

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

Gordon B. Ford

DEPT: Treasurer-Tax Collector

BOARD AGENDA # *B-10

Urgent

Routine

AGENDA DATE December 4, 2007

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2007

STAFF RECOMMENDATIONS:

1. Accept the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2007.
2. Authorize the Chairman of the Board of Supervisors to sign on behalf of the Board that the reports have been reviewed and accepted.

FISCAL IMPACT:

Preparation of these annual reports is a minimal cost to the County. Costs associated with managing the Tobacco Endowment Fund Series 2002 were \$5,790.88 for Fiscal Year 2006/2007. While the fund generated \$2,603,056.23 in interest earnings for year ending June 30, 2007, the General Fund's portion of these earnings, which is 80% net of expenses or \$2,076,654.10, which will be used towards paying off the accumulated deficit in the Health Services Agency Enterprise Fund in the current fiscal year.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-936

On motion of Supervisor Mayfield, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**Acceptance of the Annual Reports for the County of Stanislaus
Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal
Year Ending June 30, 2007
Page 2**

FISCAL IMPACT CONTINUED:

Costs associated with managing the Tobacco Endowment Series 2006 Fund were \$2,319.08 for Fiscal Year 2006/2007. This fund generated \$1,477,984.99 in interest earnings for year ending June 30, 2007, of which \$1,180,068.91 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current fiscal year 2007-2008.

DISCUSSION:

In November 1998, the Attorneys General of 46 states (including California), the District of Columbia, the Commonwealth of Puerto Rico, Guam, The United States Virgin Islands, American Samoa and the Territory of the Northern Marianas (collectively, the "Settling States") and the four largest United States tobacco manufacturers (OPM's) entered into a master settlement agreement in resolution of cigarette-smoking related litigation. The master settlement agreement released the OPM's from past, present and future smoking-related claims in exchange for, among other things, certain payments to be made to the settling states.

On August 5, 1998 the counsel for the State of California and various cities and counties therein ("participating jurisdictions") entered into a memorandum of understanding (MOU). Pursuant to the MOU, participating jurisdictions were entitled to receive a portion of the payments made to the State of California in accordance with the master settlement agreement. Some jurisdictions, in an effort to manage/mitigate the risks associated with the receipt of the Tobacco Settlement Revenues (TSRs) opted to securitize this revenue stream.

On June 6, 2000, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with the securitization of the County's share of the TSRs by issuing Tobacco Settlement Asset-Backed Bonds. In March 2002, the County sold their interest in the TSRs, received \$52,403,206 and subsequently placed the funds in an endowment.

**Acceptance of the Annual Reports for the County of Stanislaus
Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal
Year Ending June 30, 2007**

Page 3

DISCUSSION CONTINUED:

In January 2002, the County Board of Supervisors delegated responsibility for the investment of the TSRs to the County Treasurer-Tax Collector in accordance with Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement. This policy includes language that mandates preparation of an annual report by the Office of the Treasurer-Tax Collector no later than August 15th following the close of each fiscal year on June 30. The report is to be forwarded to the Board of Supervisors for final review and acceptance.

Interest earnings in the Tobacco Endowment Fund Series 2002 for Fiscal Year 2006/2007 were \$2,603,056.23. And in accordance with the investment policy, interest and net gains received have been distributed as follows: 80% or \$2,076,654.10 was distributed to the General Fund as discretionary revenue and the remaining 20% was re-invested in the endowment in the current fiscal year. On September 14, 2004, in the 2003/2004 Final Budget, the Board decided that the annual distribution that is received by the General Fund would be dedicated towards paying down the Health Services Agency accumulated deficit.

Since the offering of the 2002 Tobacco Bonds, interest rates fell and investor demand for tobacco settlement asset-backed bonds greatly improved giving the County the opportunity to either refund or restructure the 2002 bonds or issue additional bonds. In January 2006, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with determining the optimal bond structure for the County.

On March 29, 2006, Stanislaus County issued \$42,153,611.25 in bonds to further securitize the Tobacco Settlement Revenues. Of that amount, \$40,971,290.96 was placed in an endowment - the County of Stanislaus Tobacco Endowment Series 2006 Fund. The balance in the fund at June 30, 2007 was \$42,371,816.44. However, while these funds are invested separately, they fall under Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement, and are invested within the parameters of that policy.

**Acceptance of the Annual Reports for the County of Stanislaus
Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal
Year Ending June 30, 2007**

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DISCUSSION CONTINUED:

Interest revenues received from the Series 2006 Fund totaled \$1,477,984.99. The 80% distribution to the General Fund was \$1,180,068.91 and the remaining 20% has been re-invested in the endowment in the current fiscal year.

POLICY ISSUES:

Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement mandates that the Office of the Treasurer-Tax Collector prepare an annual report for the Board of Supervisors.

Approval of this agenda item will support the Board's priority of efficient delivery of public services.

STAFFING IMPACT:

There is no staffing impact associated with this agenda item.



