

Council Meeting of
February 6, 2007

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

Members of the Council:

SUBJECT: Investment Report for December 2006

RECOMMENDATION

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

FUNDING

Not applicable

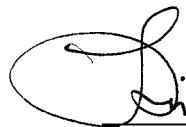
BACKGROUND

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 December 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 December 2006

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

RETURN

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	4.297	4.225
Average U.S. Treasury Constant Maturity	5000	4.940
LAIF Average Monthly Return	5.129	5.125
Average City Portfolio YTM - 1 year prior	3.269	3.208

INTEREST INCOME

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	2,705,065	
Current month	452,374	

MATURITY

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	568	580
Average Maturity 1 Year Prior (days)	556	593
Weighted Average Maturity (years)	1.56	1.57

VOLUMES

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	24,099.500	7
Maturities	18,399,643	13

Transactions include 3 deposits to and 10 withdrawals from LAIF, 2 purchases and 3 maturities of the Union of Bank Money Market Sweep Account.

VALUE OF PORTFOLIO PER GASB STATEMENT NO. 31

<u>GASB required securities</u>	<u>Beginning Investment Value as of July 1,2006</u>	<u>Purchase/Redempt. Of Principal</u>	<u>Change in Market Value</u>	<u>Ending Investment Value as of December 31, 2006</u>
Federal Agency (coup)	66,642,798	2,992,810	654,256	70,289,864
Treasury Securities	14,549,640	983,047	187,413	15,720,100
Medium Term Notes	19,848,918	1,986,210	270,648	22,105,776
Municipal Bonds	2,027,507	-121,941	0	1,905,566
SUB-TOTAL PER GASB 31	103,068,863	5,840,126	1,112,317	110,021,306
<u>Non-GASB securities</u>				
LAIF	25,700,000	-3,200,000	0	22,500,000
Money Market	700,000	-699,644	0	356
Federal Agency – Disc.	3,949,700	-4,007,095	57,395	0
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	-2,066,613	1,169,712	132,521,662

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

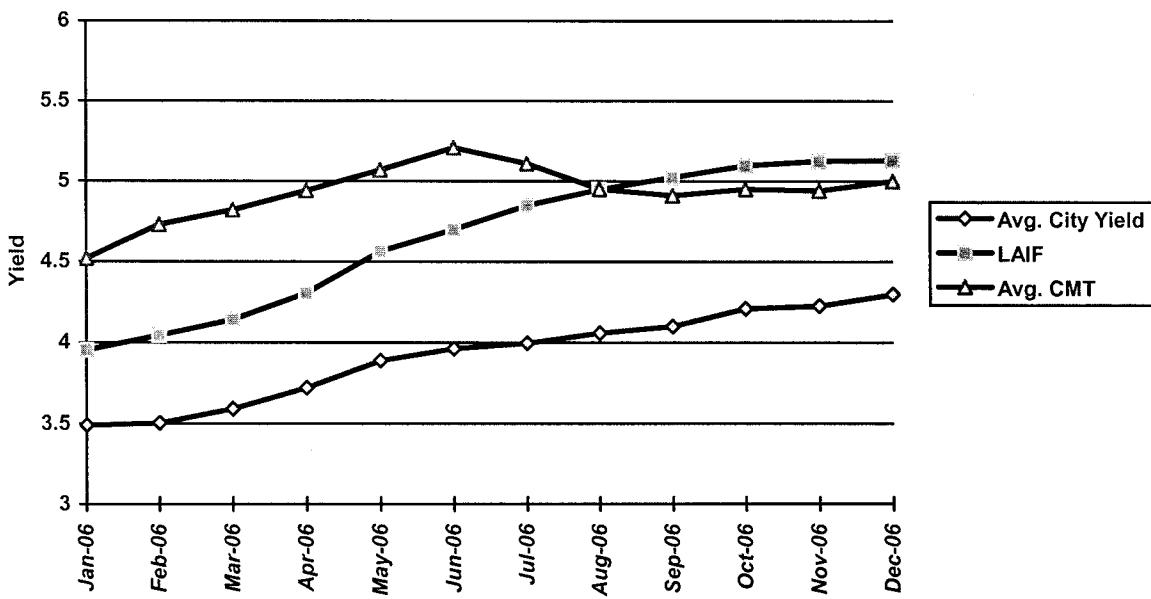
CITY OF TORRANCE

City Treasurer's Office

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

I. Return

41.47% of the portfolio is invested at one-year maturity or less as of December 31, 2006. The City Average yield on the portfolio was 4.297% compared to 5.00% for the U.S. Treasury at Constant Maturity (CMT) of 12 months. The portfolio performed below the benchmark as of December 31, 2006 by 70 basis points.



