

Council Meeting of  
July 11, 2006

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

Members of the Council:

**SUBJECT: Investment Report for May 2006**

**RECOMMENDATION**

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

**Investment Committee Note**

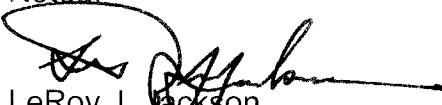
The Investment Committee, made up of the Finance Director, City Manager, Assistant City Attorney, and City Treasurer, as created by your Honorable Body, has reviewed the attached report and find that it is in concurrence with the City of Torrance Investment Policy.

Respectfully submitted,



Linda M. Barnett  
City Treasurer

Noted:



LeRoy J. Jackson  
Investment Committee Member

Cc: City Manager  
City Clerk

## CITY OF TORRANCE

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

#### Table of Contents

	<u>Page No.</u>
<b>I. CITY OF TORRANCE – POOLED FUNDS</b>	
<i>A. <u>Summary Reports</u></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. <u>Detailed Reports</u></i>	
Investment Portfolio Details and Quality Ratings	8-11
<b>II. RESTRICTED FUNDS</b>	
(Reports Appear Quarterly)	
<b>III. CASH &amp; INVESTMENT PORTFOLIO SHARE</b>	
Cash & Investment Share as of May 31, 2006	12
Cash & Investment Reconciliation	13

City of Torrance  
Investment Portfolio Highlights  
For May 2006

**RETURN**

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	3.888	3.721
Average U.S. Treasury Constant Maturity	5.070	4.940
LAIIF Average Monthly Return	4.363	4.304
Average City Portfolio YTM - 1 year prior	3.058	3.018

**INTEREST INCOME**

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	3,637,549	2,578,350
Current month	416,065	290,240

**MATURITY**

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	468	480
Average Maturity 1 Year Prior (days)	603	676
Weighted Average Maturity (years)	1.29	1.32

**VOLUMES**

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	20,200,000	12
Maturities	13,735,000	12

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 May 31, 2006</u>
Federal Agency (coup)	55,135,036	9,992,238	-441,783	64,685,491
Treasury Securities	14,761,851	-11,250	-193,720	14,556,881
Medium Term Notes	23,732,376	-3,554,615	-285,197	19,892,565
Municipal Bonds	2,257,501	-229,994	0	2,027,507
<b>SUB-TOTAL PER GASB 31</b>	<b>95,886,764</b>	<b>6,196,379</b>	<b>-920,700</b>	<b>101,162,443</b>
<u>Non-GASB securities</u>				
LAIF	26,700,000	2,600,000	0	29,300,000
Money Market	0	0	0	0
Federal Agency -- Disc.	0	3,882,993	50,707	3,933,700
Treasury Security - Disc.	0	0	0	0
Certificate of Deposits -Disc.	0	0	0	0
Commercial paper	1,092,486	-1,100,000	7,514	0
<b>TOTAL PORTFOLIO</b>	<b>123,679,250</b>	<b>11,579,372</b>	<b>-862,479</b>	<b>134,396,143</b>

