

Council Meeting of  
October 03, 2006

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

Members of the Council:

**SUBJECT: Investment Report for August 2006**

**RECOMMENDATION**

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of August 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 August 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  
For City Treasurer

Noted:



LeRoy J. Jackson  
Investment Committee Member  
*for*

Cc: City Manager  
City Clerk

## CITY OF TORRANCE

### MONTHLY INVESTMENT PORTFOLIO REPORT For the Month of August 2006

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

**RETURN**

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	4.057	3.996
Average U.S. Treasury Constant Maturity	4.950	5.110
LAIF Average Monthly Return	4.949	4.849
Average City Portfolio YTM - 1 year prior	3.184	3.158

**INTEREST INCOME**

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	898,576	643,197
Current month	453,989	322,439

**MATURITY**

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	502	492
Average Maturity 1 Year Prior (days)	618	622
Weighted Average Maturity (years)	1.38	1.35

**VOLUMES**

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	19,930,015	14
Maturities	18,500,000	10

Transactions include 8 deposits to and 7 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 August 31, 2006</u>
Federal Agency (coup)	66,642,798	1,000,000	422,900	68,065,698
Treasury Securities	14,549,640	-13,047	121,036	14,657,629
Medium Term Notes	19,848,918	987,110	177,007	21,013,035
Municipal Bonds	2,027,507	-121,941	0	1,905,566
<b>SUB-TOTAL PER GASB 31</b>	<b>103,068,863</b>	<b>1,852,122</b>	<b>720,943</b>	<b>105,641,928</b>
<u>Non-GASB securities</u>				
LAIF	25,700,000	-5,200,000	0	20,500,000
Money Market	700,000	-700,000	0	0
Federal Agency – Disc.	3,949,700	1,994,041	29,516	5,973,257
Treasury Security - Disc.	0	0	0	0
Certificate of Deposits -Disc.	0	0	0	0
Commercial paper	0	0	0	0
<b>TOTAL PORTFOLIO</b>	<b>133,418,563</b>	<b>-2,053,837</b>	<b>750,459</b>	<b>132,115,185</b>

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

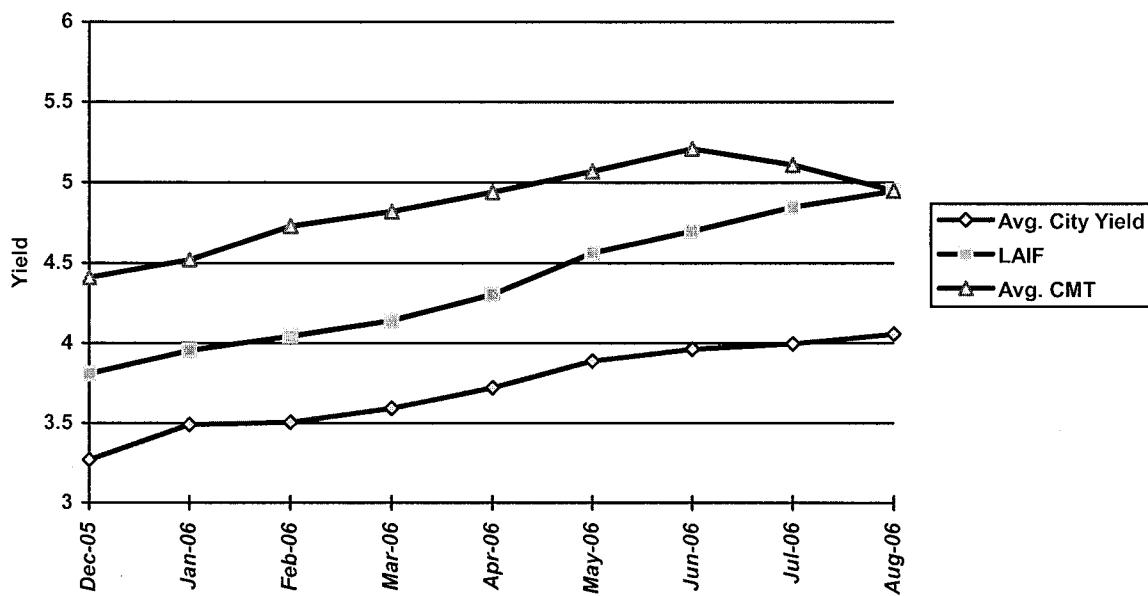
# CITY OF TORRANCE

## City Treasurer's Office

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

### I. Return

46.20% of the portfolio is invested at one-year maturity or less as of August 31, 2006. The City Average yield on the portfolio was 4.057% compared to 4.95% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of August 31, 2006 by 89 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

The activity in the month of August consisted of 6 purchases totaling \$8 million with an average rate of return of 5.47% and 3 redemption's totaling \$4.0 million with an average rate of return of 4.66%. The activity in the LAIF Account consisted of 8 deposits of \$11.9 million and 7 withdrawals of \$13.5 million. The portfolio increased by \$1.3 million for total assets of \$133.7 million.

