

Council Meeting of
September 12, 2006

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

Members of the Council:

SUBJECT: City Treasurer – Investment Report for July 2006

RECOMMENDATION

The City Treasurer recommends that City Council accept and file the attached monthly investment report for the month of July 2006.

FUNDING

Not applicable

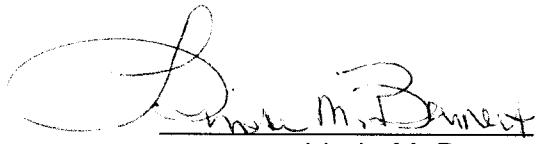
BACKGROUND

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 July 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 J. 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 July 2006**Table of Contents

	<u>Page No.</u>
I. CITY OF TORRANCE – POOLED FUNDS	
<i>A. Summary Reports</i>	
Investment Portfolio Highlights	1
Monthly Investment Summary Notes	2-3
Investment Portfolio Summary	4
Investment Activity Summary	5
Investment Portfolio Activity	6
Interest Earnings Summary	7
<i>B. Detailed Reports</i>	
Investment Portfolio Details and Quality Ratings	8-11
II. RESTRICTED FUNDS	
Cash and Investments Held by Fiscal Agent	12-13
Deferred Compensation Account	14
III. CASH & INVESTMENT PORTFOLIO SHARE	
Cash & Investment Share as of July 31, 2006	15
Cash & Investment Reconciliation	16

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

RETURN

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	3.996	3.967
Average U.S. Treasury Constant Maturity	5.11	5.21
LAIF Average Monthly Return	4.849	4.700
Average City Portfolio YTM - 1 year prior	3.158	3.104

INTEREST INCOME

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	444,586	320,759
Current month	444,586	320,759

MATURITY

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	492	491
Average Maturity 1 Year Prior (days)	622	603
Weighted Average Maturity (years)	1.35	1.35

VOLUMES

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	9,557,811	12
Maturities	13,042,800	7

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 July 31, 2006</u>
Federal Agency (coup)	66,642,798	0	215,975	66,858,773
Treasury Securities	14,549,640	-13,047	63,526	14,600,119
Medium Term Notes	19,848,918	0	86,228	19,935,146
Municipal Bonds	2,027,507	-121,941	0	1,905,566
SUB-TOTAL PER GASB 31	103,068,863	-134,988	365,729	103,299,604
Non-GASB securities				
LAIF	25,700,000	-2,650,000	0	23,050,000
Money Market	700,000	-700,000	0	0
Federal Agency – Disc.	3,949,700	0	16,800	3,966,500
Treasury Security - Disc.	0	0	0	0
Certificate of Deposits -Disc.	0	0	0	0
Commercial paper	0	0	0	0
TOTAL PORTFOLIO	133,418,563	-3,484,988	382,529	130,316,104

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

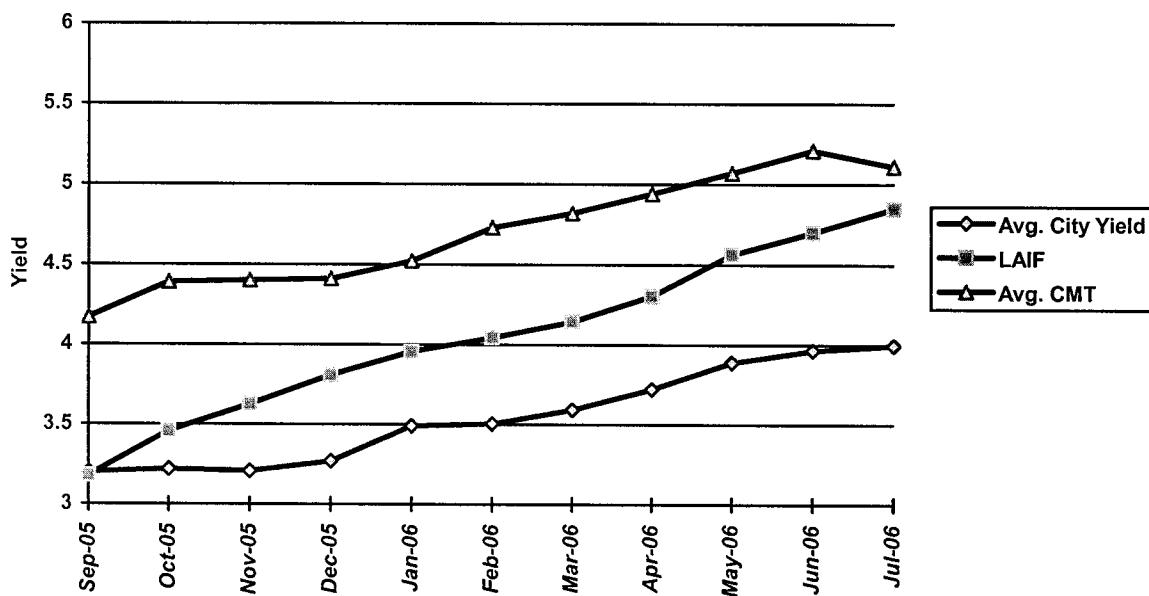
CITY OF TORRANCE

City Treasurer's Office

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

I. Return

46.31% of the portfolio is invested at one-year maturity or less as of July 31, 2006. The City Average yield on the portfolio was 3.996% compared to 5.11% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of July 31, 2006 by 111 basis points.



