

Council Meeting of
August 1, 2006

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Investment Report for June 2006

RECOMMENDATION

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of June 2006.

FUNDING

Not applicable

BACKGROUND

On January 10, 2006, Your Honorable Body, through passage of Resolution 01-06, adopted an official "Statement of Investment Policy" as recommended by the City Treasurer. The City's Statement of Investment Policy requires the City Treasurer to report a monthly statement of investment activity. This requirement was providing the attached report, which demonstrates the City of Torrance investment activity during the month of June 2006.

Investment Committee Note

The Investment Committee, made up of the Finance Director, City Manager, Assistant City Attorney, and City Treasurer, as created by your Honorable Body, has reviewed the attached report and find that it is in concurrence with the City of Torrance Investment Policy.

Respectfully submitted,



Linda M. Barnett
City Treasurer

Noted:



LeRoy V. Jackson
Investment Committee Member

Cc: City Manager
 City Clerk

Attachment A: Monthly Investment Portfolio Report

CITY OF TORRANCE**MONTHLY INVESTMENT PORTFOLIO REPORT
For the Month of June 2006****Table of Contents**

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**City of Torrance
Investment Portfolio Highlights
For June 2006**

RETURN

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	3.967	3.888
Average U.S. Treasury Constant Maturity	5.21	5.070
LAIF Average Monthly Return	4.700	4.363
Average City Portfolio YTM - 1 year prior	3.104	3.058

INTEREST INCOME

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	4,087,223	3,207,704
Current month	438,748	316,658

MATURITY

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	491	468
Average Maturity 1 Year Prior (days)	603	603
Weighted Average Maturity (years)	1.35	1.29

VOLUMES

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	13,865,310	12
Maturities	15,500,000	13

Transactions include 7 deposits to and 9 withdrawals from LAIF, 0 purchases and maturities of the Bank of America Overnight Sweep Account.

VALUE OF PORTFOLIO PER GASB STATEMENT NO. 31

<u>GASB required securities</u>	<u>Beginning Investment Value as of July 1, 2005</u>	<u>Purchase/Redempt. Of Principal</u>	<u>Change in Market Value</u>	<u>Ending Investment Value as of June 30, 2006</u>
Federal Agency (coup)	55,135,036	11,983,488	-475,726	66,642,798
Treasury Securities	14,761,851	-11,250	-200,960	14,549,641
Medium Term Notes	23,732,376	-3,580,555	-302,903	19,848,918
Municipal Bonds	2,257,501	-229,994	0	2,027,507
SUB-TOTAL PER GASB 31	95,886,764	8,161,689	-979,589	103,068,864
<u>Non-GASB securities</u>				
LAIF	26,700,000	-1,000,000	0	25,700,000
Money Market	0	700,000	0	700,000
Federal Agency – Disc.	0	3,882,993	66,707	3,949,700
Treasury Security - Disc.	0	0	0	0
Certificate of Deposits -Disc.	0	0	0	0
Commercial paper	1,092,486	-1,100,000	7,514	0
TOTAL PORTFOLIO	123,679,250	10,644,682	-905,368	133,418,564

The market values contained on this report are received from Union Bank of California and are believed to be reliable.

