



MEETING DATE: 02/06/06
ITEM NO. 1

COUNCIL AGENDA REPORT

DATE: January 26, 2006
TO: MAYOR AND TOWN COUNCIL
FROM: LINDA LUBECK, TOWN TREASURER *LL*
SUBJECT: TREASURER'S REPORTS FOR NOVEMBER & DECEMBER, 2005

RECOMMENDATION:

Accept reports as attached.

DISCUSSION:

Attached for your review and acceptance are the Treasurer's reports for November and December, 2005.

Prime increased to 7.25% on December 13, 2005 and is expected to remain there for a while yet. Treasurer's funds increased during the months due in part to the receipt of property tax funds. Interest rates continued to rise slightly, as did the Town's overall performance. During November the last of the assets held at SEI were transferred to Union Bank.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required.

FISCAL IMPACT: None

Attachments: Treasurer's reports dated January 19 and 25, 2006.

PREPARED BY: Linda L. Lubeck, Town Treasurer *LL*

Reviewed by: *dy* Town Manager *PS* Assistant Town Manager *OK* Town Attorney
SC Clerk *SC* Finance ___ Community Development Revised: 1/26/06 8:32 am
Distribution: Town Council; Town Manager; Finance Director

Meeting date: February 6, 2006

Item No:

**Town of Los Gatos
Treasurer's Report
for the month ended
December 31, 2005**

Submitted January 25, 2006

by

Linda L. Lubeck



Distribution:

Town Clerk
Town Manager
Town Council

**Town of Los Gatos
Summary Investment Information
December 31, 2005**

Weighted Average Portfolio Yield: **3.35%** **Weighted Average Maturity (days)** **320**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
Portfolio Balance	\$58,256,368	\$56,376,728	\$50,575,753

Benchmarks/ References:

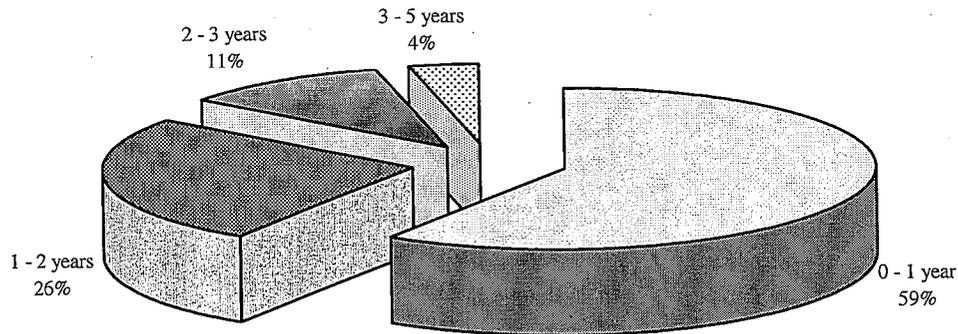
Town's Average Yield	3.35%	3.27%	2.49%
LAIF Yield for month	3.81%	3.64%	2.00%
3 mo. Treasury	4.00%	3.99%	2.27%
6 mo. Treasury	4.35%	4.30%	2.63%
2 yr. Treasury	4.40%	4.37%	3.12%
5 yr. Treasury (most recent)	4.44%	4.27%	3.55%
Prime rate	7.25%	7.00%	5.25%

Most recent auctions of

Freddie Mac or Fannie Mae Reference Notes:

3 yr. Freddie Mac (11/18/05)	4.64%
2 yr. Fannie Mae (12/23/05)	4.73%

Portfolio Maturity Profile



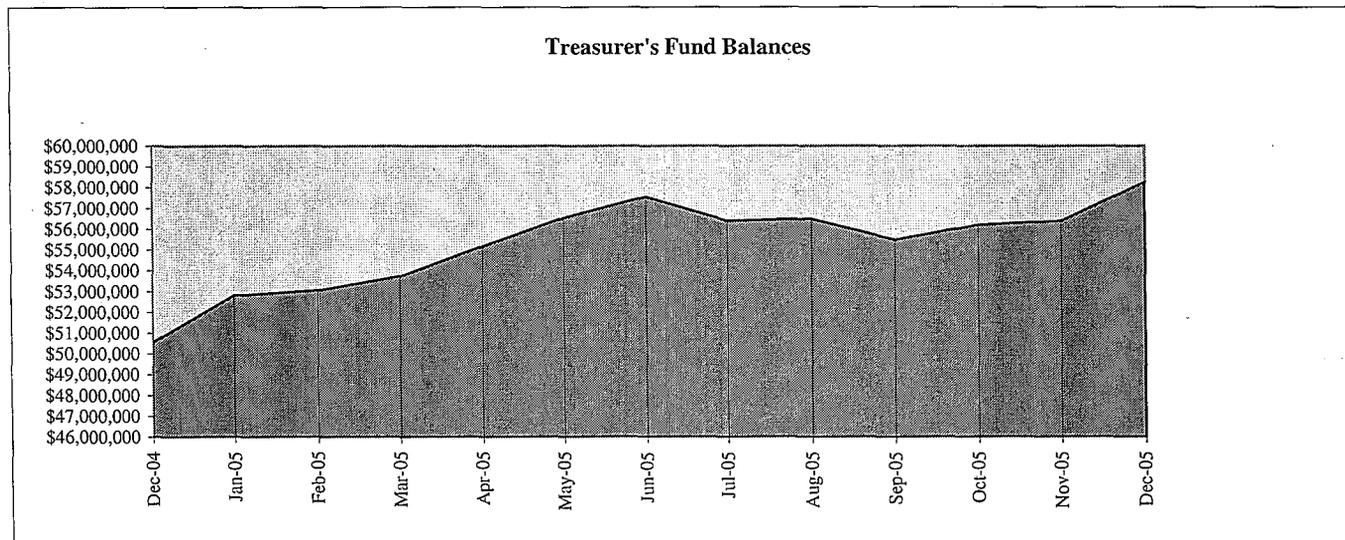
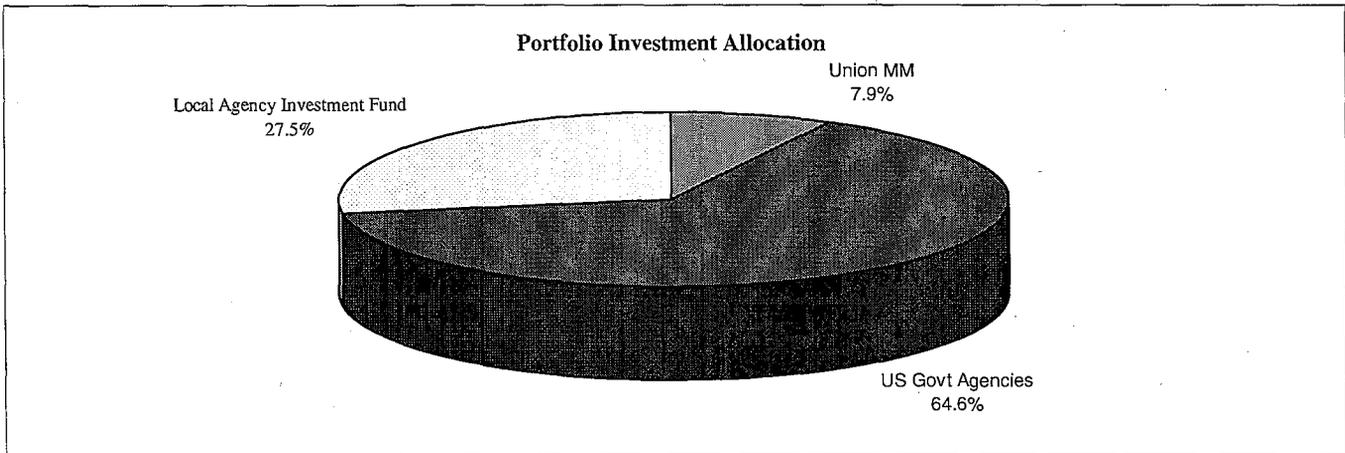
Compliance: The Town's investments are in compliance with the Town's investment policy dated August 9, 2005 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos
Portfolio Allocation & Treasurer's Fund Balances
December 31, 2005**

	<u>Month</u>	<u>YTD</u>
Fund Balances - Beginning of Month/Period	\$56,376,727.85	\$57,531,241.44
Receipts	5,198,252.59	19,520,291.51
Disbursements	<u>(3,318,612.10)</u>	<u>(18,795,164.61)</u>
Fund Balances - End of Month/Period	<u>\$58,256,368.34</u>	<u>\$58,256,368.34</u>

Portfolio Allocation:

Union MM	4,172,252.82
US Govt Agencies	34,078,679.63
Local Agency Investment Fund	<u>14,539,368.40</u>
Subtotal - Investments	52,790,300.85
Reconciled Demand Deposit Balances	<u>5,466,067.49</u>
 Total Treasurer's Fund	 <u>\$58,256,368.34</u>



Town of Los Gatos
Non-Treasury Restricted Fund Balances
December 31, 2005

	<u>Previous Balance</u>	<u>Deposits</u>	<u>Interest</u>	<u>Withdrawals</u>	<u>Ending Balance</u>	
Non-Treasury Funds:						
Downtown Parking District 12/20/02	242,433.68		519.21		242,952.89	Note 1
Certificates of Participation Reserve Fund (Lot 4)	256,029.66		710.34		256,740.00	Note 2
Cert. of Participation Lease Payment Fund (Lot 4)	85,935.82	19,879.84	186.96		106,002.62	Note 3
Cert. of Participation 2002 Series A Const. Fund	1,306,059.33		2.03	17,301.08	1,288,760.28	Note 4
Cert. of Participation 2002 Series A Reserve Fund	752,185.27		170.31	19.68	752,335.90	Note 4
Cert. Of Participation 2002 Series A Interest Fund	0.61		0.00		0.61	
Cert. Of Participation 2002 Series A COI Fund	0.00		0.00	0.00	0.00	Note 4
Total Restricted Funds:	<u>\$2,642,644.37</u>	<u>\$19,879.84</u>	<u>\$1,588.85</u>	<u>\$17,320.76</u>	<u>\$2,646,792.30</u>	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: This account include redemption accounts set up for the repayment of interest and principal on outstanding bond coupons for Parking Assessment District '3', as well as Reserve Funds set up as required by the original Bond resolution.

Note 2: The reserve fund was a requirement of the original certificates of participation agreement when Lot 4 was built. It helps to guarantee payment of the lease payments should the Town not make payment.

Note 3: The lease payment fund receives the lease payments from the Town monthly for the lease of Lot 4. It holds the funds until payments on the certificates of participation are due semi-annually.