II. Volumes

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

III. Diversification of Investments

Asset Category	July	June
1. LAIF	17.43%	19.03%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	51.27%	50.22%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	11.35%	11.13%
6. Treasury Securities(Disc)	.00%	.00%
7. Medium Term Notes	15.51%	15.19%
8. Municipal Bonds	1.44%	1.50%
9. Federal Agency (Disc)	3.00%	2.93%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

IV. Maturity

As of July 31, 2006, the current maturity allocation is 54.52% of the portfolio invested between the 6 month to 3-year maturity levels. 35.91% 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 \$48.10 million available for expenditures.

As of Maturity	July 31, 2006	June 30, 2006
0 to 6 months	35.91%	36.71%
6 months to 1 year	10.40%	11.58%
1 to 2 years	32.24%	30.71%
2 to 3 years	11.88%	11.58%
3 to 4 years	1.49%	2.17%
4 to 5 years	5.94%	5.07%
5 years and after	2.16%	2.19%

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 July 31, 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	23,050,000	17.03	**	1	1	N/A	4.849
Money Market Sweep Account	00	.00		1	1		4.980
Federal Agency Issues – Coupon	67,802,762	51.27	75	1,192	591	5 years	3.922
Federal Farm Credit Bank	17,992,070	13.56	30	403	426	5 years	5.142
Federal Home Loan Bank	32,831,382	24.86	30	345	365	5 years	5.218
Federal Home Loan Mortgage Corp.	11,979,389	9.13	30	293	311	5 years	5.867
Federal National Mortgage Assoc.	8,970,090	6.85	30	412	458	5 years	5.473
Treasury Securities – Coupon	15,012,620	11.35	100	1,343	592	5 years	3.138
Medium Term Notes	20,512,404	15.51	20	1,395	575	5 years	3.386
Municipal Bond Issue	1,905,565	1.44		3,848	2,161	N/A	8.000
Federal Agency Disc	3,970,169	3.00		226	57	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	132,253,520	100.00		1,042	492		3.996
Pending Redemptions							
Accrued Interest at Purchase	25,288						
Total Cash & Purchase Interest	25,288						
Total Cash & Investments	132,278,808						

Portfolio Notes:

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

General LAIF account = \$17,850,000

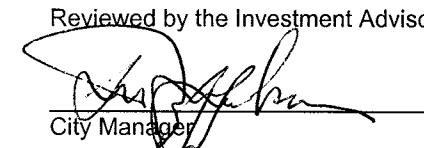
RDA LAIF account = \$5,200,000

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.

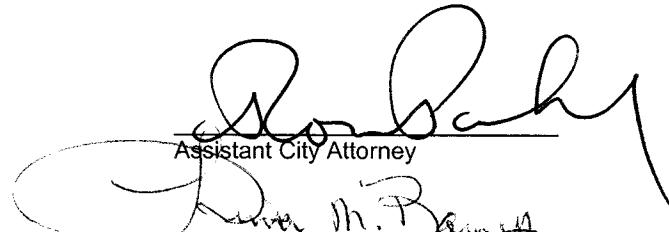

Linda M. Barnett
City Treasurer

Date

Reviewed by the Investment Advisory Committee


City Manager


Director of Finance


Assistant City Attorney

Linda M. Barnett
City Treasurer

**City of Torrance
Portfolio Management
Activity Summary
July 2005 through July 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					
July	2005	94	121,202,985.54	3.110	3.154	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	0.00	3.914	3.969	4.700	4	2	1,009	491
July	2006	102	133,831,718.22	3.943	3.998	4.849	2	3	1,042	492
	Average	94	110,049,165.02	3.438%	3.486%	3.926	3	2	1,059	535

July 2006

9

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAY'S TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
(I) PURCHASES*											
10607	BrookStreet Securities	07/13/2006 FHLB	AAA/Aaa	07/13/2011	1807	6.000%	6.000%	1,000,000	1,000,000	1,000,310	
10611	BrookStreet Securities	07/31/2006 USTN	AAA/Aaa	06/30/2007	333	3.625%	5.098%	1,000,000	986,992	986,600	

Weighted Average Yield	5.549%
	<u>2,000,000</u> <u>1,986,992</u> <u>1,986,910</u>

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
(II) MATURITIES*										
10597	Higgins Capital	04/20/2006 FHLB	AAA/Aaa	07/14/2006	2.010%	2.010%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
10539	Dean Witter	08/02/2006 USTN	AAA/Aaa	07/31/2006	2.750%	2.750%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	

Weighted Average Yield	2.380%
	<u>2,000,000</u> <u>2,000,000</u> <u>2,000,000</u>
Weighted Average Yield	2.380%
	<u>2,000,000</u> <u>2,000,000</u> <u>2,000,000</u>