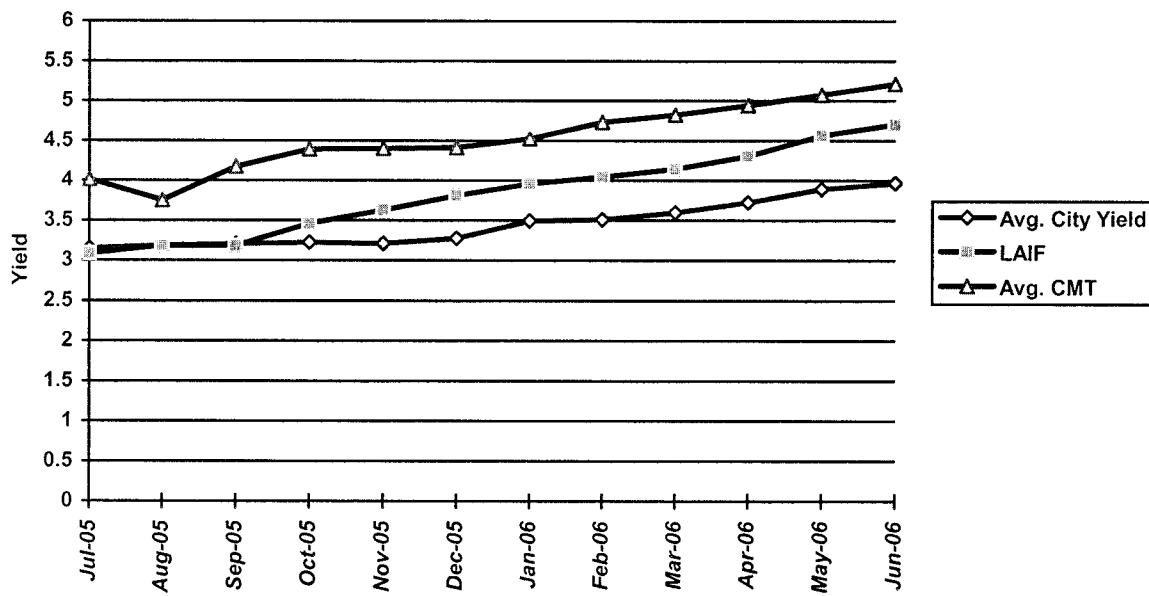
CITY OF TORRANCE

City Treasurer's Office

*Monthly Investment Report Summary
For the month of June 2006*

I. Return

48.29% of the portfolio is invested at one-year maturity or less as of June 30, 2006. The City Average yield on the portfolio was 3.967% compared to 5.21% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of June 30, 2006 by 124 basis points.



II. Volumes

The investment activity in January included 0 redemption. We currently do not utilize our sweep account investment.

III. Diversification of Investments

The activity in the month of June consisted of 4 purchases totaling \$4.0 million with an average rate of return of 5.56% and 2 redemption's totaling \$2.0 million with an average rate of return of 2.66%. The activity in the LAIF Account consisted of 8 deposits of \$9.9 million and 11 withdrawals of \$13.5 million. The portfolio declined by \$1.5 million for total assets of \$135.0 million.

<u>Asset Category</u>	<u>June</u>	<u>May</u>
1. LAIF	19.03%	21.44%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	50.22%	48.17%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	11.13%	11.00%
6. Treasury Securities(Disc)	.00%	.00%
7. Medium Term Notes	15.19%	15.03%
8. Municipal Bonds	1.50%	1.48%
9. Federal Agency (Disc)	2.93%	2.88%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

IV. Maturity

As of June 30, 2006, the current maturity allocation is 53.87% of the portfolio invested between the 6 month to 3-year maturity levels. 36.71% of our portfolio is under the 0-6 month maturity level, we are adequately meeting the 6-month liquidity requirement of SB 564* with approximately \$50.70 million available for expenditures.

<u>As of Maturity</u>	<u>June 30, 2006</u>	<u>May 31, 2006</u>
0 to 6 months	36.71%	36.79%
6 months to 1 year	11.58%	12.43%
1 to 2 years	30.71%	28.09%
2 to 3 years	11.58%	16.09%
3 to 4 years	2.17%	.73%
4 to 5 years	5.07%	2.19%
5 years and after	2.19%	3.68%

V. Value

The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We will note the unrealized gain/(loss) monthly although we will not physically apply it to earnings until year-end, as GASB 31 requires. The portfolio paper gain or loss is the difference between the book and market value of securities with a maturity term of one year or greater at purchase. The disclosure of paper losses reveals the worse case scenario of liquidity in our portfolio. The philosophy of the city is to buy and hold to maturity.

NOTE: *SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and moneys of the local agency. It also requires a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency's ability to meet the expenditure requirements of the pool for the next six months.

**City of Torrance
Investment Portfolio Summary
As of June 30, 2006**

Investment Type	Book Value (\$)	Percent of Portfolio	Percent Permitted by Policy	Average Term	Average Days to Maturity	Maturity Allowed by Policy	365 Equiv.
Local Agency Investment Fund	25,700,000	19.03	**	1	1	N/A	4.700
Money Market Sweep Account	700,000	.52		1	1		4.720
Federal Agency Issues – Coupon	67,800,116	50.22	75	1,167	595	5 years	3.905
Federal Farm Credit Bank	17,991,397	13.29	30	432	457	5 years	5.318
Federal Home Loan Bank	32,830,121	24.32	30	359	382	5 years	5.295
Federal Home Loan Mortgage Corp.	11,978,686	8.92	30	322	342	5 years	6.301
Federal National Mortgage Assoc.	8,954,090	6.70	30	217	234	5 years	5.796
Treasury Securities – Coupon	15,026,966	11.13	100	1,368	601	5 years	2.986
Medium Term Notes	20,510,372	15.19	20	1,395	606	5 years	3.386
Municipal Bond Issue	2,027,507	1.50		3,848	2,192	N/A	8.000
Federal Agency Disc	3,954,178	2.93		226	88	5 years	4.794
Commercial Paper Disc-Amort	0	.00					.000
Treasury Discount-Amort	0	.00					.000
Certificate of Deposits-Disc	0	.00					.000
Total Investments & Averages	135,719,141	100.00		1,009	491		3.967
Pending Redemptions							
Accrued Interest at Purchase	28,716						
Total Cash & Purchase Interest	28,716						
Total Cash & Investments	135,747,857						

Portfolio Notes:

**Maximum allowed by Investment Policy is \$40 million per Agency.

General LAIF account = \$20,500,000

RDA LAIF account = \$5,200,000

I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Res. 06-01 on January 10, 2006. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides sufficient cash flow liquidity to meet six month's estimated expenditures.