Note 4: The three funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Town of Los Gatos
Statement of Interest Earned
December 31, 2005

	<u>Current</u> <u>Month</u>	<u>Fiscal</u> <u>Year to Date</u>
Interest received from Investments	131,569.96	774,747.20
Add: Interest accrued at end of period (see page 5)	89,471.69	89,471.69
Less: Interest accrued at beginning of period	<u>(61,650.90)</u>	<u>(33,323.60)</u>
Interest earned on investments	<u>\$159,390.75</u>	<u>\$830,895.29</u>

Town of Los Gatos
Inactive Deposits by Institution
Market to Cost Position Report
December 31, 2005

Inactive Deposits by Institution

Dep. Institution	Security	Deposit Date	Amortized Cost	Maturity Date	Days Elapsed	Days to Maturity	Days Invested	Yield to Maturity	Interest Earned	Interest Received	Interest Accrued	
932	FHLB	Coupon Note	08/18/04	498,300.00	02/03/06	500	34	534	2.49%	16,988.87	13,593.75	3,395.12
938	FHLMC	Discount Note	03/16/05	483,436.11	03/07/06	290	66	356	3.35%	12,867.35		12,867.35
928	FNMA	Coupon Note	08/26/03	895,320.00	04/28/06	858	118	976	2.83%	59,510.02	51,319.30	8,190.72
933	FHLB	Coupon Note	08/18/04	996,420.00	05/15/06	500	135	635	2.46%	33,581.18	27,937.50	5,643.68
920	FNMA	Coupon Note	06/22/01	2,001,740.00	06/15/06	1653	166	1819	5.23%	474,140.21	470,484.30	3,655.91
939	FFCB	Coupon Note	03/16/05	498,560.00	12/11/06	290	345	635	3.80%	15,052.41	13,342.01	1,710.40
934	FNMA	Coupon Note	08/18/04	1,491,000.00	01/12/07	500	377	877	3.06%	62,508.89	37,800.00	24,708.89
940	FHLB	Coupon Note	03/16/05	543,228.45	02/09/07	290	405	695	3.93%	16,962.12	6,084.65	10,877.47
929	FNMA	Coupon Note	02/09/04	2,000,000.00	05/09/07	691	494	1185	3.00%	113,589.04	90,000.00	23,589.04
942	FHLB	Coupon Note	05/16/05	999,000.00	05/16/07	229	501	730	4.04%	25,340.31	19,950.00	5,390.31
943	FNMA	Coupon Note	07/01/05	749,032.50	05/17/07	183	502	685	3.82%	14,326.94	10,625.00	3,701.94
946	FHLMC	Discount Note	08/15/05	1,500,000.00	08/15/07	138	592	730	4.25%	24,102.74		24,102.74
930	FHLMC	Coupon Note	02/24/04	2,505,250.00	08/24/07	676	601	1277	2.79%	129,643.82	120,750.00	8,893.82
944	FNMA	Coupon Note	07/01/05	984,074.54	12/15/07	183	714	897	3.81%	18,783.18	14,236.11	4,547.07
947	FHLMC	Discount Note	08/15/05	999,700.00	02/15/08	138	776	914	4.26%	16,112.81		16,112.81
945	FHLB	Coupon Note	07/01/05	755,975.25	04/18/08	183	839	1022	3.80%	14,414.25	9,195.31	5,218.94
	FHLMC	Z Coupon	03/23/05	97,284.59	01/03/06	283	3	286	3.558%	2,683.76		2,683.76
	FHLMC	Coupon Note	06/30/03	651,562.50	01/15/06	915	15	930	1.771%	28,926.97	64,312.50	(35,385.53)
	FNMA	Z Coupon	08/22/05	88,597.70	01/17/06	131	17	148	3.903%	1,241.08		1,241.08
	FFCB	Z Coupon	08/22/05	23,598.08	01/26/06	131	26	157	3.960%	335.39		335.39
	FHLMC	Coupon Note	08/24/04	198,460.00	02/15/06	494	46	540	2.402%	6,451.79	3,656.25	2,795.54
	FNMA	Z Coupon	08/22/05	44,104.87	02/24/06	131	55	186	3.983%	630.49		630.49
	FFCB	Coupon Note	06/25/03	666,809.00	03/15/06	920	74	994	1.523%	25,597.43	36,111.11	(10,513.68)
	FHLMC	Coupon Note	06/25/03	664,117.19	04/15/06	920	105	1025	1.576%	26,381.28	35,592.01	(9,210.73)
	FNMA	Coupon Note	06/27/03	504,090.00	04/28/06	918	118	1036	2.315%	29,350.05	30,661.46	(1,311.41)
	FMAC	Z Coupon	07/29/05	193,927.92	05/10/06	155	130	285	4.010%	3,302.35		3,302.35
	FHLB	Coupon Note	06/24/03	658,677.50	05/15/06	921	135	1056	1.625%	27,008.03	33,034.90	(6,026.87)
	FHLMC	Coupon Note	06/27/03	500,930.00	06/02/06	918	153	1071	2.076%	26,154.97	26,128.47	26.50
	FHLMC	Coupon Note	06/30/03	387,296.88	07/15/06	915	196	1111	1.872%	18,175.15	39,302.08	(21,126.93)
	FNMA	Coupon Note	06/10/04	297,213.00	08/11/06	569	223	792	3.177%	14,719.89	9,647.92	5,071.97
	FHLB	Coupon Note	06/30/03	400,000.00	09/29/06	915	272	1187	2.200%	22,060.27	20,200.00	1,860.27
	FHLMC	Coupon Note	02/22/05	197,629.00	10/15/06	312	288	600	3.507%	5,924.45	3,559.72	2,364.73
	FHLB	Coupon Note	06/24/03	688,076.80	11/15/06	921	319	1240	1.825%	31,685.94	63,140.00	(31,454.06)
	FFCB	Coupon Note	06/25/03	660,954.00	12/19/06	920	353	1273	1.844%	30,720.42	72,637.50	(41,917.08)
	FHLB	Coupon Note	06/30/03	400,000.00	12/29/06	915	363	1278	2.225%	22,310.96	22,250.00	60.96
	FNMA	Coupon Note	02/22/05	195,358.60	02/15/07	312	411	723	3.363%	5,615.92	2,282.64	3,333.28
	FHLMC	Coupon Note	06/25/03	662,652.00	03/15/07	920	439	1359	1.946%	32,502.99	65,000.00	(32,497.01)
	FNMA	Coupon Note	06/30/03	333,597.66	04/15/07	915	470	1385	2.150%	17,980.00	36,093.75	(18,113.75)
	FHLMC MTN	Coupon Note	06/27/03	402,556.00	05/29/07	918	514	1432	2.808%	28,429.76	29,033.33	(603.57)
	FNMA	Coupon Note	06/30/03	375,219.60	07/15/07	915	561	1476	2.359%	22,189.20	30,369.79	(8,180.59)
	FHLB	Coupon Note	06/24/03	672,825.60	11/15/07	921	684	1605	2.257%	38,317.82	53,573.33	(15,255.51)
	FNMA	Coupon Note	06/24/03	299,475.00	12/24/07	921	723	1644	2.528%	19,103.12	18,750.00	353.12
	FNMA	Coupon Note	06/27/03	649,785.94	01/15/08	918	745	1663	2.492%	40,725.66	41,973.50	(1,247.84)
	FHLMC	Coupon Note	09/30/04	198,630.00	02/25/08	457	786	1243	3.462%	8,609.84	5,868.06	2,741.78
	FHLMC	Coupon Note	06/26/03	657,396.09	03/15/08	919	805	1724	2.294%	37,970.23	39,367.33	(1,397.10)
	FHLB	Coupon Note	06/30/03	286,162.50	04/15/08	915	836	1751	2.633%	18,888.25	33,687.50	(14,799.25)
	FHLB	Coupon Note	06/26/03	661,764.30	05/13/08	919	864	1783	2.507%	41,771.52	82,025.61	(40,254.09)
	FHLMC MTN	Coupon Note	06/30/03	228,298.00	06/13/08	915	895	1810	2.894%	16,562.61	15,513.82	1,048.79
	FHLMC	Coupon Note	06/24/03	500,000.00	06/18/08	921	900	1821	2.750%	34,695.21	34,375.00	320.21
	FNMA	Coupon Note	09/30/04	198,597.00	08/15/08	457	958	1415	3.442%	8,558.68	5,687.50	2,871.18
	FNMA	Coupon Note	11/16/04	199,216.00	09/15/08	410	989	1399	3.866%	8,651.21	6,229.17	2,422.04
	FNMA	Coupon Note	01/19/05	248,157.50	09/15/08	346	989	1335	3.974%	9,348.43	6,145.83	3,202.60
	FNMA	Coupon Note	11/16/04	199,552.00	11/17/08	410	1052	1462	3.936%	8,822.71	7,771.53	1,051.18
	FHLMC	Coupon Note	07/07/05	296,403.00	01/12/09	177	1108	1285	4.313%	6,199.30	807.29	5,392.01
	FNMA	Coupon Note	01/21/05	242,400.00	03/16/09	344	1171	1515	3.930%	8,978.23	5,099.83	3,878.40
	FHLMC	Coupon Note	06/17/05	300,198.00	07/30/09	197	1307	1504	4.359%	7,062.66	1,567.71	5,494.95
	FHLMC	Coupon Note	08/01/05	298,332.00	07/30/09	152	1307	1459	4.527%	5,624.20		5,624.20
	FHLMC	Coupon Note	06/14/05	298,683.00	09/01/09	200	1340	1540	4.237%	6,934.36	2,646.87	4,287.49
	FHLMC	Coupon Note	01/21/05	149,686.50	09/01/09	344	1340	1684	4.180%	5,896.91	3,781.25	2,115.66
	FHLMC	Coupon Note	06/14/05	299,331.00	01/25/10	200	1486	1686	4.431%	7,267.59	1,494.79	5,772.80
	Subtotal			<u>34,078,643.17</u>								
	Union MM			4,172,252.82		30	30		3.81%	13,065.44		13,065.44
	Purchased Interest			36.46								
	LAIF	N/A	09/30/05	14,539,368.40	12/31/05	92	0	92	3.81%	132,812.30		132,812.30
				<u>52,790,300.85</u>			320		3.35%	1,964,168.97	1,874,697.28	89,471.69