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

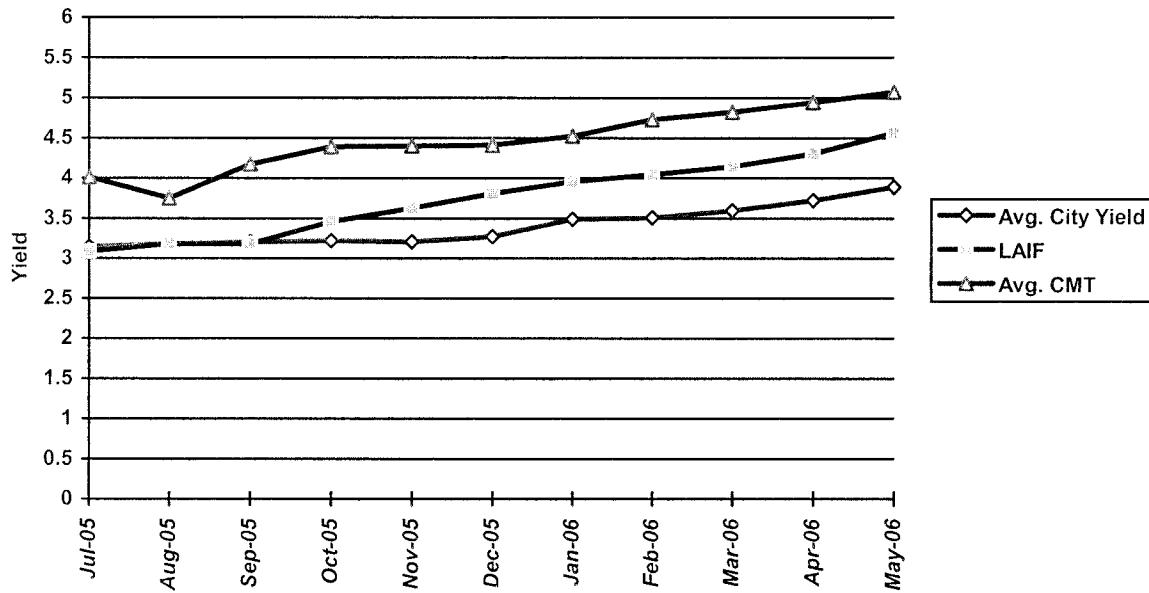
# CITY OF TORRANCE

## *City Treasurer's Office*

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

### I. Return

49.22% of the portfolio is invested at one-year maturity or less as of May 31, 2006. The City Average yield on the portfolio was 3.888% compared to 5.07% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of May 31, 2006 by 118 basis points.



### II. Volumes

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

### III. Diversification of Investments

The activity in the month of May consisted of 5 purchases totaling \$5.0 million with an average rate of return of 5.60% and 3 redemption's totaling \$3.0 million with an average rate of return of 2.49%. The activity in the LAIF Account consisted of 7 deposits of \$15.2 million and 9 withdrawals of \$10.7 million. The portfolio was up by \$6.5 million for total assets of \$136.6 million.

<u>Asset Category</u>	<u>May</u>	<u>April</u>
1. LAIF	21.44%	19.08%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	48.17%	49.02%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	11.00%	11.55%
6. Treasury Securities(Disc)	.00%	.00%
7. Medium Term Notes	15.03%	15.78%
8. Municipal Bonds	1.48%	1.56%
9. Federal Agency (Disc)	2.88%	3.01%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

### IV. Maturity

As of May 31, 2006, the current maturity allocation is 56.61% of the portfolio invested between the 6 month to 3-year maturity levels. 36.79% of our portfolio is under the 0-6 month maturity level, we are adequately meeting the 6-month liquidity requirement of SB 564\* with approximately \$50.20 million available for expenditures.

<u>As of Maturity</u>	<u>May 31, 2006</u>	<u>April 30, 2006</u>
0 to 6 months	36.79%	35.18%
6 months to 1 year	12.43%	12.28%
1 to 2 years	28.09%	27.19%
2 to 3 years	16.09%	19.19%
3 to 4 years	.73%	1.54%
4 to 5 years	2.19%	2.30%
5 years and after	3.68%	2.32%

### 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 May 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	29,300,000	21.44	**	1	1	N/A	4.563
Money Market Sweep Account	0	.00		1	1		.0000
Federal Agency Issues – Coupon	65,804,927	48.16	75	1,146	570	5 years	3.801
Federal Farm Credit Bank	18,990,724	13.87	30	385	365	5 years	5.295
Federal Home Loan Bank	32,827,494	24.00	30	412	388	5 years	5.245
Federal Home Loan Mortgage Corp.	9,986,805	7.34	30	328	312	5 years	6.188
Federal National Mortgage Assoc.	7,938,607	5.86	30	157	146	5 years	5.860
Treasury Securities – Coupon	15,028,260	11.00	100	1,368	631	5 years	2.986
Medium Term Notes	20,534,316	15.03	20	1,365	583	5years	3.283
Municipal Bond Issue	2,027,507	1.48		3,848	2,222	N/A	8.000
Federal Agency Disc	3,933,703	2.88		226	118	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	136,633,713	100.00		971	468		3.888
Pending Redemptions							
Accrued Interest at Purchase	13,404						
Total Cash & Purchase Interest	13,404						
Total Cash & Investments	136,647,117						

**Portfolio Notes:**

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

General LAIF account = \$24,100,000

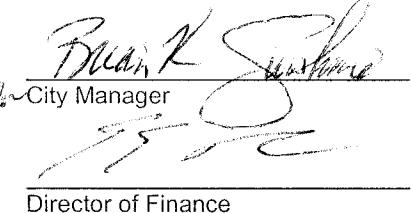
RDA LAIF account = \$5,200,000

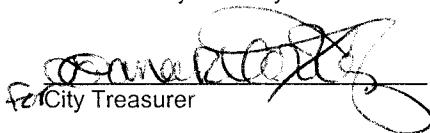
I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Res. 06-01 on January 10, 2006. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides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