County of Stanislaus Tobacco Endowment Series 2006 Fund
Annual Report
June 2007

The Stanislaus County Tobacco Endowment Series 2006 Fund generated \$1,477,984.99 in interest income for the fiscal year ending June 30, 2007. The cash receipts, net of expenses, yield an annualized interest rate of 3.51%. No sales were made prior to maturity and no gains due to sale were recorded. Costs associated with managing the fund were \$2,319.08, giving a net distribution to the County of \$1,180,068.914, which was distributed to the County on July 12, 2007.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The custodial statements have been reviewed by both the Chief Deputy Treasurer and the Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.




Gary C. Dial, Chief Deputy Treasurer

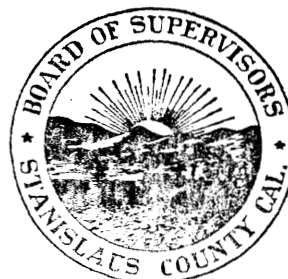


Gordon B. Ford, Treasurer

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Fund annual report.



Chairman, Board of Supervisors



STANISLAUS COUNTY TOBACCO ENDOWMENT SERIES 06 FUND
MUNICIPAL BOND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

CUSIP PAR COST COUPON YIELD PURCHASED MATURITY

HOLDINGS ON JUNE 30, 2006							
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PURCHASES:

NONE							
TOTAL PURCHASES:	0.00	0.00					

SALES:

NONE							
TOTAL SALES:	0.00	0.00					

HOLDINGS ON JUNE 30, 2007	0.00	0.00					
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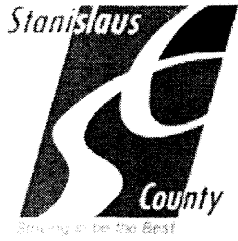
STANISLAUS COUNTY TOBACCO ENDOWMENT FUND
MUTUAL FUND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

	TRANSACTION SHARES	CUMULATIVE SHARES	PRICE	TRANSACTION VALUE	TOTAL AS SUM OF DOLLARS	SHARES AT ENDING PRICE	CUMULATIVE GAIN/LOSS
30-Jun-06		2,287,883.842	10.55		24,228,125.88	24,137,174.53	
30-Jul-06	6,626.904	2,294,510.746	10.57	70,046.38	24,298,172.26	24,252,978.59	0.00
31-Aug-06	7,042.601	2,301,553.347	10.60	74,651.57	24,372,823.83	24,396,465.48	198.81
30-Sep-06	7,208.358	2,308,761.705	10.62	76,552.76	24,449,376.59	24,519,049.31	472.20
29-Oct-06	6,767.489	2,315,529.194	10.62	71,870.73	24,521,247.32	24,590,920.04	472.20
30-Nov-06	6,913.858	2,322,443.052	10.63	73,494.31	24,594,741.63	24,687,569.64	748.65
31-Dec-06	7,464.254	2,329,907.306	10.61	79,195.73	24,673,937.37	24,720,316.52	57.47
31-Jan-07	6,520.330	2,336,427.636	10.58	68,985.09	24,742,922.46	24,719,404.39	-1,203.24
28-Feb-07	6,923.311	2,343,350.947	10.61	73,456.33	24,816,378.79	24,862,953.55	265.17
31-Mar-07	7,386.760	2,350,737.707	10.60	78,299.66	24,894,678.44	24,917,819.69	-301.59
30-Apr-07	6,948.824	2,357,686.531	10.60	73,657.53	24,968,335.98	24,991,477.23	-301.59
31-May-07	7,305.087	2,364,991.618	10.56	77,141.72	25,045,477.70	24,974,311.49	-3,093.70
30-Jun-07	7,772.361	2,372,763.979	10.53	81,842.96	25,127,320.66	24,985,204.70	-5,406.94

STANISLAUS COUNTY TOBACCO ENDOWMENT FUND
MONEY MARKET FUND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
AIM						
BEGINNING	17,130,372.42	16,855,404.96	16,903,994.41	16,951,214.13	16,997,443.42	17,045,260.96
INTEREST	47,583.42	48,589.45	47,219.72	46,229.29	47,817.54	46,860.13
ADD/(WITH)	-322,550.88					
ENDING VAL	16,855,404.96	16,903,994.41	16,951,214.13	16,997,443.42	17,045,260.96	17,092,121.09

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	YTD
AIM							
BEGINNING	17,092,121.09	17,141,518.00	17,190,655.36	17,235,113.43	17,284,359.36	17,333,819.75	17,130,372.42
INTEREST	49,396.91	49,137.36	44,458.07	49,245.93	49,460.39	52,792.00	578,790.21
ADD/(WITH)							-322,550.88
TOTAL	17,141,518.00	17,190,655.36	17,235,113.43	17,284,359.36	17,333,819.75	17,386,611.75	17,386,611.75



**Tobacco Endowment 2006 A-D
Portfolio Management
Portfolio Summary
June 30, 2007**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Pool Accounts	17,386,611.75	17,386,611.75	17,386,611.75	40.90	1	1	3.452	3.500
Mutual Fund	25,127,320.67	24,985,204.69	25,127,320.67	59.10	1	1	3.551	3.600
	42,513,932.42	42,371,816.44	42,513,932.42	100.00%	1	1	3.510	3.559

