

Council Meeting of
November 14, 2006

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

Members of the Council:

SUBJECT: Investment Report for September 2006

RECOMMENDATION

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

FUNDING

Not applicable

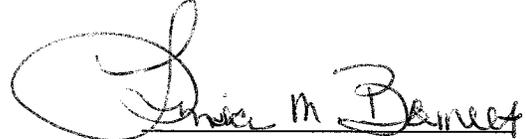
BACKGROUND

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 September 2006.

Investment Committee Note

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

Respectfully submitted,


Linda M. Barnett
City Treasurer

Noted:


LeRoy V. Jackson
Investment Committee Member

Cc: City Manager
City Clerk

CITY OF TORRANCE

MONTHLY INVESTMENT PORTFOLIO REPORT For the Month of September 2006

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City of Torrance
Investment Portfolio Highlights
For September 2006

RETURN

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	4.099	4.057
Average U.S. Treasury Constant Maturity	4.910	4.950
LAIF Average Monthly Return	5.023	4.949
Average City Portfolio YTM - 1 year prior	3.207	3.184

INTEREST INCOME

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	1,343,437	952,161
Current month	444,862	308,964

MATURITY

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	534	502
Average Maturity 1 Year Prior (days)	611	618
Weighted Average Maturity (years)	1.47	1.38

VOLUMES

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	9,901,070	10
Maturities	12,600,000	14

Transactions include 5 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 Sept. 30, 2006</u>
Federal Agency (coup)	66,642,798	1,001,070	555,507	68,199,375
Treasury Securities	14,549,640	986,953	155,836	15,692,429
Medium Term Notes	19,848,918	987,110	231,110	21,067,138
Municipal Bonds	2,027,507	-121,941	0	1,905,566
SUB-TOTAL PER GASB 31	103,068,863	2,853,192	942,453	106,864,508
<u>Non-GASB securities</u>				
LAIF	25,700,000	-4,900,000	0	20,800,000
Money Market	700,000	-700,000	0	0
Federal Agency – Disc.	3,949,700	-2,007,095	44,595	1,987,200
Treasury Security - Disc.	0	0	0	0
Certificate of Deposits -Disc.	0	0	0	0
Commercial paper	0	0	0	0
TOTAL PORTFOLIO	133,418,563	-4,753,903	987,048	129,651,708

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

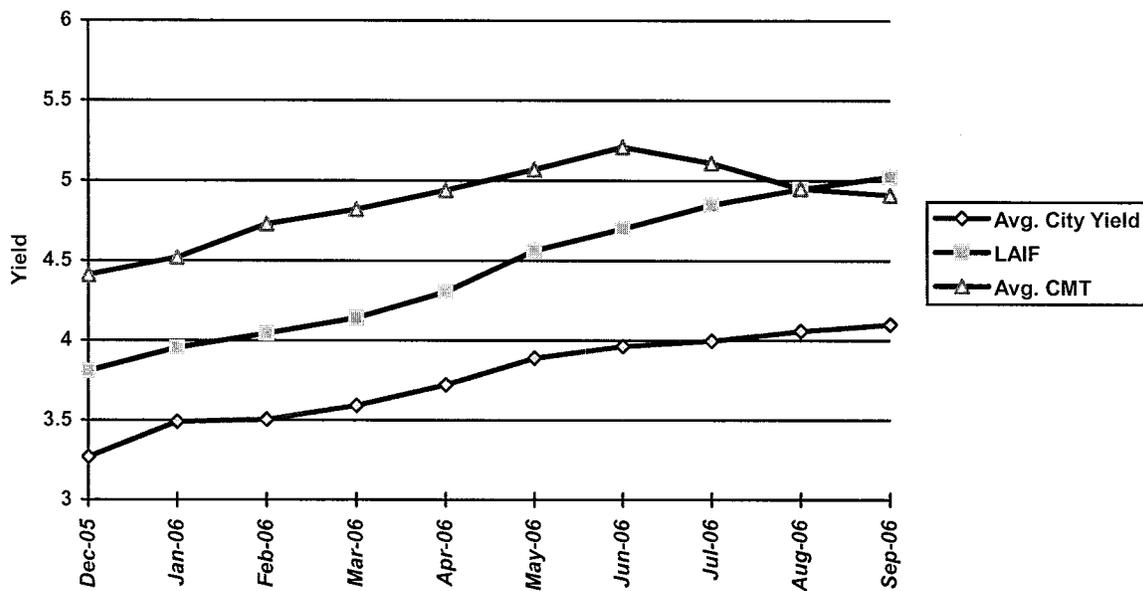
CITY OF TORRANCE

City Treasurer's Office

Monthly Investment Report Summary
For the month of September 2006

I. Return

42.55% of the portfolio is invested at one-year maturity or less as of September 30, 2006. The City Average yield on the portfolio was 4.099% compared to 4.910% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of September 30, 2006 by 81 basis points.