  
Linda M. Barnett  
City Treasurer

Date  
*6/27/06*

Reviewed by the Investment Advisory Committee

  
Brian K. Sustikas  
City Manager  
  
Director of Finance

  
Ron Rohr  
Assistant City Attorney  
  
  
Linda M. Barnett  
City Treasurer

**City of Torrance  
Portfolio Management  
Activity Summary  
May 2005 through May 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					
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
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
	Average	93	118,548,603.77	3.302%	3.347%	3.640	2	2	1,055	553

May 2006

9

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAY'S TO MATURITY	RATE	YIELD	PAR VALUE	MARKET VALUE
<b>(I) PURCHASES*</b>										
10598	Smith Barney	05/10/2006	FHLMC	AAA/Aaa	05/10/2011	343	5.700%	5.700%	1,000,000	1,000,000
10599	Higgins Capital	05/19/2006	FHLB	AAA/Aaa	05/19/2011	1083	5.520%	5.520%	1,000,000	995,630
10600	BroadStreet	05/04/2006	FFCB	AAA/Aaa	05/04/2009	1068	5.250%	5.250%	1,000,000	998,130
10601	Citigroup	05/10/2006	FHLMC	AAA/Aaa	11/10/2008	162	5.500%	5.500%	1,000,000	998,780
10602	Higgins Capital	05/24/2006	FHLMC	AAA/Aaa	05/24/2011	176	6.000%	6.000%	1,000,000	998,550

Weighted Average Yield  
5.594%

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
<b>(II) MATURITIES**</b>										
10527	Smith Barney	05/05/2004	FHLMC	AAA/Aaa	05/05/2006	2.000%	3.000% \$	1,000,000	\$ 1,000,000	\$ 1,000,000
10496	First Tennessee	11/25/2003	FNMA	AAA/Aaa	05/25/2006	2.720%	2.720% \$	1,000,000	\$ 1,000,000	\$ 1,000,000
10467	Dean Witter	05/27/2003	FNMA	AAA/Aaa	05/26/2006	2.250%	2.250% \$	1,000,000	\$ 1,000,000	\$ 1,000,000

Weighted Average Yield  
2.657%

\* 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	19,635,000	4.563%	4.563%	15,000,000	10,535,000	24,100,000	
	City	5,200,000	4.563%	4.563%	200,000	200,000	5,200,000	
	RDA	\$ 24,835,000			\$ 15,200,000	\$ 10,735,000	\$ 29,300,000	

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

	May 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	284,208.33	2,850,774.83
Plus Accrued Interest at End of Period	820,538.15	820,538.15
Less Accrued Interest at Beginning of Period	( 798,938.85)	( 756,572.67)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	305,807.63	2,914,740.31
Adjusted by Premiums and Discounts	19,932.83	60,383.48
Adjusted by Capital Gains or Losses	0.00	8,118.13
Earnings during Periods	325,740.46	2,983,241.92
<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	656,794.09
Plus Accrued Interest at End of Period	161,180.21	161,180.21
Less Accrued Interest at Beginning of Period	( 70,855.38)	( 163,667.70)
Interest Earned during Period	90,324.83	654,306.60
Total Interest Earned during Period	396,132.46	3,569,046.91
Total Adjustments from Premiums and Discounts	19,932.83	60,383.48
Total Capital Gains or Losses	0.00	8,118.13
Total Earnings during Period	416,065.29	3,637,548.52

