



county of ventura

LAWRENCE L. MATHENEY
TREASURER
TAX COLLECTOR
PUBLIC ADMINISTRATOR

June 20, 2006

Don R. Hansen
Assistant Treasurer-Tax Collector

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Marilyn E. Scott
Assistant Public Administrator
(805) 654-3141

SUBJECT: REPORT OF INVESTMENTS FOR THE MONTH ENDING MAY 31, 2006,
INCLUDING MARKET VALUES FOR ALL INVESTMENTS FOR THE MONTH

RECOMMENDATION: Discuss and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:

The average daily portfolio balance for the month of May amounted to \$ 1.7 billion. The portfolio yield for the month of May was 4.08 %. The weighted average days to maturity increased 8 days to 279 days. The total net monthly earnings were \$ 5.8 million. The portfolio has been structured to satisfy the anticipated cash flow needs of the participants. The investment practices and portfolio holdings are in compliance with the investment policy.

The May Federal Open Market Committee (FOMC) meeting ended with the Fed, once again, raising the Federal Funds rate, the rate at which banks lend short-term funds to each other, by 25 basis points to 5.0%. The committee provided this observation of the economic environment and their rationale for this latest rate increase in the press release announcing their action.

Economic growth has been quite strong so far this year. The Committee sees growth as likely to moderate to a more sustainable pace, partly reflecting a gradual cooling of the housing market and the lagged effects of increases in interest rates and energy prices.

There was, however, a significant change in the FOMC's outlook for the economy. In previous meetings the Fed had viewed the assessment of risk for the economy as balanced. That is, that the economy was on an acceptable growth path without a real risk of inflation. In the May meeting, the FOMC took a more cautionary tone by suggesting that further rate increases would be dependent on the economic data that is reported in the period between FOMC meetings. They stated it this way:

The Committee judges that some further policy firming may yet be needed to address inflation risks but emphasizes that the extent and timing of any such firming will depend importantly on the evolution of the economic outlook as implied by incoming information.

For its part, the data reported in May after the Fed meeting, did begin to suggest that the economy might, in fact, be undergoing a change in the rate of growth. The increases in non-

farm payroll jobs have become smaller, while consumer sentiment surveys have been trending lower. The housing markets in particular have been showing weakness. While some of this is due to an easing of the frenetic pace of the previous few years, it is troubling due to the potential damage to consumer confidence and may change the consumers buying habits. Also, with energy prices remaining high, inflation fears may be reappearing, which may impact both consumer and business purchasing patterns. Over the last year, producer prices have risen by 4.0% and consumer prices are up by 3.5%.

Interest rates closed the month of May slightly higher than where we began. Short-term rates rose by 3 to 10 basis points, while longer-term rates were up by 1 to 10 basis points. Markets appear to be taking a wait and see approach and are watching the economic data very closely to get a clue as to which way the Fed may be going with regard to further rate increases.

Given the current interest rate environment, we anticipate the County's yield to increase slightly. Further, we continue to seek investment opportunities in order to optimize earnings (U. S. Treasury Market graph attached).


Attached is a listing of market values provided by our custodian, Wells Fargo Bank, for all investments for the month ending May 31, 2006. GASB Statement No. 31 states that variances between the cost of investments and the fair value of investments shall not be considered budgetary resources or uses of resources unless the value of investments is permanently impaired because of decreased issuer creditworthiness or it is determined that the Treasurer be unable to hold investments to maturity.

The following is a list of attached graphs:

- Portfolio Average Monthly Balance
- Average Portfolio Maturity
- Balance Yield Comparison by Month
- Portfolio Holdings By Instrument Type
- Yield Curve, U. S. Treasury Market
- Maturity Distribution

This letter has been reviewed by the CEO, the Auditor-Controller, and County Counsel.

If you have any questions regarding this item, please call Chief Investment Officer Robert A. Hansen at 654-3733.



