

Council Meeting of
February 07, 2006

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

Members of the Council:

SUBJECT: Investment Report for December 2005

RECOMMENDATION

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of December 2005.

FUNDING

Not applicable

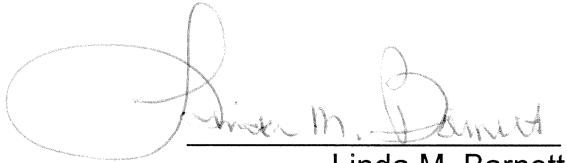
BACKGROUND

On June 22, 2004, Your Honorable Body, through passage of Resolution 04-75, 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 December 2005.

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

CITY OF TORRANCE

MONTHLY INVESTMENT PORTFOLIO REPORT
For the Month of December 2005Table of Contents

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**City of Torrance
Investment Portfolio Highlights
For December 2005**

RETURN

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	3.269	3.208
Average U.S. Treasury Constant Maturity	4.410	4.404
LAIIF Average Monthly Return	3.808	3.636
Average City Portfolio YTM - 1 year prior	2.806	2.770

INTEREST INCOME

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	1,824,705	1,492,990
Current month	282,979	233,640

MATURITY

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	556	593
Average Maturity 1 Year Prior (days)	729	764
Weighted Average Maturity (years)	1.53	2.10

VOLUMES

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	\$14,400,000	4
Maturities	\$13,600,000	11

Transactions include 4 deposits to and 8 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 December 31,2005</u>
Federal Agency (coup)	55,135,036	-4,000,000	-365,982	50,769,054
Treasury Securities	14,761,851	1,988,750	-124,600	16,626,001
Medium Term Notes	23,732,376	-2,506,125	-237,899	20,988,352
Municipal Bonds	2,257,501	-112,742	0	2,144,759
SUB-TOTAL PER GASB 31	95,886,764	-4,630,117	-728,481	90,528,166
<u>Non-GASB securities</u>				
LAIIF	26,700,000	-11,100,000	0	15,600,000
Money Market	0	0	0	0
Federal Agency – Disc.	0	0	0	0
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	-16,830,117	-720,967	106,128,166

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

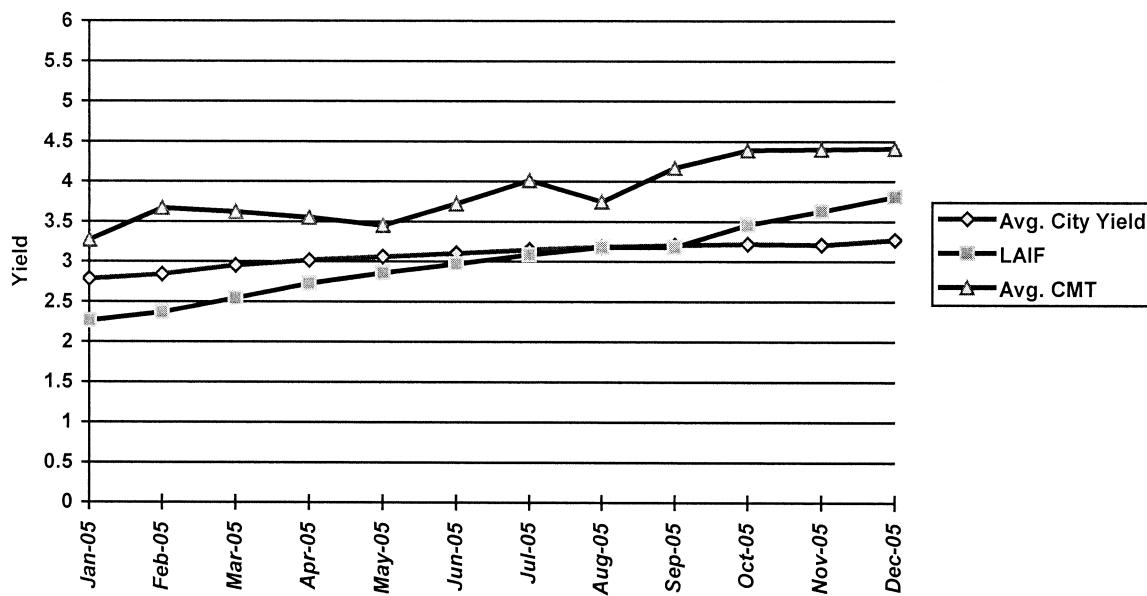
CITY OF TORRANCE

City Treasurer's Office

*Monthly Investment Report Summary
For the month of December 2005*

I. Return

36.61% of the portfolio is invested at one-year maturity or less as of December 31, 2005. The City Average yield on the portfolio was 3.269% compared to 4.41% for the U.S. Treasury at Constant Maturity (CMT) of 18 months. The portfolio performed below the benchmark as of December 31, 2005 by 114 basis points.