Asset Category	August	July
1. LAIF	15.33%	17.43%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	51.46%	51.27%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	11.23%	11.35%
6. Treasury Securities(Disc)	.00%	.00%
7. Medium Term Notes	16.08%	15.51%
8. Municipal Bonds	1.43%	1.44%
9. Federal Agency (Disc)	4.47%	3.00%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

### IV. Maturity

As of August 31, 2006, the current maturity allocation is 55.36% of the portfolio invested between the 6 month to 3-year maturity levels. 33.55% 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 \$44.94 million available for expenditures.

As of Maturity	August 31, 2006	July 31, 2006
0 to 6 months	33.55%	35.91%
6 months to 1 year	12.65%	10.40%
1 to 2 years	34.53%	32.24%
2 to 3 years	8.18%	11.88%
3 to 4 years	2.23%	1.49%
4 to 5 years	7.44%	5.94%
5 years and after	1.42%	2.16%

### 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 August 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	20,050,000	15.33	**	1	1	N/A	4.946
Money Market Sweep Account	00	.00		1	1		4.980
Federal Agency Issues – Coupon	68,804,362	51.46	75	1,233	615	5 years	3.981
Federal Farm Credit Bank	18,992,741	14.19	30	372	392	5 years	5.003
Federal Home Loan Bank	35,826,773	26.84	30	310	328	5 years	5.039
Federal Home Loan Mortgage Corp.	11,980,093	9.04	30	264	280	5 years	5.496
Federal National Mortgage Assoc.	7,980,166	6.02	30	476	528	5 years	5.379
Treasury Securities – Coupon	15,012,459	11.23	100	1,343	561	5 years	3.138
Medium Term Notes	20,501,664	16.08	20	1,376	565	5 years	3.472
Municipal Bond Issue	1,905,565	1.43		3,848	2,130	N/A	8.000
Federal Agency Disc	5,975,412	4.47		100	31	5 years	5.027
Commercial Paper Disc-Amort	0	.00					.000
Treasury Discount-Amort	0	.00					.000
Certificate of Deposits-Disc	0	.00					.000
Total Investments & Averages	133,699,464	100.00		1,066	502		4.057
Pending Redemptions							
Accrued Interest at Purchase	17,534						
Total Cash & Purchase Interest	17,534						
Total Cash & Investments	133,716,988						

**Portfolio Notes:**

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

General LAIF account = \$15,300,000

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

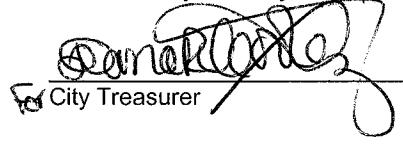
9/26/06  
Date

Reviewed by the Investment Advisory Committee

  
City Manager

  
Director of Finance

  
Ron Rohlf  
Assistant City Attorney

  
Linda M. Barnett  
City Treasurer

**City of Torrance  
Portfolio Management  
Activity Summary  
August 2005 through August 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					
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
July	2006	102	133,831,718.22	3.943	3.998	4.849	2	3	1,042	492
August	2006	105	134,291,949.08	4.004	4.060	4.946	6	3	1,066	502
	Average	95	121,313,338.70	3.507%	3.555%	4.070	3	2	1,059	526

invest	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAY'S TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
<b>(I) PURCHASES*</b>											
10608	Citigroup	08/11/2006 FH/LB	AAA/Aaa	08/11/2010	1440	5.700%	5.700%	1,000,000	1,000,000	1,007,190	
10609	Dean Witter	08/03/2006 FNMA	AAA/Aaa	08/03/2009	1067	5.750%	5.750%	1,000,000	1,000,000	1,002,190	
10610	Higgins Capital	08/01/2006 FFCB	AAA/Aaa	08/01/2011	1795	5.750%	5.750%	1,000,000	1,000,000	1,000,940	
10613	Higgins Capital	08/22/2006 Household	AA3	05/15/2009	987	5.750%	5.260%	1,000,000	987,110	988,760	
10614	Brookstreet	08/28/2006 FH/LB	AAA/Aaa	09/08/2006	7	5.100%	5.179%	2,000,000	1,996,883	1,998,000	
10615	Brookstreet	08/28/2006 FH/LB	AAA/Aaa	09/11/2006	10	5.115%	5.196%	2,000,000	1,996,022	1,997,200	