II. Volumes

The investment activity in December included 3 redemption in the Union Bank of California money market account. This investment is occasionally used in place of the Bank of America sweep account because its better return.

III. Diversification of Investments

The activity in the month of December consisted of 4 purchases totaling \$4 million with an average rate of return of 5.32% and 3 redemption's totaling \$3.0 million with an average rate of return of 3.908%. The activity in the LAIF Account consisted of 3 deposits of \$18.1 million and 10 withdrawals of \$13.4 million. The portfolio increased by \$3.7 million.

<u>Asset Category</u>	<u>December</u>	<u>November</u>
1. LAIF	16.82	13.90
2. Money Market Sweep	0.00	0.00
3. Federal Agency Issues(coup)	52.96	54.53
4. Federal Agency Issues(disc)	0.00	0.00
5. Treasury Securities	11.97	12.50
6. Treasury Securities(disc)	0.00	0.00
7. Medium Term Notes	16.83	17.58
8. Municipal Bonds	1.42	1.49
9. Commercial Paper(disc)	<u>0.00</u>	<u>0.00</u>
	100.00%	100.00%

IV. Maturity

As of December 31, 2006, the current maturity allocation is 41.61% of the portfolio invested between the 6 month to 3-year maturity levels. 28.77% 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 \$38.40 million available for expenditures.

<u>As of Maturity</u>	<u>December 31, 2006</u>	<u>November 30, 2006</u>
0 to 6 months	28.77%	26.61%
6 months to 1 year	12.70%	12.45%
1 to 2 years	32.45%	35.34%
2 to 3 years	7.47%	7.78%
3 to 4 years	5.98%	6.22%
4 to 5 years	9.71%	9.34%
5 years and after	2.92%	2.26%

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, 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	22,500,000	16.82	**	1	1	N/A	5.129
Money Market Sweep Account	00	.00		1	1		5.126
Federal Agency Issues – Coupon	70,804,814	52.95	75	1,299	709	5 years	4.299
Federal Farm Credit Bank	18,995,867	14.20	30	301	314	5 years	5.107
Federal Home Loan Bank	31,831,116	23.82	30	345	366	5 years	4.966
Federal Home Loan Mortgage Corp.	13,982,407	10.50	30	393	416	5 years	5.534
Federal National Mortgage Assoc.	5,995,424	4.71	30	333	355	5 years	4.710
Treasury Securities – Coupon	16,008,533	11.97	100	1,280	496	5 years	3.397
Medium Term Notes	22,511,225	16.83	20	1,429	621	5years	3.785
Municipal Bond Issue	1,905,565	1.42		3,848	2,008	N/A	8.000
Federal Agency Disc	00	.00				5 years	.000
Commercial Paper Disc-Amort	00	.00					.000
Treasury Discount-Amort	00	.00					.000
Certificate of Deposits-Disc	00	.00					.000
Total Investments & Averages	133,730,495	100.00		1,136	568		4.297
Pending Redemptions							
Accrued Interest at Purchase	40,335						
Total Cash & Purchase Interest	40,335						
Total Cash & Investments	133,770,830						

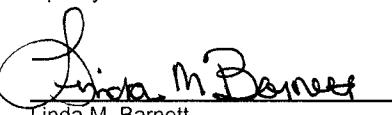
Portfolio Notes:

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

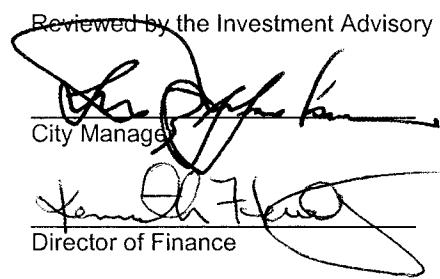
General LAIF account = \$17,300,000

RDA LAIF account = \$5,200,000

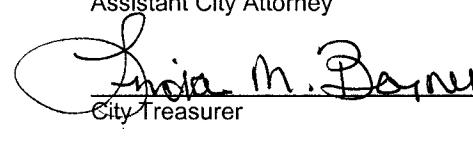
I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by Res. 06-01 on January 10, 2006. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides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