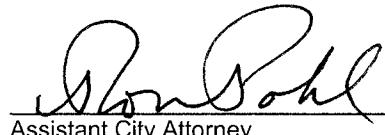
Linda M. Barnett
City Treasurer

Date

Reviewed by the Investment Advisory Committee

City Manager

Director of Finance


Ron Rohl
Assistant City Attorney

City Treasurer

**City of Torrance
Portfolio Management
Activity Summary
June 2005 through June 2006**

Month End	Year	Number of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360	365 Equivalent					
June	2005	91	124,477,786.96	3.061	3.104	2.967	1	11	1,013	603
July	2005	94	121,202,986.54	3.114	3.158	3.083	4	1	1,067	622
August	2005	94	121,100,251.99	3.140	3.184	3.179	1	1	1,092	618
September	2005	93	116,632,121.75	3.167	3.211	3.324	0	1	1,124	611
October	2005	93	113,012,768.63	3.175	3.219	3.458	0	0	1,176	611
November	2005	89	108,295,138.67	3.164	3.208	3.636	0	4	1,157	593
December	2005	86	105,560,634.01	3.224	3.269	3.808	0	3	1,122	556
January	2006	86	111,949,316.79	3.350	3.397	3.955	2	3	1,019	494
February	2006	89	121,772,906.01	3.458	3.506	4.043	5	2	980	465
March	2006	93	120,797,411.52	3.543	3.592	4.142	5	1	1,030	480
April	2006	98	122,958,455.81	3.668	3.719	4.304	5	0	983	460
May	2006	100	131,682,219.57	3.836	3.890	4.563	5	3	971	468
June	2006	102	135,161,830.21	3.914	3.969	4.700	4	2	1,009	491
Average	93	119,543,986.33	3.371%	3.417%	3.782	2	2	1,057	544	5

June 2006

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invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
(I) PURCHASES*											
10603	Citigroup	06/08/2006	FHLMC	AAA/Aaa	06/08/2006	160	5.800%	5.800%	1,000,000	1,000,000	996,280
10604	Citigroup	06/05/2006	MCI World	AAA/Aaa	06/15/2009	1080	4.500%	5.440%	1,000,000	974,060	969,110
10605	Citigroup	06/09/2006	FHLMC	AAA/Aaa	06/09/2006	969	5.250%	5.461%	1,000,000	991,447	984,130
10606	Citigroup	06/22/2006	FNMA	AAA/Aaa	06/22/2011	1087	5.500%	5.500%	1,000,000	1,000,000	992,190

Weighted Average Yield
5.550%

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
(II) MATURITIES**										
10558	UBOC	01/24/2005	TMC	AAA/Aaa	06/09/2006	3.000%	3.000%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
10474	Smith Barney	06/12/2003	FFCB	AAA/Aaa	06/12/2006	2.050%	2.050%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Weighted Average Yield
2.525%

* At purchase date these investments met or exceeded the quality rating requirements set forth by the Investment Policy.

** At maturity date these investments met or exceeded the quality rating requirements set forth by the Investment Policy

(III) LAII TRANSACTIONS

DEALER	DESCRIPTION	BEGIN BAL.	RATE	YIELD	DEPOSITS	WITHDRAWALS	INTEREST	END BAL.
- State of California -	Local Agency Pool City RDA	24,100,000 5,200,000 \$ 29,300,000	4.700% 4.700%	4.700% 4.700%	5,700,000 4,200,000 \$ 9,900,000	9,300,000 4,200,000 \$ 13,500,000	20,500,000 5,200,000 \$ 25,700,000	

**City of Torrance
Portfolio Management
Interest Earnings Summary
June 30, 2006**

	June 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	177,333.33	3,012,483.16
Plus Accrued Interest at End of Period	978,674.44	978,674.44
Less Accrued Interest at Beginning of Period	(836,163.15)	(756,572.67)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	319,844.62	3,234,584.93
Adjusted by Premiums and Discounts	20,117.13	80,500.61
Adjusted by Capital Gains or Losses	0.00	8,118.13
Earnings during Periods	339,961.75	3,323,203.67
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	656,794.09
Plus Accrued Interest at End of Period	270,893.92	270,893.92
Less Accrued Interest at Beginning of Period	(172,107.49)	(163,667.70)
Interest Earned during Period	98,786.43	764,020.31
Total Interest Earned during Period	418,631.05	3,998,605.24
Total Adjustments from Premiums and Discounts	20,117.13	80,500.61
Total Capital Gains or Losses	0.00	8,118.13
Total Earnings during Period	438,748.18	4,087,223.98

