

M E M O

TO: Board of Directors

FROM: Finance Manager

SUBJECT: INVESTMENT REPORT PERIOD ENDING SEPTEMBER 30, 2006

DATE: October 19, 2006

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 September 30, 2006 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.

Karen Alvarez
Finance Manager

KA
Attachment

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

Householding Anniv. Date:
03/08/2003
Access your account at:
www.morganstanley.com/online

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

Account Number
136 022962 014

ASSET DETAILS

Your Investments			Current Price	Value	Est Yrly Income	Current Yield	
85000	IRWIN UNION BK CD	5050	08MH24	99.579	84,642.15	4,292.50	5.07%
90000	FIRST BANK CA CD	4250	08AP28	98.367	88,530.30	3,825.00	4.32%
95000	DISCOVER BANK CD	3500	08DE03	96.263	91,449.85	3,325.00	3.63%
95000	BANKWEST INC CD	5500	*09FB17	100.333	95,316.35	5,225.00	5.48%
95000	WEBSTER BANK CD	3300	09MH03	95.410	90,639.50	3,135.00	3.45%
95000	1ST SIGNATURE CD	3300	09MH03	95.410	90,639.50	3,135.00	3.45%
95000	LEHMAN BROS CD	3500	09MH03	95.857	91,064.15	3,325.00	3.65%
95000	CIT BANK CD	4900	09MH06	98.986	94,036.70	4,655.00	4.95%
95000	AMERICAN WEST CD	5400	09JN29	100.117	95,111.15	5,130.00	5.39%
85000	NEVADA SEC BK CD	4600	09AU24	98.012	83,310.20	3,910.00	4.69%
95000	PROVIDIAN NATL CD	4000	09SP15	100.440	95,418.00	3,800.00	3.98%
95000	COLE TAYLOR FID	42500	*09NV24	98.118	93,212.10	4,037.50	4.33%
95000	SOVEREIGN BK CD	45000	*09DE09	99.022	94,070.90	4,275.00	4.54%
95000	TOWER BANK CD	4150	10FB23	96.290	91,475.50	3,942.50	4.30%
95000	NEW SOUTH FSB CD	3500	*10MY12	97.342	92,474.90	3,325.00	3.59%
95000	CAROLINA FIRST CD	3500	*10MY26	97.614	92,733.30	3,325.00	3.58%
95000	M&I BANK FSB FID	37500	*10JL10	97.864	92,970.80	3,562.50	3.83%
90000	FRONTIER BANK FID	4500	*10SP14	96.983	87,284.70	4,050.00	4.63%
95000	WASHINGTON MUT CD	4400	10SP21	96.645	91,812.75	4,180.00	4.55%
80000	NATL REP BANK CD	4900	11JA13	98.293	78,634.40	3,920.00	4.98%
95000	GEAUGA SVGS BK CD	4700	*11JA28	97.499	92,624.05	4,465.00	4.82%
85000	NOVA SVGS BK CD	4500	11JUN8	96.517	82,039.45	3,825.00	4.66%
95000	CITIZENS NB CD	5750	*11JL28	101.669	96,585.55	5,462.50	5.65%
95000	LASALLE BANK CD	5150	11AU09	99.149	94,191.55	4,892.50	5.19%
95000	FIRESIDE BANK	5300	11AU09	99.782	94,792.90	5,035.00	5.31%
95000	BANKWEST PIERR CD	5500	*11AU30	99.533	94,556.35	5,225.00	5.52%
95000	COUNTRYWIDE BK CD	6000	*13AU23	100.087	95,082.65	5,700.00	5.99%
750000	US TSY NOTE	2250	07FB15	98.977	742,327.50	16,875.00	2.27%
100000	CAPITAL JUMBO CD	4550	07SP04	99.278	99,278.00	4,550.00	4.58%

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

Account Number
136 022962 014

Your Investments	Current Price	Value	Est Yrly Income	Current Yield
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700000	US TSY NOTE	3000	07NV15	97.969	685,783.00	21,000.00	3.06%
925000	FNMA	5750	08FB15	100.938	933,676.50	53,187.50	5.69%
1300000	FHLMC MTN	3000	08MH24	97.178	1,263,314.00	39,000.00	3.08%
850000	US TSY NOTE	4750	08NV15	100.137	851,164.50	40,375.00	4.74%
350000	US TSY NOTE	3000	09FB15	96.352	337,232.00	10,500.00	3.11%
850000	US TSY NOTE	2625	09MH15	95.398	810,883.00	22,312.50	2.75%
1200000	FHLMC	5500	*09AP24	99.906	1,198,872.00	66,000.00	5.50%
500000	US TSY NOTE	4875	09NV15	100.578	502,890.00	24,375.00	4.84%
450000	FNMA	3270	*09JN16	95.844	431,298.00	14,715.00	3.41%
500000	FNMA	3500	*09SP04	96.125	480,625.00	17,500.00	3.64%
500000	FNMA	2900	*09OC14	98.750	493,750.00	14,500.00	2.93%
525000	FNMA	4000	*09DE17	98.188	515,487.00	21,000.00	4.07%
100000	FFCB	4950	*10FB01	98.938	98,938.00	4,950.00	5.00%
150000	FNMA	4500	*10AU26	98.781	148,171.50	6,750.00	4.55%
250000	FNMA	4750	*10DE02	99.219	248,047.50	11,875.00	4.78%
500000	US TSY NOTE	4875	11MY31	101.148	505,740.00	24,375.00	4.81%
70000	FHLMC MTN	5250	*11DE15	99.582	69,707.40	3,675.00	5.27%
170000	FNMA	3750	*12MH16	97.969	166,547.30	6,375.00	3.82%