LAWRENCE L. MATHENEY
Treasurer-Tax Collector

LLM:ec

Attachments

WELLS FARGO

Investments by ICC Code

General Reporting - Investments by ICC Code
From Month End 05/31/2006
06/01/2006 03:06:31 PM EDT

ACCOUNT: All Accounts Selected

Asset Description 1 & 2

| Asset ID | Maturity Date | Units | Fed Tax Cost | Market Value | Market Price | Unrealized Gain/Unrealized Loss |
|------------|---------------|-----------------|-----------------|-----------------|--------------|---------------------------------|
| 36959JF16 | 06/01/2006 | .0000 | \$0.00 | \$10,000,000.00 | .000000 | .000000 |
| 02581SF22 | 06/02/2006 | 10,000,000.0000 | \$9,976,483.33 | \$10,000,000.00 | 100.000000 | 23,516.6700 |
| 36959JF57 | 06/05/2006 | 4,500,000.0000 | \$4,485,090.00 | \$4,499,370.00 | 99.986000 | 14,280.0000 |
| 02581SF63 | 06/06/2006 | 10,000,000.0000 | \$9,994,400.00 | \$9,994,400.00 | 99.994000 | 23,450.0000 |
| 17307SF64 | 06/06/2006 | 7,000,000.0000 | \$6,978,653.89 | \$6,995,100.00 | 99.930000 | 16,446.1100 |
| 36959JF73 | 06/06/2006 | 10,000,000.0000 | \$9,972,388.89 | \$9,993,000.00 | 99.930000 | 20,611.1100 |
| 02581SF89 | 06/07/2006 | 15,000,000.0000 | \$14,952,275.00 | \$14,987,550.00 | 99.917000 | 35,275.0000 |
| 36959JF81 | 06/08/2006 | 10,000,000.0000 | \$9,969,505.56 | \$9,990,300.00 | 99.903000 | 20,794.4400 |
| 02581SF97 | 06/09/2006 | 9,500,000.0000 | \$9,472,402.50 | \$9,490,785.00 | 99.903000 | 18,382.5000 |
| 02581SFC0 | 06/12/2006 | 10,000,000.0000 | \$9,958,416.67 | \$9,988,900.00 | 99.889000 | 30,483.3300 |
| 02581SFD8 | 06/13/2006 | 8,000,000.0000 | \$8,967,565.00 | \$8,986,230.00 | 99.847000 | 18,665.0000 |
| 36959JF88 | 06/14/2006 | 7,000,000.0000 | \$6,979,665.00 | \$6,987,330.00 | 99.833000 | 14,306.6700 |
| 31339XAZ7 | 06/15/2006 | 15,000,000.0000 | \$14,879,926.22 | \$14,981,250.00 | 99.875000 | 101,323.7800 |
| 36959JF83 | 06/16/2006 | 50,000,000.0000 | \$49,682,600.00 | \$49,953,000.00 | 99.906000 | 270,400.0000 |
| 17307SFK3 | 06/16/2006 | 8,300,000.0000 | \$8,274,740.33 | \$8,282,653.00 | 99.791000 | 7,912.6700 |
| 36959SFL2 | 06/20/2006 | 24,500,000.0000 | \$24,403,103.33 | \$24,438,750.00 | 99.735000 | 33,646.6700 |
| 36959SFM0 | 06/21/2006 | 5,000,000.0000 | \$4,985,138.89 | \$4,986,800.00 | 99.736000 | 661.1100 |
| 36959SFM8 | 06/22/2006 | 5,000,000.0000 | \$4,984,752.78 | \$4,985,400.00 | 99.722000 | 654.1700 |
| 31363FV70 | 06/26/2006 | 18,000,000.0000 | \$17,814,600.00 | \$17,960,580.00 | 99.781000 | 145,980.0000 |
| 89233HFU3 | 06/28/2006 | 35,000,000.0000 | \$34,786,111.11 | \$34,868,400.00 | 99.624000 | 82,288.8900 |
| 02581SFW6 | 06/30/2006 | 50,000,000.0000 | \$49,681,194.44 | \$49,798,000.00 | 99.596000 | 116,805.5600 |
| 89233HFV9 | 06/30/2006 | 37,000,000.0000 | \$36,743,569.44 | \$36,850,520.00 | 99.596000 | 106,950.5600 |
| 89233HGS5 | 07/03/2006 | 50,000,000.0000 | \$49,652,777.78 | \$49,776,000.00 | 99.524000 | 116,277.7800 |
| 00137FG55 | 07/05/2006 | 50,000,000.0000 | \$49,652,777.78 | \$49,776,000.00 | 99.524000 | 109,222.2200 |