Maturity Profile

	Amount	Percent
0-1 year	31,408,762.82	59.50%
1-2 years	13,713,269.95	25.98%
2-3 years	5,783,234.58	10.96%
3-5 years	<u>1,885,033.50</u>	<u>3.57%</u>
	<u>52,790,300.85</u>	<u>100.00%</u>

Market to Cost Position Report

Dep. Institution	Security	Market Price	Amortized Cost	Market Value*	Unrealized Gain (Loss)
Union Bank Assets			34,078,643.17	33,151,530.25	(927,112.92)
Union MM			4,172,252.82	4,172,252.82	0.00
Purchased Interest			36.46	36.46	0.00
LAIF			14,539,368.40	14,539,368.40	0.00
Totals:			<u>52,790,300.85</u>	<u>51,863,187.93</u>	<u>(927,112.92)</u>

* Source: Treasury and Agency Obligations - Union Bank of California
LAIF balances per Local Agency Investment Fund monthly statement

Meeting date: February 6, 2006

Item No:

**Town of Los Gatos
Treasurer's Report
for the month ended
November 30, 2005**

Submitted January 19, 2006

by

Linda L. Lubeck

A handwritten signature in black ink, appearing to be 'LL' followed by a stylized flourish that ends in a small triangle pointing upwards and to the right.