Weighted Average Yield  
5.473%

invest	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>(II) MATURITIES**</b>										
10582	Dean Witter	02/07/2006 FH/LB	AAA/Aaa	08/07/2006	4.556%	4.598%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
10586	Dean Witter	02/13/2006 FNMA	AAA/Aaa	08/09/2006	4.635%	4.699%	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	
10583	Dean Witter	02/24/2006 FH/LB	AAA/Aaa	08/24/2006	4.60%	4.64%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	

Weighted Average Yield  
4.645%

\* 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) LAIT TRANSACTIONS

DEALER	DESCRIPTION	BEGIN BAL.	RATE	YIELD	DEPOSITS	WITHDRAWALS	INTEREST	END BAL.
- State of California -	Local Agency Pool	17,850,000	4.94%	4.94%	\$11,950,000	14,500,000	-	15,300,000
	City	5,200,000	4.94%	4.94%			-	5,200,000
	RDA							
		\$23,050,000						\$20,500,000

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

	August 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	346,958.33	683,356.93
Plus Accrued Interest at End of Period	960,689.17	960,689.17
Less Accrued Interest at Beginning of Period	( 969,232.05 )	( 978,674.44 )
Less Accrued Interest at Purchase During Period	( 0.00 )	( 0.00 )
Interest Earned during Period	338,415.45	665,371.66
Adjusted by Premiums and Discounts	15,929.00	35,296.94
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	354,344.45	700,668.60
<b>Pass Through Securities:</b>		
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
<b>Cash/Checking Accounts:</b>		
Interest Collected	0.00	270,857.74
Plus Accrued Interest at End of Period	197,943.24	197,943.24
Less Accrued Interest at Beginning of Period	( 98,298.27 )	( 270,893.92 )
Interest Earned during Period	99,644.97	197,907.06
Total Interest Earned during Period	438,060.42	863,278.72
Total Adjustments from Premiums and Discounts	15,929.00	35,296.94
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	453,989.42	893,575.66