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	131,609.45	1,480,636.60	1,480,636.60
Average Daily Balance	42,434,817.56		
Effective Rate of Return	3.77%		

Gordon B. Ford, Treasurer/Tax Collector

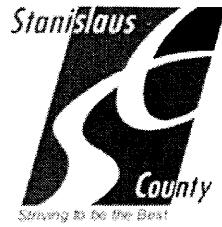
Tobacco Endowment 2006 A-D
Portfolio Management
Portfolio Details - Investments
June 30, 2007

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
SYS10000	10000	Tax-Free Institutional Fund			17,386,611.75	17,386,611.75	17,386,611.75	3.500	3.452	3.500	1	
		Subtotal and Average	17,386,611.75		17,386,611.75	17,386,611.75	17,386,611.75		3.452	3.500	1	
Mutual Fund												
SYS10001	10001	Tax Exempt Bond Fund		03/29/2006	25,127,320.67	24,985,204.69	25,127,320.67	3.600	3.551	3.600	1	
		Subtotal and Average	25,048,205.81		25,127,320.67	24,985,204.69	25,127,320.67		3.551	3.600	1	
		Total and Average	42,434,817.56		42,513,932.42	42,371,816.44	42,513,932.42		3.510	3.559	1	



**Tobacco Endowment 2006 A-D
Activity Report
Sorted By Issuer
July 1, 2006 - June 30, 2007**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: Tax-Free Institutional Fund									
Managed Pool Accounts									
SYS10000	10000	Tax-Free Institutional Fund			3.500		578,790.21	322,550.88	
		Subtotal and Balance		17,130,372.42			578,790.21	322,550.88	17,386,611.75
		Issuer Subtotal	40.896%	17,130,372.42			578,790.21	322,550.88	17,386,611.75
Issuer: Tax Exempt Bond Fund									
Mutual Fund									
SYS10001	10001	Tax Exempt Bond Fund			3.600		899,194.78	0.00	
		Subtotal and Balance		24,228,125.89			899,194.78	0.00	25,127,320.67
		Issuer Subtotal	59.104%	24,228,125.89			899,194.78	0.00	25,127,320.67
		Total	100.000%	41,358,498.31			1,477,984.99	322,550.88	42,513,932.42



**Tobacco Endowment 2006 A-D
Cash/Checking Activity
July 1, 2006 - June 30, 2007**

Issuer	Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
Managed Pool Accounts										
Tax-Free Institutional Fund										
	10000	EN06	SYS10000							17,130,372.42
				3.580	07/01/2006					17,130,372.42
				3.580	07/01/2006				47,583.42	17,177,955.84
				3.580	07/11/2006			63,925.00		17,114,030.84
				3.580	07/12/2006			258,625.88		16,855,404.96
				3.350	07/31/2006					16,855,404.96
				3.350	08/01/2006				48,589.45	16,903,994.41
				3.350	09/01/2006				47,219.72	16,951,214.13
				3.430	09/30/2006					16,951,214.13
				3.430	10/01/2006				46,229.29	16,997,443.42
				3.290	10/31/2006					16,997,443.42
				3.290	11/01/2006				47,817.54	17,045,260.96
				3.310	11/30/2006					17,045,260.96
				3.310	12/01/2006				46,860.13	17,092,121.09
				3.570	12/31/2006					17,092,121.09
				3.570	01/01/2007				49,396.91	17,141,518.00
				3.340	01/31/2007					17,141,518.00
				3.340	02/01/2007				49,137.36	17,190,655.36
				3.370	02/28/2007					17,190,655.36
				3.370	03/01/2007				44,458.07	17,235,113.43
				3.390	03/31/2007					17,235,113.43
				3.390	04/01/2007				49,245.93	17,284,359.36
				3.590	04/30/2007					17,284,359.36
				3.590	05/01/2007				49,460.39	17,333,819.75
				3.500	05/31/2007					17,333,819.75
				3.500	06/01/2007				52,792.00	17,386,611.75
	Subtotal and Ending Balance			3.500			0.00	322,550.88	578,790.21	17,386,611.75
Mutual Fund										
Tax Exempt Bond Fund										
	10001	EN06	SYS10001							24,228,125.89
				3.976	07/31/2006	6626.904				24,298,172.27
				3.604	08/01/2006				70,046.38	24,298,172.27