| 00137FG63 | 07/06/2006 | 60,000,000.0000 | \$59,588,888.89 | \$59,706,000.00 | 99.510000 | 117,111.1100 |
| 02581SFG70 | 07/07/2006 | 1,500,000.0000 | \$1,486,875.00 | \$1,492,440.00 | 99.496000 | 5,565.0000 |
| 00137FG74 | 07/10/2006 | 35,000,000.0000 | \$34,766,423.61 | \$34,808,900.00 | 99.454000 | 42,476.3900 |
| 02581SFGA3 | 07/10/2006 | 31,000,000.0000 | \$30,792,093.33 | \$30,830,740.00 | 99.454000 | 38,646.6700 |
| 89233HGA6 | 07/10/2006 | 28,500,000.0000 | \$28,321,518.75 | \$28,344,390.00 | 99.454000 | 22,871.2500 |
| 02581SGB1 | 07/11/2006 | 1,000,000.0000 | \$991,666.67 | \$994,400.00 | 99.440000 | 2,733.3300 |
| 31359MVP5 | 07/15/2006 | 20,000,000.0000 | \$20,018,200.00 | \$19,950,000.00 | 99.750000 | (68,200.0000) |
| 31331TV3 | 07/17/2006 | 40,000,000.0000 | \$39,883,851.07 | \$39,837,600.00 | 99.594000 | (46,251.0700) |
| MS1315899 | 07/21/2006 | 100,000.0000 | \$100,000.00 | \$100,000.00 | 1.000000 | .0000 |
| 31339YF48 | 07/28/2006 | 20,000,000.0000 | \$20,000,000.00 | \$19,900,000.00 | 99.500000 | (100,000.0000) |
| 36959SFX5 | 07/31/2006 | 26,000,000.0000 | \$25,724,457.78 | \$25,780,300.00 | 99.155000 | 55,842.2200 |
| 31331SUR2 | 08/02/2006 | 9,000,000.0000 | \$9,003,870.00 | \$8,977,500.00 | 99.750000 | (26,370.0000) |
| 3133X06K0 | 08/15/2006 | 20,000,000.0000 | \$19,967,969.58 | \$19,868,800.00 | 99.438000 | (80,369.5800) |
| 3133X14N4 | 09/15/2006 | 20,000,000.0000 | \$20,407,600.00 | \$19,868,800.00 | 99.344000 | (538,800.0000) |
| 31331TGN5 | 10/02/2006 | 14,000,000.0000 | \$14,032,410.00 | \$13,868,820.00 | 99.063000 | (163,590.0000) |
| 31331TJH5 | 10/30/2006 | 20,000,000.0000 | \$20,000,000.00 | \$19,793,800.00 | 98.969000 | (206,200.0000) |
| 3133X2B46 | 11/15/2006 | 20,000,000.0000 | \$20,185,000.00 | \$19,775,000.00 | 98.875000 | (410,000.0000) |
| 31359MTN3 | 11/15/2006 | 10,000,000.0000 | \$9,987,000.00 | \$9,881,300.00 | 98.813000 | (105,700.0000) |
| 31363F3B4 | 11/21/2006 | 15,000,000.0000 | \$15,047,291.27 | \$14,821,950.00 | 98.813000 | (225,341.2700) |
| 3128X1KH9 | 12/18/2006 | 3,500,000.0000 | \$3,421,344.38 | \$3,441,655.00 | 98.333000 | 19,310.6200 |
| 31331TNG2 | 12/18/2006 | 15,000,000.0000 | \$15,056,850.00 | \$14,784,450.00 | 98.563000 | (272,400.0000) |
| 31363FYX8 | 12/26/2006 | 17,000,000.0000 | \$16,831,710.66 | \$16,691,960.00 | 98.188000 | (139,750.6600) |
| 3128X1QJ9 | 01/02/2007 | 14,000,000.0000 | \$13,639,360.00 | \$13,738,340.00 | 98.131000 | (98,980.0000) |
| 31331SLD3 | 01/05/2007 | 10,000,000.0000 | \$10,005,600.00 | \$9,884,400.00 | 98.844000 | (121,200.0000) |
| 3128X2LS2 | 01/19/2007 | 15,000,000.0000 | \$14,865,038.70 | \$14,784,450.00 | 98.563000 | (80,588.7000) |
| 3128X4CE9 | 02/15/2007 | 25,000,000.0000 | \$24,928,750.00 | \$24,700,500.00 | 98.802000 | (228,250.0000) |
| 3133MW2K6 | 02/15/2007 | 50,000,000.0000 | \$50,506,140.14 | \$49,140,500.00 | 98.250000 | (1,365,640.1400) |
| 3133XAN60 | 02/15/2007 | 25,000,000.0000 | \$24,810,000.00 | \$24,656,250.00 | 98.625000 | (153,750.0000) |
| 3136F46R0 | 02/26/2007 | 17,000,000.0000 | \$16,667,310.00 | \$16,713,210.00 | 98.313000 | 45,900.0000 |