* 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	20,500,000 5,200,000 <u>\$ 25,700,000</u>	4.849% 4.849% <u>4.849%</u>	4.849% 4.849% <u>4.849%</u>	7,300,000 <u>\$ 7,300,000</u>	9,950,000 <u>\$ 9,950,000</u>	208,996 61,861 <u>\$ 270,857</u>	17,850,000 5,200,000 <u>\$ 23,050,000</u>

**City of Torrance
Portfolio Management
Interest Earnings Summary
July 31, 2006**

	July 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	336,398.60	336,398.60
Plus Accrued Interest at End of Period	969,232.05	969,232.05
Less Accrued Interest at Beginning of Period	(978,674.44)	(978,674.44)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	326,956.21	326,956.21
Adjusted by Premiums and Discounts	19,367.94	19,367.94
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	346,324.15	346,324.15
 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	270,857.74	270,857.74
Plus Accrued Interest at End of Period	98,298.27	98,298.27
Less Accrued Interest at Beginning of Period	(270,893.92)	(270,893.92)
Interest Earned during Period	98,292.09	98,292.09
Total Interest Earned during Period	425,218.30	425,218.30
Total Adjustments from Premiums and Discounts	19,367.94	19,367.94
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	444,586.24	444,586.24

Portfolio CITY
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PM (PRF_PMF) SymRept 6.41.202b
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City of Torrance
Portfolio Management
Portfolio Details - Investments
July 31, 2006

11

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			17,850,000.00	17,850,000.00				4.849	1		
SYS10001	10001	Local Agency Invest Fund RDA			5,200,000.00	5,200,000.00				4.849	1		
		Subtotal and Average	24,547,179.78		23,050,000.00	23,050,000.00				4.849	1		
Money Market Sweep Account													
SYS10131	10131	Bank of America			0.00	0.00				3.250	AA2	3.250	
SYS1000	1000	Union Bank of California		07/01/2005	0.00	0.00				4.980	1		
		Subtotal and Average	45,161.29		0.00	0.00				0.000	0		
Federal Agency Issues - Coupon													
31331Q7E1	10483	FEDERAL FARM CREDIT BANK		08/06/2003	1,000,000.00	977,810.00				3.100	Aaa	3.100	
31331TGG0	10491	FEDERAL FARM CREDIT BANK		10/15/2003	1,000,000.00	977,810.00				3.450	Aaa	3.450	
31331TQP9	10507	FEDERAL FARM CREDIT BANK		02/09/2004	1,000,000.00	971,560.00				3.000	Aaa	3.001	
31331TUH2	10512	FEDERAL FARM CREDIT BANK		03/18/2004	1,000,000.00	995,940.00				2.350	Aaa	2.350	
31331TVG3	10513	FEDERAL FARM CREDIT BANK		03/24/2004	1,000,000.00	969,060.00				3.000	Aaa	3.001	
31331TYR6	10516	FEDERAL FARM CREDIT BANK		04/22/2004	1,000,000.00	967,810.00				2.610	Aaa	2.610	
31331TYD7	10519	FEDERAL FARM CREDIT BANK		04/15/2004	1,000,000.00	955,630.00				3.080	Aaa	3.080	
31331TZG9	10520	FEDERAL FARM CREDIT BANK		04/12/2004	1,000,000.00	981,250.00				2.690	Aaa	2.690	
31331TB91	10526	FEDERAL FARM CREDIT BANK		04/29/2004	1,000,000.00	973,130.00				3.100	Aaa	3.100	
31331TL90	10531	FEDERAL FARM CREDIT BANK		05/11/2004	1,000,000.00	984,690.00				3.450	Aaa	3.450	
31331TDE8	10534	FEDERAL FARM CREDIT BANK		05/13/2004	1,000,000.00	997,500.00				2.900	Aaa	3.020	
31331SMB6	10559	FEDERAL FARM CREDIT BANK		02/22/2005	1,000,000.00	980,310.00				3.700	Aaa	3.711	
31331SNB5	10567	FEDERAL FARM CREDIT BANK		03/10/2005	1,000,000.00	975,000.00				3.550	Aaa	4.000	
31331SRL9	10570	FEDERAL FARM CREDIT BANK		04/04/2005	1,000,000.00	990,940.00				3.750	Aaa	4.021	
31331SD42	10576	FEDERAL FARM CREDIT BANK		06/30/2005	1,000,000.00	979,380.00				1,000,000.00	Aaa	4.125	
31331VTK2	10592	FEDERAL FARM CREDIT BANK		03/22/2006	2,000,000.00	1,993,120.00				5,090	Aaa	5.097	
31331VVF7	10600	FEDERAL FARM CREDIT BANK		05/04/2006	1,000,000.00	985,940.00				5,250	Aaa	5.250	
10445	10445	FEDERAL HOME LOAN BANK		02/06/2003	833,333.33	814,583.33				833,254.48	3.750	Aaa	3.757
10469	10469	FEDERAL HOME LOAN BANK		06/05/2003	1,000,000.00	964,690.00				1,000,000.00	3.250	Aaa	3.250
31339XVB9	10471	FEDERAL HOME LOAN BANK		05/28/2003	2,000,000.00	1,967,500.00				2,000,000.00	2.550	Aaa	2.550
31339YAG7	10478	FEDERAL HOME LOAN BANK		07/16/2003	1,000,000.00	985,940.00				1,000,000.00	2.350	Aaa	2.350
31339YF23	10479	FEDERAL HOME LOAN BANK		07/23/2003	1,000,000.00	985,630.00				999,850.69	2.430	Aaa	2.463
31339YKX9	10480	FEDERAL HOME LOAN BANK		07/30/2003	1,000,000.00	957,810.00				1,000,000.00	3.000	Aaa	3.000
31339XOE3	10482	FEDERAL HOME LOAN BANK		08/13/2003	1,000,000.00	975,940.00				1,000,000.00	4,000	Aaa	4,000
3133X1RC3	10493	FEDERAL HOME LOAN BANK		10/30/2003	1,000,000.00	979,380.00				1,000,000.00	3,250	Aaa	3,251
3133X2AZ8	10495	FEDERAL HOME LOAN BANK		11/26/2003	1,000,000.00	983,440.00				1,000,000.00	3,350	Aaa	3,350