II. Volumes

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

III. Diversification of Investments

For the month of December the portfolio has three securities that matured totaling \$3 million. There were 4 deposits of \$14.4 million and 8 withdrawals of \$10.6 million from LAIF for the month. The portfolio was up by \$798,686 for total assets of \$108.1 million.

<u>Asset Category</u>	<u>December</u>	<u>November</u>
1. LAIF	14.42%	10.99%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	47.89%	51.04%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	15.75%	15.87%
6. Treasury Securities(Disc)	.00%	.00%
7. Medium Term Notes	19.95%	20.10%
8. Municipal Bonds	1.99%	2.00%
9. Certificate of Deposits(Disc)	.00%	.00%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

IV. Maturity

As of December 30, 2005, the current maturity allocation is 70.65% of the portfolio invested between the 6 month to 3-year maturity levels. 24.41% 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 \$26.5 million available for expenditures.

<u>As of Maturity</u>	<u>December 31, 2005</u>	<u>November 30, 2005</u>
0 to 6 months	24.59%	21.89%
6 months to 1 year	12.02%	12.01%
1 to 2 years	24.04%	24.94%
2 to 3 years	34.59%	35.49%
3 to 4 years	1.85%	2.77%
4 to 5 years	.92%	.92%
5 years and after	1.98%	1.98%

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 December 31, 2005**

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	15,600,000	14.42	**	1	1	N/A	3.808
Money Market Sweep Account	0	.00		1	1		.0000
Federal Agency Issues – Coupon	51,802,779	47.89*	45	1,203	560	5 years	3.143
Treasury Securities – Coupon	17,034,656	15.75	100	1,294	701	5 years	2.813
Medium Term Notes	21,581,029	19.95	20	1,330	650	5years	3.072
Municipal Bond Issue	2,144,758	1.99		3,848	2,373	N/A	8.000
Commercial Paper Disc-Amort	0	.00					.000
Treasury Discount-Amort	0	.00					.000
Certificate of Deposits-Disc	0	.00					.000
Total Investments & Averages	108,163,222	100.00		1,122	556		3.269
Pending Redemptions							
Accrued Interest at Purchase	1,202						
Total Cash & Purchase Interest	1,202						
Total Cash & Investments	108,164,424						

Portfolio Notes:

*These purchases were made while being within policy.

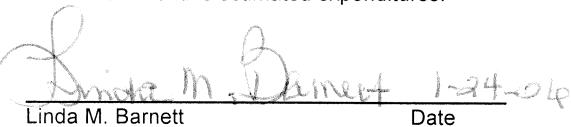
**Maximum allowed by Investment Policy is \$40 million per Agency.

General LAIF account = \$12,100,000

RDA LAIF account = \$3,500,000

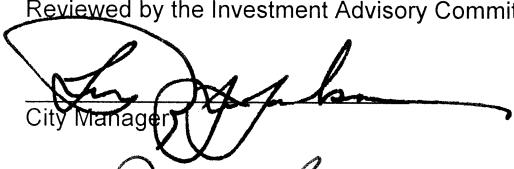
*Note: Our portfolio reflects that we are over the permitted amount in agencies which is due to the shrinkage in the overall portfolio size for the month.

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. 04-75 on June 22, 2004. 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.

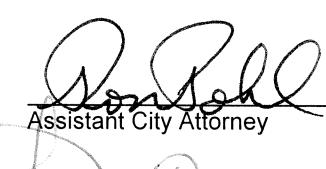

Linda M. Barnett

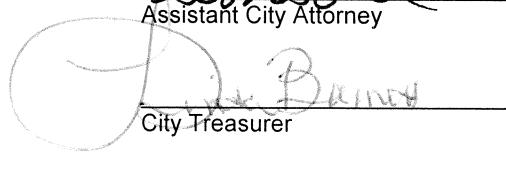
Date

Reviewed by the Investment Advisory Committee


City Manager


Director of Finance


Assistant City Attorney


City Treasurer

**City of Torrance
Portfolio Management
Activity Summary
December 2004 through December 2005**

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					
December	2004	87	100,055,666.78	2.767	2.806	2.134	12	1	1,096	729
January	2005	89	106,469,023.57	2.748	2.786	2.264	4	3	985	653
February	2005	91	115,713,120.44	2.803	2.842	2.368	3	1	1,000	651
March	2005	96	114,007,658.46	2.912	2.952	2.542	6	1	1,052	676
April	2005	99	115,487,819.34	2.976	3.018	2.724	4	1	1,018	642
May	2005	101	121,942,819.32	3.018	3.059	2.856	3	1	982	603
June	2005	91	124,477,786.96	3.061	3.104	2.967	1	11	1,013	603
July	2005	94	121,202,985.54	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
Average		93	114,117,826.77	3.021%	3.063%	2.949	3	2	1,068	628