**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**August 31, 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	Maturity Date
<b>Local Agency Investment Funds</b>												
SYS10000	10000	Local Agency Invest Fund GEN'l			15,300,000.00	15,300,000.00	15,300,000.00	4.946		4.946	1	
SYS10001	10001	Local Agency Invest Fund RDA			5,200,000.00	5,200,000.00	5,200,000.00	4.946		4.946	1	
		<b>Subtotal and Average</b>	<b>24,182,258.06</b>		<b>20,500,000.00</b>	<b>20,500,000.00</b>	<b>20,500,000.00</b>			<b>4.946</b>	<b>1</b>	
<b>Money Market Sweep Account</b>												
SYS10131	10131	Bank of America			0.00	0.00	0.00	0.00		3.250	1	
SYS1000	1000	Union Bank of California			0.00	0.00	0.00	0.00		4.980	1	
		<b>Subtotal and Average</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.000</b>	<b>0</b>	
<b>Federal Agency Issues - Coupon</b>												
31331Q7E1	10483	FEDERAL FARM CREDIT BANK	08/06/2003		1,000,000.00	980,310.00	1,000,000.00	3.100	Aaa	3.100	339	08/06/2007
31331TGG0	10491	FEDERAL FARM CREDIT BANK	10/15/2003		1,000,000.00	980,940.00	1,000,000.00	3.450	Aaa	3.450	409	10/15/2007
31331TQP9	10507	FEDERAL FARM CREDIT BANK	02/09/2004		1,000,000.00	974,690.00	1,000,000.00	3.000	Aaa	3.001	434	11/09/2007
31331TUH2	10512	FEDERAL FARM CREDIT BANK	03/18/2004		1,000,000.00	988,440.00	1,000,000.00	2.350	Aaa	2.350	17	09/18/2006
31331TVG3	10513	FEDERAL FARM CREDIT BANK	03/24/2004		1,000,000.00	972,810.00	1,000,000.00	3.000	Aaa	3.001	479	12/24/2007
31331TYR6	10516	FEDERAL FARM CREDIT BANK	04/22/2004		1,000,000.00	971,250.00	1,000,000.00	2.610	Aaa	2.610	416	10/22/2007
31331TYD7	10519	FEDERAL FARM CREDIT BANK	04/15/2004		1,000,000.00	960,310.00	1,000,000.00	3.080	Aaa	3.080	775	10/15/2008
31331TZG9	10520	FEDERAL FARM CREDIT BANK	04/12/2004		1,000,000.00	984,060.00	1,000,000.00	2.690	Aaa	2.690	223	04/12/2007
31331TB91	10526	FEDERAL FARM CREDIT BANK	04/29/2004		1,000,000.00	976,250.00	1,000,000.00	3.100	Aaa	3.100	423	10/29/2007
31331TL90	10531	FEDERAL FARM CREDIT BANK	05/17/2004		1,000,000.00	986,880.00	1,000,000.00	3.450	Aaa	3.450	258	05/17/2007
31331TDE8	10534	FEDERAL FARM CREDIT BANK	05/13/2004		1,000,000.00	999,987.07	2,900	Aaa	3.020	4	09/05/2006	
31331SMB6	10559	FEDERAL FARM CREDIT BANK	02/02/2005		1,000,000.00	983,130.00	999,870.96	3.700	Aaa	3.711	427	11/02/2007
31331SBN5	10567	FEDERAL FARM CREDIT BANK	03/10/2005		1,000,000.00	978,440.00	994,050.81	3.550	Aaa	4.000	514	01/28/2008
31331SRL9	10570	FEDERAL FARM CREDIT BANK	04/04/2005		1,000,000.00	992,810.00	998,834.67	3.750	Aaa	4.021	166	02/14/2007
31331SD42	10576	FEDERAL FARM CREDIT BANK	06/30/2005		1,000,000.00	983,130.00	1,000,000.00	4.125	Aaa	4.125	668	06/30/2008
31331VTK2	10592	FEDERAL FARM CREDIT BANK	03/21/2006		2,000,000.00	1,995,000.00	2,000,000.00	5.090	Aaa	5.097	294	06/22/2007
31331VVF7	10600	FEDERAL FARM CREDIT BANK	05/04/2006		1,000,000.00	1,005,630.00	1,000,000.00	5.250	Aaa	5.250	976	05/04/2009
31331VV45	10610	FEDERAL FARM CREDIT BANK	08/01/2006		1,000,000.00	1,000,940.00	1,000,000.00	5.750	Aaa	5.750	1,795	08/01/2011
31331VN4P4	10445	FEDERAL HOME LOAN BANK	02/06/2003		833,333.33	817,708.33	833,258.82	3.750	Aaa	3.757	523	02/06/2008
31331VYY5	10489	FEDERAL HOME LOAN BANK	06/05/2003		1,000,000.00	969,380.00	1,000,000.00	3.250	Aaa	3.250	643	06/05/2008
31339XBY9	10471	FEDERAL HOME LOAN BANK	05/28/2003		2,000,000.00	1,973,120.00	2,000,000.00	2.550	Aaa	2,550	180	02/28/2007
31339YAG7	10478	FEDERAL HOME LOAN BANK	07/16/2003		1,000,000.00	988,750.00	1,000,000.00	2.350	Aaa	2,350	137	01/16/2007
31339YF23	10479	FEDERAL HOME LOAN BANK	07/23/2003		1,000,000.00	988,440.00	999,876.74	2.430	Aaa	2,463	144	01/23/2007
31339YKX9	10480	FEDERAL HOME LOAN BANK	07/30/2003		1,000,000.00	962,810.00	1,000,000.00	3.000	Aaa	3,000	698	07/30/2008
31339XJ3	10482	FEDERAL HOME LOAN BANK	08/13/2003		1,000,000.00	979,690.00	1,000,000.00	4.000	Aaa	4,000	712	08/13/2008
31333X1RC3	10483	FEDERAL HOME LOAN BANK	10/30/2003		1,000,000.00	981,880.00	1,000,000.00	3.250	Aaa	3,251	332	07/30/2007