Distribution:

Town Clerk
Town Manager
Town Council

**Town of Los Gatos
Summary Investment Information
November 30, 2005**

Weighted Average Portfolio Yield: **3.27%** **Weighted Average Maturity (days)** **374**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
Portfolio Balance	\$56,376,728	\$56,194,085	\$47,910,984

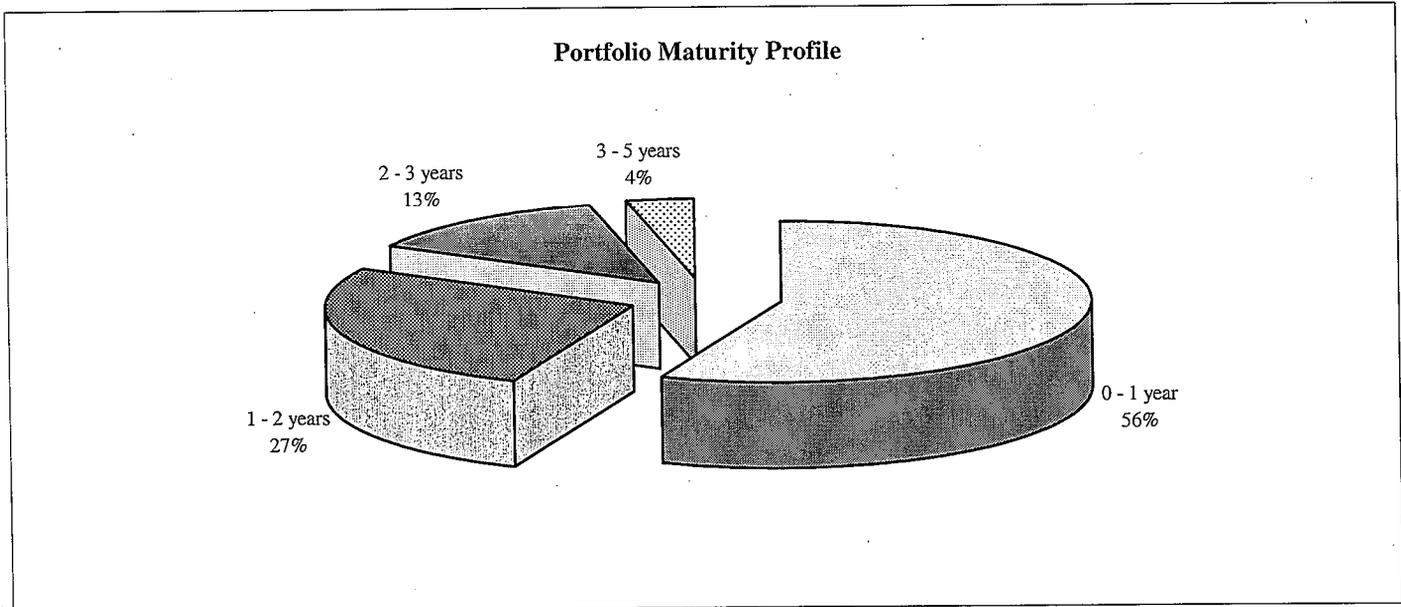
Benchmarks/ References:

Town's Average Yield	3.27%	3.17%	2.46%
LAIF Yield for month	3.64%	3.46%	1.89%
3 mo. Treasury	3.99%	3.98%	2.24%
6 mo. Treasury	4.30%	4.27%	2.46%
2 yr. Treasury	4.37%	4.37%	2.95%
5 yr. Treasury (most recent)	4.27%	4.27%	3.55%
Prime rate	7.00%	6.75%	5.00%

Most recent auctions of

Freddie Mac or Fannie Mae Reference Notes:

3 yr. Fannie Mae (10/14/05)	4.56%
2 yr. Freddie Mac (10/19/05)	4.48%



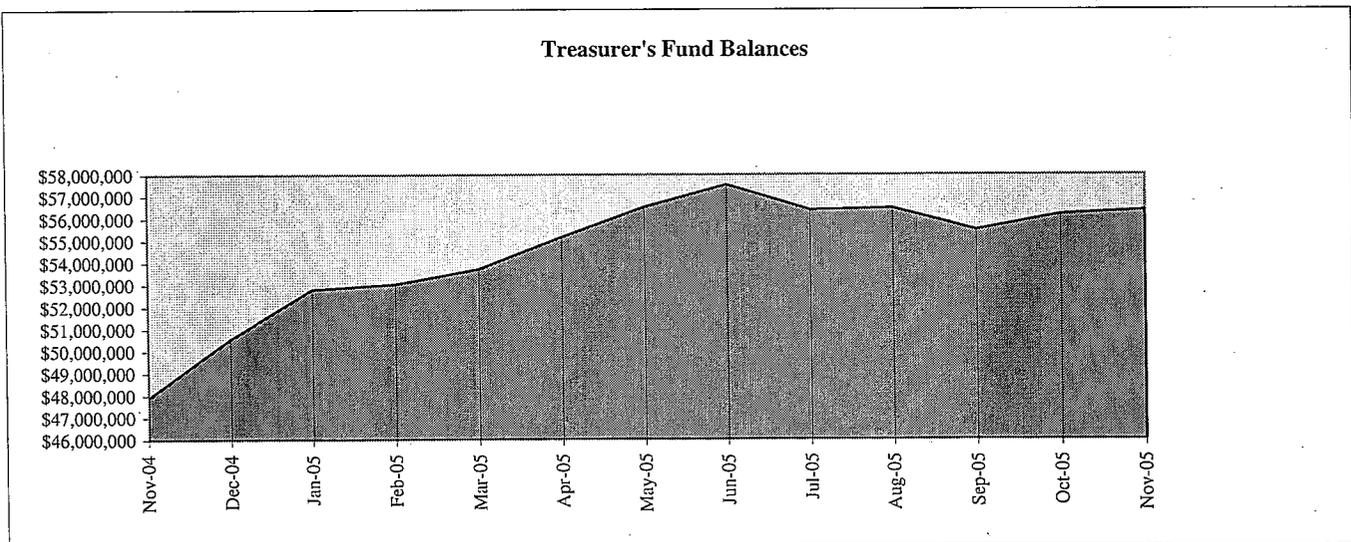
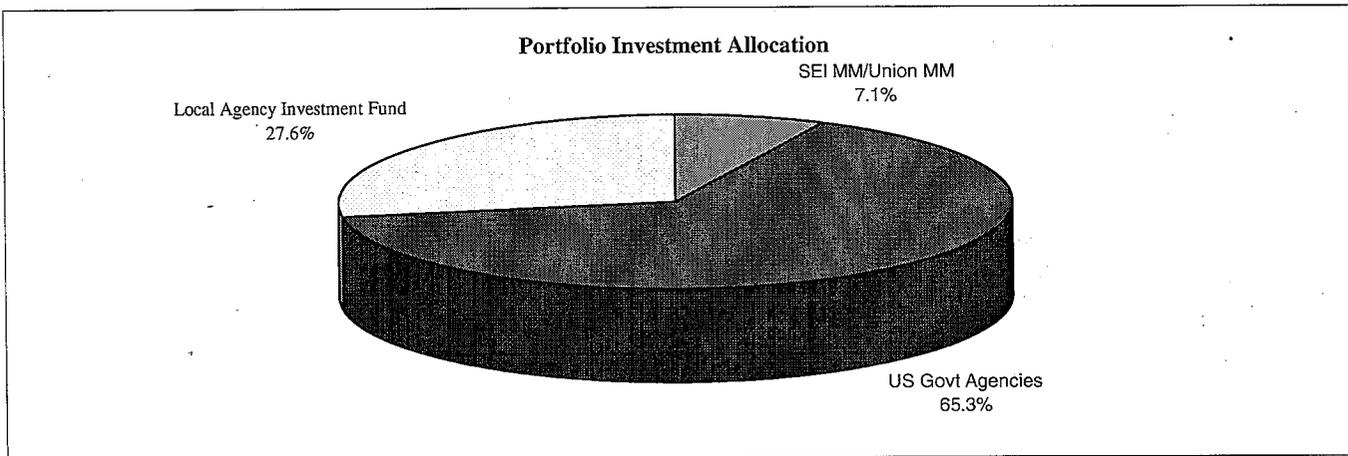
Compliance: The Town's investments are in compliance with the Town's investment policy dated August 9, 2005 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

**Town of Los Gatos
Portfolio Allocation & Treasurer's Fund Balances
November 30, 2005**

	<u>Month</u>	<u>YTD</u>
Fund Balances - Beginning of Month/Period	\$56,194,084.88	\$57,531,241.44
Receipts	2,751,272.22	14,322,038.92
Disbursements	(2,568,629.25)	(15,476,552.51)
Fund Balances - End of Month/Period	<u>\$56,376,727.85</u>	<u>\$56,376,727.85</u>

Portfolio Allocation:

SEI MM/Union MM	3,744,306.64
US Govt Agencies	34,375,703.83
Local Agency Investment Fund	<u>14,539,368.40</u>
Subtotal - Investments	52,659,378.87
Reconciled Demand Deposit Balances	<u>3,717,348.98</u>
 Total Treasurer's Fund	 <u>\$56,376,727.85</u>



Town of Los Gatos
Non-Treasury Restricted Fund Balances
November 30, 2005

	<u>Previous Balance</u>	<u>Deposits</u>	<u>Interest</u>	<u>Withdrawals</u>	<u>Ending Balance</u>	
Non-Treasury Funds:						
Downtown Parking District 12/20/02	241,898.35		535.33		242,433.68	Note 1
Certificates of Participation Reserve Fund (Lot 4)	255,357.52		672.14		256,029.66	Note 2
Cert. of Participation Lease Payment Fund (Lot 4)	65,922.46	19,879.84	133.52		85,935.82	Note 3
Cert. of Participation 2002 Series A Const. Fund	1,291,619.12		14,440.31	0.10	1,306,059.33	Note 4
Cert. of Participation 2002 Series A Reserve Fund	737,839.57		14,363.72	18.02	752,185.27	Note 4
Cert. Of Participation 2002 Series A Interest Fund	0.61		0.00		0.61	
Cert. Of Participation 2002 Series A COI Fund	0.00		0.00	0.00	0.00	Note 4
Total Restricted Funds:	<u>\$2,592,637.63</u>	<u>\$19,879.84</u>	<u>\$30,145.02</u>	<u>\$18.12</u>	<u>\$2,642,644.37</u>	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: This account include redemption accounts set up for the repayment of interest and principal on outstanding bond coupons for Parking Assessment District '3', as well as Reserve Funds set up as required by the original Bond resolution.

Note 2: The reserve fund was a requirement of the original certificates of participation agreement when Lot 4 was built. It helps to guarantee payment of the lease payments should the Town not make payment.

Note 3: The lease payment fund receives the lease payments from the Town monthly for the lease of Lot 4. It holds the funds until payments on the certificates of participation are due semi-annually.

