
Bank deposits are eligible for FDIC insurance up to applicable limits. Not SIPC insured.

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

Asset Summary	Value	Est Yrly Income
Cash	0.00	
<b>Total Account Valuation</b>	\$12,801,242.90	\$548,062.50

### DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
			CLOSING BALANCE AS OF 7/31			-100,030.00
8/01	Taxable Interest		FFCB 4950 *10PB01		+2,475.00	-97,555.00
	Auto Redemption		BANK DEPOSIT PROGRAM		+100,030.00	+2,475.00
8/02	Charge Adjustment		REV OUT WIRE TRF FEE		+30.00	+2,505.00
	Auto Investment		BANK DEPOSIT PROGRAM		-2,475.00	+30.00
8/04	Taxable Interest		FNMA 3500 *09SP04		+1,458.34	+1,488.34
8/06	Auto Investment		BANK DEPOSIT PROGRAM		-30.00	+1,458.34
8/07	Auto Investment		BANK DEPOSIT PROGRAM		-1,458.34	.00
8/09	Taxable Interest		OCEANIC BK CD 5000 12MY09		+403.42	+403.42
	Taxable Interest		GOLF SVGS BANK CD 5000 12MY09		+403.42	+806.84
	Taxable Interest		FRIEDNSHIP ST CD 5000 12MY09		+403.42	+1,210.26
	Taxable Interest		LASALLE BANK CD 5150 11AU09		+2,426.14	+3,636.40
	Taxable Interest		FIRESIDE BANK 5300 11AU09		+2,496.81	+6,133.21
8/10	Auto Investment		BANK DEPOSIT PROGRAM		-6,133.21	.00
8/14	Taxable Interest		FRONTIER BANK PID 4500 *10SP14		+343.97	+343.97
8/15	Taxable Interest		FNMA 5750 08PB15		+26,593.75	+26,937.72
	Taxable Interest		FHLMC MTN 5250 *11DE15		+306.25	+27,243.97
	Taxable Interest		US TSY NOTE 3000 09PB15		+5,250.00	+32,493.97
	Taxable Interest		US TSY NOTE 4750 10PB15		+17,812.50	+50,306.47
8/16	Taxable Interest		BANKWEST INC CD 5500 *09PB17		+443.77	+50,750.24
	Auto Investment		BANK DEPOSIT PROGRAM		-50,306.47	+443.77
8/20	Auto Investment		BANK DEPOSIT PROGRAM		-443.77	.00
8/23	Taxable Interest		COUNTRYWIDE BK CD 6000 *13AU23		+2,826.58	+2,826.58
	Taxable Interest		TOWER BANK CD 4150 10PB23		+334.84	+3,161.42
8/24	Taxable Interest		NEVADA SEC BK CD 4600 09AU24		+1,938.93	+5,100.35
	Auto Investment		BANK DEPOSIT PROGRAM		-3,161.42	+1,938.93
8/26	Taxable Interest		FNMA 45000*10AU26		+3,375.00	+5,313.93
8/27	Auto Investment		BANK DEPOSIT PROGRAM		-1,938.93	+3,375.00
8/28	Taxable Interest		GEAUGA SVGS BK CD 4700 *11JA28		+379.22	+3,754.22
	Auto Investment		BANK DEPOSIT PROGRAM		-3,375.00	+379.22
8/30	Taxable Interest		BANKWEST PIERR CD 5500 *11AU30		+1,316.99	+1,696.21
	Auto Investment		BANK DEPOSIT PROGRAM		-.72	+1,695.49

## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

### DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
8/30	Auto Investment		BANK DEPOSIT PROGRAM		-162.86	+1,532.63
	Taxable Interest		MORGAN STANLEY BANK		+.72	+1,533.35
			(Period 07/31-08/30)			+1,533.35
	Taxable Interest		MORGAN STANLEY TRUST BANK		+162.86	+1,696.21
			(Period 07/31-08/30)			+1,696.21
8/31	Auto Investment		BANK DEPOSIT PROGRAM		-1,696.21	.00
			CLOSING BALANCE AS OF 8/31			+.00

Additional information concerning these transactions is available upon request.

### Yields on Bank Deposits and Money Market Funds

#### BANK DEPOSIT PROGRAM

A Bank Deposit Program APY of 4.85% was in effect for your deposits at the statement ending date.