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
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invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	MATURITY RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
(II) MATURITIES**										
10497	Smith Barney	12/01/2003	FFCB	AAA/Aaa	12/01/2005	2.200%	2.197%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
10502	Dean Witter	12/05/2003	FHLMC	AAA/Aaa	12/15/2005	2.500%	2.621%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
10499	Smith Barney	12/15/2003	FNMA	AAA/Aaa	12/05/2005	2.625%	2.497%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Weighted Average Yield

0.0000%

Weighted Average Yield	2.438%	3,000,000	3,000,000	3,000,000
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* 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) LAIF TRANSACTIONS

DEALER	DESCRIPTION	BEGIN BAL	RATE	YIELD	DEPOSITS/WITHDRAWALS	INTEREST	END BAL.
- State of California -	Local Agency Pool City RDA	6,400,000 5,400,000 <u>11,800,000</u>	3.808% 3.808% <u>3.808%</u>	3.808% 3.808% <u>3.808%</u>	8,700,000 1,900,000 <u>14,400,000</u>	12,100,000 3,500,000 <u>0</u>	15,600,000

**City of Torrance
Portfolio Management
Interest Earnings Summary
December 31, 2005**

	December 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	187,258.33	1,523,083.33
Plus Accrued Interest at End of Period	759,398.78	759,398.78
Less Accrued Interest at Beginning of Period	(700,624.60)	(731,906.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	246,032.51	1,550,576.11
Adjusted by Premiums and Discounts	-1,313.41	-618.40
Adjusted by Capital Gains or Losses	0.00	8,118.13
Earnings during Periods	244,719.10	1,558,075.84
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	318,007.24
Plus Accrued Interest at End of Period	112,289.18	112,289.18
Less Accrued Interest at Beginning of Period	(74,029.56)	(163,667.70)
Interest Earned during Period	38,259.62	266,628.72
Total Interest Earned during Period	284,292.13	1,817,204.83
Total Adjustments from Premiums and Discounts	-1,313.41	-618.40
Total Capital Gains or Losses	0.00	8,118.13
Total Earnings during Period	282,978.72	1,824,704.56

City of Torrance
Portfolio Management
Portfolio Details - Investments
December 31, 2005