Portfolio CITY

PM (PRF_PM2) SymRept 6.41.202b AP

City of Torrance
Portfolio Management
Portfolio Details - Investments
July 31, 2006

12

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												
31339YVY1	10503	FEDERAL HOME LOAN BANK	1,000,000.00	01/21/2004	965,310.00	998,939.38	3.375	Aaa	3.433	720	07/21/2008	
3133X3JF5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	02/13/2004	976,880.00	999,630.95	3.070	Aaa	3.108	377	08/13/2007	
3133X1JJ7	10509	FEDERAL HOME LOAN BANK	2,000,000.00	01/30/2004	1,988,120.00	1,999,706.57	2.750	Aaa	2.819	80	10/20/2006	
3133X5DY1	10518	FEDERAL HOME LOAN BANK	1,000,000.00	04/13/2004	993,440.00	1,000,000.00	2.250	Aaa	2.250	73	10/13/2006	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	955,000.00	1,000,000.00	3.420	Aaa	3.420	994	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	985,940.00	1,000,000.00	3.500	Aaa	3.500	994	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	05/28/2004	987,810.00	1,000,000.00	3.280	Aaa	3.281	211	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2005	982,810.00	1,000,000.00	3.685	Aaa	3.685	388	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	03/03/2005	980,310.00	1,000,000.00	4.000	Aaa	4.000	580	03/03/2008	
3133XAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	03/07/2005	980,310.00	1,000,000.00	3.825	Aaa	3.827	493	12/07/2007	
3133XAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	03/08/2005	975,310.00	1,000,000.00	4.000	Aaa	4.000	769	09/08/2008	
3133XAXE2	10566	FEDERAL HOME LOAN BANK	1,000,000.00	03/22/2005	993,130.00	1,000,000.00	3.700	Aaa	3.702	143	12/22/2006	
3133XBHH1	10571	FEDERAL HOME LOAN BANK	1,000,000.00	04/27/2005	996,250.00	1,000,000.00	4.010	Aaa	4.010	87	10/27/2006	
3133XEFR5	10581	FEDERAL HOME LOAN BANK	1,000,000.00	01/30/2006	994,060.00	1,000,000.00	5.000	Aaa	5.000	545	01/28/2008	
3133XEK40	10582	FEDERAL HOME LOAN BANK	1,000,000.00	02/07/2006	999,690.00	1,000,000.00	4.560	Aaa	4.560	6	08/07/2006	
3133XEKC2	10583	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2006	999,380.00	1,000,000.00	4.600	Aaa	4.600	23	08/24/2006	
3133XERS0	10589	FEDERAL HOME LOAN BANK	1,000,000.00	03/13/2006	998,750.00	1,000,000.00	4.875	Aaa	4.875	43	09/13/2006	
3133XETN9	10590	FEDERAL HOME LOAN BANK	1,000,000.00	03/15/2006	999,060.00	1,000,000.00	4.900	Aaa	4.900	45	09/15/2006	
3133XEV30	10591	FEDERAL HOME LOAN BANK	1,000,000.00	03/21/2006	995,630.00	1,000,000.00	5.040	Aaa	5.040	416	09/21/2007	
3133XFCM6	10594	FEDERAL HOME LOAN BANK	1,000,000.00	04/28/2006	996,880.00	1,000,000.00	5.400	Aaa	5.400	1,366	04/28/2010	
3133XFHS8	10599	FEDERAL HOME LOAN BANK	1,000,000.00	05/19/2006	1,000,000.00	1,000,000.00	5.520	Aaa	5.520	1,752	05/19/2011	
3133XFH4	10607	FEDERAL HOME LOAN BANK	1,000,000.00	07/11/2006	1,000,310.00	1,000,000.00	6.000	Aaa	6.000	1,807	07/13/2011	
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/04/2003	989,040.00	1,000,000.00	2.250	Aaa	2.250	125	12/04/2006	
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	11/11/2003	992,660.00	1,000,000.00	3,000	Aaa	3,000	108	11/17/2006	
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	01/30/2004	953,380.00	988,524.27	3,110	Aaa	3,644	863	12/11/2008	
3128X2577	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/19/2004	971,580.00	1,000,000.00	2,920	Aaa	2,920	444	10/19/2007	
3128X4YE5	10584	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	993,910.00	999,441.88	5,000	Aaa	5,030	722	07/23/2008	
3128X4K67	10585	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	03/07/2006	994,490.00	1,000,000.00	5,250	Aaa	5,250	584	03/07/2008	
3128X42C4	10593	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/11/2006	997,390.00	999,706.67	5,600	Aaa	5,607	1,707	04/04/2011	
3128X45A5	10598	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	997,020.00	1,000,000.00	5,700	Aaa	5,700	1,743	05/10/2011	
3128X46R7	10601	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	999,510.00	1,000,000.00	5,500	Aaa	5,500	832	11/10/2008	
3128X46Q9	10602	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/24/2006	999,250.00	1,000,000.00	6,000	Aaa	6,000	1,757	05/24/2011	
3128X5BF4	10603	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/03/2006	999,260.00	1,000,000.00	5,800	Aaa	5,800	1,225	12/08/2009	
3128X4N56	10605	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/09/2006	991,650.00	991,716.67	5,250	Aaa	5,461	1,668	02/24/2011	
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	04/19/2004	979,380.00	1,000,000.00	2,500	Aaa	2,500	261	04/19/2007	
31359MVC4	10536	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	05/17/2004	986,880.00	999,920.56	3,750	Aaa	3,761	289	05/17/2007	