Note 4: The three funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

**Town of Los Gatos
Statement of Interest Earned
November 30, 2005**

	<u>Current Month</u>	<u>Fiscal Year to Date</u>
Interest received from Investments	103,350.66	643,177.24
Add: Interest accrued at end of period (see page 5)	61,650.90	61,650.90
Less: Interest accrued at beginning of period	<u>(32,769.91)</u>	<u>(33,323.60)</u>
Interest earned on investments	<u>\$132,231.65</u>	<u>\$671,504.54</u>

**Town of Los Gatos
Inactive Deposits by Institution
Market to Cost Position Report
November 30, 2005**

Inactive Deposits by Institution

Dep. Institution	Security	Deposit Date	Amortized Cost	Maturity Date	Days Elapsed	Days to Maturity	Days Invested	Yield to Maturity	Interest Earned	Interest Received	Interest Accrued	
932	FHLB	Coupon Note	08/18/04	498,300.00	02/03/06	469	65	534	2.49%	15,935.56	13,593.75	2,341.81
938	FHLMC	Discount Note	03/16/05	483,436.11	03/07/06	259	97	356	3.35%	11,491.87		11,491.87
928	FNMA	Coupon Note	08/26/03	895,320.00	04/28/06	827	149	976	2.83%	57,359.89	51,319.30	6,040.59
933	FHLB	Coupon Note	08/18/04	996,420.00	05/15/06	469	166	635	2.46%	31,499.15	27,937.50	3,561.65
920	FNMA	Coupon Note	06/22/01	2,001,740.00	06/15/06	1622	197	1819	5.23%	465,248.28	417,984.30	47,263.98
939	FFCB	Coupon Note	03/16/05	498,560.00	12/11/06	259	376	635	3.80%	13,443.36	4,279.51	9,163.85
934	FNMA	Coupon Note	08/18/04	1,491,000.00	01/12/07	469	408	877	3.06%	58,633.34	37,800.00	20,833.34
940	FHLB	Coupon Note	03/16/05	543,228.45	02/09/07	259	436	695	3.93%	15,148.93	6,084.65	9,064.28
929	FNMA	Coupon Note	02/09/04	2,000,000.00	05/09/07	660	525	1185	3.00%	108,493.15	90,000.00	18,493.15
942	FHLB	Coupon Note	05/16/05	999,000.00	05/16/07	198	532	730	4.04%	21,909.96	19,950.00	1,959.96
943	FNMA	Coupon Note	07/01/05	749,032.50	05/17/07	152	533	685	3.82%	11,899.97	10,625.00	1,274.97
946	FHLMC	Discount Note	08/15/05	1,500,000.00	08/15/07	107	623	730	4.25%	18,688.36		18,688.36
930	FHLMC	Coupon Note	02/24/04	2,505,250.00	08/24/07	645	632	1277	2.79%	123,698.62	120,750.00	2,948.62
944	FNMA	Coupon Note	07/01/05	984,074.54	12/15/07	152	745	897	3.81%	15,601.33		15,601.33
947	FHLMC	Discount Note	08/15/05	999,700.00	02/15/08	107	807	914	4.26%	12,493.26		12,493.26
945	FHLB	Coupon Note	07/01/05	755,975.25	04/18/08	152	870	1022	3.80%	11,972.49	9,195.31	2,777.18
	FHLMC	Z Coupon	08/05/05	98,681.94	12/13/05	117	13	130	3.750%	1,186.21		1,186.21
	FHLMC	Z Coupon	07/14/05	196,953.37	12/15/05	139	15	154	3.666%	2,749.65		2,749.65
	FHLMC	Z Coupon	03/23/05	97,284.59	01/03/06	252	34	286	3.558%	2,389.78		2,389.78
	FHLMC	Coupon Note	06/30/03	651,562.50	01/15/06	884	46	930	1.771%	27,946.93	64,312.50	(36,365.57)
	FNMA	Z Coupon	08/22/05	88,597.70	01/17/06	100	48	148	3.903%	947.39		947.39
	FFCB	Z Coupon	08/22/05	23,598.08	01/26/06	100	57	157	3.960%	256.02		256.02
	FHLMC	Coupon Note	08/24/04	198,460.00	02/15/06	463	77	540	2.402%	6,046.92	3,656.25	2,390.67
	FNMA	Z Coupon	08/22/05	44,104.87	02/24/06	100	86	186	3.983%	481.29		481.29
	FFCB	Coupon Note	06/25/03	666,809.00	03/15/06	889	105	994	1.523%	24,734.91	36,111.11	(11,376.20)
	FHLMC	Coupon Note	06/25/03	664,117.19	04/15/06	889	136	1025	1.576%	25,492.35	35,592.01	(10,099.66)
	FNMA	Coupon Note	06/27/03	504,090.00	04/28/06	887	149	1036	2.315%	28,358.93	30,661.46	(2,302.53)
	FMAC	Z Coupon	07/29/05	193,927.92	05/10/06	124	161	285	4.010%	2,641.88		2,641.88
	FHLB	Coupon Note	06/24/03	658,677.50	05/15/06	890	166	1056	1.625%	26,098.97	33,034.90	(6,935.93)
	FHLMC	Coupon Note	06/27/03	500,930.00	06/02/06	887	184	1071	2.076%	25,271.74	20,753.47	4,518.27
	FHLMC	Coupon Note	06/30/03	387,296.88	07/15/06	884	227	1111	1.872%	17,559.38	39,302.08	(21,742.70)
	FNMA	Coupon Note	06/10/04	297,213.00	08/11/06	538	254	792	3.177%	13,917.92	9,647.92	4,270.00
	FHLB	Coupon Note	06/30/03	400,000.00	09/29/06	884	303	1187	2.200%	21,312.88	16,160.00	5,152.88