Income Summary	This Month	Year-to-Date	This Month	Year-to-Date
Dividends/Bank Deposit Interest	163.58	2,016.93	Interest	70,988.35
Accrued Bond Interest	.00	1,456.32	Margin Interest	374,511.86
				.00

Tax Information	This Month	Year-to-Date
U.S. Treasury Coupon Interest	23,062.50	102,968.75

### Margin Loan Rates

Loan Amount	Rate	
\$0 - 9,999	12.125%	EFFECTIVE DATE: June 30, 2006
\$10,000 - 24,999	12.000%	PREVIOUS CHANGE: May 11, 2006
\$25,000 - 49,999	11.000%	
\$50,000 - 99,999	10.875%	
\$100,000 - 499,999	9.625%	
\$500,000 - 999,999	9.375%	
\$1,000,000 - 4,999,999	8.750%	
\$5,000,000 - 9,999,999	8.250%	
\$10,000,000 & over	8.000%	

**STATEMENT OF YOUR ACCOUNT  
FOR MONTH ENDING AUGUST 31, 2007**

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

**Messages**

*Questions regarding your account may be directed to either your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, your inquiries may also be directed to Client Service at (800) 869-3326 or you may contact the Legal and Compliance Division at (914) 225-5870 with any account-related concerns.*

*As part of our ongoing commitment to provide clients with clear explanations about important account issues, Morgan Stanley has published the 2007 edition of our brochure "How Morgan Stanley and Your Financial Advisor Are Compensated for Investments and Services." If you are interested in receiving an electronic copy of this year's brochure, please contact your Financial Advisor. You can also call our Client Interaction Center anytime at 1-800-869-3326.*

**STATEMENT OF YOUR ACCOUNT  
FOR MONTH ENDING AUGUST 31, 2007**

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Your Financial Advisor  
JAMES M BARGETTO  
SENIOR VICE PRESIDENT  
MORGAN STANLEY  
716 OCEAN STREET  
SANTA CRUZ, CA 95060  
(831) 457-4314

(950069119604)  
SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT  
ATTENTION: JAMES A MUELLER  
13060 HIGHWAY 9  
BOULDER CREEK CA 95006-9119

Account Number  
136 022962 014

Access your account at:  
[www.morganstanley.com/online](http://www.morganstanley.com/online)

## GAIN AND LOSS SUMMARY

*The Estimated Gain and Loss information is provided for informational purposes only and may not be relied upon in making any tax, accounting or regulatory filing or report. We recommend that you contact your tax advisor to determine the appropriate information to be used in the preparation of your tax return. This Estimated Gain and Loss Summary is not a substitute 1099 form (or any other appropriate tax form) and should not be filed with your taxes. The figures should be independently verified. Estimated Gain and Loss information does not take into account a taxpayer's particular circumstances such as the existence of hedging transactions, constructive sales or marked-to-market pricing adjustments on certain options held at year-end.*

*Please note that although Morgan Stanley makes every effort to adjust the cost basis for such securities' capital changes, it does not adjust the cost basis for all events, including amortization of non-municipal bond premiums; exercise of unlisted stock options; securities deemed to have been sold and simultaneously repurchased; receipt of cash in lieu of fractional shares; or the net effect of wash sales and/or short sales against the box.*

*For securities not purchased through Morgan Stanley, for example, securities purchased elsewhere and later transferred to it, any data included in the Estimated Gain and Loss information has been provided either by you or another financial institution. Whether provided by you, another financial institution or Morgan Stanley, it is your responsibility to ensure the accuracy of all of the Estimated Gain and Loss information. Please contact your Financial Advisor with any questions or to correct any information.*

*For Managed Futures and alternative investments, there are likely to be restrictions on redemptions, please see applicable offering document.*

*With respect to estimated gains and losses for listed equity options, Morgan Stanley has taken into account option premiums paid or received and, in respect to multiple purchases and/or sales, calculated cost using an average unit price for all like positions. Morgan Stanley has made calculations using what appear to be off-setting positions; no assurance can be given that these positions are intended to off-set each other or that they are not intended to off-set other securities positions, in which case the analysis may be different. Morgan Stanley has obtained pricing information from independent sources it believes to be reliable. No assurance can be given that the values given are accurate. Values are subject to change and are as of a given point in time only. Past performance does not guarantee future returns.*

