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 September 30, 2016, 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:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$9.249
Schools and Community Colleges	12.327
Discretionary Participants	2.311
Total	$23.887

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.33%
Discretionary Participants:	
Independent Public Agencies	8.55%
County Bond Proceeds and Repayment Funds	1.12%
Total	100.00%

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 March 29, 2016, 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. According to

the Investment Report dated October 31, 2016, the September 30, 2016 book value of the Treasury Pool was approximately $23.887 billion and the corresponding market value was approximately $23.894 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. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of September 30, 2016:

Type of Investment	**% of Pool**
U.S. Government and Agency Obligations	59.44
Certificates of Deposit	14.35
Commercial Paper	25.75
Bankers Acceptances	0.00
Municipal Obligations	0.25
Corporate Notes & Deposit Notes	0.21
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of September 30, 2016, approximately 38.28% of the investments mature within 60 days, with an average of 631 days to maturity for the entire portfolio.