**10**

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Report Ver. 5.09

**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 31, 2006**

11

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			24,100,000.00	24,100,000.00	24,100,000.00	4.563		4.563	1	
SYS10001	10001	Local Agency Invest Fund RDA			5,200,000.00	5,200,000.00	5,200,000.00	4.563		4.563	1	
		<b>Subtotal and Average</b>	<b>24,648,357.10</b>		<b>29,300,000.00</b>	<b>29,300,000.00</b>	<b>29,300,000.00</b>		<b>4.563</b>	<b>1</b>		
<b>Money Market Sweep Account</b>												
SYS10131	10131	Bank of America			0.00	0.00	0.00	0.450	AA2	0.450	1	
SYS1000	1000	Union Bank of California		07/01/2005	0.00	0.00	0.00	0.750		0.750	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>												
31331QP27	10474	FEDERAL FARM CREDIT BANK	06/12/2003		1,000,000.00	999,060.00	1,000,000.00	2.050	Aaa	2.050	11	06/12/2006
31331Q7E1	10483	FEDERAL FARM CREDIT BANK	08/06/2003		1,000,000.00	974,690.00	1,000,000.00	3.100	Aaa	3.100	431	08/06/2007
31331TGG0	10491	FEDERAL FARM CREDIT BANK	10/15/2003		1,000,000.00	975,000.00	1,000,000.00	3.450	Aaa	3.450	501	10/15/2007
31331TQP9	10507	FEDERAL FARM CREDIT BANK	02/09/2004		1,000,000.00	968,130.00	1,000,000.00	3.000	Aaa	3.001	526	11/09/2007
31331TUH2	10512	FEDERAL FARM CREDIT BANK	03/18/2004		1,000,000.00	991,560.00	1,000,000.00	2.350	Aaa	2.350	109	09/18/2006
31331TVG3	10513	FEDERAL FARM CREDIT BANK	03/24/2004		1,000,000.00	965,310.00	1,000,000.00	3.000	Aaa	3.001	571	12/24/2007
31331TYR6	10516	FEDERAL FARM CREDIT BANK	04/22/2004		1,000,000.00	963,750.00	1,000,000.00	2.610	Aaa	2.610	508	10/22/2007
31331TYD7	10519	FEDERAL FARM CREDIT BANK	04/15/2004		1,000,000.00	950,630.00	1,000,000.00	3.080	Aaa	3.080	867	10/15/2008
31331TZG9	10520	FEDERAL FARM CREDIT BANK	04/12/2004		1,000,000.00	977,500.00	1,000,000.00	2.690	Aaa	2.690	315	04/12/2007
31331TB91	10526	FEDERAL FARM CREDIT BANK	04/29/2004		1,000,000.00	970,000.00	1,000,000.00	3.100	Aaa	3.100	515	10/29/2007
31331TL90	10531	FEDERAL FARM CREDIT BANK	05/17/2004		1,000,000.00	982,190.00	1,000,000.00	3.450	Aaa	3.450	350	05/17/2007
31331TDE8	10534	FEDERAL FARM CREDIT BANK	05/13/2004		1,000,000.00	994,060.00	999,696.98	2.900	Aaa	3.020	96	09/05/2006
31331SMB6	10559	FEDERAL FARM CREDIT BANK	02/02/2005		1,000,000.00	977,810.00	999,842.28	3.700	Aaa	3.711	519	11/02/2007
31331SNB5	10567	FEDERAL FARM CREDIT BANK	03/10/2005		1,000,000.00	971,880.00	992,994.74	3.550	Aaa	4.000	606	01/28/2008
31331SRSL9	10570	FEDERAL FARM CREDIT BANK	04/04/2005		1,000,000.00	989,060.00	998,191.24	3.750	Aaa	4.021	258	02/14/2007
31331SD42	10576	FEDERAL FARM CREDIT BANK	06/30/2005		1,000,000.00	976,560.00	1,000,000.00	4.125	Aaa	4.125	760	06/30/2008
31331VTK2	10592	FEDERAL FARM CREDIT BANK	03/22/2006		2,000,000.00	1,993,120.00	2,000,000.00	5.090	Aaa	5.097	386	06/22/2007
31331VVF7	10600	FEDERAL FARM CREDIT BANK	05/04/2006		1,000,000.00	998,130.00	1,000,000.00	5.250	Aaa	5.250	1,068	05/04/2009
31331WNP4	10445	FEDERAL HOME LOAN BANK	02/06/2003		833,333.33	812,241.66	833,245.80	3.750	Aaa	3.757	615	02/06/2008
31331YYU5	10459	FEDERAL HOME LOAN BANK	06/05/2003		1,000,000.00	960,940.00	1,000,000.00	3.250	Aaa	3.250	735	06/05/2008
31339XBY9	10471	FEDERAL HOME LOAN BANK	05/28/2003		2,000,000.00	1,958,760.00	2,000,000.00	2.550	Aaa	2.550	272	02/28/2007
31339YAG7	10478	FEDERAL HOME LOAN BANK	07/16/2003		1,000,000.00	981,560.00	1,000,000.00	2.350	Aaa	2.350	229	01/16/2007
31339YF23	10479	FEDERAL HOME LOAN BANK	07/23/2003		1,000,000.00	999,798.61	1,000,000.00	2.430	Aaa	2.463	236	01/23/2007
31339YKX9	10480	FEDERAL HOME LOAN BANK	07/30/2003		1,000,000.00	953,130.00	1,000,000.00	3.000	Aaa	3.000	790	07/30/2008
31339YOFJ3	10482	FEDERAL HOME LOAN BANK	08/13/2003		1,000,000.00	972,500.00	1,000,000.00	4.000	Aaa	4.000	804	08/13/2008
31339YRC3	10493	FEDERAL HOME LOAN BANK	10/30/2003		1,000,000.00	976,560.00	1,000,000.00	3.250	Aaa	3.251	424	07/30/2007