City of Torrance
Portfolio Management
Portfolio Details - Investments
June 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L			20,500,000.00	20,500,000.00	4.700			4.700	1	
SYS10001	10001	Local Agency Invest Fund RDA			5,200,000.00	5,200,000.00	4.700			4,700	1	
		Subtotal and Average	26,523,333.33		25,700,000.00	25,700,000.00				4,700	1	
Money Market Sweep Account												
SYS10131	10131	Bank of America			0.00	0.00						
SYS1000	1000	Union Bank of California		07/01/2005	700,000.00	700,000.00						
		Subtotal and Average	0.00		700,000.00	700,000.00				4,720	1	
Federal Agency Issues - Coupon												
31331Q7E1	10483	FEDERAL FARM CREDIT BANK	08/06/2003		1,000,000.00	974,690.00	1,000,000.00	3.100	Aaa	3.100	401	08/06/2007
31331TGG0	10491	FEDERAL FARM CREDIT BANK	10/15/2003		1,000,000.00	974,690.00	1,000,000.00	3.450	Aaa	3.450	471	10/15/2007
31331TQP9	10507	FEDERAL FARM CREDIT BANK	02/09/2004		1,000,000.00	967,810.00	1,000,000.00	3.000	Aaa	3.001	496	11/09/2007
31331TUH2	10512	FEDERAL FARM CREDIT BANK	03/18/2004		1,000,000.00	993,440.00	1,000,000.00	2.350	Aaa	2.350	79	09/18/2006
31331TVG3	10513	FEDERAL FARM CREDIT BANK	03/24/2004		1,000,000.00	965,000.00	1,000,000.00	3.000	Aaa	3.001	541	12/24/2007
31331TYR6	10516	FEDERAL FARM CREDIT BANK	04/22/2004		1,000,000.00	963,750.00	1,000,000.00	2.610	Aaa	2.610	478	10/22/2007
31331TYD7	10519	FEDERAL FARM CREDIT BANK	04/15/2004		1,000,000.00	949,690.00	1,000,000.00	3.080	Aaa	3.080	837	10/15/2008
31331TZG9	10520	FEDERAL FARM CREDIT BANK	04/12/2004		1,000,000.00	978,440.00	1,000,000.00	2.690	Aaa	2.690	285	04/12/2007
31331TB91	10526	FEDERAL FARM CREDIT BANK	04/29/2004		1,000,000.00	969,690.00	1,000,000.00	3.100	Aaa	3.100	485	10/29/2007
31331TL90	10531	FEDERAL FARM CREDIT BANK	05/17/2004		1,000,000.00	982,190.00	1,000,000.00	3.450	Aaa	3.450	320	05/17/2007
31331TDE8	10534	FEDERAL FARM CREDIT BANK	05/13/2004		1,000,000.00	999,793.08	2,900	Aaa	3.020	66	09/05/2006	
31331SMB6	10559	FEDERAL FARM CREDIT BANK	02/02/2005		1,000,000.00	977,190.00	999,851.54	3.700	Aaa	3.711	489	11/02/2007
31331SNB5	10567	FEDERAL FARM CREDIT BANK	03/10/2005		1,000,000.00	971,250.00	993,346.76	3.550	Aaa	4.000	576	01/28/2008
31331SRL9	10570	FEDERAL FARM CREDIT BANK	04/04/2005		1,000,000.00	989,060.00	998,405.72	3.750	Aaa	4.021	228	02/14/2007
31331SD42	10576	FEDERAL FARM CREDIT BANK	06/30/2005		1,000,000.00	975,000.00	1,000,000.00	4.125	Aaa	4.125	730	06/30/2008
31331VTK2	10582	FEDERAL FARM CREDIT BANK	03/22/2006		2,000,000.00	1,990,620.00	2,000,000.00	5.090	Aaa	5.097	356	06/22/2007
31331VVF7	10600	FEDERAL FARM CREDIT BANK	05/04/2006		1,000,000.00	995,310.00	1,000,000.00	5.250	Aaa	5.250	1,038	05/04/2009
3133MNP4	10445	FEDERAL HOME LOAN BANK	02/06/2003		833,333.33	811,458.33	833,250.14	3.750	Aaa	3.757	585	02/06/2008
3133MYYU5	10469	FEDERAL HOME LOAN BANK	06/05/2003		1,000,000.00	959,690.00	1,000,000.00	3.250	Aaa	3.250	705	06/05/2008
31339XBY9	10471	FEDERAL HOME LOAN BANK	05/28/2003		2,000,000.00	1,961,880.00	2,000,000.00	2.550	Aaa	2.550	242	02/28/2007
31339YAG7	10478	FEDERAL HOME LOAN BANK	07/16/2003		1,000,000.00	983,130.00	1,000,000.00	2.350	Aaa	2.350	199	01/16/2007
31339YF23	10479	FEDERAL HOME LOAN BANK	07/23/2003		1,000,000.00	983,130.00	999,824.65	2.430	Aaa	2.463	206	01/23/2007
31339YKX9	10480	FEDERAL HOME LOAN BANK	07/30/2003		1,000,000.00	952,190.00	1,000,000.00	3.000	Aaa	3.000	760	07/30/2008
31339OF3	10482	FEDERAL HOME LOAN BANK	08/13/2003		1,000,000.00	970,940.00	1,000,000.00	4.000	Aaa	4.000	774	08/13/2008
3133X1RC3	10493	FEDERAL HOME LOAN BANK	10/30/2003		1,000,000.00	976,560.00	1,000,000.00	3.250	Aaa	3.251	394	07/30/2007
3133X2A2Z	10495	FEDERAL HOME LOAN BANK	11/26/2003		1,000,000.00	980,940.00	1,000,000.00	3.350	Aaa	3.350	328	05/25/2007