Linda M. Barnett 1-25-07
Date
Linda M. Barnett
City Treasurer

Reviewed by the Investment Advisory Committee


Kenneth O. Hause
City Manager
Director of Finance


Ron Roll
Assistant City Attorney


Linda M. Barnett
City Treasurer

**City of Torrance
Portfolio Management
Activity Summary**
December 2005 through December 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					
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
October	2006	107	130,413,578.00	4.152	4.210	5.098	8	5	1,124	557
November	2006	106	129,007,328.20	4.167	4.225	5.125	5	6	1,163	580
December	2006	107	127,296,010.21	4.238	4.297	5.129	4	3	1,136	568
	Average	99	125,873,953.44	3.811%	3.864%	4.591	4	3	1,059	511

December 2006

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
(I) PURCHASES*											
10633	Great Pacific Securities	12/05/2006	FHLMC	AAA/Aaa	12/05/2011	338	5.250%	5.250%	1,000,000	1,000,000	993,710
10634	Higgins Capital	12/13/2006	FHLB	AAA/Aaa	12/13/2011	163	5.500%	5.500%	1,000,000	1,000,000	994,380
10636	Citigroup	12/26/2006	FHLMC	AAA/Aaa	12/26/2008	359	5.100%	5.127%	1,000,000	999,500	996,730
10637	Citigroup	12/27/2006	FHLMC	AAA/Aaa	12/27/2011	543	5.400%	5.400%	1,000,000	1,000,000	995,620
Weighted Average Yield											
								5.319%			
									4,000,000	3,999,500	3,980,440

invest no.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	RATE	YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	
(II) MATURITIES**											
10473	Smith Barney	06/04/2003	FHLMC	AAA/Aaa	12/04/2006	2.250%	2.250%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
10603	Citibank	06/08/2006	FHLMC	AAA/Aaa	12/08/2006	5.800%	5.800%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
10566	Dean Witter	03/22/2005	FHLB	AAA/Aaa	12/22/2006	3.700%	3.700%	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
Weighted Average Yield											
								3.917%			
									3,000,000	3,000,000	3,000,000

* 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	12,600,000 <u>5,200,000</u> \$17,800,000	5.129% 5.129%	5.129% 5.129%	18,100,000 -\$18,100,000 \$	13,400,000 - 13,400,000	- -	17,300,000 5,200,000 \$22,500,000

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

	December 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	291,417.16	1,963,944.92
Plus Accrued Interest at End of Period	1,114,695.12	1,114,695.12
Less Accrued Interest at Beginning of Period	(1,033,769.42)	(978,674.44)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	372,342.86	2,099,965.60
Adjusted by Premiums and Discounts	5,021.71	77,967.56
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	377,364.57	2,177,933.16
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	1,633.25	563,528.33
Plus Accrued Interest at End of Period	234,497.55	234,497.55
Less Accrued Interest at Beginning of Period	(161,120.44)	(270,893.92)
Interest Earned during Period	75,010.36	527,131.96
Total Interest Earned during Period	447,353.22	2,627,097.56
Total Adjustments from Premiums and Discounts	5,021.71	77,967.56
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	452,374.93	2,705,065.12