Total Value of Priced Investments \$13,048,431.90 \$536,870.00 4.11%

Custodial Holdings				Symbol	Current Price	Date	Value	Custodian	Dividend Cap Gains Option	Fund Plan Number
14195.51	U.S. GOV'T MONEY MARKET TR	SGMT	1.00	09/29/06	14,195.51	MSDWT	Reinv/ N/A	519953650		
	Bank Deposit Program #									
	DISCOVER BANK				\$27,751.52					
	Total Bank Deposits				\$27,751.52					
	Total Custodial Holdings				\$41,947.03					

Bank Deposits are at Morgan Stanley Bank and Discover Bank (Members FDIC), affiliates of Morgan Stanley DW Inc.
Bank deposits are eligible for FDIC insurance up to applicable limits. Not SIPC insured.

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING SEPTEMBER 30, 2006

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Asset Summary

Cash

379.22

Value

Est Yrly
Income

Total Account Valuation

\$13,090,758.15

\$536,870.00

DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
9/02	Taxable Interest		CLOSING BALANCE AS OF 8/31			.00
9/03	Taxable Interest		CAPITAL JUMBO CD 4550 07SP04		+386.44	+386.44
	Taxable Interest		WEBSTER BANK CD 3300 09MH03		+1,580.38	+1,966.82
	Taxable Interest		1ST SIGNATURE CD 3300 09MH03		+1,580.38	+3,547.20
	Taxable Interest		LEHMAN BROS CD 3500 09MH03		+1,676.16	+5,223.36
9/04	Taxable Interest		FNMA 3500 *09SP04		+1,458.34	+6,681.70
9/05	Delivered	75000	MIDFIRST BANK CD 3250 06SP05		+75,000.00	+81,681.70
	Taxable Interest		REDEMPTION OF MATURED BOND			+81,681.70
	Bought	95000	MIDFIRST BANK CD 3250 06SP05		+82,917.15	+164,598.85
	Sold	20071.36	BANKWEST PIERR CD 5500 *11AU30	99.9791	-95,071.36	+69,527.49
	Taxable Interest		U.S. GOV'T MONEY MARKET TR	1.00	+20,071.36	+89,598.85
9/06	Taxable Interest		CIT BANK CD 4900 09MH06		+2,346.63	+91,945.48
	Bought	7917.15	U.S. GOV'T MONEY MARKET TR	1.00	-7,917.15	+84,028.33
9/07	Bought	2346.63	U.S. GOV'T MONEY MARKET TR	1.00	-2,346.63	+81,681.70
9/12	Bought	70000	FHLMC MTN 5250 *11DE15	100.00	-70,280.88	+11,398.82
9/13	Sold	70280.88	U.S. GOV'T MONEY MARKET TR	1.00	+70,280.88	+81,681.70
9/14	Taxable Interest		FRONTIER BANK FID 4500 *10SP14		+343.97	+82,025.67
9/15	Taxable Interest		FHLMC MTN 5250 *11DE15		+306.25	+82,331.92
	Taxable Interest		US TSY NOTE 2625 09MH15		+11,156.25	+93,488.17
	Taxable Interest		PROVIDIAN NATL CD 4000 09SP15		+1,915.62	+95,403.79
	Taxable Interest		FNMA 3750 *12MH16		+3,187.50	+98,591.29
9/16	Taxable Interest		BANKWEST INC CD 5500 *09FB17		+443.77	+99,035.06
9/18	Bought	13722.09	U.S. GOV'T MONEY MARKET TR	1.00	-13,722.09	+85,312.97
9/19	Auto Investment		BANK DEPOSIT PROGRAM		-3,631.27	+81,681.70
9/21	Taxable Interest		WASHINGTON MUT CD 4400 10SP21		+2,107.18	+83,788.88
9/22	Auto Investment		BANK DEPOSIT PROGRAM		-2,107.18	+81,681.70
9/23	Taxable Interest		TOWER BANK CD 4150 10FB23		+334.84	+82,016.54
9/24	Taxable Interest		FHLMC MTN 3000 08MH24		+19,500.00	+101,516.54
	Taxable Interest		IRWIN UNION BK CD 5050 08MH24		+2,163.89	+103,680.43
9/26	Auto Investment		BANK DEPOSIT PROGRAM		-21,998.73	+81,681.70
9/28	Taxable Interest		GEAUGA SVGS BK CD 4700 *11JA28		+379.22	+82,060.92
	Auto Investment		BANK DEPOSIT PROGRAM		-14.34	+81,946.58

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

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DAILY ACTIVITY DETAILS

Date	Activity	Quantity	Description	Price	Amount	Balance
9/28	Taxable Interest		DISCOVER BANK (Period 09/19-09/28)		+14.34	+379.22
9/29	Dividend		U.S. GOV'T MONEY MARKET TR		+122.25	+379.22
	Direct Purchase	122.250	U.S. GOV'T MONEY MARKET TR REINVESTMENT	1.00	-122.25	+379.22
			CLOSING BALANCE AS OF 9/30			+379.22

Additional information concerning these transactions is available upon request.