	FHLMC	Coupon Note	02/22/05	197,629.00	10/15/06	281	319	600	3.507%	5,335.80	3,559.72	1,776.08
	FHLB	Coupon Note	06/24/03	688,076.80	11/15/06	890	350	1240	1.825%	30,619.42	63,140.00	(32,520.58)
	FFCB	Coupon Note	06/25/03	660,954.00	12/19/06	889	384	1273	1.844%	29,685.27	58,012.50	(28,327.23)
	FHLB	Coupon Note	06/30/03	400,000.00	12/29/06	884	394	1278	2.225%	21,555.07	17,800.00	3,755.07
	FNMA	Coupon Note	02/22/05	195,358.60	02/15/07	281	442	723	3.363%	5,057.93	2,282.64	2,775.29
	FHLMC	Coupon Note	06/25/03	662,652.00	03/15/07	889	470	1359	1.946%	31,407.78	65,000.00	(33,592.22)
	FNMA	Coupon Note	06/30/03	333,597.66	04/15/07	884	501	1385	2.150%	17,370.84	36,093.75	(18,722.91)
	FHLMC MTN	Coupon Note	06/27/03	402,556.00	05/29/07	887	545	1432	2.808%	27,469.72	29,033.33	(1,563.61)
	FNMA	Coupon Note	06/30/03	375,219.60	07/15/07	884	592	1476	2.359%	21,437.44	30,369.79	(8,932.35)
	FHLB	Coupon Note	06/24/03	672,825.60	11/15/07	890	715	1605	2.257%	37,028.08	53,573.33	(16,545.25)
	FNMA	Coupon Note	06/24/03	299,475.00	12/24/07	890	754	1644	2.528%	18,460.13	15,000.00	3,460.13
	FNMA	Coupon Note	06/27/03	649,785.94	01/15/08	887	776	1663	2.492%	39,350.40	41,973.50	(2,623.10)
	FHLMC	Coupon Note	09/30/04	198,630.00	02/25/08	426	817	1243	3.462%	8,025.81	5,868.06	2,157.75
	FHLMC	Coupon Note	06/26/03	657,396.09	03/15/08	888	836	1724	2.294%	36,689.40	39,367.33	(2,677.93)
	FHLB	Coupon Note	06/30/03	286,162.50	04/15/08	884	867	1751	2.633%	18,248.32	33,687.50	(15,439.18)
	FHLB	Coupon Note	06/26/03	661,764.30	05/13/08	888	895	1783	2.507%	40,362.47	82,025.61	(41,663.14)
	FHLMC MTN	Coupon Note	06/30/03	228,298.00	06/13/08	884	926	1810	2.894%	16,001.48	12,351.32	3,650.16
	FHLMC	Coupon Note	06/24/03	500,000.00	06/18/08	890	931	1821	2.750%	33,527.40	27,500.00	6,027.40
	FNMA	Coupon Note	09/30/04	198,597.00	08/15/08	426	989	1415	3.442%	7,978.11	5,687.50	2,290.61
	FNMA	Coupon Note	11/16/04	199,216.00	09/15/08	379	1020	1399	3.866%	7,997.10	6,229.17	1,767.93
	FNMA	Coupon Note	01/19/05	248,157.50	09/15/08	315	1020	1335	3.974%	8,510.85	6,145.83	2,365.02
	FNMA	Coupon Note	11/16/04	199,552.00	11/17/08	379	1083	1462	3.936%	8,155.63	7,771.53	384.10
	FHLMC	Coupon Note	07/07/05	296,403.00	01/12/09	146	1139	1285	4.313%	5,113.54	807.29	4,306.25
	FNMA	Coupon Note	01/21/05	242,400.00	03/16/09	313	1202	1515	3.930%	8,169.15	5,099.83	3,069.32
	FHLMC	Coupon Note	06/17/05	300,198.00	07/30/09	166	1338	1504	4.359%	5,951.27	1,567.71	4,383.56
	FHLMC	Coupon Note	08/01/05	298,332.00	07/30/09	121	1338	1459	4.527%	4,477.16		4,477.16
	FHLMC	Coupon Note	06/14/05	298,683.00	09/01/09	169	1371	1540	4.237%	5,859.53	2,646.87	3,212.66
	FHLMC	Coupon Note	01/21/05	149,686.50	09/01/09	313	1371	1684	4.180%	5,365.50	3,781.25	1,584.25
	FHLMC	Coupon Note	06/14/05	299,331.00	01/25/10	169	1517	1686	4.431%	6,141.12	1,494.79	4,646.33
	Subtotal			<u>34,374,278.48</u>								
	Union MM			3,715,089.19								
	Purchased Interest			1,425.35								
	SEI MM			29,217.45								
	LAIF	N/A	09/30/05	14,539,368.40	12/31/05	61	31	92	3.64%	86,009.68		86,009.68
				<u>52,659,378.87</u>			374		3.27%	1,818,272.07	1,756,621.17	61,650.90

Maturity Profile	Amount	Percent
0-1 year	29,718,326.84	56.44%
1-2 years	13,989,234.41	26.57%
2-3 years	7,066,784.12	13.42%
3-5 years	<u>1,885,033.50</u>	<u>3.58%</u>
	<u>52,659,378.87</u>	<u>100.00%</u>

Market to Cost Position Report

Dep. Institution	Security	Market Price	Amortized Cost	Market Value*	Unrealized Gain (Loss)
Union Bank Assets			34,374,278.48	33,437,965.85	(936,312.63)
Union MM			3,715,089.19	3,715,089.19	0.00
Purchased Interest			1,425.35	1,425.35	0.00
SEI MM			29,217.45	29,217.45	0.00
LAIF			14,539,368.40	14,539,368.40	0.00
Totals:			<u>52,659,378.87</u>	<u>51,723,066.24</u>	<u>(936,312.63)</u>

* Source: Treasury and Agency Obligations - Union Bank of California
LAIF balances per Local Agency Investment Fund monthly statement.