Portfolio EN06
AC

Tobacco Endowment 2006 A-D
Cash/Checking Activity
July 1, 2006 - June 30, 2007

Issuer	Investment #	Fund	Security ID	Current Transaction	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
Tax Exempt Bond Fund									
	10001	EN06	SYS10001						24,298,172.27
				3.604	08/31/2006			74,651.57	24,372,823.84
				3.570	09/01/2006				24,372,823.84
				3.570	09/30/2006			76,552.76	24,449,376.60
				3.510	10/01/2006				24,449,376.60
				3.510	10/31/2006			71,870.73	24,521,247.33
				3.460	11/01/2006				24,521,247.33
				3.460	11/30/2006			73,494.31	24,594,741.64
				3.440	12/01/2006				24,594,741.64
				3.440	12/31/2006			79,195.74	24,673,937.38
				3.430	01/01/2007				24,673,937.38
				3.430	01/31/2007			68,985.09	24,742,922.47
				3.460	02/01/2007				24,742,922.47
				3.460	02/28/2007			73,456.33	24,816,378.80
				3.510	03/01/2007				24,816,378.80
				3.510	03/31/2007			78,299.66	24,894,678.46
				3.480	04/01/2007				24,894,678.46
				3.480	04/30/2007			73,657.53	24,968,335.99
				3.560	05/01/2007				24,968,335.99
				3.560	05/31/2007			77,141.72	25,045,477.71
				3.600	06/01/2007				25,045,477.71
				3.600	06/30/2007			81,842.96	25,127,320.67
	Subtotal and Ending Balance			3.600		0.00	0.00	899,194.78	25,127,320.67
Total						0.00	322,550.88	1,477,984.99	42,513,932.42

Portfolio EN06
AC

LP (PRF_LP) SymRept 6.41.202b
Report Ver. 5.00i



OFFICE OF TREASURER/TAX COLLECTOR

GORDON B. FORD
Treasurer/Tax Collector

PO Box 3052, Modesto, CA 95353-3052
Phone: 209.525.6524 Fax: 209.525.4333

County of Stanislaus Tobacco Endowment Fund
Annual Report
June 2007

The Stanislaus County Tobacco Endowment Fund generated \$2,603,056.23 in interest income for the fiscal year ending June 30, 2007. The cash receipts, net of expenses, yield an annualized interest rate of 4.49%. No sales were made prior to maturity and no gains due to sale were recorded. Costs associated with managing the fund were \$5,790.88, giving a net distribution to the County of \$2,076,654.10, which was distributed to the County on July 12, 2007.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The custodial statements have been reviewed by both the Chief Deputy Treasurer and the Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.



Gary C. Dial, Chief Deputy Treasurer

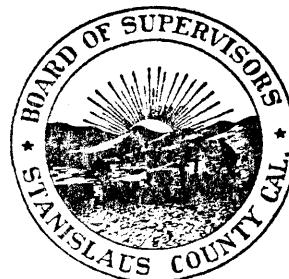


Gordon B. Ford, Treasurer

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Fund annual report.



Chairman, Board of Supervisors



STANISLAUS COUNTY TOBACCO ENDOWMENT FUND
MUNICIPAL BOND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

CUSIP	PAR	COST	COUPON	YIELD	PURCHASED	MATURITY
HOLDINGS ON JUNE 30, 2006						
	47,165,000.00	47,916,054.70				
PURCHASES:						
NONE						
TOTAL PURCHASES:						
	0.00	0.00				
SALES:						
NONE						
TOTAL SALES:						
	0.00	0.00				
HOLDINGS ON JUNE 30, 2007						
	47,165,000.00	47,916,054.70				

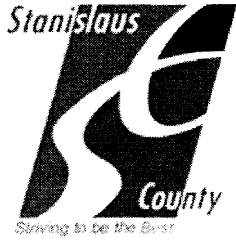
STANISLAUS COUNTY TOBACCO ENDOWMENT FUND
MUTUAL FUND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	TRANSACTI ON VALUE	TOTAL AS SUM OF DOLLARS	TOTAL SHARES AT ENDING PRICE	CUMULATIV E GAIN/LOSS
30-Jun-06		322,733.041	10.70		3,382,124.49	3,404,833.58	
30-Jul-06	934.803	323,667.844	10.57	9,880.87	3,392,005.36	3,421,169.11	0.00
31-Aug-06	993.442	324,661.286	10.60	10,530.49	3,402,535.84	3,441,409.63	28.04
30-Sep-06	1,016.824	325,678.110	10.62	10,798.67	3,413,334.51	3,458,701.53	66.61
29-Oct-06	954.634	326,632.744	10.62	10,138.21	3,423,472.73	3,468,839.74	66.61
30-Nov-06	975.281	327,608.025	10.63	10,367.24	3,433,839.96	3,482,473.31	105.61
31-Dec-06	1,052.921	328,660.946	10.61	11,171.49	3,445,011.46	3,487,092.64	8.11
31-Jan-07	919.769	329,580.715	10.58	9,731.16	3,454,742.61	3,486,963.96	-169.73
28-Feb-07	976.615	330,557.330	10.61	10,361.89	3,465,104.50	3,507,213.27	37.40
31-Mar-07	1,041.990	331,599.320	10.60	11,045.09	3,476,149.59	3,514,952.79	-42.54
30-Apr-07	980.214	332,579.534	10.60	10,390.27	3,486,539.86	3,525,343.06	-42.54
31-May-07	1,030.469	333,610.003	10.56	10,881.75	3,497,421.61	3,522,921.63	-436.40
30-Jun-07	1,096.384	334,706.387	10.53	11,544.92	3,508,966.54	3,524,458.26	-762.71