Portfolio CITY

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**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 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>													
3133X2A28	10495	FEDERAL HOME LOAN BANK	1,000,000.00	980,940.00	1,000,000.00	980,940.00	980,940.00	3.350	Aaa	3.350	358	05/25/2007	
31339YVY1	10503	FEDERAL HOME LOAN BANK	1,000,000.00	958,440.00	1,000,000.00	958,440.00	958,440.00	3.375	Aaa	3.433	781	07/21/2008	
3133X3JRS5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	973,750.00	1,000,000.00	973,750.00	973,750.00	3.070	Aaa	3.108	438	08/13/2007	
3133X1UJ7	10509	FEDERAL HOME LOAN BANK	2,000,000.00	1,981,260.00	2,000,000.00	1,981,260.00	1,981,260.00	2.750	Aaa	2.819	141	10/20/2006	
3133X5DY1	10518	FEDERAL HOME LOAN BANK	1,000,000.00	989,380.00	1,000,000.00	989,380.00	989,380.00	2.250	Aaa	2.250	134	10/13/2006	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	949,690.00	1,000,000.00	949,690.00	949,690.00	3.420	Aaa	3.420	1,055	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	982,810.00	1,000,000.00	982,810.00	982,810.00	3.500	Aaa	3.500	1,055	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	985,000.00	1,000,000.00	985,000.00	985,000.00	3.280	Aaa	3.281	272	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	980,310.00	1,000,000.00	980,310.00	980,310.00	3.685	Aaa	3.685	449	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	977,810.00	1,000,000.00	977,810.00	977,810.00	4,000	Aaa	4,000	641	03/03/2008	
3133XAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	978,130.00	1,000,000.00	978,130.00	978,130.00	3,825	Aaa	3,827	554	12/07/2007	
3133XAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	971,880.00	1,000,000.00	971,880.00	971,880.00	4,000	Aaa	4,000	830	09/08/2008	
3133XAXE2	10566	FEDERAL HOME LOAN BANK	1,000,000.00	990,940.00	1,000,000.00	990,940.00	990,940.00	3,700	Aaa	3,702	204	12/22/2006	
3133XBHH1	10571	FEDERAL HOME LOAN BANK	1,000,000.00	995,310.00	1,000,000.00	995,310.00	995,310.00	4,010	Aaa	4,010	148	10/27/2006	
3133XFRR5	10581	FEDERAL HOME LOAN BANK	1,000,000.00	993,440.00	1,000,000.00	993,440.00	993,440.00	5,000	Aaa	5,000	606	01/29/2008	
3133XEK40	10582	FEDERAL HOME LOAN BANK	1,000,000.00	998,750.00	1,000,000.00	998,750.00	998,750.00	4,560	Aaa	4,560	67	08/07/2006	
3133XEKC2	10583	FEDERAL HOME LOAN BANK	1,000,000.00	998,440.00	1,000,000.00	998,440.00	998,440.00	4,600	Aaa	4,600	84	08/24/2006	
3133XERS0	10589	FEDERAL HOME LOAN BANK	1,000,000.00	998,440.00	1,000,000.00	998,440.00	998,440.00	4,875	Aaa	4,875	104	09/13/2006	
3133XETN9	10590	FEDERAL HOME LOAN BANK	1,000,000.00	999,060.00	1,000,000.00	999,060.00	999,060.00	4,900	Aaa	4,900	106	09/15/2006	
3133XEV30	10591	FEDERAL HOME LOAN BANK	1,000,000.00	995,310.00	1,000,000.00	995,310.00	995,310.00	5,040	Aaa	5,040	477	09/21/2007	
3133XFMC6	10594	FEDERAL HOME LOAN BANK	1,000,000.00	993,750.00	1,000,000.00	993,750.00	993,750.00	5,400	Aaa	5,400	1,427	04/28/2010	
3133X5HK7	10597	FEDERAL HOME LOAN BANK	1,000,000.00	996,250.00	1,000,000.00	996,250.00	996,250.00	996,544.64	2,010	Aaa	4,910	43	07/14/2006
3133XFHS8	10598	FEDERAL HOME LOAN BANK	1,000,000.00	995,630.00	1,000,000.00	995,630.00	995,630.00	5,520	Aaa	5,520	1,813	05/19/2011	
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	984,510.00	1,000,000.00	984,510.00	984,510.00	2,250	Aaa	2,250	186	12/04/2006	
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	989,630.00	1,000,000.00	989,630.00	989,630.00	3,000	Aaa	3,000	169	11/17/2006	
3128X4KD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	947,920.00	1,000,000.00	947,920.00	947,920.00	987,714.22	3,110	Aaa	3,644	924	12/11/2008
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	967,890.00	1,000,000.00	967,890.00	967,890.00	1,000,000.00	2,920	Aaa	2,920	505	10/19/2007
3128X4YE5	10564	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	992,010.00	1,000,000.00	992,010.00	992,010.00	999,394.85	5,000	Aaa	5,030	783	07/23/2008
3128X4K67	10565	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	993,650.00	1,000,000.00	993,650.00	993,650.00	1,000,000.00	5,250	Aaa	5,250	645	03/07/2008
3128X42C4	10593	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	995,660.00	1,000,000.00	995,660.00	995,660.00	999,698.21	5,600	Aaa	5,607	1,768	04/04/2011
3128X45A5	10598	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	995,220.00	1,000,000.00	995,220.00	995,220.00	1,000,000.00	5,700	Aaa	5,700	1,804	05/10/2011
3128X46R7	10601	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	998,780.00	1,000,000.00	998,780.00	998,780.00	1,000,000.00	5,500	Aaa	5,500	893	11/10/2008
3128X46Q9	10602	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	998,550.00	1,000,000.00	998,550.00	998,550.00	1,000,000.00	6,000	Aaa	6,000	1,818	05/24/2011
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	975,630.00	1,000,000.00	975,630.00	975,630.00	1,000,000.00	2,500	Aaa	2,500	322	04/19/2007
3139MVC4	10336	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	999,903.88	1,000,000.00	999,903.88	999,903.88	999,903.88	3,750	Aaa	3,761	350	05/17/2007
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	1,000,000.00	983,750.00	1,000,000.00	983,750.00	983,750.00	1,000,000.00	4,300	Aaa	4,300	606	01/28/2008