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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
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L			12,100,000.00	12,100,000.00				3.808		1
SYS10001	10001	Local Agency Invest Fund RDA			3,500,000.00	3,500,000.00				3.808		1
		Subtotal and Average	12,416,129.03		15,600,000.00	15,600,000.00				3.808		1
Money Market Sweep Account												
SYS10131	10131	Bank of America			0.00	0.00				0.450		1
SYS1000	1000	Union Bank of California		07/01/2005	0.00	0.00				0.750		1
		Subtotal and Average	0.00		0.00	0.00				0.000		0
Federal Agency Issues - Coupon												
31331QP27	10474	FEDERAL FARM CREDIT BANK	06/12/2003		1,000,000.00	989,060.00				2.050		162
31331Q7E1	10483	FEDERAL FARM CREDIT BANK	08/06/2003		1,000,000.00	975,000.00				3.100		582
31331TGG0	10491	FEDERAL FARM CREDIT BANK	10/15/2003		1,000,000.00	978,130.00				3.450		652
31331TQP9	10507	FEDERAL FARM CREDIT BANK	02/09/2004		1,000,000.00	969,690.00				3.000		677
31331TTUH2	10512	FEDERAL FARM CREDIT BANK	03/18/2004		1,000,000.00	984,060.00				2.350		260
31331TVG3	10513	FEDERAL FARM CREDIT BANK	03/24/2004		1,000,000.00	967,810.00				3.000		300
31331TYR6	10516	FEDERAL FARM CREDIT BANK	04/22/2004		1,000,000.00	963,750.00				2.610		659
31331TYD7	10519	FEDERAL FARM CREDIT BANK	04/15/2004		1,000,000.00	957,810.00				3.080		1,018
31331TZG9	10520	FEDERAL FARM CREDIT BANK	04/12/2004		1,000,000.00	974,690.00				2.690		466
31331TB91	10526	FEDERAL FARM CREDIT BANK	04/29/2004		1,000,000.00	971,880.00				3.100		666
31331TL90	10531	FEDERAL FARM CREDIT BANK	05/17/2004		1,000,000.00	982,500.00				3.450		501
31331TDE8	10534	FEDERAL FARM CREDIT BANK	05/13/2004		1,000,000.00	988,440.00				2.900		247
31331SMB6	10559	FEDERAL FARM CREDIT BANK	02/02/2005		1,000,000.00	982,190.00				3.700		670
31331SNB5	10567	FEDERAL FARM CREDIT BANK	03/10/2005		1,000,000.00	977,190.00				3,550		757
31331SRL9	10570	FEDERAL FARM CREDIT BANK	04/04/2005		1,000,000.00	989,060.00				2,750		409
31331SD42	10576	FEDERAL FARM CREDIT BANK	06/30/2005		1,000,000.00	985,630.00				4,125		911
31331VNP4	10445	FEDERAL HOME LOAN BANK	02/06/2003		833,333.33	816,925.00				3,750		3,757
31331YYU5	10469	FEDERAL HOME LOAN BANK	06/05/2003		1,000,000.00	966,250.00				3,250		886
31339XBY9	10471	FEDERAL HOME LOAN BANK	05/28/2003		2,000,000.00	1,950,620.00				2,550		423
31339YAG7	10478	FEDERAL HOME LOAN BANK	07/16/2003		1,000,000.00	975,630.00				2,350		380
31339YF23	10479	FEDERAL HOME LOAN BANK	07/23/2003		1,000,000.00	976,250.00				2,430		387
31339YKX9	10480	FEDERAL HOME LOAN BANK	07/30/2003		1,000,000.00	958,440.00				3,000		941
31339XFJ3	10482	FEDERAL HOME LOAN BANK	08/13/2003		1,000,000.00	980,940.00				4,000		955
3133XIRC3	10493	FEDERAL HOME LOAN BANK	10/30/2003		1,000,000.00	977,500.00				3,250		575
3133X2A28	10495	FEDERAL HOME LOAN BANK	11/26/2003		1,000,000.00	981,250.00				3,350		509
31339YVV1	10503	FEDERAL HOME LOAN BANK	01/12/2004		1,000,000.00	967,810.00				3,375		932

Portfolio CITY

PM (PRF_PM2) SymRept 6.41 2025
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City of Torrance
Portfolio Management
Portfolio Details - Investments
December 31, 2005