Morgan Stanley Fund Summary		YTD		YTD		YTD		Features
		Dividends	Cap Gains	Taxes				
	U.S. GOV'T MONEY MARKET TR	5,114.55	0.00	0.00				Reinvest Dividends
	Totals	\$5,114.55	\$0.00	\$0.00				

Yields on Bank Deposits and Money Market Funds

U.S. GOV'T MONEYMARKET TR
Following is the Fund's 30-day average annualized yield during the past month: September 4.65%

BANK DEPOSITPROGRAM
A Bank Deposit Program APY of 4.57% was in effect for your deposits at the statement ending date. This APY may be different than the APY in effect during the statement period. For current Bank Deposit Program or Money Market Fund yields, go to <http://www.morganstanleyindividual.com/AccountOptions/ActiveAssets/InvestmentFeatures/BSARateReaderTier.asp>

Income Summary	This Month	Year-to-Date	This Month	Year-to-Date
Dividends/Bank Deposit Interest	136.59	5,128.89	52,102.27	348,272.35
Accrued Bond Interest	.00	21,443.91	.00	.00
		Interest Margin Interest		

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

Account Number
136 022962 014

Tax Information

	This Month	Year-to-Date
U.S. Treasury Coupon Interest	11,156.25	109,062.50

Margin Loan Rates

Loan Amount	Rate	EFFECTIVE DATE: June 30, 2006
\$0 - 9,999	12.125%	PREVIOUS CHANGE: May 11, 2006
\$10,000 - 24,999	12.000%	
\$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%	

Messages

IMPORTANT NOTICE
PLEASE READ

A DESCRIPTION OF MORGAN STANLEY'S MATERIAL AUCTION RATE SECURITIES PRACTICES AND PROCEDURES IS AVAILABLE AT THE FOLLOWING INTERNET ADDRESS: <http://www.morganstanley.com/about/inside/governance/clears.html?page=about>. TO REQUEST THAT A COPY OF THESE PRACTICES AND PROCEDURES BE SENT TO YOU, PLEASE CONTACT YOUR FINANCIAL ADVISOR.

IMPORTANT NOTICE
PLEASE READ

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 Customer Service at (800) 869-3326 or you may contact the Law Division at (914) 225-5870 with any account-related concerns.

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING SEPTEMBER 30, 2006

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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

(950)69119604
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

Householding Anniv. Date:
03/08/2003
Access your account at:
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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 DW Inc. 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 DW Inc., 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 DW Inc., 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.

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

Account Number
136 022962 014

Unrealized Gain/(Loss)	Quantity	Date Acquired	Original /	Original /	Market Value	Unrealized Gain/(Loss)	Additional Information	
			Adjusted*	Adjusted*				
Government Securities**								
Treasury Securities								
US TSY NOTE	2 1/4	2-15-07	750,000	02-26-04	100.71647 100.09219	755,378.58 750,691.47	742,327.50 (8,363.97)	Long Term
US TSY NOTE	3.000	11-15-07	700,000	12-05-03	100.90600 100.26834	706,347.00 701,878.42	685,783.00 (16,095.42)	Long Term
US TSY NOTE	4 3/4	11-15-08	850,000	07-05-02	102.00687 100.97732	872,844.50 858,307.25	851,164.50 (7,142.75)	Long Term
US TSY NOTE	3.000	2-15-09	350,000	02-27-04	100.70600 100.35069	352,476.00 351,227.44	337,232.00 (13,995.44)	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	810,883.00 (39,122.00)	Long Term
US TSY NOTE	4 7/8	5-15-09	500,000	07-24-06	100.24505 100.22979	501,225.25 501,148.97	502,890.00 1,741.03	Short Term
US TSY NOTE	4 7/8	5-31-11	500,000	07-24-06	100.18805 100.18157	500,940.25 500,907.86	505,740.00 4,832.14	Short Term
Federal Agencies								
FNMA	5 3/4	2-15-08	925,000	07-05-02	106.00768 106.00768	987,615.94 987,615.94	933,676.50 (53,939.44)	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	1,263,314.00 (30,191.00)	Long Term
FHLB	5 1/2	4-24-09	1,200,000	06-28-06	100.00044 100.00044	1,200,005.25 1,200,005.25	1,198,872.00 (1,133.25)	Short Term

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*Adjusted Cost, Unit and Total does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

**The "Market Value" and "Unrealized Gain/(Loss)" figures shown for Fixed Income securities are representative values, which may not reflect the value that could actually be obtained in the market. See "Pricing of Securities" at the end of this statement.