City of Torrance
Portfolio Management
Portfolio Details - Investments
June 30, 2006

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Date
Federal Agency Issues - Coupon												
31339YVV1	10503	FEDERAL HOME LOAN BANK	1,000,000.00	01/21/2004	960,000.00	998,894.57	3,375	Aaa	3.433	751	07/21/2008	
3133X3JRG5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	02/13/2004	973,750.00	999,601.19	3,070	Aaa	3.108	408	08/13/2007	
3133X1JJ7	10509	FEDERAL HOME LOAN BANK	2,000,000.00	01/30/2004	1,983,760.00	1,999,595.14	2,750	Aaa	2.819	111	10/20/2006	
3133X5DY1	10518	FEDERAL HOME LOAN BANK	1,000,000.00	04/13/2004	991,250.00	1,000,000.00	2,250	Aaa	2.250	104	10/13/2006	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	948,440.00	1,000,000.00	3,420	Aaa	3.420	1,025	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	983,130.00	1,000,000.00	3,500	Aaa	3.500	1,025	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	05/28/2004	985,630.00	1,000,000.00	3,280	Aaa	3.281	242	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2005	980,000.00	1,000,000.00	3,685	Aaa	3.685	419	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	03/03/2005	976,560.00	1,000,000.00	4,000	Aaa	4.000	611	03/03/2008	
3133XAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	03/07/2005	977,190.00	1,000,000.00	3,825	Aaa	3.827	524	12/07/2007	
3133XAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	03/08/2005	970,310.00	1,000,000.00	4,000	Aaa	4.000	800	09/08/2008	
3133XAXE2	10566	FEDERAL HOME LOAN BANK	1,000,000.00	03/22/2005	991,560.00	1,000,000.00	3,700	Aaa	3.702	174	12/22/2006	
3133XBHH1	10571	FEDERAL HOME LOAN BANK	1,000,000.00	04/27/2005	995,310.00	1,000,000.00	4,010	Aaa	4.010	118	10/27/2006	
3133XEFR5	10581	FEDERAL HOME LOAN BANK	1,000,000.00	01/30/2006	991,880.00	1,000,000.00	5,000	Aaa	5,000	576	01/28/2008	
3133XEK40	10582	FEDERAL HOME LOAN BANK	1,000,000.00	02/07/2006	999,060.00	1,000,000.00	4,560	Aaa	4.560	37	08/07/2006	
3133XEKC2	10583	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2006	998,750.00	1,000,000.00	4,600	Aaa	4,600	54	08/24/2006	
3133XERS0	10589	FEDERAL HOME LOAN BANK	1,000,000.00	03/13/2006	998,440.00	1,000,000.00	4,875	Aaa	4.875	74	09/13/2006	
3133XETN9	10590	FEDERAL HOME LOAN BANK	1,000,000.00	03/15/2006	998,750.00	1,000,000.00	4,900	Aaa	4,900	76	09/15/2006	
3133XEV30	10591	FEDERAL HOME LOAN BANK	1,000,000.00	03/21/2006	994,060.00	1,000,000.00	5,040	Aaa	5,040	447	09/21/2007	
3133XFCM6	10594	FEDERAL HOME LOAN BANK	1,000,000.00	04/28/2006	991,250.00	1,000,000.00	5,400	Aaa	5,400	1,397	04/28/2010	
3133X5HK7	10597	FEDERAL HOME LOAN BANK	1,000,000.00	04/20/2006	999,060.00	998,955.36	2,010	Aaa	4,910	13	07/14/2006	
3133XFHS8	10599	FEDERAL HOME LOAN BANK	1,000,000.00	05/19/2006	992,810.00	1,000,000.00	5,520	Aaa	5,520	1,783	05/19/2011	
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/04/2003	986,830.00	1,000,000.00	2,250	Aaa	2,250	156	12/04/2006	
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	11/11/2003	991,060.00	1,000,000.00	3,000	Aaa	3,000	139	11/17/2006	
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	01/30/2004	947,360.00	947,360.00	988,119.25	Aaa	3,644	894	12/11/2008	
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/19/2004	967,930.00	967,930.00	1,000,000.00	2,920	Aaa	2,920	475	10/19/2007
3128X4YE5	10384	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	990,370.00	999,418.37	5,000	Aaa	5,030	753	07/23/2008	
3128X4K67	10385	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	03/07/2006	991,990.00	1,000,000.00	5,250	Aaa	5,250	615	03/07/2008	
3128X42C4	10393	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/11/2006	993,100.00	999,701.44	5,600	Aaa	5,607	1,738	04/04/2011	
3128X45A5	10398	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	993,320.00	1,000,000.00	5,700	Aaa	5,700	1,774	05/10/2011	
3128X46R7	10601	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	997,710.00	1,000,000.00	5,500	Aaa	5,500	863	11/10/2008	
3128X46Q9	10602	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/24/2006	996,280.00	1,000,000.00	6,000	Aaa	6,000	1,788	05/24/2011	
3128X5BF4	10603	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/08/2006	996,830.00	1,000,000.00	5,800	Aaa	5,800	1,256	12/08/2009	
3128X4N56	10605	FEDERAL NATIONAL MORT MORTGAGE CO	1,000,000.00	06/09/2006	984,130.00	991,447.44	5,250	Aaa	5,461	1,659	02/24/2011	
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	04/19/2004	976,566.00	1,000,000.00	2,500	Aaa	2,500	292	04/19/2007	
31359MV4C4	10536	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	05/17/2004	985,000.00	999,912.22	3,750	Aaa	3,761	320	05/17/2007	