City of Torrance
Portfolio Management
Portfolio Details - Investments
December 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
Local Agency Investment Funds												
SY\$10000	10000	Local Agency Invest Fund GEN'L			17,300,000.00	17,300,000.00		5.129		5.129	1	
SY\$10001	10001	Local Agency Invest Fund RDA			5,200,000.00	5,200,000.00		5.129		5.129	1	
		Subtotal and Average	17,067,741.94		22,500,000.00	22,500,000.00				5.129	1	
Money Market Sweep Account												
SY\$10131	10131	Bank of America			0.00	0.00		0.00		0.00	3.250	
SY\$1000	1000	Union Bank of California			356.46	356.46		356.46		356.46	4.980	
		Subtotal and Average	0.00		356.46	356.46		356.46		356.46	4.980	1
Federal Agency Issues - Coupon												
31331Q7E1	10483	FEDERAL FARM CREDIT BANK	08/06/2003		1,000,000.00	987,500.00		3.100		3.100	217	08/06/2007
31331TGG0	10491	FEDERAL FARM CREDIT BANK	10/15/2003		1,000,000.00	986,250.00		3.450		3.450	287	10/15/2007
31331TQP9	10507	FEDERAL FARM CREDIT BANK	02/09/2004		1,000,000.00	981,560.00		3.000		3.001	312	11/09/2007
31331TVG3	10513	FEDERAL FARM CREDIT BANK	03/24/2004		1,000,000.00	979,060.00		3.000		3.001	357	12/24/2007
31331TYR6	10516	FEDERAL FARM CREDIT BANK	04/22/2004		1,000,000.00	979,380.00		2.610		2.610	294	10/22/2007
31331TYD7	10519	FEDERAL FARM CREDIT BANK	04/15/2004		1,000,000.00	966,560.00		3.080		3.080	653	10/15/2008
31331TZG9	10520	FEDERAL FARM CREDIT BANK	04/12/2004		1,000,000.00	993,130.00		2.690		2.690	101	04/12/2007
31331TB91	10526	FEDERAL FARM CREDIT BANK	04/29/2004		1,000,000.00	982,810.00		3.100		3.100	301	10/29/2007
31331TL90	10531	FEDERAL FARM CREDIT BANK	05/17/2004		1,000,000.00	993,750.00		3.450		3.450	136	05/17/2007
31331SMB6	10559	FEDERAL FARM CREDIT BANK	02/02/2005		1,000,000.00	987,500.00		3.700		3.711	305	11/02/2007
31331SNB5	10567	FEDERAL FARM CREDIT BANK	03/10/2005		1,000,000.00	982,810.00		3.550		4.000	392	01/28/2008
31331SRL9	10570	FEDERAL FARM CREDIT BANK	04/04/2005		1,000,000.00	998,440.00		3.750		4.021	44	02/14/2007
31331SD42	10576	FEDERAL FARM CREDIT BANK	06/30/2005		1,000,000.00	986,250.00		4.125		4.125	546	06/30/2008
31331VTK2	10592	FEDERAL FARM CREDIT BANK	03/22/2006		2,000,000.00	1,998,120.00		5.090		5.097	172	06/22/2007
31331VVF7	10600	FEDERAL FARM CREDIT BANK	05/04/2006		1,000,000.00	1,005,000.00		5.250		5.250	854	05/04/2009
31331WSR4	10610	FEDERAL FARM CREDIT BANK	08/01/2006		1,000,000.00	994,692.58		3.750		3.750	1,673	08/01/2011
31331SD44	10618	FEDERAL FARM CREDIT BANK	09/13/2006		1,000,000.00	986,250.00		4.125		4.125	337	12/04/2007
31331XAK8	10622	FEDERAL FARM CREDIT BANK	10/16/2006		1,000,000.00	996,560.00		5.250		5.250	1,201	04/16/2010
3133MNP4	10445	FEDERAL HOME LOAN BANK	02/06/2003		833,333.33	820,575.00		3.750		3.757	401	02/06/2008
31331WV45	10469	FEDERAL HOME LOAN BANK	06/05/2003		1,000,000.00	1,001,560.00		5.750		5.750	521	06/05/2008
31331VA48	10471	FEDERAL HOME LOAN BANK	05/28/2003		2,000,000.00	1,991,880.00		2.550		2.550	58	02/28/2007
31339YAG7	10478	FEDERAL HOME LOAN BANK	07/16/2003		1,000,000.00	998,750.00		2.350		2.350	15	01/16/2007
31339YF23	10479	FEDERAL HOME LOAN BANK	07/23/2003		1,000,000.00	998,440.00		2.430		2.463	22	01/23/2007
31339YKX9	10480	FEDERAL HOME LOAN BANK	07/30/2003		1,000,000.00	968,750.00		3.000		3.000	576	07/30/2008
3133X0FJ3	10482	FEDERAL HOME LOAN BANK	08/13/2003		1,000,000.00	983,130.00		4.000		4.000	590	08/13/2008
3133X1RC3	10493	FEDERAL HOME LOAN BANK	10/30/2003		1,000,000.00	988,750.00		3.250		3.251	210	07/30/2007