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

Account Number
136 022962 014

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Additional Information
			Original / Adjusted*	Original / Adjusted*			
FNMA	3.270	6-16-09	450,000	99.87500 449,442.50	431,298.00	(18,144.50)	Long Term
FNMA	3 1/2	9-04-09	500,000	100.00000 500,000.00	480,625.00	(19,375.00)	Long Term
FNMA	2.900	10-14-09	500,000	99.00000 495,005.00	493,750.00	(1,255.00)	Long Term
FNMA	4.000	12-17-09	525,000	99.70000 523,425.00	515,487.00	(7,938.00)	Long Term
FFCB	4.950	2-01-10	100,000	99.88025 99,880.25	98,938.00	(942.25)	Short Term
FNMA	4 1/2	8-26-10	150,000	100.00000 150,000.00	148,171.50	(1,828.50)	Long Term
FNMA	4 3/4	12-02-10	250,000	100.00000 250,000.00	248,047.50	(1,952.50)	Short Term
FHLMC MTN	5 1/4	12-15-11	70,000	100.00750 70,005.25	69,707.40	(297.85)	Short Term
FNMA	3 3/4	3-16-12	170,000	100.00000 170,000.00	166,547.30	(3,452.70)	Long Term

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SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

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Account Number
136 022962 014

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost		Total Cost		Market Value	Unrealized Gain/(Loss)	Additional Information
			Original / Adjusted*	Adjusted*	Original / Adjusted*	Adjusted*			
Certificates of Deposit**									
CAPITAL JUMBO CD	4.550	9-04-07	100.00000	100.00000	100,000.00	100,000.00	99,278.00	(722.00)	Long Term
IRWIN UNION BK CD	5.050	3-24-08	100.00000	100.00000	85,000.00	85,000.00	84,642.15	(357.85)	Short Term
FIRST BANK CA CD	4 1/4	4-28-08	100.00000	100.00000	90,000.00	90,000.00	88,530.30	(1,469.70)	Long Term
DISCOVER BANK CD	3 1/2	12-03-08	100.00000	100.00000	95,000.00	95,000.00	91,449.85	(3,550.15)	Long Term
BANKWEST INC CD	5 1/2	2-17-09	100.00000	100.00000	95,000.00	95,000.00	95,316.35	316.35	Short Term
CIT BANK CD	4.900	3-06-09	100.00000	100.00000	95,000.00	95,000.00	94,036.70	(963.30)	Short Term
WEBSTER BANK CD	3.300	3-03-09	100.00000	100.00000	95,000.00	95,000.00	90,639.50	(4,360.50)	Long Term
1ST SIGNATURE CD	3.300	3-03-09	100.00000	100.00000	95,000.00	95,000.00	90,639.50	(4,360.50)	Long Term
LEHMAN BROS CD	3 1/2	3-03-09	100.00000	100.00000	95,000.00	95,000.00	91,064.15	(3,935.85)	Long Term
AMERICAN WEST CD	5.400	6-29-09	100.00000	100.00000	95,000.00	95,000.00	95,111.15	111.15	Short Term
NEVADA SEC BK CD	4.600	8-24-09	100.00000	100.00000	85,000.00	85,000.00	83,310.20	(1,689.80)	Long Term

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SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

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Account Number
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Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Additional Information
			Original / Adjusted*	Original / Adjusted*			
PROVIDIAN NATL CD	4.000	9-15-09	95,000	100.00000 100.00000	95,000.00 95,000.00	418.00	Long Term
COLE TAYLOR FID	4 1/4	11-24-09	95,000	100.00000 100.00000	95,000.00 95,000.00	(1,787.90)	Long Term
SOVEREIGN BK CD	4 1/2	12-09-09	95,000	100.00000 100.00000	95,000.00 95,000.00	(929.10)	Long Term
TOWER BANK CD	4.150	2-23-10	95,000	100.00000 100.00000	95,000.00 95,000.00	(3,524.50)	Long Term
NEW SOUTH FSB CD	3 1/2	5-12-10	95,000	100.00000 100.00000	95,000.00 95,000.00	(2,525.10)	Long Term
CAROLINA FIRST CD	3 1/2	5-26-10	95,000	100.00000 100.00000	95,000.00 95,000.00	(2,266.70)	Long Term
M&I BANK FSB FID	3 3/4	7-10-10	95,000	100.00000 100.00000	95,005.00 95,005.00	(2,034.20)	Long Term
WASHINGTON MUT CD	4.400	9-21-10	95,000	100.00000 100.00000	95,000.00 95,000.00	(3,187.25)	Long Term
FRONTIER BANK FID	4 1/2	9-14-10	90,000	98.66302 98.66302	88,796.72 88,796.72	(1,512.02)	Short Term
GEAUGA SVGS BK CD	4.700	1-28-11	95,000	100.00553 100.00553	95,005.25 95,005.25	(2,381.20)	Long Term
NATL REP BANK CD	4.900	1-13-11	80,000	100.00000 100.00000	80,000.00 80,000.00	(1,365.60)	Short Term
NOVA SVGS BK CD	4 1/2	6-08-11	85,000	100.00000 100.00000	85,000.00 85,000.00	(2,960.55)	Long Term
CITIZENS NB CD	5 3/4	7-28-11	95,000	100.00553 100.00553	95,005.25 95,005.25	1,580.30	Short Term