II. Volumes

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

III. Diversification of Investments

The activity in the month of September consisted of 5 purchases totaling \$5 million with an average rate of return of 5.406% and 6 redemption's totaling \$8.0 million with an average rate of return of 4.471%. The activity in the LAIF Account consisted of 5 deposits of \$4.9 million and 8 withdrawals of \$4.6 million. The portfolio decreased by \$2.7 million for total assets of \$131.0 million.

<u>Asset Category</u>	<u>September</u>	<u>August</u>
1. LAIF	15.88%	15.33%
2. Money Market Sweep	.00%	.00%
3. Federal Agency Issues(coup)	52.52%	51.46%
4. Federal Agency Issues(disc)	.00%	.00%
5. Treasury Securities	12.22%	11.23%
6. Treasury Securities(disc)	.00%	.00%
7. Medium Term Notes	16.41%	16.08%
8. Municipal Bonds	1.45%	1.43%
9. Federal Agency (disc)	1.52%	4.47%
10. Commercial Paper(disc)	.00%	.00%
	100.00%	100.00%

IV. Maturity

As of September 30, 2006, the current maturity allocation is 55.23% of the portfolio invested between the 6 month to 3-year maturity levels. 31.11% 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 \$40.70 million available for expenditures.

<u>As of Maturity</u>	<u>September 30, 2006</u>	<u>August 31, 2006</u>
0 to 6 months	31.11%	33.55%
6 months to 1 year	11.44%	12.65%
1 to 2 years	35.40%	34.53%
2 to 3 years	8.39%	8.18%
3 to 4 years	4.58%	2.23%
4 to 5 years	6.86%	7.44%
5 years and after	2.22%	1.42%

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 September 30, 2006

Investment Type	Book Value (\$)	Percent of Portfolio	Percent Permitted by Policy	Average Term	Average Days to Maturity	Maturity Allowed by Policy	365 Equiv.
Local Agency Investment Fund	20,800,000	15.88	**	1	1	N/A	5.023
Money Market Sweep Account	00	.00		1	1		4.980
Federal Agency Issues – Coupon	68,806,905	52.52	75	1,273	655	5 years	4.074
Federal Farm Credit Bank	17,994,357	13.70	30	386	408	5 years	5.151
Federal Home Loan Bank	32,831,814	25.10	30	352	372	5 years	4.896
Federal Home Loan Mortgage Corp.	12,980,795	9.97	30	270	287	5 years	5.295
Federal National Mortgage Assoc.	7,987,924	6.14	30	497	497	5 years	5.259
Treasury Securities – Coupon	16,012,306	12.22	100	1,338	577	5 years	3.286
Medium Term Notes	21,504,090	16.41	20	1,376	535	5years	3.473
Municipal Bond Issue	1,905,565	1.45		3,848	2,100	N/A	8.000
Federal Agency Disc	1,987,988	1.52		276	46	5 years	4.846
Commercial Paper Disc-Amort	0	.00					.000
Treasury Discount-Amort	0	.00					.000
Certificate of Deposits-Disc	0	.00					.000
Total Investments & Averages	131,016,855	100.00		1,118	534		4.099
Pending Redemptions							
Accrued Interest at Purchase	33,587						
Total Cash & Purchase Interest	33,587						
Total Cash & Investments	131,050,441						

Portfolio Notes:

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

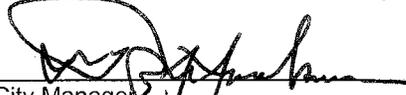
General LAIF account = \$15,600,000

RDA LAIF account = \$5,200,000

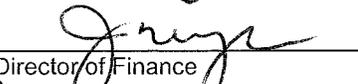
I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Res. 06-01 on January 10, 2006. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides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


Linda M. Barnett Date
City Treasurer

Reviewed by the Investment Advisory Committee


City Manager


Assistant City Attorney


Director of Finance


City Treasurer

City of Torrance
Portfolio Management
Activity Summary
September 2005 through September 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 Equivalent	365 Equivalent					
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
September	2006	104	131,736,926.88	4.043	4.100	5.023	5	6	1,118	534
Average		95	122,121,726.89	3.576%	3.626%	4.212	3	2	1,061	520

September 2006

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
(I) PURCHASES*											
10612		09/11/2006	FHLB	AAA/Aaa	09/11/2009	345	5.500%	5.500%	1,000,000	1,000,000	997,810
10616		09/08/2006	FHLB	AAA/Aaa	09/08/2010	708	5.375%	5.375%	1,000,000	1,000,000	1,000,000
10617		09/19/2006	FHLB	AAA/Aaa	03/19/2010	353	5.500%	5.500%	1,000,000	1,000,000	999,060
10618		09/13/2006	FFCB	AAA/Aaa	12/04/2007	429	5.250%	5.151%	1,000,000	1,001,070	1,001,560
10620		09/29/2006	FHLMC	AAA/Aaa	09/29/2011	729	5.500%	5.500%	1,000,000	1,000,000	1,004,750