Portfolio CITY

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PM (PRF_PM2) SymRept 6.41.202b

City of Torrance
Portfolio Management
Portfolio Details - Investments
July 31, 2006

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													
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	07/28/2005	1,000,000.00	985,630.00	1,000,000.00	4.300	Aaa	4.300	545	01/28/2008		
3136F7YD3	10595	FEDERAL NATIONAL MORT ASSOC	04/28/2006	1,000,000.00	988,130.00	1,000,000.00	6.000	Aaa	6.000	1,731	04/28/2011		
3136F7F44	10606	FEDERAL NATIONAL MORT ASSOC	06/22/2006	1,000,000.00	988,750.00	1,000,000.00	5.500	Aaa	5.500	1,786	06/22/2011		
		Subtotal and Average	67,834,069.25		67,833,333.33	66,858,773.33				67,802,761.97		3,922	591
Treasury Securities - Coupon													
912828AZ3	10475	U.S.TREASURY NOTE	06/16/2003	5,000,000.00	4,799,600.00	5,043,472.70	2.625	Aaa	2.110	653	05/15/2008		
912828BG4	10484	U.S.TREASURY NOTE	08/15/2003	1,000,000.00	987,190.00	998,136.48	3.250	Aaa	3.350	745	08/15/2008		
912828BP4	10498	U.S.TREASURY NOTE	11/17/2003	1,000,000.00	992,770.00	1,000,486.40	2.625	Aaa	2.450	106	11/15/2006		
912828CG3	10535	U.S.TREASURY NOTE	05/17/2004	1,000,000.00	984,490.00	999,692.26	3.125	Aaa	3.166	287	05/15/2007		
912828DJ6	10561	U.S.TREASURY NOTE	01/31/2005	1,000,000.00	990,160.00	999,373.90	3.125	Aaa	3.255	183	01/31/2007		
912828DK3	10565	U.S.TREASURY NOTE	02/15/2005	1,000,000.00	975,550.00	998,766.03	3.375	Aaa	3.460	563	02/15/2008		
912828DK3	10574	U.S.TREASURY NOTE	05/09/2005	1,000,000.00	975,550.00	994,175.98	3.375	Aaa	3.775	563	02/15/2008		
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005	1,000,000.00	978,910.00	998,621.58	3.750	Aaa	3.831	653	05/15/2008		
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005	1,000,000.00	964,140.00	993,539.37	3.875	Aaa	4.057	1,444	07/15/2010		
912828EC0	10580	U.S.TREASURY NOTE	08/15/2005	1,000,000.00	985,160.00	999,362.74	4.125	Aaa	4.159	745	08/15/2008		
912828DY3	10611	U.S.TREASURY NOTE	07/31/2006	1,000,000.00	986,600.00	986,992.19	3.625	Aaa	5.098	333	06/30/2007		
		Subtotal and Average	15,025,857.47			15,000,000.00				14,600,120.00		15,012,619.63	
Medium Term Notes													
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005	1,000,000.00	976,310.00	996,771.93	3.850	Aa	4.080	542	01/25/2008		
060505BH6	10596	Bank of America	04/13/2006	1,000,000.00	953,040.00	956,624.18	3.375	Aa2	5.230	934	02/17/2009		
06423EPM1	10556	Bank One NA Illinois	01/18/2005	1,000,000.00	974,960.00	1,000,272.46	3.700			532	01/15/2008		
0722G0AV2	10515	Bayer Landes Bank	03/08/2004	2,000,000.00	1,988,000.00	2,000,801.17	2.600	Aaa	2.400	76	10/16/2006		
172967BS9	10466	Citigroup	05/12/2003	1,000,000.00	972,370.00	1,006,381.19	3.500	Aa1	3.040	549	02/01/2008		
172967BS9	10572	Citigroup	04/28/2005	1,585,000.00	1,541,206.45	1,570,941.98	3.500	Aa1	4.130	349	02/01/2008		
166760AA6	10455	ChevronTexaco	02/25/2003	1,000,000.00	978,540.00	1,004,984.75	3.500	Aa2	3.025	412	09/17/2007		
36962GB78	10465	General Electric Capital Corp	05/12/2003	1,000,000.00	968,390.00	1,005,623.87	3.500	Aaa	3.150	639	05/01/2008		
36966RFV3	10476	General Electric Capital Corp	06/19/2003	2,000,000.00	1,885,320.00	2,000,000.00	2.450	Aaa	2.450	684	06/15/2008		
375766AM4	10472	Gillette Company	05/27/2003	1,000,000.00	950,140.00	999,008.54	2.500	Aa3	2.558	670	06/01/2008		
59217EAD6	10477	Met Life	06/19/2003	1,000,000.00	946,510.00	1,000,877.63	2.600	Aa2	2.550	688	06/19/2008		
59217EAD6	10481	Met Life	07/25/2003	1,000,000.00	946,510.00	985,379.18	2.600	Aa2	3.450	688	06/19/2008		
742718BX6	10538	Procter & Gamble	08/02/2004	1,000,000.00	980,770.00	1,008,415.99	4.300	Aa3	3.650	745	08/15/2008		
717081AK9	10511	Pfizer Inc.	02/03/2004	1,000,000.00	982,020.00	1,000,085.85	2.500	Aaa	2.486	226	03/15/2007		
949746EX5	10464	Wells Fargo Co	05/12/2003	1,000,000.00	968,540.00	1,007,251.74	3.500	Aa1	3.031	612	04/04/2008		
949746EX5	10557	Wells Fargo Co	01/24/2005	1,000,000.00	968,540.00	996,376.76	3.500	Aa1	3.730	612	04/04/2008		