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.
**Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.*

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT FOR MONTH ENDING SEPTEMBER 30, 2006

PAGE 11 OF 12

Account Number
136 022962 014

Unrealized Gain/(Loss)	Quantity	Date Acquired	Unit Cost		Total Cost		Market Value	Unrealized Gain/(Loss)	Additional Information
			Original / Adjusted*	Adjusted*	Original / Adjusted*	Adjusted*			
LASALLE BANK CD	5.150	8-09-11	95,000	100.00000	95,000.00	100.00000	94,191.55	(808.45)	Short Term
FIRESIDE BANK	5.300	8-09-11	95,000	100.00000	95,000.00	100.00000	94,792.90	(207.10)	Short Term
BANKWEST PIERR CD	5 1/2	8-30-11	95,000	99.98471	94,985.47	94,985.47	94,556.35	(429.12)	Short Term
COUNTRYWIDE BK CD	6.000	8-23-13	95,000	100.00000	95,000.00	100.00000	95,082.65	82.65	Short Term

Totals for positions with cost data available

Total Market Value for all positions

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".

Realized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Total Cost		Proceeds	Realized Gain/(Loss)	Additional Information
				Original / Adjusted*	Adjusted*			

Long Term

ALLSTATE BANK CD	2.100	3-27-06	45,000	03-20-03	01-05-06	45,000.00	44,735.55	(264.45)	Long Term
BSB BANK & TR CD	2.650	8-29-06	35,000	08-26-03	02-22-06	35,000.00	34,577.55	(422.45)	Long Term
BSB BANK & TR CD	2.650	8-29-06	60,000	08-26-03	03-16-06	60,000.00	59,309.55	(690.45)	Long Term
FNMA	4 3/8	10-15-06	1200,000	07-05-02	06-28-06	1,209,605.00	1,195,494.75	(14,110.25)	Long Term
MIDFIRST BANK CD	3 1/4	9-05-06	20,000	08-28-02	06-29-06	20,000.00	19,920.55	(79.45)	Long Term
MIDFIRST BANK CD	3 1/4	9-05-06	75,000	08-28-02	09-05-06	75,000.00	75,000.00		Long Term
US TSY NOTE	3 1/2	11-15-06	850,000	07-05-02	06-01-06	840,425.50	843,534.75	3,109.25	Long Term
US TSY NOTE	3 1/4	8-15-07	850,000	08-28-02	06-01-06	855,113.50	851,312.59	(19,932.84)	Long Term

Sub Total Long Term

\$3,136,343.09 \$3,103,952.45 (\$32,390.64)

This summary is not part of your account statement. It is for information purposes only and should not be used for tax preparation.

*Adjusted Cost, Unit and Total, does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

SAN LORENZO VALLEY WATER DIST
INVESTMENT BROKERAGE ACCT

STATEMENT OF YOUR ACCOUNT
FOR MONTH ENDING SEPTEMBER 30, 2006

PAGE 12 OF 12

Account Number
136 022962 014

Realized Gain/(Loss)	Quantity	Date Acquired	Date Sold	Total Cost		Proceeds	Realized Gain/(Loss)	Additional Information
				Original / Adjusted*				

Totals for closing transactions with cost data available

\$3,136,343.09	\$3,103,952.45	(\$32,390.64)
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Total Proceeds \$3,103,952.45

Summary

	Short Term	Long Term	Total
Unrealized gain.....	\$8,663.62	\$418.00	\$9,081.62
Unrealized (loss).....	(\$9,969.29)	(\$262,528.72)	(\$272,498.01)
Realized gain YTD.....	\$0.00	\$3,109.25	\$3,109.25
Realized (loss) YTD.....	\$0.00	(\$35,499.89)	(\$35,499.89)

*Adjusted Cost, Unit and Total does not apply to all securities; it only applies to those securities whose terms can cause them to increase or reduce in value until maturity. Please contact your Financial Advisor for more information.

Morgan Stanley

Errors & Inquiries

If you do not understand an entry on your statement or suspect an error, it is essential that you immediately contact the manager of the office servicing your account or, if you have a self-directed account, please call 800-688-6896. We will consider your statement correct unless we receive a written inquiry from you about the suspected error within 10 calendar days from the day on which you received your statement. It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand.

SIPC Protection

Securities and cash held in Morgan Stanley accounts are protected up to their full net equity value by a combination of coverage provided by the Securities Investor Protection Corporation ("SIPC"), a non-profit organization created by an Act of Congress and additional protection purchased from a private insurer by Morgan Stanley (the "Excess Coverage"). SIPC protects up to \$500,000 of each customer's securities of which up to \$100,000 may be uninvested cash. Excess Coverage provides additional protection up to the full net equity value of each account including unlimited coverage for uninvested cash. SIPC and Excess Coverage apply only to securities and cash in the exclusive possession and control of Morgan Stanley and do not protect against losses due to market fluctuations. Detailed information is available upon request.

Transaction Dates

All transaction dates on this statement are the transactions' settlement dates. In the case of unsettled trades, we list the trade date instead of settlement date with a notation that the trade is unsettled.