Portfolio CITY

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**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 31, 2006**

**13**

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>												
3136F7YD3	10595	FEDERAL NATIONAL MORT ASSOC	04/28/2006		1,000,000.00	996,880.00	1,000,000.00	6.000	Aaa	6.000	1,792	04/28/2011
		Subtotal and Average			65,833,333.33	64,685,491.66	65,804,927.45			3.801	570	
<b>Treasury Securities - Coupon</b>												
912828AZ3	10475	U.S.TREASURY NOTE	06/16/2003		5,000,000.00	4,777,150.00	5,047,533.70	2.625	Aaa	2.110	714	05/15/2008
912828BG4	10484	U.S.TREASURY NOTE	08/15/2003		1,000,000.00	963,130.00	997,983.90	3.250	Aaa	3.350	806	08/15/2008
912828BP4	10498	U.S.TREASURY NOTE	11/17/2003		1,000,000.00	988,830.00	1,000,766.31	2.625	Aaa	2.450	167	11/15/2006
912828CG3	10535	U.S.TREASURY NOTE	05/17/2004		1,000,000.00	981,520.00	999,628.85	3.125	Aaa	3.166	348	05/15/2007
912828CQ1	10539	U.S.TREASURY NOTE	08/02/2004		1,000,000.00	996,520.00	999,936.54	2.750	Aaa	2.790	60	07/31/2006
912828DJ6	10561	U.S.TREASURY NOTE	01/12/2005		1,000,000.00	987,030.00	999,165.20	3.125	Aaa	3.255	244	01/31/2007
912828DK3	10565	U.S.TREASURY NOTE	02/15/2005		1,000,000.00	972,970.00	998,632.33	3.375	Aaa	3.460	624	02/15/2008
912828DK3	10574	U.S.TREASURY NOTE	05/09/2005		1,000,000.00	972,970.00	993,544.96	3.375	Aaa	3.775	624	02/15/2008
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005		1,000,000.00	976,330.00	998,493.15	3.750	Aaa	3.831	714	05/15/2008
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005		1,000,000.00	958,130.00	993,286.45	3.875	Aaa	4.057	1,505	07/15/2010
912828EC0	10580	U.S.TREASURY NOTE	08/15/2005		1,000,000.00	982,300.00	999,310.56	4.125	Aaa	4.159	806	08/15/2008
		Subtotal and Average			1,992,497.07		15,000,000.00	14,556,880.00		2.986	631	
<b>Medium Term Notes</b>												
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005		1,000,000.00	974,020.00	996,409.22	3.850	Aa	4.080	603	01/25/2008
060505BH6	10596	Bank of America	04/13/2006		1,000,000.00	947,400.00	953,782.97	3.375	AA2	5.230	992	02/17/2009
06423EPM1	10556	Bank One NA Illinois	01/18/2005		1,000,000.00	972,866.00	1,000,303.66	3.700		3.680	593	01/15/2008
0727G0AV2	10515	Bayer Landes Bank	03/08/2004		2,000,000.00	1,979,900.00	2,001,442.11	2.600	Aaa	2.400	137	10/16/2006
172967BS9	10466	Citigroup	05/12/2003		1,000,000.00	969,820.00	1,007,088.90	3.500	Aa1	3.040	610	02/01/2008
172967BS9	10572	Citigroup	04/28/2005		1,585,000.00	1,537,164.70	1,569,379.85	3.500	Aa1	4.130	610	02/01/2008
166760AA6	10455	Chevron Texaco	02/25/2003		1,000,000.00	976,580.00	1,005,721.41	3.500	Aa2	3.025	473	09/17/2007
36962GB78	10465	General Electric Capital Corp	05/12/2003		1,000,000.00	965,060.00	1,006,159.47	3.500	Aaa	3.150	700	05/01/2008
36966RFV3	10476	General Electric Capital Corp	06/19/2003		2,000,000.00	1,875,920.00	2,000,000.00	2.450	Aaa	2.450	745	06/15/2008
375766AM4	10472	Gillette Company	05/27/2003		1,000,000.00	945,270.00	998,918.40	2.500	Aa3	2.558	731	06/01/2008
59217EAD6	10477	Met Life	06/19/2003		1,000,000.00	941,970.00	1,000,955.30	2.600	Aa2	2.550	749	06/19/2008
59217EAD6	10481	Met Life	07/25/2003		1,000,000.00	941,970.00	984,085.31	2.600	Aa2	3.450	749	06/19/2008
742718BX6	10338	Procter & Gamble	08/02/2004		1,000,000.00	977,890.00	1,009,103.95	4.300	Aa3	3.850	806	08/15/2008
7117081AK9	10511	Pfizer Inc.	02/03/2004		1,000,000.00	978,460.00	1,000,108.84	2.500	Aaa	2.486	287	03/15/2007
89233PSC1	10558	Toyota Motor Credit	01/24/2005		1,000,000.00	999,750.00	999,941.33	3.000	Aa1	3.270	8	06/09/2006
949746EX5	10464	Wells Fargo Co	05/12/2003		1,000,000.00	965,690.00	1,007,973.31	3.500	Aa1	3.031	673	04/04/2008
949746EX5	10557	Wells Fargo Co	01/24/2005		1,000,000.00	965,690.00	996,016.23	3.500	Aa1	3.730	673	04/04/2008
949746IQ5	10569	Wells Fargo Co	04/04/2005		1,000,000.00	977,150.00	996,926.02	4.125	Aa1	4.310	648	03/10/2008