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

Unrealized Gain/(Loss)			Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information
Government Securities**									
Treasury Securities									
US TSY NOTE	3.000	11-15-07	500,000	12-05-03	100.90600 100.04918	504,533.57 500,245.90	499,100.00	(1,145.90)	Long Term
US TSY NOTE	4 3/4	11-15-08	850,000	07-05-02	102.00687 100.56474	872,844.50 854,800.33	854,845.00	44.67	Long Term
US TSY NOTE	3.000	2-15-09	350,000	02-27-04	100.70600 100.21771	352,476.00 350,762.00	343,983.50	(6,778.50)	Long Term
US TSY NOTE	2 5/8	3-15-09	850,000	03-26-04	100.00000 100.00000	850,005.00 850,005.00	829,948.50	(20,056.50)	Long Term
US TSY NOTE	4 7/8	5-15-09	500,000	07-24-06	100.24505 100.15240	501,225.25 500,762.03	505,390.00	4,627.97	Long Term
US TSY NOTE	4 3/4	2-15-10	750,000	02-13-07	100.30120 100.24935	752,259.00 751,870.18	759,727.50	7,857.32	Short Term
US TSY NOTE	4 7/8	5-31-11	500,000	07-24-06	100.18805 100.14890	500,940.25 500,744.52	511,445.00	10,700.48	Long Term
Total Treasury Securities						4,334,283.57 4,309,189.96	4,304,439.50	(4,750.46)	
Federal Agencies									
FNMA	5 3/4	2-15-08	925,000	07-05-02	106.00768 100.61231	987,615.94 930,663.95	926,739.00	(3,924.95)	Long Term
FHLMC MTN	3.000	3-24-08	1,300,000	04-04-03	99.00500 99.00500	1,293,505.00 1,293,505.00	1,284,062.00	(9,443.00)	Long Term

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
136 022962 014

Unrealized Gain/(Loss)		Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information	
FNMA	3.270	6-16-09	450,000	03-12-04	99.87500 99.87500	449,442.50 449,442.50	438,610.50	(10,832.00)	Long Term
FNMA	3 1/2	9-04-09	500,000	02-25-04	100.00000 100.00000	500,000.00 500,000.00	488,440.00	(11,560.00)	Long Term
FNMA	4.000	12-17-09	525,000	12-08-03	99.70000 99.70000	523,425.00 523,425.00	522,868.50	(556.50)	Long Term
FFCB	4.950	2-01-10	100,000	11-28-05	99.88025 99.88025	99,880.25 99,880.25	99,688.00	(192.25)	Long Term
FNMA	5.080	6-18-10	500,000	04-05-07	99.95000 99.95000	499,750.00 499,750.00	500,315.00	565.00	Short Term
FNMA	4 1/2	8-26-10	150,000	08-16-04	100.00000 100.00000	150,000.00 150,000.00	149,532.00	(468.00)	Long Term
FNMA	5.000	12-02-10	250,000	11-07-05	100.00000 100.00000	250,000.00 250,000.00	249,845.00	(155.00)	Long Term
FHLMC MTN	5 1/4	12-15-11	70,000	09-11-06	100.00750 100.00625	70,005.25 70,004.38	70,001.40	(2.98)	Short Term
FHLE	5 1/4	12-30-11	500,000	04-30-07	100.00005 100.00005	500,000.25 500,000.25	499,375.00	(625.25)	Short Term
FNMA	4 1/2	3-16-12	170,000	09-08-04	100.00000 100.00000	170,000.00 170,000.00	168,990.20	(1,009.80)	Long Term
Total Federal Agencies						5,493,624.19 5,436,671.33	5,398,466.60	(38,204.73)	
Total Government Securities						9,827,907.76 9,745,861.29	9,702,906.10	(42,955.19)	

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
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136 022962 014