Pricing of Securities

The prices of securities displayed on your statement are derived from various sources and in some cases may be higher or lower than the price that you would actually receive in the market. For securities listed on an exchange or trading continually in an active marketplace, the price reflects the market quotations at the close of your statement period. The prices of securities not actively traded may not be available. These are indicated by "N/A" (not available).

For bonds trading less frequently, we rely on outside pricing services or a computerized pricing model, which cannot always give us actual market values. Similarly, some annuity values provided by outside sponsors are estimates. The amounts on this statement for limited partnerships are typically obtained from a third party or from the investments' general partners unless Morgan Stanley DW Inc. has obtained other information such as an independent appraisal. Since many partnership valuations are provided only annually, they do not always represent current values.

Furthermore, limited partnerships and non-traded *Real Estate Investment Trusts* (REITs) are illiquid and have no public markets, so the amounts shown on this statement may not equal the amounts you would receive if you sold your investment.

The value of mutual fund shares is determined by multiplying the Net Asset Value (NAV) by the number of shares or units held as reported to Morgan Stanley DW Inc. by the correspondent custodian. If we cannot obtain a price or estimate, "N/A" appears.

For more detailed current information on prices, speak to your Financial Advisor or, if you have a self-directed account, please call 800-688-6896.

Account Valuation

This figure represents the approximate value of your account on a settlement date basis and is computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and correspondent custodians for other positions; and by adding any credit or subtracting any debit to your closing cash or money market balance. Please note, this valuation may be adjusted for the net change in priced asset values for securities held or for the net change in money market balances in your account during the statement period. Your closing cash and/or money market balance represents the cash and/or money market funds available in your account and reflects the net month end balance of all deposits, credits and debits (including checking and MasterCard activity in Active Assets accounts).

Margin Privileges

(not available for IRAs or retirement accounts)

If you have applied for margin privileges and have been approved, you may borrow money from Morgan Stanley DW Inc. in exchange for pledging assets in your account as collateral for any outstanding margin loan. The amount you may borrow is based on the value of the eligible securities in your margin account, which are identified by an asterisk (*) on your statement.

Margin Interest Charges

We calculate interest charges on margin loans as follows:

- (1) Multiply the applicable margin interest rate times the average daily balance of your margin loan.
- (2) Multiply the result of Step (1) times the number of days your loan was outstanding.
- (3) Divide the result of Step (2) by 360 (days).

We add the accrued interest to your debit balance and start a new calculation each time the applicable interest rate changes and at the close of every statement month.

Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC (17 CFR §240.15c3-2 & -3), Morgan Stanley DW Inc. may use free credit balances in your account which are payable to you on demand, in the ordinary course of its business. We send summary Morgan Stanley DW Inc. financial statements to you semiannually; copies are also available on request, by mail.

Taxes

Under Federal Income Tax law, we are required to report the gross proceeds of sales transactions, entering into short sales and redemptions done in your account. Although your statement may describe certain items as (federally) tax-free, this is for information purposes only; when reporting your taxes please rely exclusively on the 1099 forms you will receive at the end of the year. (For IRAs, 1099s report distributions from the account rather than income or proceeds from sales.) Federal law subjects you to penalties and withholding if you fail to provide us with your Social Security or Tax ID Number.

Listed Options

Information with respect to commissions and to other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you. A summary of such information will be made available to you promptly at your request.

Estimated Annual Income and Yields

Estimated annual income and yields are calculated by annualizing the most recent distribution and do not reflect historic experience or projected future results. Since the rates are subject to change at any time, they should not be entirely relied on for making investment or trading decisions. You are advised to consult with your Financial Advisor before making decisions. Your Financial Advisor will be able to assist you with accurate up-to-date information so that you can make an informed decision. If you have a self-directed account, please call 800-688-6896.

Accrued Bond Interest YTD

This figure represents the taxable accrued interest received on bond sale transactions and credited to your account during the calendar year. As required by law, Morgan Stanley DW Inc. will report to the Internal Revenue Service the total year-to-date figure indicated on the last statement you receive for the calendar year.

Dividend/Interest (Month/YTD)

These figures represent dividends and/or interest on securities received by Morgan Stanley DW Inc. and credited to your account during the calendar year. As required by law, Morgan Stanley DW Inc. reports taxable dividends and bond interest credited to your account to the Internal Revenue Service. The totals reported are indicated as the year-to-date figures on the last statement for the calendar year. In the case of REITs, Real Estate Limited Partnerships and Regulated Investment Company Unit Investment Trusts, the Sponsor may recalculate income and return of principal into a different ratio for the prior year.

Certain Assets Not Held at Morgan Stanley DW Inc.

You may purchase certain assets through Morgan Stanley DW Inc. which will be held at a custodial institution other than Morgan Stanley DW Inc. Assets held in custodial positions are not covered by SIPC protection. Where available, we include information about these assets on your Morgan Stanley DW Inc. statement. The custodial institution is responsible for providing year-end tax reporting (1099s) and separate periodic statements, which may vary from our information due to different reporting periods. In the case of Morgan Stanley, Van Kampen and external networked mutual funds, Morgan Stanley DW Inc. will provide all year-end tax reporting (1099s). In the case of IRA accounts, Morgan Stanley DW Inc. performs all tax reporting.