WELLS FARGO

Investments by ICC Code

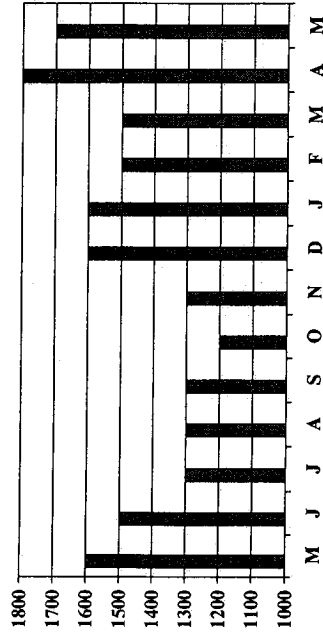
General Reporting - Investments by ICC Code
From Month End 05/31/2006
06/01/2006 03:06:31 PM EDT

ACCOUNT: All Accounts Selected

Asset Description 1 & 2

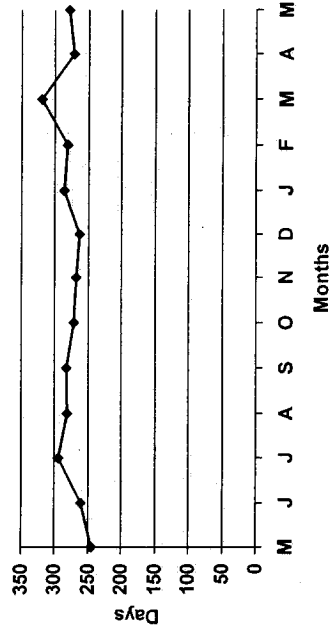
| Asset Description 1 & 2 | Asset ID | Maturity Date | Units | Fed Tax Cost | Market Value | Market Price | Unrealized Gain/Unrealized Loss |
|---|------------|---------------|--------------------|--------------------|--------------------|--------------|---------------------------------|
| FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR00100 | 3128X4ED9 | 03/15/2007 | 45,000,000.0000 | \$44,849,350.00 | \$44,442,900.00 | 98.762000 | (406,650.0000) |
| FED HOME LN MTG CORP TRANCHE # TR00339 MED TERM NOTE | 3128X4QCS | 04/05/2007 | 6,000,000.0000 | \$5,985,360.00 | \$5,945,340.00 | 99.089000 | (40,020.0000) |
| FED HOME LN BK SER BR07 | 3133MYD61 | 04/16/2007 | 15,000,000.0000 | \$14,762,680.00 | \$14,671,950.00 | 97.813000 | (90,730.0000) |
| FED FARM CREDIT BK DTD 04/16/04 2.550 04/16/2007 | 31331TDD24 | 04/16/2007 | 8,300,000.0000 | \$8,249,908.93 | \$8,102,875.00 | 97.625000 | (147,033.9300) |
| FED HOME LN BK DTD 03/01/05 3.750 05/15/2007 | 3133XAYJ0 | 05/15/2007 | 50,000,000.0000 | \$49,743,250.00 | \$49,250,000.00 | 98.500000 | (493,250.0000) |
| SANTA BARBARA BANK 4.65% 5/31/07 | MS1291157 | 05/31/2007 | 100,000.0000 | \$100,000.00 | \$100,000.00 | 1.000000 | .0000 |
| FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR 00465 | 3128X4VJ7 | 06/01/2007 | 25,000,000.0000 | \$24,975,000.00 | \$24,825,750.00 | 99.303000 | (149,250.0000) |
| FED HOME LN BK DTD 06/19/03 2.400 06/19/2007 | 3133XKZ6 | 06/19/2007 | 4,000,000.0000 | \$3,863,080.00 | \$3,881,240.00 | 97.031000 | 18,160.0000 |
| FED HOME LN BK DTD 06/06/05 3.625 06/20/2007 | 3133XBZK4 | 06/20/2007 | 25,000,000.0000 | \$24,874,750.00 | \$24,562,500.00 | 98.250000 | (312,250.0000) |
| FED NATL MTG ASSN DTD 07/22/02 4.250 07/15/2007 | 31359MNP4 | 07/15/2007 | 25,000,000.0000 | \$24,827,500.00 | \$24,703,250.00 | 98.813000 | (124,250.0000) |
| FED NATL MTG ASSN DTD 08/20/04 3.000 08/15/2007 | 31359MWB5 | 08/15/2007 | 25,000,000.0000 | \$24,643,750.00 | \$24,320,250.00 | 97.281000 | (323,500.0000) |
| FED HOME LN BK DTD 08/03/05 4.250 09/14/2007 | 3133XCS95 | 09/14/2007 | 33,000,000.0000 | \$32,979,230.00 | \$32,556,480.00 | 98.656000 | (422,750.0000) |
| FED HOME LN BK DTD 04/15/04 2.770 10/15/2007 | 3133X5TF5 | 10/15/2007 | 8,000,000.0000 | \$7,724,560.00 | \$7,730,000.00 | 96.625000 | 5,440.0000 |
| FED HOME LN BK TRANCHE # TR 00881 DTD 10/26/04 3.250 10/26/2007 | 3128X3L50 | 10/26/2007 | 10,400,000.0000 | \$10,127,326.00 | \$10,110,776.00 | 97.219000 | (16,550.0000) |
| FED HOME LN MTG ASSN DTD 11/09/04 3.350 11/09/2007 | 3133X96S4 | 11/09/2007 | 4,300,000.0000 | \$4,196,069.00 | \$4,182,825.00 | 97.275000 | (13,244.0000) |