Unrealized Gain/(Loss)				Quantity	Date Acquired	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Additional Information
						Original / Adjusted*	Original / Adjusted*			
Certificates of Deposit**										
IRWIN UNION BK CD	5.050	3-24-08	85,000	03-16-06	100.00000 100.00000	85,000.00 85,000.00		84,795.15	(204.85)	Long Term
FIRST BANK CA CD	4 1/4	4-28-08	90,000	04-15-05	100.00000 100.00000	90,000.00 90,000.00		89,295.30	(704.70)	Long Term
DISCOVER BANK CD	3 1/2	12-03-08	95,000	11-26-03	100.00000 100.00000	95,000.00 95,000.00		92,747.55	(2,252.45)	Long Term
BANKWEST INC CD	5 1/2	2-17-09	95,000	07-26-06	100.00000 100.00000	95,000.00 95,000.00		95,000.00		
CIT BANK CD	4.900	3-06-09	95,000	02-22-06	100.00000 100.00000	95,000.00 95,000.00		94,189.65	(810.35)	Long Term
WEBSTER BANK CD	3.300	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00		92,045.50	(2,954.50)	Long Term
1ST SIGNATURE CD	3.300	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00		92,045.50	(2,954.50)	Long Term
LEHMAN BROS CD	3 1/2	3-03-09	95,000	02-25-04	100.00000 100.00000	95,000.00 95,000.00		92,313.40	(2,686.60)	Long Term
AMERICAN WEST CD	5.400	6-29-09	95,000	06-19-06	100.00000 100.00000	95,000.00 95,000.00		94,829.95	(170.05)	Long Term
NEVADA SEC BK CD	4.600	8-24-09	85,000	08-16-05	100.00000 100.00000	85,000.00 85,000.00		83,592.40	(1,407.60)	Long Term
PROVIDIAN NATL CD	4.000	9-15-09	95,000	09-08-04	100.00000 100.00000	95,000.00 95,000.00		95,017.10	17.10	Long Term

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
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Account Number  
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Unrealized Gain/(Loss)		Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information	
COLE TAYLOR FID	4 1/2	11-24-09	95,000	05-10-04	100.00000 100.00000	95,000.00 95,000.00	93,864.75	(1,135.25)	Long Term
SOVEREIGN BK CD	5.000	12-09-09	95,000	05-18-04	100.00000 100.00000	95,000.00 95,000.00	94,613.35	(386.65)	Long Term
TOWER BANK CD	4.150	2-23-10	95,000	02-15-05	100.00000 100.00000	95,000.00 95,000.00	92,053.10	(2,946.90)	Long Term
FIRST BUSINESS CD	5.000	5-07-10	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	93,829.60	(1,175.65)	Short Term
NEW SOUTH FSB CD	4.000	5-12-10	95,000	10-27-04	100.00000 100.00000	95,000.00 95,000.00	93,382.15	(1,617.85)	Long Term
CAROLINA FIRST CD	4.000	5-26-10	95,000	11-17-04	100.00000 100.00000	95,000.00 95,000.00	93,741.25	(1,258.75)	Long Term
M&I BANK FSB FID	4.000	7-10-10	95,000	01-06-05	100.00000 100.00000	95,005.00 95,005.00	94,012.95	(992.05)	Long Term
WASHINGTON MUT CD	4.400	9-21-10	95,000	09-08-05	100.00000 100.00000	95,000.00 95,000.00	92,112.00	(2,888.00)	Long Term
FRONTIER BANK FID	4 1/2	9-14-10	90,000	11-01-05	98.66302 98.66302	88,796.72 88,796.72	87,500.70	(1,296.02)	Long Term
GEAUGA SVGS BK CD	4.700	1-28-11	95,000	08-05-05	100.00553 100.00553	95,005.25 95,005.25	92,652.55	(2,352.70)	Long Term
NATL REP BANK CD	4.900	1-13-11	80,000	01-05-06	100.00000 100.00000	80,000.00 80,000.00	78,544.00	(1,456.00)	Long Term
EVERBANK FLA CD	5.000	5-09-11	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	93,432.50	(1,572.75)	Short Term
NOVA SVGS BK CD	4 1/2	6-08-11	85,000	05-27-05	100.00000 100.00000	85,000.00 85,000.00	82,145.70	(2,854.30)	Long Term