Portfolio CITY

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PM (PRF_FM2) SymRept 6.41.202b

**City of Torrance
Portfolio Management
Portfolio Details - Investments**
July 31, 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	979,010.00	997,214.66	4.125	Aa1	4.310	587	03/10/2008	
98153BAE4	10604	World Savings Bank	06/05/2006	1,000,000.00	974,970.00	975,392.70	4.500	Aa3	5.440	1,049	06/15/2009	
	Subtotal and Average	20,511,453.85		20,585,000.00	19,935,146.45	20,512,404.46			3.386	575		
Municipal Bond Issues - Coupon												
SYS10423	10423	Skpk-2001TxAllocRef Bd	12/18/2001	1,905,564.91	1,905,564.91	1,905,564.91	8.000			8.000	2,161	07/01/2012
	Subtotal and Average	1,905,564.91		1,905,564.91	1,905,564.91	1,905,564.91			8.000	2,161		
Federal Agency Disc. -Amortizing												
313589B36	10586	FEDERAL NATIONAL MORT ASSOC	02/13/2006	2,000,000.00	1,997,600.00	1,997,940.00	4.635	Aaa	4.443	8	08/09/2006	
313589M91	10587	FEDERAL NATIONAL MORT ASSOC	02/13/2006	1,000,000.00	986,400.00	987,858.33	4.650	Aaa	4.839	94	11/03/2006	
313589R47	10588	FEDERAL NATIONAL MORT ASSOC	02/13/2006	1,000,000.00	982,500.00	984,370.83	4.650	Aaa	4.853	121	11/30/2006	
	Subtotal and Average	3,962,431.67		4,000,000.00	3,966,500.00	3,970,169.16			4.794	57		
	Total and Average	133,831,718.22		132,373,898.24	130,316,104.69	132,253,520.13			3.996	492		

II. RESTRICTED FUNDS

**CASH AND INVESTMENTS HELD BY FISCAL AGENT
FOR PERIOD ENDING
June 30, 2006**

TORRANCE IMPROVEMENTS

Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
<i>City of Torrance 2004A&B COP Refunding - #3060645 (Maturity - June 1, 2034)</i>						
Construction Fund Acct #360646	10,708,650.00			10,708,650.00	2.47	MBIA INVEST. AGREEMENT** Hamilton Trsy Money Fd Premier
Required Reserve Acct #360649	2,777,213.00		2,777,213.00	2,777,213.00	4.95	MBIA Invest Agreement** Hamilton Trsy Money Fd Premier
Required Reserve Acct #360649 Lease Paymt Fund Acct # 360648	3,479.35			3,479.35	4.48	Hamilton Trsy Money Fd Premier

Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
<i>Torrance PFA 98COP</i>						
Lease payment Fund Acct #428584	315.00			315.00	4.55	Fidelity US Trsy Port III
Acq & Constr Fund Acct # 428587						Fidelity US Trsy Port III
Reserve Acct # 428590						Fidelity US Trsy Port III
Reserve Acct # 428590	553,085.00	553,085.00		553,085.00	5.61	AIG Investment Agmnt 5.61% due 11/28/28 **