| FED HOME LN BK TRANCHE # TR00279 | 3133XDMQ1 | 12/14/2007 | 12,000,000.0000 | \$11,963,040.00 | \$11,853,720.00 | 98.781000 | (109,320.0000) |
| FED FARM CREDIT BK DTD 11/01/04 3.000 12/17/2007 | 3133X9M49 | 12/17/2007 | 15,000,000.0000 | \$14,798,850.00 | \$14,540,700.00 | 96.938000 | (258,150.0000) |
| FED HOME LN BK DTD 12/13/05 4.625 01/18/2008 | 31331SG00 | 12/17/2007 | 10,000,000.0000 | \$9,689,670.00 | \$9,675,000.00 | 96.750000 | (14,670.0000) |
| FED HOME LN BK DTD 02/03/05 3.625 02/15/2008 | 3133XESK1 | 01/18/2008 | 25,000,000.0000 | \$24,969,000.00 | \$24,726,500.00 | 98.906000 | (242,500.0000) |
| FED FARM CREDIT BK DTD 05/02/06 5.200 05/02/2008 | 3133XAN37 | 02/15/2008 | 25,000,000.0000 | \$24,389,000.00 | \$24,289,000.00 | 97.156000 | (100,000.0000) |
| FED HOME LN MTG CORP DTD 05/20/05 3.875 06/15/2008 | 31331VYJ9 | 05/02/2008 | 16,000,000.0000 | \$15,993,440.00 | \$15,964,960.00 | 97.250000 | (28,480.0000) |
| FED HOME LN BK SER HX08 DTD 02/18/04 3.600 08/18/2008 | 3134A4VA9 | 06/15/2008 | 10,000,000.0000 | \$9,832,800.00 | \$9,725,000.00 | 97.344000 | (107,800.0000) |
| FED FARM CREDIT BK DTD 03/02/06 4.950 10/02/2008 | 3133X3TH6 | 08/18/2008 | 11,000,000.0000 | \$10,680,780.00 | \$10,597,840.00 | 96.344000 | (82,940.0000) |
| FED FARM CREDIT BK DTD 10/24/03 3.625 10/24/2008 | 31331VSC1 | 10/02/2008 | 25,000,000.0000 | \$24,980,900.00 | \$24,797,000.00 | 99.188000 | (183,900.0000) |
| FED FARM CREDIT BK DTD 12/16/05 4.750 12/16/2008 | 31331VKT2 | 10/24/2008 | 15,000,000.0000 | \$14,500,800.00 | \$14,432,850.00 | 96.219000 | (67,950.0000) |
| FED FARM CREDIT BK DTD 12/17/03 3.700 12/17/2008 | 31331TNK3 | 12/16/2008 | 17,000,000.0000 | \$17,059,670.00 | \$16,766,250.00 | 98.625000 | (293,420.0000) |
| FED HOME LN MTG CORP DTD 11/18/05 4.625 12/19/2008 | 3134A4VH4 | 12/17/2008 | 8,000,000.0000 | \$7,733,520.00 | \$7,677,520.00 | 95.969000 | (56,000.0000) |
| FEDERAL FARM CREDIT BANK DTD 02/01/05 3.75 01/15/2009 | 31331SNF6 | 12/19/2008 | 25,000,000.0000 | \$24,911,500.00 | \$24,578,250.00 | 98.313000 | (333,250.0000) |
| FED FARM CREDIT BK SER 1 DTD 02/02/06 4.750 02/02/2009 | 31331VPZ3 | 01/15/2009 | 25,000,000.0000 | \$24,375,500.00 | \$24,047,000.00 | 96.188000 | (328,500.0000) |
| FED FARM CREDIT BK DTD 03/16/06 5.080 03/16/2009 | 31331VTG1 | 02/02/2009 | 25,000,000.0000 | \$24,911,940.00 | \$24,617,250.00 | 98.469000 | (294,690.0000) |
| FED FARM CREDIT BK DTD 03/16/05 4.125 04/15/2009 | 31331SRZ8 | 03/16/2009 | 50,000,000.0000 | \$49,998,500.00 | \$49,687,500.00 | 99.375000 | (311,000.0000) |
| GRAND TOTAL | | 04/15/2009 | 9,000,000.0000 | \$8,758,440.00 | \$8,715,960.00 | 96.844000 | (42,480.0000) |
| | | | 1,652,500,000.0000 | \$1,642,680,003.30 | \$1,634,762,749.00 | | (7,917,254.3000) |