Portfolio CITY

PM (PRF_PMF2) SymRept 6.41.202b AP

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Date
Federal Agency Issues - Coupon												
3133X2A28	10495	FEDERAL HOME LOAN BANK	1,000,000.00	993,130.00	1,000,000.00	3,350	Aaa	3.350		144	05/25/2007	
31339YYV1	10503	FEDERAL HOME LOAN BANK	1,000,000.00	974,690.00	999,163.46	3,375	Aaa	3.433		567	07/21/2008	
3133X3JF5	10505	FEDERAL HOME LOAN BANK	1,000,000.00	986,880.00	999,779.76	3,070	Aaa	3.108		224	08/13/2007	
3133X5X45	10524	FEDERAL HOME LOAN BANK	1,000,000.00	965,940.00	1,000,000.00	3,420	Aaa	3.420		841	04/21/2009	
3133X6CF1	10525	FEDERAL HOME LOAN BANK	1,000,000.00	994,690.00	1,000,000.00	3,500	Aaa	3.500		841	04/21/2009	
3133X75B6	10533	FEDERAL HOME LOAN BANK	1,000,000.00	997,190.00	1,000,000.00	3,280	Aaa	3.281		58	02/28/2007	
3133XAL47	10560	FEDERAL HOME LOAN BANK	1,000,000.00	990,000.00	1,000,000.00	3,685	Aaa	3.685		235	08/24/2007	
3133XAMZ7	10562	FEDERAL HOME LOAN BANK	1,000,000.00	986,560.00	1,000,000.00	4,000	Aaa	4,000		427	03/03/2008	
3133XAQU4	10563	FEDERAL HOME LOAN BANK	1,000,000.00	987,190.00	1,000,000.00	3,825	Aaa	3.827		340	12/07/2007	
3133XAQV2	10564	FEDERAL HOME LOAN BANK	1,000,000.00	982,810.00	1,000,000.00	4,000	Aaa	4,000		616	09/08/2008	
3133XEFR5	10581	FEDERAL HOME LOAN BANK	1,000,000.00	996,880.00	1,000,000.00	5,000	Aaa	5,000		392	01/28/2008	
3133XEV30	10591	FEDERAL HOME LOAN BANK	1,000,000.00	998,130.00	1,000,000.00	5,040	Aaa	5,040		263	09/21/2007	
3133XFCM6	10594	FEDERAL HOME LOAN BANK	1,000,000.00	1,000,310.00	1,000,000.00	5,400	Aaa	5,400		1,213	04/28/2010	
3133XFHS8	10599	FEDERAL HOME LOAN BANK	1,000,000.00	1,007,190.00	1,000,000.00	5,520	Aaa	5,520		1,599	05/19/2011	
3133XFH4	10607	FEDERAL HOME LOAN BANK	1,000,000.00	1,001,560.00	1,000,000.00	6,000	Aaa	6,000		1,654	07/13/2011	
3133XGD76	10608	FEDERAL HOME LOAN BANK	1,000,000.00	1,006,880.00	1,000,000.00	5,700	Aaa	5,700		1,318	08/11/2010	
3133XGNW0	10612	FEDERAL HOME LOAN BANK	1,000,000.00	997,190.00	1,000,000.00	5,500	Aaa	5,500		984	09/11/2009	
3133XGTS3	10616	FEDERAL HOME LOAN BANK	1,000,000.00	999,380.00	1,000,000.00	5,375	Aaa	5,375		1,346	09/08/2010	
3133XGTX4	10617	FEDERAL HOME LOAN BANK	1,000,000.00	999,380.00	1,000,000.00	5,500	Aaa	5,500		1,173	03/19/2010	
3133XGZP2	10619	FEDERAL HOME LOAN BANK	1,000,000.00	998,750.00	1,000,000.00	5,150	Aaa	5,150		1,005	10/02/2009	
3133XHEX6	10624	FEDERAL HOME LOAN BANK	1,000,000.00	994,380.00	1,000,000.00	5,200	Aaa	5,200		1,760	10/27/2011	
3133XEZP7	10625	FEDERAL HOME LOAN BANK	1,000,000.00	998,750.00	998,915.97	5,000	Aaa	5,038		620	09/12/2008	
3133XJS6	10634	FEDERAL HOME LOAN BANK	1,000,000.00	994,380.00	1,000,000.00	5,500	Aaa	5,500		1,807	12/13/2011	
3128X1GD3	10508	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	964,960.00	990,549.40	3,110	Aaa	3,644		710	12/11/2008	
3128X25Y7	10521	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	982,040.00	1,000,000.00	2,920	Aaa	2,920		291	10/19/2007	
3128X4YE5	10584	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	998,910.00	999,559.46	5,000	Aaa	5,030		569	07/23/2008	
3128X4K67	10585	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	996,990.00	1,000,000.00	5,250	Aaa	5,250		431	03/07/2008	
3128X4ZC4	10593	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	1,000,650.00	999,732.82	5,600	Aaa	5,607		1,554	04/04/2011	
3128X4NA5	10598	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	1,000,570.00	1,000,000.00	5,700	Aaa	5,700		1,590	05/10/2011	
3128X4N56	10605	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	999,540.00	993,052.82	5,250	Aaa	5,461		1,515	02/24/2011	
3128X5KL1	10620	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	1,001,610.00	1,000,000.00	5,500	Aaa	5,500		1,732	09/29/2011	
3128X5MP0	10628	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	998,520.00	1,000,000.00	5,250	Aaa	5,250		676	11/07/2008	
3128X5NT1	10629	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	998,460.00	1,000,000.00	5,350	Aaa	5,350		1,778	11/14/2011	
3128X5PV4	10631	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	996,220.00	1,000,000.00	5,125	Aaa	5,125		1,423	11/24/2010	
3128X5QW1	10633	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	993,710.00	1,000,000.00	5,250	Aaa	5,250		1,799	12/05/2011	
3128X5TD0	10636	FEDERAL HOME LOAN MORTGAGE CO	1,000,000.00	996,730.00	999,503.47	5,100	Aaa	5,127		725	12/26/2008	