STANISLAUS COUNTY TOBACCO ENDOWMENT FUND
MONEY MARKET FUND ACTIVITY
FISCAL YEAR ENDING JUNE 2007

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
AIM						
BEGINNING	5,559,395.31	3,738,654.81	4,183,490.14	4,511,382.51	4,721,961.83	4,799,151.90
INTEREST	15,442.45	12,710.33	11,686.12	12,241.82	13,265.07	13,193.75
ADD/(WITH)	-1,836,182.95	432,125.00	316,206.25	198,337.50	63,925.00	25,000.00
ENDING VALUE	3,738,654.81	4,183,490.14	4,511,382.51	4,721,961.83	4,799,151.90	4,837,345.65

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	YTD
AIM							
BEGINNING	4,837,345.65	4,967,575.65	5,413,929.15	5,744,136.81	5,958,823.57	6,039,781.57	5,559,395.31
INTEREST	13,980.00	14,228.50	14,001.41	16,349.26	17,033.00	18,394.98	172,526.69
ADD/(WITH)	116,250.00	432,125.00	316,206.25	198,337.50	63,925.00	25,000.00	351,254.55
TOTAL	4,967,575.65	5,413,929.15	5,744,136.81	5,958,823.57	6,039,781.57	6,083,176.55	6,083,176.55



**Tobacco FY 2006
Portfolio Management
Portfolio Summary
June 30, 2007**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Funds	6,083,176.55	6,083,176.55	6,083,176.55	10.62	1	1	3.531	3.580
Mutual Fund	3,508,966.52	3,524,458.26	3,508,966.52	6.12	1	1	3.551	3.600
Municipal Bonds	47,165,000.00	48,399,439.73	47,713,358.69	83.26	8,029	6,437	4.679	4.744
	56,757,143.07	58,007,074.54	57,305,501.76	100.00%	6,685	5,360	4.488	4.550
Investments								
Total Earnings	June 30 Month Ending							
Current Year	217,616.19							
Average Daily Balance	57,296,160.70							
Effective Rate of Return	4.62%							

Market Values have been reconciled to Union Bank of California Custody Statement and differ only by the amount of Accrued Interest at Purchase which has not been received. This figure can be found on the Investment Status Report.

Donna Riley, Assistant Treasurer

**Tobacco FY 2006
Portfolio Management
Portfolio Details - Investments
June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Funds												
SYS15	15	AIM Tax Free Institutional Fun			6,083,176.55	6,083,176.55	6,083,176.55	3.580	3.531	3.580	1	
Subtotal and Average			6,083,176.55		6,083,176.55	6,083,176.55	6,083,176.55		3.531	3.580	1	
Mutual Fund												
SYS19	19	USAA Tax-Exempt Short-Term Fun		07/01/2002	3,508,966.52	3,524,458.26	3,508,966.52	3.600	3.551	3.600	1	
Subtotal and Average			3,497,806.43		3,508,966.52	3,524,458.26	3,508,966.52		3.551	3.600	1	
Municipal Bonds												
21969PBW8	14	Corona Calif Pub Fing Auth		09/10/2002	1,170,000.00	1,153,198.80	1,165,727.59	3.625	3.659	3.710	1,889	09/01/2012
212218LC3	25	Contra Costa Wtr Dist Wtr Rev		12/19/2002	2,000,000.00	2,016,720.00	1,993,623.73	4.250	4.241	4.300	3,014	10/01/2015
861419HB8	26	Stockton USD		01/23/2003	1,000,000.00	1,008,010.00	1,000,000.00	4.250	4.192	4.250	3,106	01/01/2016
13062NL96	4	California State		08/30/2002	2,000,000.00	2,290,338.00	2,257,177.19	6.000	4.162	4.220	3,562	04/01/2017