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												
3133X3JR5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	02/13/2004	974,380.00	999,422.62	3,070	Aaa	3.108	589	08/13/2007	
3133X1UJ7	10509	FEDERAL HOME LOAN BANK	2,000,000.00	01/30/2004	1,969,380.00	1,998,926.57	2,750	Aaa	2.819	292	10/20/2006	
3133X5DY1	10518	FEDERAL HOME LOAN BANK	1,000,000.00	04/13/2004	981,560.00	1,000,000.00	2,250	Aaa	2.250	285	10/13/2006	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	960,310.00	1,000,000.00	3,420	Aaa	3.420	1,206	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	04/21/2004	983,750.00	1,000,000.00	3,500	Aaa	3.500	1,206	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	05/28/2004	983,440.00	1,000,000.00	3,280	Aaa	3.281	423	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	02/24/2005	983,440.00	1,000,000.00	3,685	Aaa	3.685	600	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	03/03/2005	984,380.00	1,000,000.00	4,000	Aaa	4.000	792	03/03/2008	
3133XAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	03/07/2005	983,750.00	1,000,000.00	3,825	Aaa	3.827	705	12/07/2007	
3133XAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	03/08/2005	981,880.00	1,000,000.00	4,000	Aaa	4.000	981	09/08/2008	
3133XAXE2	10566	FEDERAL HOME LOAN BANK	1,000,000.00	03/22/2005	990,000.00	1,000,000.00	3,700	Aaa	3.702	355	12/22/2006	
3133XBHH1	10571	FEDERAL HOME LOAN BANK	1,000,000.00	04/27/2005	994,380.00	1,000,000.00	4,010	Aaa	4.010	299	10/27/2006	
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	06/04/2003	977,710.00	1,000,000.00	2,250	Aaa	2.250	337	12/04/2006	
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	11/17/2003	985,290.00	1,000,000.00	3,000	Aaa	3,000	320	11/17/2006	
3128X2QJ7	10504	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	02/09/2004	997,400.00	1,000,000.00	2,030	Aaa	2,030	39	02/09/2006	
3128X2TP0	10506	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	02/11/2004	996,850.00	1,000,000.00	2,040	Aaa	2,040	47	02/17/2006	
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	01/30/2004	956,460.00	985,689.09	3,110	Aaa	3,644	1,075	12/11/2008	
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	04/19/2004	968,780.00	1,000,000.00	2,920	Aaa	2,920	656	10/19/2007	
3128X3CB7	10527	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	05/05/2004	994,590.00	1,000,000.00	3,000	Aaa	3,000	124	05/05/2006	
31359MRV7	10467	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	05/27/2003	990,940.00	1,000,000.00	2,250	Aaa	2,250	145	05/26/2006	
3136F4TX2	10496	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	11/25/2003	992,810.00	1,000,000.00	2,720	Aaa	2,720	144	05/25/2006	
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	04/19/2004	971,880.00	1,000,000.00	2,500	Aaa	2,500	473	04/19/2007	
31359MVC4	10536	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	05/11/2004	986,560.00	999,892.22	3,750	Aaa	3,761	501	05/17/2007	
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	07/28/2005	990,630.00	1,000,000.00	4,300	Aaa	4,300	757	01/28/2008	
Subtotal and Average			1,000,000.00		51,833,333.33	50,769,055.00				51,802,779.25		
Treasury Securities - Coupon												
912828AZ3	10475	U.S. TREASURY NOTE	5,000,000.00	06/16/2003	4,803,150.00	5,057,586.35	2,625	Aaa	2,110	865	05/15/2008	
912828BG4	10484	U.S. TREASURY NOTE	1,000,000.00	08/15/2003	972,300.00	997,606.19	3,250	Aaa	3,350	957	08/15/2008	
912828BF4	10498	U.S. TREASURY NOTE	1,000,000.00	11/17/2003	984,650.00	1,001,459.20	2,625	Aaa	2,450	318	11/15/2006	
912828CDO	10517	U.S. TREASURY NOTE	2,000,000.00	03/31/2004	1,987,420.00	1,999,885.70	1,500	Aaa	1,524	89	03/31/2006	
912828CG3	10535	U.S. TREASURY NOTE	1,000,000.00	05/17/2004	982,700.00	999,464.93	3,125	Aaa	3,166	499	05/15/2007	
912828CQ1	10539	U.S. TREASURY NOTE	1,000,000.00	08/02/2004	990,590.00	999,776.83	2,750	Aaa	2,790	211	07/31/2006	
912828D16	10561	U.S. TREASURY NOTE	1,000,000.00	01/31/2005	986,020.00	998,648.58	3,125	Aaa	3,255	395	01/31/2007	
912828DK3	10565	U.S. TREASURY NOTE	1,000,000.00	02/15/2005	979,410.00	998,301.37	3,375	Aaa	3,460	775	02/15/2008	
912828DK3	10574	U.S. TREASURY NOTE	1,000,000.00	05/09/2005	979,410.00	991,982.92	3,375	Aaa	3,775	775	02/15/2008	
Subtotal and Average			1,000,000.00		51,833,333.33	50,769,055.00				51,802,779.25		
Portfolio CITY												
AP												

City of Torrance
Portfolio Management
Portfolio Details - Investments
December 31, 2005