Portfolio CITY

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**City of Torrance  
Portfolio Management  
Portfolio Details - Investments  
May 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
<b>Municipal Bond Issues - Coupon</b>												
SYS10423	10423	Skpk-20011xAllocRef Bd	953,118.49	12/18/2001	20,585,000.00	19,892,564.70	20,534,316.28			3.283	583	
		<b>Subtotal and Average</b>	<b>953,118.49</b>		<b>20,585,000.00</b>	<b>19,892,564.70</b>	<b>20,534,316.28</b>					
		<b>Subtotal and Average</b>	<b>2,027,506.72</b>		<b>2,027,506.72</b>	<b>2,027,506.72</b>	<b>2,027,506.72</b>	<b>8.000</b>		<b>8.000</b>	<b>2,222</b>	<b>07/01/2012</b>
<b>Federal Agency Disc. -Amortizing</b>												
313589B36	10586	FEDERAL NATIONAL MORT ASSOC	02/13/2006	2,000,000.00	1,980,800.00	1,982,232.50	4.635	Aaa	4.743	69	08/09/2006	
313589M91	10587	FEDERAL NATIONAL MORT ASSOC	02/13/2006	1,000,000.00	978,300.00	979,979.17	4.650	Aaa	4.839	155	11/03/2006	
313589R47	10588	FEDERAL NATIONAL MORT ASSOC	02/13/2006	1,000,000.00	974,600.00	976,491.67	4.650	Aaa	4.853	182	11/30/2006	
		<b>Subtotal and Average</b>	<b>3,930,955.84</b>		<b>4,000,000.00</b>	<b>3,933,700.00</b>	<b>3,938,703.34</b>			<b>4.794</b>	<b>118</b>	
		<b>Total and Average</b>	<b>37,547,892.27</b>		<b>136,745,840.05</b>	<b>134,396,143.08</b>	<b>136,633,713.74</b>			<b>3.888</b>	<b>468</b>	