544712JT0	12	Los Angeles CA Wastewtr Sys Re		09/09/2002	2,000,000.00	2,057,420.00	2,072,509.19	5.000	4.501	4.563	4,383	07/01/2019
359796AT6	13	Fullerton Calif Jt Un High Sch		09/09/2002	2,000,000.00	2,058,260.00	2,075,687.55	5.000	4.511	4.573	4,780	08/01/2020
13062NG92	11	California State		09/09/2002	2,000,000.00	2,057,480.00	2,096,232.45	5.000	4.440	4.502	5,329	02/01/2022
343261EQ2	9	Florin Calif Resource Conserv Di		09/09/2002	2,000,000.00	2,020,360.00	2,000,000.00	4.750	4.685	4.750	5,541	09/01/2022
156809CV5	21	Cerritos Pub Fing Auth Rev Tax		10/21/2002	1,000,000.00	1,051,669.00	1,000,000.00	5.000	4.931	5.000	5,602	11/01/2022
231210FG5	22	Cupertino CA CTFS Partn Refina		10/21/2002	2,000,000.00	1,977,260.00	1,959,254.77	4.500	4.636	4.701	5,844	07/01/2023
261005JA1	33	Downey Unified School District		06/08/2004	1,080,000.00	1,152,434.52	1,075,509.45	5.000	4.972	5.041	5,875	08/01/2023
540261FT6	23	Lodi CA Uni Sch Dist		10/31/2002	2,500,000.00	2,569,722.50	2,522,206.63	5.000	4.843	4.910	5,875	08/01/2023
796720AX8	30	San Bernardino Comm Coll		02/06/2004	2,125,000.00	2,244,361.25	2,217,606.99	5.000	4.524	4.587	5,875	08/01/2023
196904EZ5	10	Colton Calif Pub Fing Auth Rev		09/09/2002	1,930,000.00	1,943,739.67	1,930,000.00	4.750	4.685	4.750	6,119	04/01/2024
542433FY8	35	Long Beach USD		06/22/2004	1,630,000.00	1,677,286.30	1,612,000.31	5.000	5.031	5.101	6,606	08/01/2025
7976526Z2	5	San Francisco Airport Commn In		08/30/2002	1,000,000.00	978,810.00	947,190.63	4.500	4.912	4.980	6,879	05/01/2026
797652Z71	6	San Francisco Airport Commn In		08/30/2002	730,000.00	714,531.30	691,449.16	4.500	4.912	4.980	6,879	05/01/2026
612553BW6	3	Monterey Park CA Redev Agy Tax		08/22/2002	2,000,000.00	2,003,720.00	1,951,048.21	4.750	4.902	4.970	7,002	09/01/2026
13062NM95	7	California State		08/30/2002	2,000,000.00	2,066,525.39	2,009,655.65	5.000	4.889	4.957	7,214	04/01/2027
18933QAX4	28	Clovis Public Financing Auth		02/06/2004	2,000,000.00	2,059,398.00	2,064,603.07	5.000	4.671	4.736	7,549	03/01/2028
797300XY1	34	San Diego Redev		06/14/2004	2,000,000.00	2,057,860.00	1,975,698.52	5.000	5.030	5.100	7,733	09/01/2028
79875FDR0	1	San Marcos Calif Pub Faci Auth		08/22/2002	2,000,000.00	2,026,660.00	1,978,331.24	4.875	4.892	4.960	8,797	08/01/2031
798153FC1	24	San Jose Ca Fing Auth Lease Re		11/14/2002	1,000,000.00	1,017,779.00	984,643.82	5.000	5.049	5.119	9,102	06/01/2032
171294DZ1	2	Chula Vista Calif CTFS Partn		08/22/2002	2,000,000.00	2,055,060.00	2,000,000.00	5.000	4.931	5.000	9,163	08/01/2032
901073DA1	8	Tustin Calif Uni Sch Dist SPL		09/03/2002	2,000,000.00	2,041,738.00	2,000,000.00	5.000	4.931	5.000	9,194	09/01/2032
769045PU3	29	Riverside Redevelopment		02/06/2004	2,000,000.00	2,051,118.00	2,067,671.69	5.000	4.692	4.757	9,528	08/01/2033
900207CF6	31	Turlock Financing Auth		02/06/2004	2,000,000.00	2,047,980.00	2,065,530.85	5.000	4.700	4.765	9,573	09/15/2033