Portfolio CITY

AP

PM (PRF\_PM2) SymRept 6.41.2020

Report Ver. 5.00

**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**August 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
<b>Federal Agency Issues - Coupon</b>												
3133X2A2Z8	10495	FEDERAL HOME LOAN BANK	1,000,000.00	11/26/2003	985,940.00	1,000,000.00	3,350	Aaa	3,350	286	05/25/2007	
3133YYV1	10503	FEDERAL HOME LOAN BANK	1,000,000.00	01/21/2004	969,690.00	998,984.20	3,375	Aaa	3,433	689	07/21/2008	
3133X3JRS5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	02/13/2004	979,690.00	999,660.71	3,070	Aaa	3,108	346	08/13/2007	
3133X1JJ7	10509	FEDERAL HOME LOAN BANK	2,000,000.00	01/30/2004	1,992,500.00	1,999,818.00	2,750	Aaa	2,819	49	10/20/2006	
3133X5DY1	10518	FEDERAL HOME LOAN BANK	1,000,000.00	04/13/2004	996,250.00	1,000,000.00	2,250	Aaa	2,250	42	10/13/2006	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	960,630.00	1,000,000.00	3,420	Aaa	3,420	963	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	987,810.00	1,000,000.00	3,500	Aaa	3,500	963	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	05/28/2004	990,000.00	1,000,000.00	3,280	Aaa	3,281	180	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2005	985,000.00	1,000,000.00	3,685	Aaa	3,685	357	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	03/03/2005	984,060.00	1,000,000.00	4,000	Aaa	4,000	549	03/03/2008	
3133AAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	03/07/2005	983,440.00	1,000,000.00	3,825	Aaa	3,825	462	12/07/2007	
3133AAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	03/08/2005	980,000.00	1,000,000.00	4,000	Aaa	4,000	738	09/08/2008	
3133AXE2	10566	FEDERAL HOME LOAN BANK	1,000,000.00	03/22/2005	995,000.00	1,000,000.00	3,700	Aaa	3,702	112	12/22/2006	
3133XBHH1	10571	FEDERAL HOME LOAN BANK	1,000,000.00	04/27/2005	997,810.00	1,000,000.00	4,010	Aaa	4,010	56	10/27/2006	
3133XEFR5	10581	FEDERAL HOME LOAN BANK	1,000,000.00	01/30/2006	995,940.00	1,000,000.00	5,000	Aaa	5,000	514	01/28/2008	
3133XERS0	10589	FEDERAL HOME LOAN BANK	1,000,000.00	03/13/2006	999,690.00	1,000,000.00	4,875	Aaa	4,875	12	09/13/2006	
3133XETN9	10590	FEDERAL HOME LOAN BANK	1,000,000.00	03/15/2006	999,690.00	1,000,000.00	4,900	Aaa	4,900	14	09/15/2006	
3133XEV30	10591	FEDERAL HOME LOAN BANK	1,000,000.00	03/21/2006	997,190.00	1,000,000.00	5,040	Aaa	5,040	385	09/21/2007	
3133XFCM6	10594	FEDERAL HOME LOAN BANK	1,000,000.00	04/28/2006	999,940.00	1,000,000.00	5,400	Aaa	5,400	1,335	04/28/2010	
3133XFHS8	10599	FEDERAL HOME LOAN BANK	1,000,000.00	05/19/2006	1,006,560.00	1,000,000.00	5,520	Aaa	5,520	1,721	05/19/2011	
3133FXH4	10607	FEDERAL HOME LOAN BANK	1,000,000.00	07/13/2006	1,002,190.00	1,000,000.00	6,000	Aaa	6,000	1,776	07/13/2011	
3133XGD76	10608	FEDERAL HOME LOAN BANK	1,000,000.00	08/11/2006	1,007,190.00	1,000,000.00	5,700	Aaa	5,700	1,440	08/11/2010	
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/04/2003	991,980.00	1,000,000.00	2,250	Aaa	2,250	94	12/04/2006	
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	11/17/2003	994,960.00	1,000,000.00	3,000	Aaa	3,000	77	11/17/2006	
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	01/30/2004	958,840.00	988,928.30	3,110	Aaa	3,644	832	12/11/2008	
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/19/2004	974,950.00	1,000,000.00	2,920	Aaa	2,920	413	10/19/2007	
3128X4YE5	10584	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	996,960.00	999,465.40	5,000	Aaa	5,030	691	07/23/2008	
3128X4K67	10585	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	03/07/2006	996,610.00	1,000,000.00	5,250	Aaa	5,250	553	03/07/2008	
3128X42C4	10593	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/11/2006	1,000,150.00	999,711.90	5,600	Aaa	5,607	1,676	04/04/2011	
3128X45A5	10598	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	999,860.00	1,000,000.00	5,700	Aaa	5,700	1,712	05/10/2011	
3128X46R7	10601	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/10/2006	1,000,060.00	1,000,000.00	5,500	Aaa	5,500	801	11/10/2008	
3128X46Q9	10602	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/24/2006	1,000,520.00	1,000,000.00	6,000	Aaa	6,000	1,726	05/24/2011	
3128X5BF4	10603	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/08/2006	1,000,270.00	1,000,000.00	5,800	Aaa	5,800	1,194	12/08/2009	
3128X4N56	10605	FEDERAL NATIONAL MORT MORTGAGE CO	1,000,000.00	06/09/2006	999,020.00	991,985.90	5,250	Aaa	5,461	1,637	02/24/2011	
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	04/19/2004	982,500.00	1,000,000.00	2,500	Aaa	2,500	230	04/19/2007	
31359MVC4	10536	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	05/17/2004	989,060.00	999,928.89	3,750	Aaa	3,761	258	05/17/2007	