Portfolio CITY

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PM (PRF_PM2) SymRept 6.41 2020

City of Torrance
Portfolio Management
Portfolio Details - Investments
June 30, 2006

13

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date	
Federal Agency Issues - Coupon													
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	07/28/2005		1,000,000.00	982,190.00	1,000,000.00	4.300	Aaa	4.300	576	01/28/2008	
3136F7FYD3	10595	FEDERAL NATIONAL MORT ASSOC	04/28/2006		1,000,000.00	995,630.00	1,000,000.00	6.000	Aaa	6.000	1,762	04/28/2011	
3136F7F44	10606	FEDERAL NATIONAL MORT ASSOC	06/22/2006		1,000,000.00	992,190.00	1,000,000.00	5.500	Aaa	5.500	1,817	06/22/2011	
	Subtotal and Average	1,026,982.35			67,833,333.33	66,642,798.33	67,800,116.87			3.905	595		
Treasury Securities - Coupon													
912828AZ3	10475	U.S.TREASURY NOTE	06/16/2003		5,000,000.00	4,774,400.00	5,045,536.49	2.625	Aaa	2.110	684	05/15/2008	
912828BG4	10484	U.S.TREASURY NOTE	08/15/2003		1,000,000.00	962,190.00	998,058.94	3.250	Aaa	3.350	776	08/15/2008	
912828BP4	10498	U.S.TREASURY NOTE	11/17/2003		1,000,000.00	990,350.00	1,000,628.65	2.625	Aaa	2.450	137	11/15/2006	
912828CG3	10535	U.S.TREASURY NOTE	05/17/2004		1,000,000.00	981,840.00	999,659.02	3.125	Aaa	3.186	318	05/15/2007	
912828CQ1	10539	U.S.TREASURY NOTE	08/02/2004		1,000,000.00	998,400.00	999,968.27	2.750	Aaa	2.790	30	07/31/2006	
912828DJ6	10561	U.S.TREASURY NOTE	01/31/2005		1,000,000.00	987,620.00	999,267.84	3.125	Aaa	3.255	214	01/31/2007	
912828DK3	10565	U.S.TREASURY NOTE	02/15/2005		1,000,000.00	971,950.00	998,698.08	3.375	Aaa	3.480	594	02/15/2008	
912828DK3	10574	U.S.TREASURY NOTE	05/09/2005		1,000,000.00	971,950.00	993,855.30	3.375	Aaa	3.775	594	02/15/2008	
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005		1,000,000.00	974,730.00	998,557.36	3.750	Aaa	3.831	684	05/15/2008	
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005		1,000,000.00	955,980.00	993,400.67	3.875	Aaa	4.057	1,475	07/15/2010	
912828EC0	10580	U.S.TREASURY NOTE	08/15/2005		1,000,000.00	980,430.00	999,336.22	4.125	Aaa	4.159	776	08/15/2008	
	Subtotal and Average	1,992,659.62			15,000,000.00	14,549,640.00	15,026,966.84			2.986	601		
Medium Term Notes													
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005		1,000,000.00	972,850.00	996,590.57	3.850	Aa	4.080	573	01/25/2008	
060505BH6	10596	Bank of America	04/13/2006		1,000,000.00	947,540.00	955,203.57	3.375	Aa2	5.230	962	02/17/2009	
06423EPM1	10556	Bank One NA Illinois	01/18/2005		1,000,000.00	971,900.00	1,000,288.06	3.700		3,680	563	01/15/2008	
0727G0AV2	10515	Bayer Landes Bank	03/08/2004		2,000,000.00	1,983,380.00	2,001,121.64	2.600	Aaa	2.400	107	10/16/2006	
172967BS9	10466	Citigroup	05/12/2003		1,000,000.00	968,390.00	1,006,735.04	3.500	Aa1	3.040	580	02/01/2008	
172967BS9	10572	Citigroup	04/28/2005		1,585,000.00	1,534,898.15	1,570,160.86	3.500	Aa1	4.130	580	02/01/2008	
166760AA6	10455	Chevron Texaco	02/25/2003		1,000,000.00	975,570.00	1,005,353.08	3.500	Aa2	3.025	443	09/17/2007	
36962GB78	10465	General Electric Capital Corp	05/12/2003		1,000,000.00	963,870.00	1,005,891.67	3.500	Aaa	3.150	670	05/01/2008	
36966RFFV3	10476	General Electric Capital Corp	06/19/2003		2,000,000.00	1,873,760.00	2,000,000.00	2.450	Aaa	2.450	715	06/15/2008	
375766AM4	10472	Gillette Company	05/27/2003		1,000,000.00	944,960.00	998,963.47	2.500	Aa3	2.558	704	06/01/2008	
59217EAD6	10477	Met Life	06/19/2003		1,000,000.00	941,520.00	1,000,916.47	2.600	Aa2	2.550	719	06/19/2008	
59217EAD6	10481	Met Life	07/25/2003		1,000,000.00	941,520.00	984,732.24	2.600	Aa2	3,450	719	06/19/2008	
742718BX6	10538	Procter & Gamble	08/02/2004		1,000,000.00	976,270.00	1,008,759.97	4.300	Aa3	3,850	776	08/15/2008	
717081AK9	10511	Pfizer Inc.	02/03/2004		1,000,000.00	979,150.00	1,000,097.34	2.500	Aaa	2,486	257	03/15/2007	
949746EX5	10484	Wells Fargo Co	05/12/2003		1,000,000.00	964,400.00	1,007,612.53	3.500	Aa1	3,031	643	04/04/2008	
949746EX5	10557	Wells Fargo Co	01/24/2005		1,000,000.00	964,400.00	996,196.50	3.500	Aa1	3,730	643	04/04/2008	