Portfolio T06

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PM (PRF_PM2) SymRept 6.41.2026

Report Ver. 5.00

**Tobacco FY 2006
Portfolio Management
Portfolio Details - Investments
June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
Subtotal and Average			47,715,177.71		47,165,000.00	48,399,439.73	47,713,358.69		4.679	4.744	6,437
Total and Average			57,296,160.70		56,757,143.07	58,007,074.54	57,305,501.76		4.488	4.550	5,360

**Tobacco FY 2006
Portfolio Management
Investment Status Report - Investments
June 30, 2007**

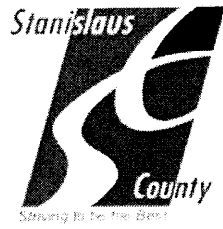
CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Principal	Book Value
Money Market Funds												
SYS15	15	AIMTX	6,083,176.55	3.580			3.531	3.580	07/01 - Monthly		6,083,176.55	6,083,176.55
Money Market Funds Totals			6,083,176.55				3.531	3.580		0.00	6,083,176.55	6,083,176.55
Mutual Fund												
SYS19	19	USAA	3,508,966.52	3.600		07/01/2002	3.551	3.600	07/31 - Monthly		3,508,966.52	3,508,966.52
Mutual Fund Totals			3,508,966.52				3.551	3.600		0.00	3,508,966.52	3,508,966.52
Municipal Bonds												
21969PBW8	14	COOGEN	1,170,000.00	3.625	09/01/2012	09/10/2002	3.659	3.710	03/01 - 09/01		1,161,751.50	1,165,727.59
212218LC3	25	CONTRA	2,000,000.00	4.250	10/01/2015	12/19/2002	4.241	4.300	04/01 - 10/01		1,990,120.00	1,993,623.73
861419HB8	26	STOSCD	1,000,000.00	4.250	01/01/2016	01/23/2003	4.192	4.250	01/01 - 07/01		1,000,000.00	1,000,000.00
13062NL96	4	CAS	2,000,000.00	6.000	04/01/2017	08/30/2002	4.162	4.220	10/01 - 04/01	Received	2,384,740.00	2,257,177.19
544712JT0	12	LOSTRN	2,000,000.00	5.000	07/01/2019	09/09/2002	4.501	4.563	01/01 - 07/01	Received	2,101,580.00	2,072,509.19
359796AT6	13	FULSCD	2,000,000.00	5.000	08/01/2020	09/09/2002	4.511	4.573	02/01 - 08/01	Received	2,103,520.00	2,075,687.55
13062NG92	11	CAS	2,000,000.00	5.000	02/01/2022	09/09/2002	4.440	4.502	02/01 - 08/01	Received	2,127,980.00	2,096,232.45
343261EQ2	9	FLOFAC	2,000,000.00	4.750	09/01/2022	09/09/2002	4.685	4.750	03/01 - 09/01	Received	2,000,000.00	2,000,000.00
156809CV5	21	CRTGEN	1,000,000.00	5.000	11/01/2022	10/21/2002	4.931	5.000	05/01 - 11/01	Received	1,000,000.00	1,000,000.00
231210FG5	22	CUPCTF	2,000,000.00	4.500	07/01/2023	10/21/2002	4.636	4.701	07/01 - 01/01	Received	1,947,300.00	1,959,254.77
261005JA1	33	DOWNEY	1,080,000.00	5.000	08/01/2023	06/08/2004	4.972	5.041	02/01 - 08/01		1,074,654.00	1,075,509.45
540261FT6	23	LODSCD	2,500,000.00	5.000	08/01/2023	10/31/2002	4.843	4.910	02/01 - 08/01	Received	2,528,650.00	2,522,206.63
796720AX8	30	SBDHGR	2,125,000.00	5.000	08/01/2023	02/06/2004	4.524	4.587	08/01 - 02/01	Received	2,237,200.00	2,217,606.99
196904EZ5	10	COLGEN	1,930,000.00	4.750	04/01/2024	09/09/2002	4.685	4.750	04/01 - 10/01	Received	1,930,000.00	1,930,000.00
542433FY8	35	LONSCD	1,630,000.00	5.000	08/01/2025	06/22/2004	5.031	5.101	02/01 - 08/01	Received	1,608,989.30	1,612,000.31
7976526Z2	5	SFOAPT	1,000,000.00	4.500	05/01/2026	08/30/2002	4.912	4.980	11/01 - 05/01	Received	933,630.00	947,190.63
7976527Z1	6	SFOAPT	730,000.00	4.500	05/01/2026	08/30/2002	4.912	4.980	11/01 - 05/01	Received	681,549.90	691,449.16
612553BW6	3	MTPDEV	2,000,000.00	4.750	09/01/2026	08/22/2002	4.902	4.970	03/01 - 09/01		1,938,640.00	1,951,048.21
13062NMG95	7	CAS	2,000,000.00	5.000	04/01/2027	08/30/2002	4.889	4.957	10/01 - 04/01	Received	2,012,020.00	2,009,655.65
18933QAX4	28	CVSGEN	2,000,000.00	5.000	03/01/2028	02/06/2004	4.671	4.736	03/01 - 09/01	Received	2,075,240.00	2,064,603.07
797300XY1	34	SDGDEV	2,000,000.00	5.000	09/01/2028	06/14/2004	5.030	5.100	09/01 - 03/01	Received	1,972,200.00	1,975,698.52
79875FDR0	1	SMSFAC	2,000,000.00	4.875	08/01/2031	08/22/2002	4.892	4.960	02/01 - 08/01	Received	1,973,960.00	1,978,331.24
798153FC1	24	SJSGEN	1,000,000.00	5.000	06/01/2032	11/14/2002	5.049	5.119	06/01 - 12/01	Received	981,790.00	984,643.82
171294DZ1	2	CHUCTF	2,000,000.00	5.000	08/01/2032	08/22/2002	4.931	5.000	02/01 - 08/01	Received	2,000,000.00	2,000,000.00
901073DA1	8	TUSSCD	2,000,000.00	5.000	09/01/2032	09/03/2002	4.931	5.000	03/01 - 09/01	Received	2,000,000.00	2,000,000.00
769045PU3	29	RIVDEV	2,000,000.00	5.000	08/01/2033	02/06/2004	4.692	4.757	08/01 - 02/01	Received	2,076,500.00	2,067,671.69
900207CF6	31	TURUTL	2,000,000.00	5.000	09/15/2033	02/06/2004	4.700	4.765	03/15 - 09/15	Received	2,074,040.00	2,065,530.85

**Tobacco FY 2006
Portfolio Management
Investment Status Report - Investments
June 30, 2007**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Principal	Book Value
		Municipal Bonds Totals	47,165,000.00				4.679	4.744		0.00	47,916,054.70	47,713,358.69
		Investment Totals	56,757,143.07				4.488	4.550		0.00	57,508,197.77	57,305,501.76

**Tobacco FY 2006
Portfolio Management
Activity By Type
June 1, 2007 through June 30, 2007**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Money Market Funds (Monthly Summary)							
SYS15	15	AIM Tax Free Institutional Fun	3.580		43,394.98	0.00	
		Subtotal			43,394.98	0.00	6,083,176.55
Mutual Fund							
SYS19	19	USAA Tax-Exempt Short-Term Fun	3.600		11,544.92	0.00	
		Subtotal			11,544.92	0.00	3,508,966.52
Municipal Bonds							
		Subtotal					47,713,358.69
		Total			54,939.90	0.00	57,305,501.76