WATER ENTERPRISE REVENUE BONDS

Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
<i>2004 Torrance Water Refunding Bond #360700 (Maturity March 1, 2014)</i>						
Debt Service Fund #360759	1,207.00			1,207.00	4.69	JP Morgan Prime MM Premier
Cost of Issuance acct #360758						JP Morgan Prime MM Premier
Reserve Cash Acct #360760	220.00			220.00		JP Morgan Prime MM Premier
Reserve Acct. #360760	18,914.00			18,914.00	4.68	JP Morgan Prime MM Premier
Required Reserves Acct # 360760	505,000.00		8,259.51	505,000.00	4.34	FSA Capital Management Invest Agmt.

REDEVELOPMENT AGENCY

Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
<i>Torrance RDA (Downtown) 98A (matures Sept. 1, 2028)</i>						
Interest / Debt Service Acct # 428478	1,985.00			1,985.00	4.55	Fidelity Treas Money Market
Reserve Acct # 428469	594,695.00	586,890.00	7,805.00	594,695.00	4.750	AIM Prime Money Market

CASH AND INVESTMENTS HELD BY FISCAL AGENT
FOR PERIOD ENDING
June 30, 2006

Bank	Investment Description	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield
<i>Torrance RDA (Industrial) 98B (matures Sept. 1, 2028)</i>						
Costs of Issuance / Interest Acct # 428529	15,952.00				15,952.00	4.55
<i>Torrance RDA (Industrial) 98C (matures Sept. 1, 2028)</i>						
Interest Acct # 428517	1,021,847.00				1,021,847.00	4.72
Reserve Acct # 428517	16,138.00	1,037,985.00			16,138.00	2.24
<i>TOTAL: ALL CASH & INVESTMENTS</i>						
	17,519,403.35				17,519,403.35	

** Investment Agreements were authorized by Council through their approval of the bond documents

- (1) Reserve requirements may be overfunded due to an accumulation of funds which are adjusted at every scheduled payout.
These funds will be transferred to the lease payment/principal/interest account when interest/principal payouts are made by the City.
- (2) Over/under funded reserve requirements is for memorandum purposes only. Reserve requirements as outlined in the bond indenture require that at time (day of) of semi-annual payments to bondholders that the market value of the investments held in reserve is equal to the reserve requirement. Due to market fluctuations throughout the year it is normal to see both over and under funded situations.

CITY OF TORRANCE DEFERRED COMPENSATION ACCOUNTS

Quarter Ending

June 30, 2006

457 PLAN A
PERMANENT EMPLOYEES

Participant Account Summary

Beginning Balance	Contributions	Acct. Transfers In	Interest	Change in Value	Fees	Hardship	Payouts	Acct. Transfers Out	Outstanding Loans	Ending Balance
101,224,053.84	2,074,395.95	11,310,811.66	481,253.05	(1,345,199.13)	(2,764.27)			(1,320,568.85)	(11,310,811.67)	(1) 1,095,805.46
<hr/>										
Investment Type	Book Value	Market Value								
Fixed Funds (GCF)	1,355,125.75	1,355,123.75								
Variable Funds	58,518,209.88	58,518,209.88								
Stable Value Fund	41,237,836.95	41,237,836.95								
Outstanding Loan:	1,095,805.46	1,095,805.46								
Totals	102,206,976.04	102,206,976.04								

(1) Participant Loan Outstanding Balance included in Total Assets

457 PLAN B
REGULAR/PART-TIME/TEMPORARY EMPLOYEES

Beginning Balance	Contributions	Acct. Transfers In	Interest	Change in Value	Fees	Hardship	Payouts	Acct. Transfers Out	Ending Balance
1,302,369.13	67,487.93	27,234.43	7,595.96	(1,247.11)	0.00	0.00	(85,516.92)	(27,234.43)	1,790,688.99
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Investment Type	Book Value	Market Value							
Variable Funds	66,762.47	66,762.47							
Fixed Funds	1,710,674.60	1,710,674.60							
Gov't Guaranteed	13,251.92	12,784.13							
Totals	1,790,688.99	1,790,221.20							

401(A)

MANAGEMENT, POLICE, FIRE, ENGINEERS

Beginning Balance	Contributions	Acct. Transfers In	Interest	Change in Value	Fees	Hardship	Payouts	Acct. Transfers Out	Outstanding Loans	Ending Balance
3,223,299.90	109,475.01	191,659.53	14,165.14	(52,917.53)	(76.71)	0	(9,250.34)	(191,659.53)	(1) 13,804.71	3,284,695.47
<hr/>										
Investment Type	Book Value	Market Value								
Fixed Funds	842.97	842.97								
Variable Funds	1,984,933.85	1,984,933.85								
Stable Value Fund	1,298,918.65	1,298,918.65								
Outstanding Loans	13,804.71	13,804.71								
Totals	3,298,500.18	3,298,500.18								

(1) Outstanding Loan Balance included in Total Assets

RETIREMENT HEALTH SAVINGS PLAN (RHSP)
MANAGEMENT, POLICE, FIRE, MISC.