Portfolio CITY

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**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**August 31, 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
<b>Federal Agency Issues - Coupon</b>												
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	07/28/2005	1,000,000.00	988,440.00	1,000,000.00	4.300	Aaa	4.300	514	01/28/2008	
3136F7YD3	10555	FEDERAL NATIONAL MORT ASSOC	04/28/2006	1,000,000.00	1,000,000.00	1,000,000.00	6.000	Aaa	6.000	1,700	04/28/2011	
3136F7F44	10606	FEDERAL NATIONAL MORT ASSOC	06/22/2006	1,000,000.00	1,006,880.00	1,000,000.00	5.500	Aaa	5.500	1,755	06/22/2011	
3136F7Q55	10609	FEDERAL NATIONAL MORT ASSOC	08/03/2006	1,000,000.00	1,002,190.00	1,000,000.00	5.750	Aaa	5.750	1,067	08/03/2009	
	<b>Subtotal and Average</b>	<b>5,604,763.19</b>			<b>68,833,333.33</b>	<b>68,065,698.33</b>				<b>3.981</b>	<b>615</b>	
<b>Treasury Securities - Coupon</b>												
912828AZ3	10475	U.S.TREASURY NOTE	06/16/2003	5,000,000.00	4,822,050.00	5,041,408.91	2.625	Aaa	2.110	622	05/15/2008	
912828BG4	10484	U.S.TREASURY NOTE	08/15/2003	1,000,000.00	971,880.00	998,214.02	3.250	Aaa	3.350	714	08/15/2008	
912828BP4	10488	U.S.TREASURY NOTE	11/17/2003	1,000,000.00	994,840.00	1,000,344.15	2.625	Aaa	2.450	75	11/15/2006	
912828CG3	10535	U.S.TREASURY NOTE	05/17/2004	1,000,000.00	986,600.00	999,725.50	3.125	Aaa	3.186	256	05/15/2007	
912828DJ6	10561	U.S.TREASURY NOTE	01/31/2005	1,000,000.00	991,950.00	999,479.96	3.125	Aaa	3.255	152	01/31/2007	
912828DK3	10565	U.S.TREASURY NOTE	02/15/2005	1,000,000.00	979,140.00	998,833.97	3.375	Aaa	3.460	532	02/15/2008	
912828DK3	10574	U.S.TREASURY NOTE	05/09/2005	1,000,000.00	979,140.00	994,496.67	3.375	Aaa	3.375	532	02/15/2008	
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005	1,000,000.00	982,500.00	998,685.79	3.750	Aaa	3.831	622	05/15/2008	
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005	1,000,000.00	972,030.00	993,678.07	3.875	Aaa	4.057	1,413	07/15/2010	
912828EC0	10580	U.S.TREASURY NOTE	08/15/2005	1,000,000.00	989,060.00	999,389.28	4.125	Aaa	4.159	714	08/15/2008	
912828DY3	10611	U.S.TREASURY NOTE	07/31/2006	1,000,000.00	988,440.00	988,203.13	3.625	Aaa	5.098	302	06/30/2007	
	<b>Subtotal and Average</b>	<b>987,617.19</b>			<b>15,000,000.00</b>	<b>14,657,630.00</b>				<b>3.138</b>	<b>561</b>	
<b>Medium Term Notes</b>												
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005	1,000,000.00	978,890.00	996,953.28	3.850	Aa	4.080	511	01/25/2008	
060505BH6	10596	Bank of America	04/13/2006	1,000,000.00	959,150.00	958,044.79	3.375	AA2	5.230	900	02/17/2009	
06423EPM1	10556	Bank One NA Illinois	01/18/2005	1,000,000.00	979,360.00	1,000,256.86	3.700		501	01/15/2008		
0727GOAV2	10515	Bayer Landes Bank	03/08/2004	2,000,000.00	1,993,600.00	2,000,480.70	2.600	Aaa	2.400	45	10/16/2006	
172967BS9	10466	Citigroup	05/12/2003	1,000,000.00	976,180.00	1,006,027.33	3.500	Aa1	3.040	518	02/01/2008	
172967BS9	10572	Citigroup	04/28/2005	1,585,000.00	1,547,745.30	1,571,722.87	3.500	Aa1	4.130	518	02/01/2008	
166760AA6	10455	ChevronTexaco	02/25/2003	1,000,000.00	981,680.00	1,004,616.42	3.500	Aa2	3.025	381	09/17/2007	
36962GB78	10465	General Electric Capital Corp	05/12/2003	1,000,000.00	972,540.00	1,005,356.98	3.500	Aaa	3.150	608	05/01/2008	
36966RFV3	10476	General Electric Capital Corp	06/19/2003	2,000,000.00	1,896,140.00	2,000,000.00	2.450	Aaa	2.450	653	06/15/2008	
375766AM4	10472	Gillette Company	05/27/2003	1,000,000.00	954,980.00	999,053.60	2.500	Aa3	2.558	639	06/01/2008	
441812KG8	10613	Household Finance Co	08/22/2006	1,000,000.00	988,760.00	987,228.02	4.750	AA3	5.260	987	05/15/2009	
59217EAD6	10477	Met Life	06/19/2003	1,000,000.00	951,140.00	1,000,838.80	2.600	Aa2	2.550	657	06/19/2008	
59217EAD6	10481	Met Life	07/25/2003	1,000,000.00	951,140.00	986,026.12	2.600	Aa2	3.450	657	06/19/2008	
742718BX6	10538	Procter & Gamble	08/02/2004	1,000,000.00	984,540.00	1,008,072.02	4.300	Aa3	3.850	714	08/15/2008	
717081AK9	10511	Pfizer Inc.	02/03/2004	1,000,000.00	985,130.00	1,000,074.35	2.500	Aaa	2.486	195	03/15/2007	