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Treasury Securities - Coupon												
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005		1,000,000.00	985,780.00	998,172.09	3.750	Aaa	3.831	865	05/15/2008
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005		1,000,000.00	980,080.00	992,590.86	3.875	Aaa	4.057	1,656	07/15/2010
912828EC0	10580	U.S.TREASURY NOTE	08/15/2005		1,000,000.00	994,490.00	999,181.40	4.125	Aaa	4.159	957	08/15/2008
		Subtotal and Average	1,991,692.31		17,000,000.00	16,626,000.00	17,034,656.42			2.813	701	
Medium Term Notes												
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005		1,000,000.00	980,480.00	995,502.46	3.850	Aa	4.080	754	01/25/2008
06423EPM1	10556	Bank One NA Illinois	01/18/2005		1,000,000.00	978,990.00	1,000,381.65	3.700		3.680	744	01/15/2008
0727G0AV2	10515	Bayer Landes Bank	03/08/2004		2,000,000.00	1,963,820.00	2,003,044.46	2.600	Aaa	2.400	288	10/16/2006
172967BS9	10466	Citigroup	05/12/2003		1,000,000.00	973,560.00	1,008,858.18	3.500	Aa1	3.040	761	02/01/2008
172967BS9	10572	Citigroup	04/28/2005		1,585,000.00	1,543,092.60	1,565,474.81	3.500	Aa1	4.130	761	02/01/2008
166760AA6	10455	ChevronTexaco	02/25/2003		1,000,000.00	979,630.00	1,007,563.07	3.500	Aa2	3.025	624	09/17/2007
36962GB78	10465	General Electric Capital Corp	05/12/2003		1,000,000.00	971,350.00	1,007,498.49	3.500	Aaa	3.150	851	05/01/2008
36962GA46	10470	General Electric Capital Corp	05/23/2003		1,000,000.00	998,910.00	1,000,654.97	2.850	Aaa	2.009	29	01/30/2006
36966RFV3	10476	General Electric Capital Corp	06/19/2003		2,000,000.00	1,882,360.00	2,000,000.00	2.450	Aaa	2.450	896	06/15/2008
375766AM4	10472	Gillette Company	05/27/2003		1,000,000.00	948,050.00	998,693.07	2.500	Aa3	2.558	882	06/01/2008
59217EAD6	10477	Met Life	06/19/2003		1,000,000.00	942,930.00	1,001,149.47	2.600	Aa2	2.550	900	06/19/2008
59217EAD6	10481	Met Life	07/25/2003		1,000,000.00	942,930.00	980,850.61	2.600	Aa2	3.450	900	06/19/2008
742718BX6	10338	Procter & Gamble	08/02/2004		1,000,000.00	988,850.00	1,010,823.84	4.300	Aa3	3.850	957	08/15/2008
717081AK9	10511	Pfizer Inc.	02/03/2004		1,000,000.00	972,670.00	1,000,166.33	2.500	Aaa	2.486	438	03/15/2007
89233PQM1	10514	Toyota Motor Credit	03/08/2004		1,000,000.00	999,410.00	1,000,429.31	2.800	Aa1	1.870	17	01/18/2006
89233PSC1	10558	Toyota Motor Credit	01/24/2005		1,000,000.00	992,980.00	998,841.33	3.000	Aa1	3.270	159	06/09/2006
949746EX5	10464	Wells Fargo Co	05/12/2003		1,000,000.00	971,680.00	1,009,777.22	3.500	Aa1	3.031	824	04/04/2008
949746EX5	10557	Wells Fargo Co	01/24/2005		1,000,000.00	971,680.00	995,114.93	3.500	Aa1	3.730	824	04/04/2008
949746JQ5	10569	Wells Fargo Co	04/04/2005		1,000,000.00	984,980.00	996,204.43	4.125	Aa1	4.310	799	03/10/2008
		Subtotal and Average	2,560,527.13		21,585,000.00	20,988,352.60	21,581,028.63			3.072	650	
Municipal Bond Issues - Coupon												
SYS10423	10423	Skpk-2001TxAllocRef Bd	12/18/2001		2,144,758.46	2,144,758.46	2,144,758.46	8,000		8,000	2,373	07/01/2012
		Subtotal and Average	2,144,758.46		2,144,758.46	2,144,758.46	2,144,758.46			8,000	2,373	

**City of Torrance
Portfolio Management
Portfolio Details - Investments
December 31, 2005**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's Rate	YTM	Days to Maturity
	Total and Average		20,113,106.94	108,163,091.79	106,128,166.06	108,163,222.76				3.263	556

II. RESTRICTED FUNDS

Reports Appear Quarterly

CASH AND INVESTMENTS HELD BY FISCAL AGENT
FOR PERIOD ENDING
December 31, 2005

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, 2024 & June 1, 2034)</i>						
Construction Fund Acct #360646	12,601,762.15			12,601,762.15	2.47	MBIA INVEST AGREEMENT**
	1,252.69			1,252.69	3.90	Hamilton Trsy Money Fd Premier
Required Reserve Acct #360649	2,777,212.50	2,777,212.50		2,777,212.50	4.95	MBIA Invest Agreement**
Required Reserve Acct #360649						Hamilton Trsy Money Fd Premier
Lease Paymt Fund Acct # 360648	1,486.38			1,486.38	3.91	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	487.18			487.18	3.77	Fidelity US Trsy Port III
Acq & Constr Fund Acct # 428587	117.91			117.91	3.77	Fidelity US Trsy Port III
Reserve Acct # 428590						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	AlG 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		180.84		180.84	3.87	JP Morgan Prime MM Premier
Cost of Issuance acct #360758						JP Morgan Prime MM Premier
Reserve Cash Acct #360760	8,226.18			8,226.18		
Reserve Acct. #360760	33.35			33.35	3.86	JP Morgan Prime MM Premier
Required Reserve Acct # 360760	505,000.00	505,000.00	8,259.51	505,000.00	4.34	FSA Capital Management Invest Agmnt