Beginning Balance	Contributions	Distributions	Fees	Gain/Loss	Ending Balance
2,446,762.20	123,819.58	(33,454.48)	(2,895.24)	763.81	2,484,995.87
<hr/>					
Investment Type	Book Value	Market Value			
Variable Funds	1,143,143.44	1,143,143.44			
Stable Value Funds	1,341,832.43	1,341,832.43			
Totals	2,484,995.87	2,484,995.87			

III. CASH & INVESTMENT PORTFOLIO SHARE

CITY OF TORRANCE
CASH AND INVESTMENT PORTFOLIO SHARE (A)
AS OF JULY 31, 2006

	FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N	General	35,744,200.31	36,343,861.18	27.03
R	Parks & Recr Facility & Open Space	2,421,842.58	2,462,472.51	1.83
R	State Gas Tax	4,568,428.75	4,645,070.78	3.45
R	Federal Housing, Community Dev	415,273.91	422,240.73	0.31
R	Work Investment Network - WIN	(1,370,039.34)	(1,393,023.74) (B)	(1.04)
R	Street Lighting	451,537.40	459,112.60	0.34
R	Traffic Congestion Relief Act 2000 - AB2928	653,262.32	664,221.74	0.49
R	Police Asset Forfeiture	2,933,361.38	2,982,572.78	2.22
R	Drainage Improvement	371.76	378.00	0.00
N	Government Cable	1,825,465.55	1,856,090.39	1.38
R	Local Return - Proposition C	2,938,005.40	2,987,294.71	2.22
R	LACMTA Grants - Proposition C	19,867.86	20,201.17	0.02
R	Discretionary - Proposition C	9,340.08	9,496.77	0.01
R	Grants/Donations	240,166.97	244,196.12	0.18
R	Citizens Options for Public Safety (COPS) Grant Funds - AB3229	174,546.80	177,475.08	0.13
R	Seismic Education Fund	44,531.23	45,278.31	0.03
R	Rehabilitation Housing	488,355.85	496,548.73	0.37
R	Police Inmate Welfare Fund	75,679.39	76,949.02	0.06
N	Capital Improvements	14,826,513.75	15,075,250.05	11.21
R	Vanpool/Rideshare Fund	233,884.32	237,808.07	0.18
R	Torrance Improvement Fund	5,415,236.77	5,506,085.23	4.09
R	Animal Control Fund	203,501.78	206,915.82	0.15
R	Redevelopment-Capital Proj	5,959,792.96	6,059,777.14	4.51
R	Redevelopment Debt Service	1,492,915.26	1,517,961.08	1.13
N	Airport Fund	6,995,929.70	7,113,296.58	5.29
N	Transit Operations	1,076,693.37	1,094,756.47	0.81
R	Development Impact Fund	2,935.75	2,985.00	0.00
N	Water Operations	11,611,881.99	11,806,688.17	8.78
N	Emergency Medical Service Enterprise Fund	34,165.14	34,738.31	0.03
N	Sanitation Operations	2,420,742.34	2,461,353.81	1.83
N	Cultural Arts Enterprise	594,551.51	604,525.97	0.45
N	Sewer Enterprise Fund	9,448,048.62	9,606,553.36	7.14
N	Parks & Recr Enterprise Fund	351,552.10	357,449.90	0.27
N	Self Insurance Fund	6,812,967.48	6,927,264.90	5.15
N	Fleet Services	10,208,343.02	10,379,602.80	7.72
R	Trust & Agency	2,929,666.07	2,978,815.47	2.22
TOTAL		132,253,520.13	134,472,265.01	100.00

R = Restricted Funds

N = Non-Restricted Funds

- (A) The difference between the Share of Investments total of \$132,253,520.13 and the Pooled Cash and Investments total of \$134,472,265.01 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 \$79,291 is pending from the State of California.
 Reimbursement for FY 06-07 in the amount of \$32,223 is pending review and approval by the City of Los Angeles.
 Reimbursement for FY 06-07 in the amount of \$1,886 is pending from the County of Los Angeles.
 Reimbursement for FY 05-06 in the amount of \$781 is pending from the City of Carson.
 Reimbursement for FY 06-07 in the amount of \$103,445 is pending from the State of California.

**CITY OF TORRANCE
CASH AND INVESTMENT RECONCILIATION
AS OF JULY 31, 2006**

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

132,253,520.13

CASH AND INVESTMENTS PER BOOKS

134,472,265.01

CASH IN BANKS:

Cash in B of A General Account	(\$2,304,778.73)
Cash in B of A Payroll Account	0.00

OUTSTANDING WARRANTS:

General Account	1,197,596.75
Payroll Account	202,309.01
Workers Compensation Account	158,280.69
Housing Account	<u>315,114.11</u>
	1,873,300.56
Miscellaneous outstanding adjusting journal entries	(4,241,437.71)

INVESTMENTS PER BOOKS

\$132,253,520.13