5,000,000	5,001,070	5,003,180
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Weighted Average Yield 5.405%

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE
(II) MATURITIES**										
10534		05/13/2004	FFCB	AAA/Aaa	09/05/2006	2.900%	3.011%	\$ 1,000,000	\$ 1,014,500	\$ 1,000,000
10614		08/28/2006	FHLB	AAA/Aaa	09/08/2009	5.100%	5.171%	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
10615		08/28/2006	FHLB	AAA/Aaa	09/11/2006	5.115%	5.186%	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
10589		03/13/2006	FHLB	AAA/Aaa	09/13/2006	4.875%	4.835%	\$ 1,000,000	\$ 1,024,375	\$ 1,000,000
10590		03/15/2006	FHLB	AAA/Aaa	09/15/2006	4.900%	4.860%	\$ 1,000,000	\$ 1,024,500	\$ 1,000,000
10512		03/18/2006	FFCB	AAA/Aaa	09/18/2006	2.350%	2.346%	\$ 1,000,000	\$ 1,011,750	\$ 1,000,000

8,000,000	8,075,125	8,000,000
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Weighted Average Yield 4.471%

* 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	15,300,000	5.023%	5.023%	2,900,000	2,600,000	-	15,600,000
	City	5,200,000	5.023%	5.023%	2,000,000	2,000,000	-	5,200,000
	RDA	\$20,500,000			\$ 4,900,000	\$ 4,600,000	\$ -	\$20,800,000

City of Torrance
Portfolio Management
Interest Earnings Summary
September 30, 2006

	September 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	254,783.33	938,140.26
Plus Accrued Interest at End of Period	1,047,706.32	1,047,706.32
Less Accrued Interest at Beginning of Period	(960,689.17)	(978,674.44)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	341,800.48	1,007,172.14
Adjusted by Premiums and Discounts	16,320.50	51,617.44
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	358,120.98	1,058,789.58
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	270,857.74
Plus Accrued Interest at End of Period	284,684.41	284,684.41
Less Accrued Interest at Beginning of Period	(197,943.24)	(270,893.92)
Interest Earned during Period	86,741.17	284,648.23
Total Interest Earned during Period	428,541.65	1,291,820.37
Total Adjustments from Premiums and Discounts	16,320.50	51,617.44
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	444,862.15	1,343,437.81

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L			15,600,000.00	15,600,000.00	15,600,000.00	5.023		5.023	1	
SYS10001	10001	Local Agency Invest. Fund RDA			5,200,000.00	5,200,000.00	5,200,000.00	5.023		5.023	1	
Subtotal and Average			21,326,666.67		20,800,000.00	20,800,000.00	20,800,000.00			5.023	1	
Money Market Sweep Account												
SYS10131	10131	Bank of America			0.00	0.00	0.00	3.250	AA2	3.250	1	
SYS1000	1000	Union Bank of California			0.00	0.00	0.00	4.980		4.980	1	
Subtotal and Average			0.00		0.00	0.00	0.00			0.000	0	