Portfolio CITY

AP
PM (PRF_PM2) SymRept 6.41.2026

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

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Date
Federal Agency Issues - Coupon												
3128X5VF2	10637	FEDERAL HOME LOAN MORTGAGE CO	12/27/2006		1,000,000.00	995,620.00	1,000,000.00	5.400	Aaa	5.400	1,821	12/27/2011
3136F5PC9	10522	FEDERAL NATIONAL MORT ASSOC	04/19/2004		1,000,000.00	992,190.00	1,000,000.00	2.500	Aaa	2.500	108	04/19/2007
31359MVC4	10536	FEDERAL NATIONAL MORT ASSOC	05/17/2004		1,000,000.00	995,000.00	999,962.22	3.750	Aaa	3.761	136	05/17/2007
3136F7FE2	10578	FEDERAL NATIONAL MORT ASSOC	07/28/2005		1,000,000.00	990,630.00	1,000,000.00	4.300	Aaa	4.300	392	01/28/2008
3136F7F44	10606	FEDERAL NATIONAL MORT ASSOC	06/22/2006		1,000,000.00	1,007,190.00	1,000,000.00	5.500	Aaa	5.500	1,633	06/22/2011
3136F7Q75	10609	FEDERAL NATIONAL MORT ASSOC	08/03/2006		1,000,000.00	1,002,190.00	1,000,000.00	5.750	Aaa	5.750	945	08/03/2009
31359MNTP4	10621	FEDERAL NATIONAL MORT ASSOC	10/05/2006		1,000,000.00	994,690.00	995,461.79	4.250	Aaa	5.111	195	07/15/2007
Subtotal and Average			1,838,613.35		70,833,333.33	70,289,865.00	70,804,814.79		4.299	709		
Treasury Securities - Coupon												
912828A23	10475	U.S.TREASURY NOTE	06/16/2003		5,000,000.00	4,850,800.00	5,033,286.91	2.625	Aaa	2.110	500	05/15/2008
912828BG4	10484	U.S.TREASURY NOTE	08/15/2003		1,000,000.00	975,310.00	998,519.19	3.250	Aaa	3.350	592	08/15/2008
912828CG3	10535	U.S.TREASURY NOTE	05/17/2004		1,000,000.00	992,970.00	999,886.31	3.125	Aaa	3.166	134	05/15/2007
912828D36	10561	U.S.TREASURY NOTE	01/31/2005		1,000,000.00	998,556.00	999,897.36	3.125	Aaa	3.255	30	01/31/2007
912828DK3	10565	U.S.TREASURY NOTE	02/15/2005		1,000,000.00	982,540.00	999,101.37	3.375	Aaa	3.460	410	02/15/2008
912828DK3	10574	U.S.TREASURY NOTE	05/09/2005		1,000,000.00	982,540.00	995,758.71	3.375	Aaa	3.775	410	02/15/2008
912828DT4	10577	U.S.TREASURY NOTE	07/13/2005		1,000,000.00	984,690.00	998,942.64	3.750	Aaa	3.831	500	05/15/2008
912828DZ0	10579	U.S.TREASURY NOTE	07/25/2005		1,000,000.00	973,520.00	994,223.91	3.875	Aaa	4.057	1,291	07/15/2010
912828E00	10580	U.S.TREASURY NOTE	08/15/2005		1,000,000.00	989,140.00	999,493.61	4.125	Aaa	4.159	592	08/15/2008
912828DY3	10611	U.S.TREASURY NOTE	07/31/2006		1,000,000.00	993,280.00	992,968.75	3.625	Aaa	5.098	180	06/30/2007
912828FT2	10626	U.S.TREASURY NOTE	10/23/2006		1,000,000.00	996,290.00	996,198.36	4.625	Aaa	4.854	638	09/30/2008
912828EV7	10627	U.S.TREASURY NOTE	10/31/2006		1,000,000.00	1,000,470.00	1,000,286.00	4.875	Aaa	4.858	669	10/31/2008
Subtotal and Average			1,996,401.39		16,000,000.00	15,720,100.00	16,008,533.12		3.397	496		
Medium Term Notes												
02003MAG9	10573	ALLSTATE LIFE GLOBAL TRUST	05/09/2005		1,000,000.00	984,750.00	997,678.69	3.850	Aa2	4.080	389	01/25/2008
060505BH6	10596	Bank of America	04/13/2006		1,000,000.00	964,710.00	963,727.21	3.375	AA2	5.230	778	02/17/2009
06423EPM1	10556	Bank One NA Illinois	01/18/2005		1,000,000.00	983,930.00	1,000,194.47	3.700		3.680	379	01/15/2008
172967BS9	10466	Citigroup	05/12/2003		1,000,000.00	982,010.00	1,004,611.91	3.500	Aa1	3.040	396	02/01/2008
172967BS9	10572	Citigroup	04/28/2005		1,585,000.00	1,556,485.85	1,574,846.90	3.500	Aa1	4.130	396	02/01/2008
166760AA6	10455	ChevronTexaco	02/25/2003		1,000,000.00	988,270.00	1,003,143.09	3.500	Aa2	3.025	259	09/17/2007
36962GB78	10465	General Electric Capital Corp	05/12/2003		1,000,000.00	977,856.00	1,004,284.85	3.500	Aaa	3.150	486	05/01/2008
36966RFV3	10476	General Electric Capital Corp	06/19/2003		2,000,000.00	1,913,380.00	2,000,000.00	2.450	Aaa	2.450	531	06/15/2008
375766AM4	10472	Gillette Company	05/27/2003		1,000,000.00	961,490.00	999,233.87	2.500	Aa3	2.558	517	06/01/2008
437076AN2	10623	Home Depot	10/11/2006		1,000,000.00	994,770.00	1,004,746.84	5.200	Aa3	5.059	1,520	03/01/2011
441812KG8	10613	Household Finance Co	08/22/2006		1,000,000.00	989,180.00	988,801.57	4.750	Aa3	5.260	865	05/15/2009