## **II. RESTRICTED FUNDS**

*Reports Appear Quarterly*

### **III. CASH & INVESTMENT PORTFOLIO SHARE**

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

	FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N	General	40,252,455.74	39,566,647.58	29.46
R	Parks & Recr Facility & Open Space	2,396,276.67	2,355,449.69	1.75
R	State Gas Tax	4,486,273.36	4,409,837.70	3.28
R	Federal Housing, Community Dev	767,010.30	753,942.23	0.56
R	Work Investment Network - WIN	(1,260,503.52)	(1,239,027.47) (B)	(0.92)
R	Street Lighting	663,031.25	651,734.74	0.49
R	Traffic Congestion Relief Act 2000 - AB2928	486,835.71	478,541.16	0.36
R	Police Asset Forfeiture	2,988,820.41	2,937,897.87	2.19
R	Drainage Improvement	368.27	362.00	0.00
N	Government Cable	1,634,741.56	1,606,889.37	1.20
R	Local Return - Proposition C	2,997,291.45	2,946,224.58	2.19
R	LACMTA Grants - Proposition C	20,551.32	20,201.17	0.02
R	Discretionary - Proposition C	9,661.38	9,496.77	0.01
R	Grants/Donations	(54,986.27)	(54,049.43) (C)	(0.04)
R	Citizens Options for Public Safety (COPS) Grant Funds - AB3229	223,138.85	219,337.08	0.16
R	Seismic Education Fund	47,140.28	46,337.12	0.03
R	Rehabilitation Housing	500,009.73	491,490.73	0.37
R	Police Inmate Welfare Fund	75,093.64	73,814.22	0.05
N	Capital Improvements	15,676,100.11	15,409,015.85	11.47
R	Vanpool/Rideshare Fund	248,490.45	244,256.75	0.18
R	Torrance Improvement Fund	4,789,877.50	4,708,269.14	3.51
R	Animal Control Fund	187,495.00	184,300.52	0.14
R	Redevelopment-Capital Proj	6,198,147.49	6,092,545.48	4.54
R	Redevelopment Debt Service	695,983.21	684,125.28	0.51
N	Airport Fund	5,342,999.13	5,251,966.86	3.91
N	Transit Operations	1,173,140.62	1,153,153.03	0.86
R	Development Impact Fund	2,633.90	2,589.02	0.00
N	Water Operations	11,856,782.27	11,654,770.30	8.68
N	Emergency Medical Service Enterprise Fund	734,569.31	722,053.96	0.54
N	Sanitation Operations	2,972,280.88	2,921,640.13	2.18
N	Cultural Arts Enterprise	512,481.59	503,750.10	0.38
N	Sewer Enterprise Fund	10,239,177.91	10,064,726.15	7.49
N	Parks & Recr Enterprise Fund	248,820.69	244,581.36	0.18
N	Self Insurance Fund	7,085,980.89	6,965,252.27	5.19
N	Fleet Services	9,090,116.51	8,935,242.08	6.65
R	Trust & Agency	3,345,426.16	3,288,427.88	2.45
<b>TOTAL</b>		<b>136,633,713.74</b>	<b>134,305,793.27</b>	<b>100.00</b>

R = Restricted Funds

N = Non-Restricted Funds

- (A) The difference between the Share of Investments total of \$136,633,713.74 and the Pooled Cash and Investments total of \$134,305,793.27 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 \$770,379 is pending review and approval by the City of Los Angeles.  
 Reimbursement for FY 05-06 in the amount of \$31,387 is pending from the County of Los Angeles.  
 Reimbursement for FY 05-06 in the amount of \$93,057 is pending from the State of California.  
 Reimbursement for FY 05-06 in the amount of \$5,165 is pending from the City of Carson.
- (C) FEAP 331-Lago Seco Park Development - Primary Elements has a negative cash balance of <\$708,368>. Reimbursement of 80% approved by the State Parks Department is pending.  
 Final payment is expected after the park is completed in September 2006.

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

INVESTMENTS PER PORTFOLIO SUMMARY (City Pool)	<b>136,633,713.74</b>
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CASH AND INVESTMENTS PER BOOKS	<b>134,305,793.27</b>
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**CASH IN BANKS:**

Cash in B of A General Account	(\$741,668.00)
Cash in B of A Payroll Account	0.00

**OUTSTANDING WARRANTS:**

General Account	879,251.14
Payroll Account	56,967.59
Workers Compensation Account	59,297.11
Housing Account	<u>265,613.20</u>
	1,261,129.04

Miscellaneous outstanding adjusting journal entries	(645,711.57)
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PE 5/27/06 Payroll checks posted 5/27/06 and paid 6/2/06	2,454,171.00
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INVESTMENTS PER BOOKS	<b>\$136,633,713.74</b>
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