Federal Agency Issues - Coupon

31331Q7E1	10483	FEDERAL FARM CREDIT BANK		08/06/2003	1,000,000.00	982,810.00	1,000,000.00	3.100	Aaa	3.100	309	08/06/2007
31331TGG0	10491	FEDERAL FARM CREDIT BANK		10/15/2003	1,000,000.00	983,130.00	1,000,000.00	3.450	Aaa	3.450	379	10/15/2007
31331TQP9	10507	FEDERAL FARM CREDIT BANK		02/09/2004	1,000,000.00	977,500.00	1,000,000.00	3.000	Aaa	3.001	404	11/09/2007
31331TVG3	10513	FEDERAL FARM CREDIT BANK		03/24/2004	1,000,000.00	975,630.00	1,000,000.00	3.000	Aaa	3.001	449	12/24/2007
31331TYR6	10516	FEDERAL FARM CREDIT BANK		04/22/2004	1,000,000.00	974,380.00	1,000,000.00	2.610	Aaa	2.610	386	10/22/2007
31331TYD7	10519	FEDERAL FARM CREDIT BANK		04/15/2004	1,000,000.00	963,440.00	1,000,000.00	3.080	Aaa	3.080	745	10/15/2008
31331TZG9	10520	FEDERAL FARM CREDIT BANK		04/12/2004	1,000,000.00	986,560.00	1,000,000.00	2.690	Aaa	2.690	193	04/12/2007
31331TB91	10526	FEDERAL FARM CREDIT BANK		04/29/2004	1,000,000.00	979,060.00	1,000,000.00	3.100	Aaa	3.100	393	10/29/2007
31331TL90	10531	FEDERAL FARM CREDIT BANK		05/17/2004	1,000,000.00	988,750.00	1,000,000.00	3.450	Aaa	3.450	228	05/17/2007
31331SMB6	10559	FEDERAL FARM CREDIT BANK		02/02/2005	1,000,000.00	985,310.00	999,879.32	3.700	Aaa	3.711	397	11/02/2007
31331SNB5	10567	FEDERAL FARM CREDIT BANK		03/10/2005	1,000,000.00	980,940.00	994,402.83	3.550	Aaa	4.000	484	01/28/2008
31331SRL9	10570	FEDERAL FARM CREDIT BANK		04/04/2005	1,000,000.00	994,380.00	999,049.15	3.750	Aaa	4.021	136	02/14/2007
31331SD42	10576	FEDERAL FARM CREDIT BANK		06/30/2005	1,000,000.00	985,310.00	1,000,000.00	4.125	Aaa	4.125	638	06/30/2008
31331VTK2	10592	FEDERAL FARM CREDIT BANK		03/22/2006	2,000,000.00	1,996,880.00	2,000,000.00	5.090	Aaa	5.097	284	06/22/2007
31331VV7	10600	FEDERAL FARM CREDIT BANK		05/04/2006	1,000,000.00	1,006,880.00	1,000,000.00	5.250	Aaa	5.250	946	05/04/2009
31331VV45	10610	FEDERAL FARM CREDIT BANK		08/01/2006	1,000,000.00	1,001,880.00	1,000,000.00	5.750	Aaa	5.750	1,765	08/01/2011
31331VA48	10618	FEDERAL FARM CREDIT BANK		09/13/2006	1,000,000.00	1,001,560.00	1,001,026.33	5.250	Aaa	5.151	429	12/04/2007
3133WVNP4	10445	FEDERAL HOME LOAN BANK		02/06/2003	833,333.33	819,275.00	833,263.16	3.750	Aaa	3.757	493	02/06/2008
3133WYU5	10469	FEDERAL HOME LOAN BANK		06/05/2003	1,000,000.00	972,190.00	1,000,000.00	3.250	Aaa	3.250	613	06/05/2008
31339XB9	10471	FEDERAL HOME LOAN BANK		05/28/2003	2,000,000.00	1,978,120.00	2,000,000.00	2.550	Aaa	2.550	150	02/28/2007
31339YAG7	10478	FEDERAL HOME LOAN BANK		07/16/2003	1,000,000.00	991,560.00	1,000,000.00	2.350	Aaa	2.350	107	01/16/2007
31339YF23	10479	FEDERAL HOME LOAN BANK		07/23/2003	1,000,000.00	991,250.00	999,902.78	2.430	Aaa	2.463	114	01/23/2007
31339YKX9	10480	FEDERAL HOME LOAN BANK		07/30/2003	1,000,000.00	965,310.00	1,000,000.00	3.000	Aaa	3.000	668	07/30/2008
3133X0FJ3	10482	FEDERAL HOME LOAN BANK		08/13/2003	1,000,000.00	981,880.00	1,000,000.00	4.000	Aaa	4.000	682	08/13/2008
3133X1RC3	10493	FEDERAL HOME LOAN BANK		10/30/2003	1,000,000.00	984,380.00	1,000,000.00	3.250	Aaa	3.251	302	07/30/2007
3133X2AZ8	10495	FEDERAL HOME LOAN BANK		11/26/2003	1,000,000.00	987,810.00	1,000,000.00	3.350	Aaa	3.350	236	05/25/2007