Portfolio CITY

AP

PM (PRF_PMP2) SymRept 6.41.2020

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

CUSIP	Medium Term Notes	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
40429CCX8	10632		Household Finance Co	11/20/2006	1,000,000.00	1,000,030.00	1,002,800.96	5.250	Aa3	5.170	1,474	01/14/2011	
59018YVv0	10630		MERRILL LYNCH	11/17/2006	1,000,000.00	986,390.00	991,508.95	4.790	Aa3	5.050	1,314	08/04/2010	
59217EAD6	10477		Met Life	06/19/2003	1,000,000.00	957,140.00	1,000,683.47	2.600	Aa2	2.550	535	06/19/2008	
59217EAD6	10481		Met Life	07/25/2003	1,000,000.00	957,140.00	988,613.88	2.600	Aa2	3.450	535	06/19/2008	
742718BX6	10538		Procter & Gamble	08/02/2004	1,000,000.00	986,880.00	1,006,696.10	4.300	Aa3	3.850	592	08/15/2008	
717081AK9	10511		Pfizer Inc.	02/03/2004	1,000,000.00	994,390.00	1,000,028.36	2.500	Aaa	2.486	73	03/15/2007	
949746EX5	10464		Wells Fargo Co	05/12/2003	1,000,000.00	979,290.00	1,005,447.83	3.500	Aa1	3.031	459	04/04/2008	
949746EX5	10557		Wells Fargo Co	01/24/2005	1,000,000.00	979,290.00	997,278.06	3.500	Aa1	3.730	459	04/04/2008	
949746JQ5	10569		Wells Fargo Co	04/04/2005	1,000,000.00	986,930.00	997,936.25	4.125	Aa1	4.310	434	03/10/2008	
98153BAA4	10604		World Savings Bank	06/05/2006	1,000,000.00	981,470.00	978,962.42	4.500	Aa3	5.440	896	06/15/2009	
Subtotal and Average				1,002,828.01		22,585,000.00	22,105,775.85	22,511,225.68		3.785	621		
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	2,008	07/01/2012	
			Subtotal and Average	1,905,564.91		1,905,564.91	1,905,564.91			8,000	2,008		
			Total and Average	23,811,149.60		133,824,254.70	132,521,662.22	133,730,494.96		4.297	568		