Portfolio CITY

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PM (PRF_PM2) SymRept 6.4.1.2020

**City of Torrance
Portfolio Management
Portfolio Details - Investments
June 30, 2006**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Medium Term Notes												
949746JQ5	10569	Wells Fargo Co		04/04/2005	1,000,000.00	975,430.00	997,070.34	4.125	Aa1	4.310	618	03/10/2008
98153BAE4	10604	World Savings Bank		06/05/2006	1,000,000.00	969,110.00	974,678.75	4.500	Aa3	5.440	1,080	06/15/2009
	Subtotal and Average		844,463.77		20,585,000.00	19,848,918.15	20,510,372.10			3.386	606	
Municipal Bond Issues - Coupon												
SYS10423	10423	Skpk-2001 TxAllocRef Bd		12/18/2001	2,027,506.72	2,027,506.72	2,027,506.72	8.000		8.000	2,192	07/01/2012
	Subtotal and Average		2,027,506.72		2,027,506.72	2,027,506.72	2,027,506.72			8.000	2,192	
Federal Agency Disc. -Amortizing												
313589B36	10586	FEDERAL NATIONAL MORT ASSOC		02/13/2006	2,000,000.00	1,989,400.00	1,989,957.50	4.635	Aaa	4.743	39	08/09/2006
313589M91	10587	FEDERAL NATIONAL MORT ASSOC		02/13/2006	1,000,000.00	982,100.00	983,854.17	4.650	Aaa	4.839	125	11/03/2006
313589R47	10588	FEDERAL NATIONAL MORT ASSOC		02/13/2006	1,000,000.00	978,200.00	980,366.67	4.650	Aaa	4.853	152	11/30/2006
	Subtotal and Average		3,946,688.76		4,000,000.00	3,949,700.00	3,954,178.34			4.794	88	
	Total and Average		36,361,654.55		135,845,840.05	133,418,563.20	135,719,140.87			3.967	491	