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	113.03	386,890.00		28,373.85	3.76	Fidelity Treas Money Market
Reserve Acct # 428469	607,004.34			607,004.34	3.910	AIM Prime Money Market

CASH AND INVESTMENTS HELD BY FISCAL AGENT
 FOR PERIOD ENDING
 December 31, 2005

Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
Torrance RDA (Industrial) 98B (matures Sept. 1, 2028)						
Costs of Issuance / Interest Acct # 428529	170.19			170.19	3.77	Fidelity US Trsy Port III
Reserve Acct # 428517	17,824.93			17,824.93	3.92	AIM Prime Money Market
Reserve Acct # 428517	1,056,180.55	1,037,985.00	36,020.48	1,056,180.55	1.70	BNY Cash Reserve
Bank of New York Western Trust Co.	Book Value	Reserve Requirement	Over/Under Funded Reserve(1)(2) (market value)	Market Value	Yield	Investment Description
Torrance RDA (Industrial) 99C (matures Sept. 1, 2028)						
Interest Acct # 428877	228.72			228.72	3.76	Fidelity US Trsy Port III
Reserve acct # 428882	1,300,480.00	1,300,480.00	0.00	1,300,480.00	5.980	AMBAC Investment Agmnt **
TOTAL: ALL CASH & INVESTMENTS	19,430,845.94			19,430,845.94		

** 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

Period Ending
December 31, 2005

457PLAN A
PERMAMENT EMPLOYEES

Participant Account Summary

Beginning Balance	Contributions	Acct. Transfers In	Interest	Change in Value	Fees	Hardship	Payouts	Acct. Transfers Out	Outstanding Loans	Ending Balance
94,165,381.44	1,945,724.77	8,861,778.80	1,503,176.28	585,341.70	(1,248.77)	(1,096,814.69)	(8,861,778.80)	(1) 1,074,052.57	97,101,560.73	
Investment Type	Book Value	Market Value								
Fixed Funds (GCF)	1,590,583.59	1,590,583.59								
Variable Funds	57,244,431.13	57,244,431.13								
Stable Value Fund	38,266,546.01	38,266,546.01								
1) Outstanding Loan	1,074,052.57	1,074,052.57								
Totals	98,175,613.30	98,175,613.30								

(1) Participant Loan Outstanding Balance included in Total Assets

457PLAN B
RECRUITMENT, PART-TIME/TEMPORARY EMPLOYEES

Beginning Balance	Contributions	Acct. Transfers In	Interest	Change in Value	Fees	Hardship	Payouts	Acct. Transfers Out	Outstanding Loans	Ending Balance
1,729,310.84	75,461.54	5,234.01	7,715.28	820.20	0.00	0.00	(53,917.89)	(5,234.01)	1,759,889.97	
Investment Type	Book Value	Market Value								
Variable Funds	57,247.60	57,247.60								
Fixed Funds	1,688,380.25	1,688,380.25								
Govt Guaranteed	14,262.12	14,262.12								
Totals	1,759,889.97	1,759,889.97								

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
2,776,969.12	200,913.48	180,798.84	52,286.11	2,103.67	(75.72)	0	(30,704.52)	(180,798.84)	(1) 6,491.74	3,001,492.14
Investment Type	Book Value	Market Value								
Fixed Funds	975.14	975.14								
Variable Funds	1,769,455.52	1,769,455.52								
Stable Value Fund	1,231,061.48	1,231,061.48								
Outstanding Loans	6,491.74	6,491.74								
Totals	3,007,983.88	3,007,983.88								

(1) Outstanding Loan Balance included in Total Assets										
RETIREMENT HEALTH SAVINGS PLAN (RHSP)										
<i>MANAGEMENT, POLICE, FIRE, ASWC.</i>										

Beginning Balance	Contributions	Distributions	Fees	Gain/Loss	Ending Balance
1,313,529.23	1,160,076.92	(296,143.26)	(8,687.75)	64,563.99	2,233,339.13
Investment Type	Book Value	Market Value			
Variable Funds	895,922.29	895,922.29			
Stable Value Funds	1,337,406.84	1,337,406.84			
Totals	2,233,339.13	2,233,339.13			

III. CASH & INVESTMENT PORTFOLIO SHARE

CITY OF TORRANCE
CASH AND INVESTMENT PORTFOLIO SHARE (A)
AS OF DECEMBER 31, 2005 (PRE-CLOSE)

FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N General	15,282,848.41	15,012,975.90	14.13
R Parks & Recr Facility & Open Space	2,247,213.98	2,207,531.50	2.08
R State Gas Tax	4,706,217.32	4,623,112.48	4.35
R Federal Housing, Community Dev	577,975.71	567,769.51	0.53
R Work Investment Network - WIN	(617,041.30)	(606,145.26) (B)	(0.57)
R Street Lighting	856,622.51	841,495.82	0.79
R Traffic Congestion Relief Act 2000 - AB2928	187,383.87	184,074.95	0.17
R Police Asset Forfeiture	3,178,489.01	3,122,361.59	2.94
R Drainage Improvement	109.60	107.66	0.00
N Government Cable	1,429,830.87	1,404,582.17	1.32
R Local Return - Proposition C	2,718,032.39	2,670,035.96	2.51
R LACMTA Grants - Proposition C	20,564.31	20,201.17	0.02
R Discretionary - Proposition C	9,667.48	9,496.77	0.01
R Bicycle Transportation	8.54	8.39	0.00
R Grants/Donations	(1,077,589.47)	(1,058,560.83) (C)	(1.00)
R Benstead Plunge 1996, Madrona Marsh Nature Reserve, Wilson Pk, Tennis Court, Landscape - Proposition A	592.74	582.27	0.00
R Citizens Options for Public Safety (COPS) Grant Funds - AB3229	310,228.08	304,749.91	0.29
R Seismic Education Fund	49,354.47	48,482.94	0.05
R Rehabilitation Housing	472,811.89	464,462.73	0.44
R Police Inmate Welfare Fund	73,667.37	72,366.51	0.07
N Capital Improvements	14,731,108.28	14,470,978.68	13.62
R Vanpool/Rideshare Fund	244,330.74	240,016.22	0.23
R Torrance Improvement Fund	5,518,220.83	5,420,777.21	5.10
R Animal Control Fund	196,255.45	192,789.87	0.18
R Redevelopment-Capital Proj	5,796,109.94	5,693,759.21	5.36
R Redevelopment Debt Service	893,108.31	877,337.34	0.83
N Airport Fund	4,490,208.44	4,410,918.00	4.15
N Transit Operations	627,502.33	616,421.57	0.58
N Water Operations	12,244,838.10	12,028,612.36	11.32
N Emergency Medical Service Enterprise Fund	143,403.02	140,870.73	0.13
N Sanitation Operations	2,851,939.26	2,801,578.23	2.64
N Cultural Arts Enterprise	479,438.72	470,972.54	0.44
N Sewer Enterprise Fund	10,569,445.35	10,382,804.57	9.77
N Parks & Recr Enterprise Fund	26,111.46	25,650.37	0.02
N Self Insurance Fund	7,163,133.02	7,036,642.68	6.62
N Fleet Services	8,415,376.02	8,266,772.92	7.78
R Trust & Agency	3,345,705.70	3,286,625.48	3.09
TOTAL	108,163,222.76	106,253,220.12	100.00

R = Restricted Funds

N = Non-Restricted Funds

- (A) The difference between the Share of Investments total of \$108,163,222.76 and the Pooled Cash and Investments total of \$106,253,220.12 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 \$294,505 is pending review and approval by the City of Los Angeles.
- (C) (1) A-15 Artesia Median Landscaping - <\$582,004> and Gardena's share <169,323>
On 1/13/06, the City of Torrance received \$701,727 from the State of California for payment of the Caltrans invoice.
(2) FEAP 331-Lago Seco Park Development - Primary Elements has a negative cash balance of <\$689,291>. Community Services will submit a partial reimbursement request in January 2006.

**CITY OF TORRANCE
CASH AND INVESTMENT RECONCILIATION
AS OF DECEMBER 31, 2005
(PRE-CLOSE)**

INVESTMENTS PER PORTFOLIO SUMMARY
(City Pool)

108,163,222.76

CASH AND INVESTMENTS PER BOOKS

106,253,220.12

CASH IN BANKS:

Cash in B of A General Account	(\$1,437,232.26)
Cash in B of A Payroll Account	0.00

OUTSTANDING WARRANTS:

General Account	1,836,208.88
Payroll Account	273,504.89
Workers Compensation Account	171,277.06
Housing Account	<u>263,109.75</u>
	2,544,100.58

Miscellaneous outstanding adjusting journal entries	803,134.32
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INVESTMENTS PER BOOKS

\$108,163,222.76