PORTFOLIO AVERAGE MONTHLY BALANCE



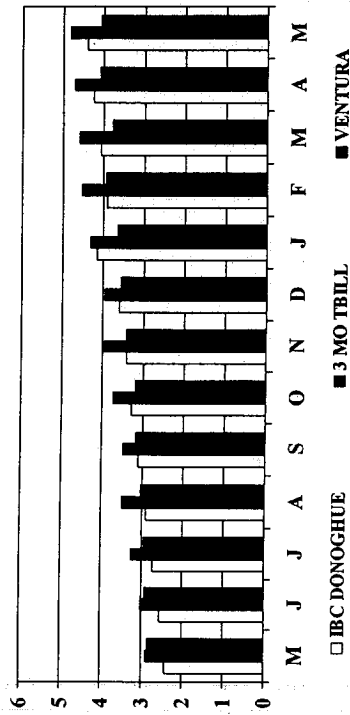
05-06 INV/PPT

AVERAGE MATURITY



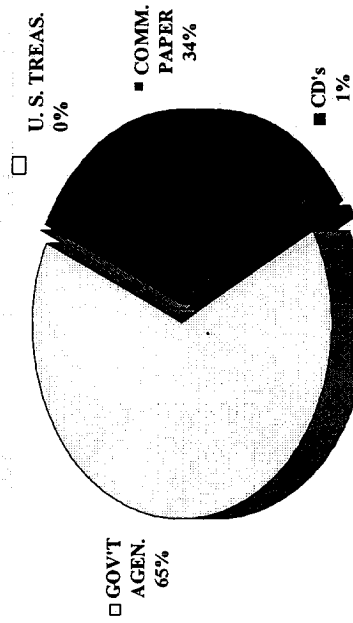
05-06 INV/PPT

++++YIELD COMPARISON



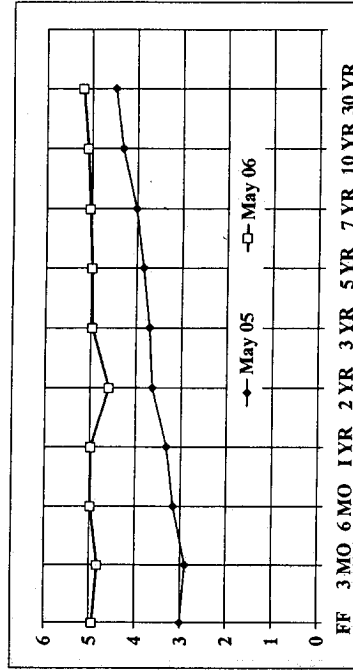
05-06 INV/PPT

PORTFOLIO HOLDINGS



05-06 INV/PPT

YIELD CURVE



05-06 INV.PPT

MATURITY DISTRIBUTION