**Tobacco FY 2006
Cash/Checking Activity
July 1, 2006 - June 30, 2007**

Issuer	Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
Money Market Funds										
AIM Tax Free Institutional Fun										
	15	0001	SYS15							5,559,395.31
				3.580	07/01/2006				15,442.45	5,574,837.76
				3.580	07/03/2006		116,250.00			5,691,087.76
				3.580	07/11/2006		63,925.00			5,755,012.76
				3.580	07/12/2006			2,274,983.83		3,480,028.93
				3.580	07/13/2006		258,625.88			3,738,654.81
				3.350	07/31/2006					3,738,654.81
				3.350	08/01/2006				12,710.33	3,751,365.14
				3.350	08/01/2006		432,125.00			4,183,490.14
				3.190	08/31/2006					4,183,490.14
				3.190	09/01/2006				11,686.12	4,195,176.26
				3.190	09/01/2006		266,206.25			4,461,382.51
				3.190	09/15/2006		50,000.00			4,511,382.51
				3.430	09/30/2006					4,511,382.51
				3.430	10/01/2006				12,241.82	4,523,624.33
				3.430	10/02/2006		198,337.50			4,721,961.83
				3.290	10/31/2006					4,721,961.83
				3.290	11/01/2006				13,265.07	4,735,226.90
				3.290	11/01/2006		63,925.00			4,799,151.90
				3.240	11/30/2006					4,799,151.90
				3.240	12/01/2006				13,193.75	4,812,345.65
				3.240	12/01/2006		25,000.00			4,837,345.65
				3.570	12/31/2006					4,837,345.65
				3.570	01/01/2007				13,980.00	4,851,325.65
				3.570	01/02/2007		116,250.00			4,967,575.65
				3.320	01/31/2007					4,967,575.65
				3.320	02/01/2007				14,228.50	4,981,804.15
				3.320	02/01/2007		432,125.00			5,413,929.15
				3.340	02/28/2007					5,413,929.15
				3.340	03/01/2007				14,001.41	5,427,930.56
				3.340	03/01/2007		266,206.25			5,694,136.81
				3.340	03/15/2007		50,000.00			5,744,136.81
				3.380	03/31/2007					5,744,136.81

Portfolio T06
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Tobacco FY 2006
Cash/Checking Activity
July 1, 2006 - June 30, 2007

Issuer Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
AIM Tax Free Institutional Fun									
15	0001	SYS15							5,744,136.81
			3.380	04/01/2007				16,349.26	5,760,486.07
			3.380	04/02/2007		198,337.50			5,958,823.57
			3.590	04/30/2007					5,958,823.57
			3.590	05/01/2007				17,033.00	5,975,856.57
			3.590	05/01/2007		63,925.00			6,039,781.57
			3.580	05/01/2007					6,039,781.57
			3.580	06/01/2007				18,394.98	6,058,176.55
			3.580	06/01/2007		25,000.00			6,083,176.55
Subtotal and Ending Balance			3.580			2,626,238.38	2,274,983.83	172,526.69	6,083,176.55
Mutual Fund									
USAA Tax-Exempt Short-Term									
19	0001	SYS19							3,382,124.48
			3.976	07/31/2006				9,880.87	3,392,005.35
			3.630	08/01/2006					3,392,005.35
			3.630	08/31/2006				10,530.49	3,402,535.84
			3.570	09/01/2006					3,402,535.84
			3.570	09/30/2006				10,798.67	3,413,334.51
			3.510	10/01/2006					3,413,334.51
			3.510	10/31/2006				10,138.21	3,423,472.72
			3.460	11/01/2006					3,423,472.72
			3.460	11/30/2006				10,367.24	3,433,839.96
			3.440	12/01/2006					3,433,839.96
			3.440	12/31/2006				11,171.49	3,445,011.45
			3.430	01/01/2007					3,445,011.45
			3.430	01/31/2007				9,731.16	3,454,742.61
			3.460	02/01/2007					3,454,742.61
			3.460	02/28/2007				10,361.88	3,465,104.49
			3.580	03/01/2007					3,465,104.49
			3.580	03/31/2007				11,045.09	3,476,149.58
			3.480	04/01/2007					3,476,149.58
			3.480	04/30/2007				10,390.27	3,486,539.85
			3.560	05/01/2007					3,486,539.85
			3.560	05/31/2007				10,881.75	3,497,421.60

Tobacco FY 2006
Cash/Checking Activity
July 1, 2006 - June 30, 2007

Issuer	Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
USAA Tax-Exempt Short-Term										
	19	0001	SYS19							3,497,421.60
				3.600	06/01/2007					3,497,421.60
				3.600	06/30/2007				11,544.92	3,508,966.52
	Subtotal and Ending Balance			3.600			0.00	0.00	126,842.04	3,508,966.52
Total							2,626,238.38	2,274,983.83	299,368.73	9,592,143.07