II. RESTRICTED FUNDS

Reports Appear Quarterly

III. CASH & INVESTMENT PORTFOLIO SHARE

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

	FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
N	General	21,534,063.46	21,348,384.48	16.10
R	Parks & Recr Facility & Open Space	2,679,092.93	2,655,992.26	2.00
R	State Gas Tax	5,056,133.37	5,012,536.50	3.78
R	Federal Housing, Community Dev	479,644.81	475,509.04	0.36
R	Work Investment Network - WIN	(199,540.95)	(197,820.39) (B)	(0.15)
R	Street Lighting	600,097.60	594,923.22	0.45
R	Traffic Congestion Relief Act 2000 - AB2928	1,770,279.64	1,755,015.28	1.32
R	Police Asset Forfeiture	3,252,031.96	3,223,991.09	2.43
N	Government Cable	1,775,752.15	1,760,440.60	1.33
R	Local Return - Proposition C	3,796,616.26	3,763,879.67	2.84
R	Grants/Donations	(125,694.09)	(124,610.28) (C)	(0.09)
R	Citizens Options for Public Safety (COPS) Grant Funds - AB3229	397,212.39	393,787.40	0.30
R	Seismic Education Fund	51,415.27	50,971.94	0.04
R	Rehabilitation Housing	515,160.34	510,718.33	0.39
R	Police Inmate Welfare Fund	82,516.62	81,805.11	0.06
N	Capital Improvements	18,903,762.89	18,740,763.86	14.14
R	Vanpool/Rideshare Fund	337,734.63	334,822.49	0.25
R	Torrance Improvement Fund	4,542,352.88	4,503,186.12	3.40
R	Animal Control Fund	102,826.28	101,939.65	0.08
R	Redevelopment-Capital Proj	5,997,165.45	5,945,454.47	4.48
R	Redevelopment Debt Service	2,120,871.75	2,102,584.38	1.59
N	DNA Sampling Fund	1,936.70	1,920.00	0.00
N	Airport Fund	7,189,440.18	7,127,448.73	5.38
N	Transit Operations	2,561,165.73	2,539,081.90	1.92
R	Development Impact Fund	272,240.43	269,893.02	0.20
N	Water Operations	10,822,012.02	10,728,698.46	8.09
N	Emergency Medical Service Enterprise Fund	(401,737.49)	(398,273.48) (D)	(0.30)
N	Sanitation Operations	2,863,777.96	2,839,084.83	2.14
N	Cultural Arts Enterprise	495,725.17	491,450.74	0.37
N	Sewer Enterprise Fund	9,477,882.70	9,396,158.99	7.09
N	Parks & Recr Enterprise Fund	12,385.04	12,278.25	0.01
N	Self Insurance Fund	7,587,864.99	7,522,438.09	5.67
N	Fleet Services	12,613,294.43	12,504,535.41	9.43
R	Postemployment/Compensated Absences Fund	3,635,403.92	3,604,057.39	2.72
R	Trust & Agency	2,929,751.09	2,904,489.11	2.19
TOTAL		133,730,638.50	132,577,536.66	100.00

R = Restricted Funds

N = Non-Restricted Funds

- (A) The difference between the Share of Investments total of \$133,730,638.50 and the Pooled Cash and Investments total of \$132,577,536.66 is primarily due to outstanding warrants and adjusting journal entries. (See reconciliation schedule attached)
- (B) Reimbursement for FY 06-07 in the amount of \$289,405 is pending review and approval by the City of Los Angeles.
- (C) Joslyn Arts Gallery has a negative cash balance of <\$129,897.79>. Final reimbursement request is planned for the end of January after site approval by the grant monitors.
- FEAP 331-Lago Seco Park Development - Primary Elements has a negative cash balance of <\$60,467>. Final reimbursement request is planned for the end of January after site approval by the grant monitors.
- Ocean/226th Vest Pocket Park has a negative cash balance of <\$80,000>. Final reimbursement request is planned for the end of January after site approval by the grant monitors.
- (D) A transfer-in from the General Fund in the amount of \$556,460 was posted on 1/6/07.

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

INVESTMENTS PER PORTFOLIO SUMMARY
(City Pool)

133,730,638.50

CASH AND INVESTMENTS PER BOOKS

132,577,536.66

CASH IN BANKS:

Cash in B of A General Account	(\$105,737.63)
Cash in B of A Payroll Account	0.00

OUTSTANDING WARRANTS:

General Account	1,384,540.68
Payroll Account	342,488.08
Workers Compensation Account	253,106.15
Housing Account	254,022.72
	2,234,157.63

Miscellaneous outstanding adjusting journal entries	(975,318.16)
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INVESTMENTS PER BOOKS

\$133,730,638.50