Client's Investment Objectives and Financial Situation

It is essential to advise your Financial Advisor or for self-directed accounts, call 800-688-6896, immediately if there is a material change in your investment objectives or financial situation.

Investments and services are offered through Morgan Stanley DW Inc., member SIPC.

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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

September, 2006 Statement



OCT 13 2006

SAN LORENZO VALLEY
WATER DISTRICT

SAN LORENZO VALLEY WATER DISTRICT

Attn: DISTRICT MANAGER

13060 HIGHWAY 9

BOULDER CREEK CA 95006

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

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
09-22-2006	09-21-2006	RW	1090846	KAREN ALVAREZ	- 130,000.00

Account Summary

Total Deposit :	0.00	Beginning Balance :	667,565.98
Total Withdrawal :	- 130,000.00	Ending Balance :	537,565.98

Phil Angelides, 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)
February 2006	\$57,817,453	4.043	177
February 2005	\$54,497,333	2.368	219
Change	+\$3,320,120	+1.675	-42
March 2006	\$53,828,826	4.142	181
March 2005	\$49,765,179	2.542	217
Change	+\$4,063,647	+1.60	-36
April 2006	\$54,555,166	4.305	162
April 2005	\$54,857,398	2.724	183
Change	-\$302,232	+1.58	-21
May 2006	\$62,884,541	4.563	151
May 2005	\$61,691,707	2.856	170
Change	+\$1,192,834	+1.707	-19
June 2006	\$63,221,434	4.700	152
June 2005	\$62,955,506	2.967	165
Change	+\$265,928	+1.733	-13
July 2006	\$59,553,163	4.849	164
July 2005	\$55,782,241	3.083	183
Change	+\$3,770,922	+1.766	-19
August 2006	\$57,570,790	4.946	161
August 2005	\$52,830,344	3.179	183
Change	+\$4,740,446	+1.767	-22
September 2006	\$57,084,758	5.023	160
September 2005	\$51,811,038	3.324	169
Change	+\$5,273,720	+1.699	-9

Phil Angelides, 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)
10/3/2006	5.09	5.09	164
10/4/2006	5.09	5.10	162
10/5/2006	5.09	5.09	163
10/6/2006	5.09	5.09	162
10/7/2006	5.09	5.09	162
10/8/2006	5.09	5.09	162
10/9/2006	5.09	5.09	162
10/10/2006	5.09	5.09	160
10/11/2006	5.08	5.09	161
10/12/2006	5.09	5.09	162
10/13/2006	5.09	5.09	163
10/14/2006	5.09	5.09	163
10/15/2006	5.09	5.09	163
10/16/2006	5.09	5.09	160

LAIF Performance Report

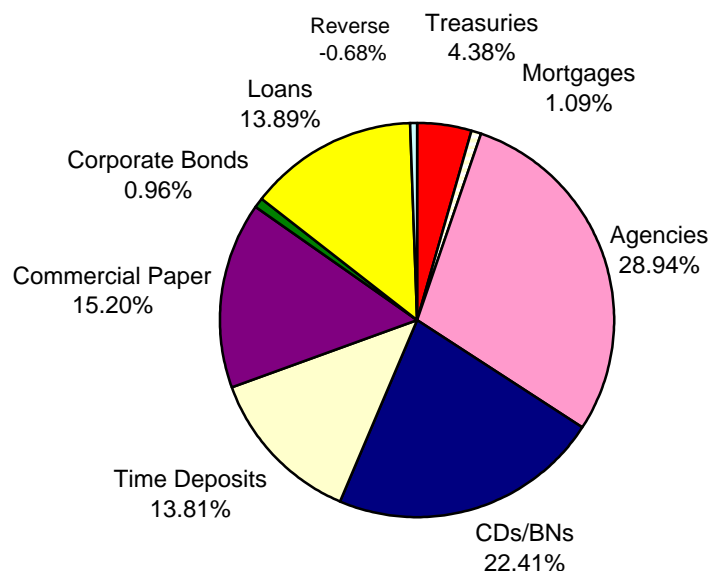
Quarter ending 9/30/06

Apportionment Rate: 4.93%
 Earnings Ratio: .00013498449593566
 Fair Value Factor: .999335402

