

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of [January 31, 2005](#), investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$ 7.129
Schools and Community Colleges	8.662
Independent Public Agencies	<u>1.090</u>
Total	\$ 16.881

Of these entities, the involuntary participants accounted for approximately [93.54%](#), and all discretionary participants accounted for [6.46%](#) of the total treasury pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on [February 3, 2004](#), reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors for formal action to approve it. According to the Investment Report dated [February 24, 2005](#), the [January 31, 2005](#) book value of the Treasury Pool was approximately [\\$16.881 billion](#) and the corresponding market value was approximately [\\$16.837 billion](#).

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. They also review each investment trade for accuracy and compliance with the Board adopted Investment Policy. The County Auditor-Controller's Office performs similar cash and investment reconciliation on a quarterly basis and regularly reviews investment transactions for conformance with the approved policies. Additionally, the County's outside independent auditor annually accounts for all investments.

The Treasury Pool is highly liquid. As of [January 31, 2005](#) approximately [58.82%](#) of the pool investments mature within 60 days, with an average of [161.42](#) days to maturity for the entire portfolio. The following table identifies the types of securities held by the Pool as of [January 31, 2005](#).

<u>Type of Investment</u>	<u>% of Pool</u>
U.S. Government and Agency Obligations	44.88
Certificates of Deposit	19.18
Commercial Paper	29.97
Bankers Acceptances	0.00
Municipal Obligations	0.16
Corporate Notes & Deposit Notes	5.25
Asset Backed Instruments	0.00
Repurchase Agreements	0.56
Other	0.00

Effective January 1, 1996, Section 27131 of the Government Code requires all counties investing surplus funds to establish a County Treasury Oversight Committee. On January 16, 1996, the Board of Supervisors approved the establishment of the County Treasury Oversight Committee and subsequently confirmed the five Committee members nominated by the Treasurer in accordance with that Section. The Committee, which meets quarterly, is required to review and monitor for compliance the investment policies prepared by the Treasurer.