Portfolio CITY
AP

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
31339YVY1	10503	FEDERAL HOME LOAN BANK		01/21/2004	1,000,000.00	972,190.00	999,029.01	3.375	Aaa	3.433	659	07/21/2008
3133X3JR5	10505	FEDERAL HOME LOAN BANK		02/13/2004	1,000,000.00	982,190.00	999,690.48	3.070	Aaa	3.108	316	08/13/2007
3133X1JJ7	10509	FEDERAL HOME LOAN BANK		01/30/2004	2,000,000.00	1,997,500.00	1,999,929.43	2.750	Aaa	2.819	19	10/20/2006
3133X5DY1	10518	FEDERAL HOME LOAN BANK		04/13/2004	1,000,000.00	999,060.00	1,000,000.00	2.250	Aaa	2.250	12	10/13/2006
3133X5X45	10524	FEDERAL HOME LOAN BANK		04/21/2004	1,000,000.00	963,440.00	1,000,000.00	3.420	Aaa	3.420	933	04/21/2009
3133X6CF1	10525	FEDERAL HOME LOAN BANK		04/21/2004	1,000,000.00	990,000.00	1,000,000.00	3.500	Aaa	3.500	933	04/21/2009
3133X75B6	10533	FEDERAL HOME LOAN BANK		05/28/2004	1,000,000.00	991,880.00	1,000,000.00	3.280	Aaa	3.281	150	02/28/2007
3133XAL47	10560	FEDERAL HOME LOAN BANK		02/24/2005	1,000,000.00	987,190.00	1,000,000.00	3.685	Aaa	3.685	327	08/24/2007
3133XAMZ7	10562	FEDERAL HOME LOAN BANK		03/03/2005	1,000,000.00	985,630.00	1,000,000.00	4.000	Aaa	4.000	519	03/03/2008
3133XAQU4	10563	FEDERAL HOME LOAN BANK		03/07/2005	1,000,000.00	985,630.00	1,000,000.00	3.825	Aaa	3.827	432	12/07/2007
3133XAQV2	10564	FEDERAL HOME LOAN BANK		03/08/2005	1,000,000.00	981,880.00	1,000,000.00	4.000	Aaa	4.000	708	09/08/2008
3133XAXE2	10566	FEDERAL HOME LOAN BANK		03/22/2005	1,000,000.00	996,560.00	1,000,000.00	3.700	Aaa	3.702	82	12/22/2006
3133XBHH1	10571	FEDERAL HOME LOAN BANK		04/27/2005	1,000,000.00	999,060.00	1,000,000.00	4.010	Aaa	4.010	26	10/27/2006
3133XEFR5	10581	FEDERAL HOME LOAN BANK		01/30/2006	1,000,000.00	997,190.00	1,000,000.00	5.000	Aaa	5.000	484	01/28/2008
3133XEV30	10591	FEDERAL HOME LOAN BANK		03/21/2006	1,000,000.00	998,130.00	1,000,000.00	5.040	Aaa	5.040	355	09/21/2007
3133XFCM6	10594	FEDERAL HOME LOAN BANK		04/28/2006	1,000,000.00	1,001,250.00	1,000,000.00	5.400	Aaa	5.400	1,305	04/28/2010
3133XFHS8	10599	FEDERAL HOME LOAN BANK		05/19/2006	1,000,000.00	1,009,060.00	1,000,000.00	5.520	Aaa	5.520	1,691	05/19/2011
3133XFHX4	10607	FEDERAL HOME LOAN BANK		07/13/2006	1,000,000.00	1,003,130.00	1,000,000.00	6.000	Aaa	6.000	1,746	07/13/2011
3133XGD76	10608	FEDERAL HOME LOAN BANK		08/11/2006	1,000,000.00	1,008,440.00	1,000,000.00	5.700	Aaa	5.700	1,410	08/11/2010
3133XGNW0	10612	FEDERAL HOME LOAN BANK		09/11/2006	1,000,000.00	997,810.00	1,000,000.00	5.500	Aaa	5.500	1,076	09/11/2009
3133XGTS3	10616	FEDERAL HOME LOAN BANK		09/08/2006	1,000,000.00	1,000,000.00	1,000,000.00	5.375	Aaa	5.375	1,438	09/08/2010
3128X1GF8	10473	FEDERAL HOME LOAN MORTGAGE CO		06/04/2003	1,000,000.00	994,730.00	1,000,000.00	2.250	Aaa	2.250	64	12/04/2006
3128X17E1	10494	FEDERAL HOME LOAN MORTGAGE CO		11/17/2003	1,000,000.00	997,070.00	1,000,000.00	3.000	Aaa	3.000	47	11/17/2006
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO		01/30/2004	1,000,000.00	961,820.00	989,334.32	3.110	Aaa	3.644	802	12/11/2008
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO		04/19/2004	1,000,000.00	977,790.00	1,000,000.00	2.920	Aaa	2.920	383	10/19/2007
3128X4YE5	10584	FEDERAL HOME LOAN MORTGAGE CO		01/30/2006	1,000,000.00	997,730.00	999,488.91	5.000	Aaa	5.030	661	07/23/2008
3128X4K67	10585	FEDERAL HOME LOAN MORTGAGE CO		03/07/2006	1,000,000.00	997,550.00	1,000,000.00	5.250	Aaa	5.250	523	03/07/2008
3128X42C4	10593	FEDERAL HOME LOAN MORTGAGE CO		04/11/2006	1,000,000.00	1,000,850.00	999,717.13	5.600	Aaa	5.607	1,646	04/04/2011
3128X45A5	10598	FEDERAL HOME LOAN MORTGAGE CO		05/10/2006	1,000,000.00	1,000,720.00	1,000,000.00	5.700	Aaa	5.700	1,682	05/10/2011
3128X46R7	10601	FEDERAL HOME LOAN MORTGAGE CO		05/10/2006	1,000,000.00	1,000,220.00	1,000,000.00	5.500	Aaa	5.500	771	11/10/2008
3128X46Q9	10602	FEDERAL HOME LOAN MORTGAGE CO		05/24/2006	1,000,000.00	1,000,460.00	1,000,000.00	6.000	Aaa	6.000	1,696	05/24/2011
3128X5BF4	10603	FEDERAL HOME LOAN MORTGAGE CO		06/08/2006	1,000,000.00	1,000,300.00	1,000,000.00	5.800	Aaa	5.800	1,164	12/08/2009
3128X4N56	10605	FEDERAL HOME LOAN MORTGAGE CO		06/09/2006	1,000,000.00	1,002,290.00	992,255.13	5.250	Aaa	5.461	1,607	02/24/2011
3128X5KL1	10620	FEDERAL HOME LOAN MORTGAGE CO		09/29/2006	1,000,000.00	1,004,750.00	1,000,000.00	5.500	Aaa	5.500	1,824	09/29/2011
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC		04/19/2004	1,000,000.00	985,000.00	1,000,000.00	2.500	Aaa	2.500	200	04/19/2007
31359MVC4	10536	FEDERAL NATIONAL MORT ASSOC		05/17/2004	1,000,000.00	990,630.00	999,937.22	3.750	Aaa	3.761	228	05/17/2007