Portfolio CITY

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PM (PRF\_PM2) SymRept 6.41.2020

**City of Torrance  
Portfolio Management  
Portfolio Details - Investments  
August 31, 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
<b>Medium Term Notes</b>												
949746EX5	10464	Wells Fargo Co	500,000.00	05/12/2003	1,000,000.00	973,930.00	1,006,890.96	3.500	Aa1	3.031	581	04/04/2008
949746EX5	10557	Wells Fargo Co	500,000.00	01/24/2005	1,000,000.00	973,930.00	996,557.02	3.500	Aa1	3.730	581	04/04/2008
949746JQ5	10569	Wells Fargo Co	500,000.00	04/04/2005	1,000,000.00	983,930.00	997,358.98	4.125	Aa1	4.310	556	03/10/2008
981535BAE4	10604	World Savings Bank	500,000.00	06/05/2006	1,000,000.00	980,770.00	976,106.64	4.500	Aa3	5.440	1,018	06/15/2009
	<b>Subtotal and Average</b>		<b>318,445.42</b>		<b>21,585,000.00</b>	<b>21,013,035.30</b>	<b>21,501,664.82</b>			<b>3.472</b>	<b>565</b>	
<b>Municipal Bond Issues - Coupon</b>												
SYS10423	10423	Skpk-2001TxAllocRef Bd		12/18/2001	1,905,564.91	1,905,564.91	1,905,564.91	8.000		8.000	2,130	07/01/2012
		<b>Subtotal and Average</b>	<b>1,905,564.91</b>		<b>1,905,564.91</b>	<b>1,905,564.91</b>	<b>1,905,564.91</b>			<b>8.000</b>	<b>2,130</b>	
<b>Federal Agency Disc. -Amortizing</b>												
313385E93	10614	FEDERAL HOME LOAN BANK	80,000.00	08/28/2006	2,000,000.00	1,998,000.00	1,998,016.66	5.100	Aaa	5.108	7	09/08/2006
313385F43	10615	FEDERAL HOME LOAN BANK	80,000.00	08/28/2006	2,000,000.00	1,997,200.00	1,997,158.34	5.115	Aaa	5.125	10	09/11/2006
313589M91	10587	FEDERAL NATIONAL MORT ASSOC	80,000.00	02/13/2006	1,000,000.00	981,000.00	991,862.50	4.650	Aaa	4.839	63	11/03/2006
313589R47	10588	FEDERAL NATIONAL MORT ASSOC	80,000.00	02/13/2006	1,000,000.00	987,100.00	988,375.00	4.650	Aaa	4.853	90	11/30/2006
	<b>Subtotal and Average</b>		<b>515,386.61</b>		<b>6,000,000.00</b>	<b>5,973,300.00</b>	<b>5,975,412.50</b>			<b>5.027</b>	<b>31</b>	
	<b>Total and Average</b>		<b>33,514,045.39</b>		<b>133,823,898.24</b>	<b>132,115,228.54</b>	<b>133,699,464.13</b>	<b>4.057</b>	<b>502</b>			