PMIA Average Monthly Effective Yields

September 2006 5.023%
 August 2006 4.946%
 July 2006 4.849%

Pooled Money Investment Account Portfolio Composition \$58.4 Billion 09/30/06



State of California
Pooled Money Investment Account
Market Valuation
9/30/2006

Carrying Cost Plus								
Description	Accrued Interest	Purch.	Amortized Cost	Fair Value	Accrued Interest			
United States Treasury:								
Bills	\$	2,256,115,988.92	\$	2,276,370,106.99	\$	2,277,777,500.00	NA	
Notes	\$	299,764,672.42	\$	299,764,672.42	\$	299,133,000.00	\$	2,978,574.00
Federal Agency:								
SBA	\$	704,072,941.09	\$	703,957,353.93	\$	697,766,223.09	\$	6,553,298.95
MBS	\$	632,864,506.18	\$	632,864,506.18	\$	613,550,700.73	\$	2,793,667.33
Bonds	\$	8,638,310,579.17	\$	8,635,785,037.50	\$	8,619,319,001.76	\$	101,716,555.00
Floaters	\$	-	\$	-	\$	-	\$	-
Discount Notes	\$	7,553,499,970.86	\$	7,636,463,808.29	\$	7,639,849,000.00		NA
FHLMC PC	\$	953,671.43	\$	953,671.43	\$	985,907.41	\$	15,416.92
GNMA	\$	232,359.04	\$	232,359.04	\$	257,600.26	\$	2,311.71
Bankers Acceptances	\$	-	\$	-	\$	-		NA
Bank Notes	\$	1,200,000,000.00	\$	1,200,000,000.00	\$	1,200,138,849.00	\$	13,322,027.78
CDs	\$	11,835,064,808.05	\$	11,835,064,808.05	\$	11,835,250,859.45	\$	121,148,824.97
Commercial Paper	\$	8,872,726,577.36	\$	8,923,219,440.78	\$	8,924,731,502.51		NA
Corporate:								
Floaters	\$	200,088,089.85	\$	200,088,089.85	\$	200,141,300.00	\$	1,147,353.48
Bonds	\$	406,974,565.53	\$	406,868,315.53	\$	403,832,556.75	\$	4,399,772.59
Repurchase Agreements	\$	-	\$	-	\$	-		NA
Reverse Repurchase	\$	(395,600,000.00)	\$	(395,600,000.00)	\$	(395,600,000.00)	\$	(528,260.20)
Time Deposits	\$	8,063,495,000.00	\$	8,063,495,000.00	\$	8,063,495,000.00		NA
AB 55 & GF Loans	\$	8,109,326,463.70	\$	8,109,326,463.70	\$	8,109,326,463.70		NA
TOTAL	\$	58,377,890,193.60	\$	58,528,853,633.69	\$	58,489,955,464.66	\$	253,549,542.53

Fair Value Including Accrued Interest

\$ 58,743,505,007.19

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost)

The value of each participating dollar equals the fair value divided by the amortized cost(.999335402).

As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,986,708.04 or \$20,000,000.00 x .999335402.

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA A COMPARISON OF AUGUST 2006 WITH AUGUST 2005 (DOLLARS IN THOUSANDS)

	AUGUST 2006	AUGUST 2005	CHANGE
Average Daily Portfolio	\$ 57,570,790	\$ 52,830,344	\$ +4,740,446
Accrued Earnings	\$ 241,832	\$ 142,635	\$ +99,197
Effective Yield	4.946	3.179	+1.767
Average Life-Month End (In Days)	161	183	-22
Total Security Transactions			
Amount	\$ 24,426,165	\$ 21,682,046	\$ +2,744,119
Number	508	448	+60
Total Time Deposit Transactions			
Amount	\$ 4,331,000	\$ 3,549,500	\$ +781,500
Number	186	150	+36
Average Workday Investment Activity	\$ 1,250,311	\$ 1,097,024	\$ +153,287
Prescribed Demand Account Balances			
For Services	\$ 243,323	\$ 356,107	\$ -112,784
For Uncollected Funds	\$ 178,293	\$ 188,755	\$ -10,462

**PHIL ANGELIDES
TREASURER
STATE OF CALIFORNIA**

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

August 31, 2006			
<u>TYPE OF SECURITY</u>	<u>AMOUNT</u>	<u>PERCENT OF PORTFOLIO</u>	<u>DIFFERENCE IN PERCENT OF PORTFOLIO FROM PRIOR MONTH</u>
Government			
Bills	\$ 1,815,993	3.19	+0.22
Bonds	0	0.00	0
Notes	899,547	1.58	+0.07
Strips	0	0.00	0.00
Total Government	\$ 2,715,540	4.77	+0.29
Federal Agency Coupons	\$ 9,455,632	16.59	-0.36
Certificates of Deposit	11,754,407	20.63	-0.86
Bank Notes	1,350,039	2.37	+0.44
Bankers' Acceptances	0	0.00	0.00
Repurchases	0	0.00	0.00
Federal Agency Discount Notes	7,261,307	12.74	-0.12
Time Deposits	8,070,495	14.16	+0.72
GNMAs	235	0.00	0.00
Commercial Paper	6,658,653	11.69	-1.06
FHLMC/Remics	647,301	1.13	+0.03
Corporate Bonds	732,963	1.29	-0.27
AB 55 Loans	8,337,459	14.63	+0.77
GF Loans	0	0.00	0.00
Reversed Repurchases	0	0.00	-0.42
Total (All Types)	\$ 56,984,031	100.00	

INVESTMENT ACTIVITY

	AUGUST 2006		JULY 2006	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
Pooled Money	508	\$ 24,426,165	622	\$ 30,026,066
Other	5	5,244	4	128,539
Time Deposits	186	4,331,000	174	4,697,190
Totals	699	\$ 28,762,409	800	\$ 34,851,795
 PMIA Monthly Average Effective Yield	 4.946		 4.849	
Year to Date Yield Last Day of Month	4.897		4.849	

**Pooled Money Investment Account
Portfolio Composition
\$57.0 Billion
08/31/06**