Portfolio CITY
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City of Torrance
Portfolio Management
Portfolio Details - Investments
September 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
			667,294.84		68,833,333.33	68,199,375.00	68,806,905.20			4.074	655	
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC		07/28/2005	1,000,000.00	999,630.00	1,000,000.00	4.300	Aaa	4.300	484	01/28/2008
3136F7YD3	10595	FEDERAL NATIONAL MORT ASSOC		04/28/2006	1,000,000.00	1,000,000.00	1,000,000.00	6.000	Aaa	6.000	1,670	04/28/2011
3136F7F44	10606	FEDERAL NATIONAL MORT ASSOC		06/22/2006	1,000,000.00	1,010,310.00	1,000,000.00	5.500	Aaa	5.500	1,725	06/22/2011
3136F7Q75	10609	FEDERAL NATIONAL MORT ASSOC		08/03/2006	1,000,000.00	1,003,130.00	1,000,000.00	5.750	Aaa	5.750	1,037	08/03/2009
		Subtotal and Average	667,294.84		68,833,333.33	68,199,375.00	68,806,905.20			4.074	655	
Treasury Securities - Coupon												
3133XGTX2	10617	FEDERAL HOME LOAN BANK		09/19/2006	1,000,000.00	999,060.00	1,000,000.00	5.500	Aaa	5.500	1,265	03/19/2010
912828AZ3	10475	U.S.TREASURY NOTE		06/16/2003	5,000,000.00	4,836,350.00	5,039,411.70	2.625	Aaa	2.110	592	05/15/2008
912828BG4	10484	U.S.TREASURY NOTE		08/15/2003	1,000,000.00	974,220.00	998,289.06	3.250	Aaa	3.350	684	08/15/2008
912828BP4	10498	U.S.TREASURY NOTE		11/17/2003	1,000,000.00	997,230.00	1,000,206.49	2.625	Aaa	2.450	45	11/15/2006
912828CG3	10535	U.S.TREASURY NOTE		05/17/2004	1,000,000.00	998,590.00	999,757.67	3.125	Aaa	3.166	226	05/15/2007
912828DJ6	10561	U.S.TREASURY NOTE		01/31/2005	1,000,000.00	993,830.00	999,582.60	3.125	Aaa	3.255	122	01/31/2007
912828DK3	10565	U.S.TREASURY NOTE		02/15/2005	1,000,000.00	981,130.00	998,899.73	3.375	Aaa	3.460	502	02/15/2008
912828DK3	10574	U.S.TREASURY NOTE		05/09/2005	1,000,000.00	981,130.00	994,807.00	3.375	Aaa	3.775	502	02/15/2008
912828DT4	10577	U.S.TREASURY NOTE		07/13/2005	1,000,000.00	984,410.00	998,750.00	3.750	Aaa	3.831	592	05/15/2008
912828DZ0	10579	U.S.TREASURY NOTE		07/25/2005	1,000,000.00	975,940.00	993,812.29	3.875	Aaa	4.057	1,383	07/15/2010
912828EC0	10580	U.S.TREASURY NOTE		08/15/2005	1,000,000.00	990,700.00	999,414.92	4.125	Aaa	4.159	684	08/15/2008
912828DY3	10611	U.S.TREASURY NOTE		07/31/2006	1,000,000.00	989,840.00	989,375.00	3.625	Aaa	5.098	272	06/30/2007
		Subtotal and Average	400,000.00		16,000,000.00	15,692,430.00	16,012,306.46			3.286	577	
Medium Term Notes												
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST		05/09/2005	1,000,000.00	982,060.00	997,134.63	3.850	Aa	4.080	481	01/25/2008
060505BH6	10596	Bank of America		04/13/2006	1,000,000.00	962,150.00	959,465.39	3.375	AA2	5.230	870	02/17/2009
06423EPM1	10556	Bank One NA Illinois		01/18/2005	1,000,000.00	980,680.00	1,000,241.26	3.700	Aaa	3.680	471	01/15/2008
0727G0AV2	10515	Bayer Landes Bank		03/08/2004	2,000,000.00	1,998,080.00	2,000,160.23	2.600	Aaa	2.400	15	10/16/2006
172967BS9	10466	Citigroup		05/12/2003	1,000,000.00	978,630.00	1,005,673.48	3.500	Aa1	3.040	488	02/01/2008
172967BS9	10572	Citigroup		04/28/2005	1,585,000.00	1,551,128.55	1,572,503.88	3.500	Aa1	4.130	488	02/01/2008
166760AA6	10455	ChevronTexaco		02/25/2003	1,000,000.00	984,470.00	1,004,248.09	3.500	Aa2	3.025	351	09/17/2007
36962GB78	10465	General Electric Capital Corp		05/12/2003	1,000,000.00	975,340.00	1,005,088.26	3.500	Aaa	3.150	578	05/01/2008
36966RFV3	10476	General Electric Capital Corp		06/19/2003	2,000,000.00	1,903,080.00	2,000,000.00	2.450	Aaa	2.450	623	06/15/2008
375766AM4	10472	Gillette Company		05/27/2003	1,000,000.00	958,010.00	999,098.67	2.500	Aa3	2.558	609	06/01/2008
441812KG8	10613	Household Finance Co		08/22/2006	1,000,000.00	990,940.00	987,621.40	4.750	AA3	5.260	957	05/15/2009
59217EAD6	10477	Met Life		06/19/2003	1,000,000.00	953,960.00	1,000,799.97	2.600	Aa2	2.550	627	06/19/2008
59217EAD6	10481	Met Life		07/25/2003	1,000,000.00	953,960.00	986,673.06	2.600	Aa2	3.450	627	06/19/2008
742718BX6	10538	Procter & Gamble		08/02/2004	1,000,000.00	986,380.00	1,007,728.04	4.300	Aa3	3.850	684	08/15/2008