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## **II. RESTRICTED FUNDS**

*Reports Appear Quarterly*

### III. CASH & INVESTMENT PORTFOLIO SHARE

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

	FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N	General	32,183,963.03	32,331,004.06	24.07
R	Parks & Recr Facility & Open Space	2,477,117.21	2,488,434.58	1.85
R	State Gas Tax	4,959,803.94	4,982,464.13	3.71
R	Federal Housing, Community Dev	289,235.35	290,556.80	0.22
R	Work Investment Network - WIN	(1,298,146.25)	(1,304,077.18) (B)	(0.97)
R	Street Lighting	422,819.39	424,751.15	0.32
R	Traffic Congestion Relief Act 2000 - AB2928	1,735,680.63	1,743,610.55	1.30
R	Police Asset Forfeiture	2,582,514.50	2,594,313.41	1.93
R	Drainage Improvement	376.28	378.00	0.00
N	Government Cable	1,768,522.54	1,776,602.51	1.32
R	Local Return - Proposition C	3,078,998.66	3,093,065.89	2.30
R	LACMTA Grants - Proposition C	20,109.30	20,201.17	0.02
R	Discretionary - Proposition C	9,453.58	9,496.77	0.01
R	Grants/Donations	331,763.45	333,279.20	0.25
R	Citizens Options for Public Safety (COPS) Grant Funds - AB3229	159,958.42	160,689.23	0.12
R	Seismic Education Fund	50,095.87	50,324.75	0.04
R	Rehabilitation Housing	497,118.81	499,390.03	0.37
R	Police Inmate Welfare Fund	78,046.13	78,402.70	0.06
N	Capital Improvements	14,787,284.35	14,854,844.01	11.06
R	Vanpool/Rideshare Fund	222,369.69	223,385.65	0.17
R	Torrance Improvement Fund	5,455,502.33	5,480,427.25	4.08
R	Animal Control Fund	170,238.06	171,015.84	0.13
R	Redevelopment-Capital Proj	5,981,404.61	6,008,732.25	4.47
R	Redevelopment Debt Service	608,943.55	611,725.67	0.46
N	Airport Fund	6,866,060.33	6,897,429.76	5.14
N	Transit Operations	1,884,499.53	1,893,109.37	1.41
R	Development Impact Fund	7,337.56	7,371.08	0.01
N	Water Operations	11,266,926.85	11,318,402.82	8.43
N	Emergency Medical Service Enterprise Fund	87,163.13	87,561.36	0.07
N	Sanitation Operations	2,943,456.75	2,956,904.72	2.20
N	Cultural Arts Enterprise	545,823.09	548,316.83	0.41
N	Sewer Enterprise Fund	9,368,447.82	9,411,250.08	7.01
N	Parks & Recr Enterprise Fund	395,419.63	397,226.21	0.30
N	Self Insurance Fund	6,677,522.44	6,708,030.49	4.99
N	Fleet Services	10,083,369.70	10,129,438.27	7.54
R	Postemployment/Compensated Absences Fund	3,369,166.51	3,384,559.45	2.52
R	Trust & Agency	3,631,097.35	3,647,686.99	2.72
<b>TOTAL</b>		<b>133,699,464.13</b>	<b>134,310,305.85</b>	<b>100.00</b>

R = Restricted Funds

N = Non-Restricted Funds

(A) The difference between the Share of Investments total of \$133,699,464.13 and the Pooled Cash and Investments total of \$134,310,305.85 is primarily due to outstanding warrants and adjusting journal entries. (See reconciliation schedule attached)

(B) Reimbursement for FY 04-05 in the amount of \$108,356 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 \$22,237 is pending from the County of Los Angeles Summer Youth Program.

Reimbursement for FY 05-06 in the amount of \$1,265 is pending from the City of Carson.

Reimbursement for FY 06-07 in the amount of \$111,694 is pending review and approval by the City of Los Angeles.

Reimbursement for FY 06-07 in the amount of \$6,395 is pending from the County of Los Angeles.

Reimbursement for FY 06-07 in the amount of \$217,772 is pending from the State of California.

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

## INVESTMENTS PER PORTFOLIO SUMMARY (City Pool)

133,699,464.13

## CASH AND INVESTMENTS PER BOOKS

134,310,305.85

## CASH IN BANKS:

Cash in B of A General Account	(\$520,850.24)
Cash in B of A Payroll Account	0.00

## **OUTSTANDING WARRANTS:**

General Account	989,974.03
Payroll Account	120,056.77
Workers Compensation Account	106,178.58
Housing Account	261,179.92      1,477,389.30

Miscellaneous outstanding adjusting journal entries (1,567,380.78)

## INVESTMENTS PER BOOKS

**\$133,699,464.13**