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
INVESTMENT BROKERAGE ACCT

Account Number  
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Unrealized Gain/(Loss)		Quantity	Date Acquired	Unit Cost Original / Adjusted*	Total Cost Original / Adjusted*	Market Value	Unrealized Gain/(Loss)	Additional Information	
CITIZENS NB CD	5 3/4	7-28-11	95,000	07-26-06	100.00553 100.00553	95,005.25 95,005.25	95,815.10	809.85	Long Term
LASALLE BANK CD	5.150	8-09-11	95,000	07-31-06	100.00000 100.00000	95,000.00 95,000.00	93,836.25	(1,163.75)	Long Term
FIRESIDE BANK	5.300	8-09-11	95,000	08-01-06	100.00000 100.00000	95,000.00 95,000.00	94,333.10	(666.90)	Long Term
BANKWEST PIERR CD	5 1/2	8-30-11	95,000	08-30-06	99.98471 99.98471	94,985.47 94,985.47	94,424.30	(561.17)	Long Term
GUNNISON BANK CD	5.050	10-31-11	85,000	10-25-06	100.00000 100.00000	85,000.00 85,000.00	83,566.90	(1,433.10)	Short Term
OCEANIC BK CD	5.000	5-09-12	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	92,912.85	(2,092.40)	Short Term
GOLF SVGS BANK CD	5.000	5-09-12	95,000	05-01-07	100.00000 100.00000	95,000.00 95,000.00	92,912.85	(2,087.15)	Short Term
FRIEDNDSHIP ST CD	5.000	5-09-12	95,000	05-01-07	100.00553 100.00553	95,005.25 95,005.25	92,912.85	(2,092.40)	Short Term
COUNTRYWIDE BK CD	6.000	8-23-13	95,000	07-31-06	100.00000 100.00000	95,000.00 95,000.00	94,712.15	(287.85)	Long Term
Total Certificates of Deposit					3,068,818.69 3,068,818.69	3,023,182.45	(45,636.24)		
Totals for positions with cost data available					\$12,814,679.98	\$12,726,088.55	(\$88,591.43)		
Total Market Value for all positions						\$12,726,088.55			

The "Total Cost" and "Unit Cost" for Fixed Income Unit Trusts, Mortgage-Backed Securities, and Zero Coupon Bonds has been adjusted to reflect any partial return of principal or capital that may have been paid to you, or accreted interest earned, since your purchase date. In the event that the accumulated total return of principal or capital is greater than the provided original cost, the adjusted cost will be "0.00".

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## STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING AUGUST 31, 2007

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SAN LORENZO VALLEY WATER DIST  
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Realized Gain/(Loss)			Quantity	Date Acquired	Date Sold	<u>Total Cost</u> Original / Adjusted*	Proceeds	Realized Gain/(Loss)	Additional Information
Short Term									
FHLB	5 1/2	4-24-09	1200,000	06-28-06	05-01-07	1,200,005.25	1,200,000.00	(5.25)	Short Term
Sub Total Short Term						\$1,200,005.25	\$1,200,000.00	(\$5.25)	
Long Term									
CAPITAL JUMBO CD	4.550	9-04-07	100,000	08-28-02	04-23-07	100,000.00	99,683.75	(316.25)	Long Term
FNMA	7.000	10-14-09	500,000	01-25-05	04-16-07	495,005.00	500,000.00	4,995.00	Long Term
US TSY NOTE	2 1/4	2-15-07	750,000	02-26-04	02-13-07	755,378.58			
						750,000.00	750,000.00		
US TSY NOTE	3.000	11-15-07	100,000	12-05-03	07-20-07	100,906.00			Long Term
						100,075.37	99,292.65	(782.72)	
US TSY NOTE	3.000	11-15-07	100,000	12-05-03	07-30-07	100,906.00			Long Term
						100,070.78	99,373.75	(697.03)	
Sub Total Long Term						\$1,545,151.15	\$1,548,350.15	\$3,199.00	
Totals for closing transactions with cost data available						\$2,745,156.40	\$2,748,350.15	\$3,193.75	
Total Proceeds							\$2,748,350.15		

### Summary

	Short Term	Long Term	Total
Unrealized gain.....	\$8,422.32	\$16,200.07	\$24,622.39
Unrealized (loss).....	(\$11,081.68)	(\$102,132.14)	(\$113,213.82)
Realized gain YTD.....	\$0.00	\$4,995.00	\$4,995.00
Realized (loss) YTD.....	(\$5.25)	(\$1,796.00)	(\$1,801.25)

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