Portfolio CITY
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City of Torrance
Portfolio Management
Portfolio Details - Investments
September 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Medium Term Notes												
717081AK9	10511	Pfizer Inc.		02/03/2004	1,000,000.00	987,520.00	1,000,062.85	2.500	Aaa	2.486	165	03/15/2007
949746EX5	10464	Wells Fargo Co		05/12/2003	1,000,000.00	976,230.00	1,006,530.18	3.500	Aa1	3.031	551	04/04/2008
949746EX5	10557	Wells Fargo Co		01/24/2005	1,000,000.00	976,230.00	996,737.28	3.500	Aa1	3.730	551	04/04/2008
949746JQ5	10569	Wells Fargo Co		04/04/2005	1,000,000.00	985,140.00	997,503.30	4.125	Aa1	4.310	526	03/10/2008
98153BAE4	10604	World Savings Bank		06/05/2006	1,000,000.00	983,150.00	976,820.59	4.500	Aa3	5.440	988	06/15/2009
		Subtotal and Average	987,431.27		21,585,000.00	21,067,138.55	21,504,090.56			3.473	535	
Municipal Bond Issues - Coupon												
SYS10423	10423	Skpk-2001TxAllocRef Bd		12/18/2001	1,905,564.91	1,905,564.91	1,905,564.91	8.000		8.000	2,100	07/01/2012
		Subtotal and Average	1,905,564.91		1,905,564.91	1,905,564.91	1,905,564.91			8.000	2,100	
Federal Agency Disc. - Amortizing												
313589M91	10587	FEDERAL NATIONAL MORT ASSOC		02/13/2006	1,000,000.00	995,500.00	995,737.50	4.650	Aaa	4.839	33	11/03/2006
313589R47	10588	FEDERAL NATIONAL MORT ASSOC		02/13/2006	1,000,000.00	991,700.00	992,250.00	4.650	Aaa	4.853	60	11/30/2006
		Subtotal and Average	1,132,708.75		2,000,000.00	1,987,200.00	1,987,987.50			4.846	46	
		Total and Average	26,419,666.43		131,123,898.24	129,651,708.46	131,016,854.63			4.099	534	