II. RESTRICTED FUNDS

Reports Appear Quarterly

III. CASH & INVESTMENT PORTFOLIO SHARE

CITY OF TORRANCE
CASH AND INVESTMENT PORTFOLIO SHARE (A)
AS OF JUNE 30, 2006

	FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N	General	39,819,889.20	39,104,925.66	29.34
R	Parks & Recr Facility & Open Space	2,398,339.64	2,355,277.61	1.77
R	State Gas Tax	4,291,506.87	4,214,453.14	3.16
R	Federal Housing, Community Dev	1,234,474.37	1,212,309.46	0.91
R	Work Investment Network - WIN	(1,280,477.67)	(1,257,486.78) (B)	(0.94)
R	Street Lighting	669,539.08	657,517.55	0.49
R	Traffic Congestion Relief Act 2000 - AB2928	487,290.43	478,541.16	0.36
R	Police Asset Forfeiture	2,991,001.10	2,937,297.87	2.20
R	Drainage Improvement	368.62	362.00	0.00
N	Government Cable	1,628,303.79	1,599,067.70	1.20
R	Local Return - Proposition C	2,897,562.81	2,845,537.26	2.13
R	LACMTA Grants - Proposition C	20,570.51	20,201.17	0.02
R	Discretionary - Proposition C	9,670.40	9,496.77	0.01
R	Grants/Donations	(38,252.85)	(37,566.02) (C)	(0.03)
R	Citizens Options for Public Safety (COPS) Grant Funds - AB3229	198,033.33	194,477.65	0.15
R	Seismic Education Fund	54,518.72	53,539.84	0.04
R	Rehabilitation Housing	503,372.76	494,334.73	0.37
R	Police Inmate Welfare Fund	75,886.26	74,523.73	0.06
N	Capital Improvements	15,651,414.51	15,370,394.37	11.53
R	Vanpool/Rideshare Fund	258,284.09	253,646.62	0.19
R	Torrance Improvement Fund	4,794,351.41	4,708,269.14	3.53
R	Animal Control Fund	188,836.71	185,446.16	0.14
R	Redevelopment-Capital Proj	6,264,076.62	6,151,605.53	4.62
R	Redevelopment Debt Service	464,295.68	455,959.28	0.34
N	Airport Fund	5,213,828.23	5,120,214.28	3.84
N	Transit Operations	1,153,390.60	1,132,681.55	0.85
R	Development Impact Fund	2,636.36	2,589.02	0.00
N	Water Operations	11,294,954.12	11,092,153.95	8.32
N	Emergency Medical Service Enterprise Fund	1,281,723.59	1,258,710.33	0.94
N	Sanitation Operations	2,900,510.14	2,848,431.67	2.14
N	Cultural Arts Enterprise	583,427.54	572,952.14	0.43
N	Sewer Enterprise Fund	10,251,043.38	10,066,986.56	7.55
N	Parks & Recr Enterprise Fund	218,318.79	214,398.89	0.16
N	Self Insurance Fund	7,127,744.33	6,999,766.14	5.25
N	Fleet Services	9,123,067.33	8,959,263.25	6.72
R	Trust & Agency	2,985,640.06	2,932,033.09	2.20
TOTAL		135,719,140.87	133,282,312.47	100.00

R = Restricted Funds

N = Non-Restricted Funds

- (A) The difference between the Share of Investments total of \$135,719,140.87 and the Pooled Cash and Investments total of \$133,282,312.47 is primarily due to outstanding warrants and adjusting journal entries. (See reconciliation schedule attached)
- (B) Reimbursement for FY 04-05 in the amount of \$339,039 is pending review and approval by the City of Los Angeles.
 Reimbursement for FY 05-06 in the amount of \$836,358 is pending review and approval by the City of Los Angeles.
 Reimbursement for FY 05-06 in the amount of \$16,239 is pending from the County of Los Angeles.
 Reimbursement for FY 05-06 in the amount of \$59,696 is pending from the State of California.
 Reimbursement for FY 05-06 in the amount of \$6,155 is pending from the City of Carson.
- (C) FEAP 331-Lago Seco Park Development - Primary Elements has a negative cash balance of <\$238,535>. Final payment is expected after the park is completed in September 2006.

**CITY OF TORRANCE
CASH AND INVESTMENT RECONCILIATION
AS OF JUNE 30, 2006**

**INVESTMENTS PER PORTFOLIO SUMMARY
(City Pool)**

135,719,140.87

CASH AND INVESTMENTS PER BOOKS

133,282,312.47

CASH IN BANKS:

Cash in B of A General Account	(\$625,301.47)
Cash in B of A Payroll Account	0.00

OUTSTANDING WARRANTS:

General Account	1,550,643.03
Payroll Account	291,942.23
Workers Compensation Account	133,839.64
Housing Account	255,732.53
	2,232,157.43
Miscellaneous outstanding adjusting journal entries	(1,624,198.56)

INVESTMENTS PER BOOKS

\$135,719,140.87