II. RESTRICTED FUNDS

Reports Appear Quarterly

III. CASH & INVESTMENT PORTFOLIO SHARE

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

FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N General	26,020,751.99	25,407,261.26	19.86
R Parks & Recr Facility & Open Space	2,400,441.14	2,343,845.99	1.83
R State Gas Tax	5,013,296.86	4,895,098.46	3.83
R Federal Housing, Community Dev	309,578.99	302,280.05	0.24
R Work Investment Network - WIN	(1,424,525.63)	(1,390,939.62) (B)	(1.09)
R Street Lighting	366,884.29	358,234.27	0.28
R Traffic Congestion Relief Act 2000 - AB2928	1,787,059.91	1,744,926.44	1.36
R Police Asset Forfeiture	2,645,775.74	2,583,396.34	2.02
R Drainage Improvement	448.58	438.00	0.00
N Government Cable	1,688,986.60	1,649,165.40	1.29
R Local Return - Proposition C	3,499,450.51	3,416,944.04	2.67
R LACMTA Grants - Proposition C	20,688.95	20,201.17	0.02
R Discretionary - Proposition C	9,726.08	9,496.77	0.01
R Grants/Donations	61,165.61	59,723.51	0.05
R Citizens Options for Public Safety (COPS) Grant Funds - AB3229	145,092.46	141,671.62	0.11
R Seismic Education Fund	52,681.93	51,439.85	0.04
R Rehabilitation Housing	514,358.35	502,231.33	0.39
R Police Inmate Welfare Fund	81,508.58	79,586.85	0.06
N Capital Improvements	16,582,716.29	16,191,745.93	12.66
R Vanpool/Rideshare Fund	378,781.90	369,851.37	0.29
R Torrance Improvement Fund	5,323,538.18	5,198,025.23	4.06
R Animal Control Fund	162,378.63	158,550.23	0.12
R Redevelopment-Capital Proj	6,157,243.65	6,012,074.44	4.70
R Redevelopment Debt Service	474,683.57	463,491.97	0.36
N Airport Fund	7,021,340.32	6,855,798.32	5.36
N Transit Operations	2,054,049.69	2,005,621.40	1.57
R Development Impact Fund	10,697.37	10,445.16	0.01
N Water Operations	11,172,072.69	10,908,668.96	8.53
N Emergency Medical Service Enterprise Fund	(232,314.20)	(226,836.93) (C)	(0.18)
N Sanitation Operations	2,607,701.34	2,546,219.62	1.99
N Cultural Arts Enterprise	539,301.35	526,586.25	0.41
N Sewer Enterprise Fund	9,619,787.01	9,392,981.49	7.34
N Parks & Recr Enterprise Fund	93,374.14	91,172.66	0.07
N Self Insurance Fund	6,989,683.48	6,824,887.86	5.33
N Fleet Services	11,664,894.00	11,389,871.04	8.90
R Postemployment/Compensated Absences Fund	3,545,428.85	3,461,838.35	2.71
R Trust & Agency	3,658,125.43	3,571,877.88	2.79
TOTAL	131,016,854.63	127,927,872.96	100.00

R = Restricted Funds

N = Non-Restricted Funds

(A) The difference between the Share of Investments total of \$131,016,854.63 and the Pooled Cash and Investments total of \$127,927,872.96 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 \$37,456 is pending from the County of Los Angeles Summer Youth Program.
 Reimbursement for FY 05-06 in the amount of \$1,975 is pending from the City of Carson.
 Reimbursement for FY 06-07 in the amount of \$230,411 is pending review and approval by the City of Los Angeles.
 Reimbursement for FY 06-07 in the amount of \$11,758 is pending from the County of Los Angeles.
 Reimbursement for FY 06-07 in the amount of \$203,716 is pending from the State of California.
 \$153,742 was received on 10/11/06 from the State of California.

(C) There were three (3) payroll periods in September. Total Payroll for PE 9/30/06 amounted to \$329,000.
 A transfer-in from the General Fund in the amount of \$550,000 was posted on 10/14/06.

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

INVESTMENTS PER PORTFOLIO SUMMARY (City Pool)		131,016,854.63
CASH AND INVESTMENTS PER BOOKS		127,927,872.96
CASH IN BANKS:		
Cash in B of A General Account		(\$220,277.53)
Cash in B of A Payroll Account		0.00
OUTSTANDING WARRANTS:		
General Account	1,078,245.25	
Payroll Account	86,527.58	
Workers Compensation Account	166,662.77	
Housing Account	277,197.85	1,608,633.45
Miscellaneous outstanding adjusting journal entries		(865,763.97)
PE 9/30/06 Payroll checks posted 9/30/06 and paid 10/6/06		2,566,389.72
INVESTMENTS PER BOOKS		\$131,016,854.63