TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich  

FROM: Wendy L. Watanabe  
Auditor-Controller  

SUBJECT: REVIEW OF THE COUNTY TREASURY STATEMENT OF NET ASSETS FOR THE QUARTER ENDED MARCH 31, 2009

California Government Code Section 26920 requires quarterly reviews of the County Treasurer and Tax Collector's (TTC) statement of net assets in the County Treasury. We contracted with an independent Certified Public Accounting firm, Macias, Gini & O'Connell, LLP (MGO), to perform the review for the quarter ended March 31, 2009. MGO conducted the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. MGO also performed several agreed-upon procedures.

MGO's review report (Attachment 1) indicates that they are not aware of any material modifications that should be made to the special-purpose statement of net assets.

MGO's agreed-upon procedures report (Attachment 2) indicates they performed the following procedures:

1. Confirmed Treasury cash held by banks and investments held by the TTC's safekeeping agent and other custodians as of March 31, 2009.

2. Obtained the TTC's bank reconciliations at March 31, 2009 and verified the bank accounts were reconciled to the TTC's accounting records. Tested the mathematical accuracy of the reconciliations and traced material items to supporting documents.
3. Obtained the TTC’s reconciliations of investments and other safekept securities at March 31, 2009 and verified the investments recorded in the TTC’s records were reconciled to TTC’s custodial bank. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.

4. Obtained the TTC’s reconciliations of cash and investments at January 31, 2009, February 29, 2009, and March 31, 2009 and verified that cash and investments were reconciled between the TTC’s records and the Auditor-Controller’s records pursuant to Government Code Section 26905. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.

5. Agreed the amounts reported on the Statement at March 31, 2009 to the TTC’s records.

MGO did not note any exceptions in their agreed upon procedures.

Please call me if you have any questions, or your staff may call Jim Schneiderman at (213) 253-0101.

WLW:MMO:JLS:MP

Attachments

c: William T Fujioka, Chief Executive Officer
   Mark J. Saladino, Treasurer and Tax Collector
   Public Information Office
   Audit Committee
Los Angeles County
Treasury

Review Report

March 31, 2009
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INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Board of Supervisors of the Los Angeles County, California

We have reviewed the accompanying special-purpose statement of net assets of the Los Angeles County Treasurer and Tax Collector (Treasury) as of March 31, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the statement of net assets is the representation of the management of the Treasury.

A review consists principally of inquiries of Treasury personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The accompanying special-purpose statement of net assets was prepared for the purpose of complying with the California Government Code Section 26920 as discussed in Note 1, and is not intended to be a presentation in conformity with generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying special-purpose statement of net assets in order for it to be in conformity with the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Board of Supervisors, Treasury and Auditor-Controller management, and should not be used by anyone other than these specified parties.

[Signature]
Certified Public Accountant
Los Angeles, California
September 17, 2009
# LOS ANGELES COUNTY TREASURY
## STATEMENT OF NET ASSETS
### MARCH 31, 2009

<table>
<thead>
<tr>
<th></th>
<th>External Investment</th>
<th>Specific Purpose Investment</th>
<th>Other Specific Investments</th>
</tr>
</thead>
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<tr>
<td>Treasurer Cash</td>
<td>$ 121,896,663</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Investments (Fair Value)</td>
<td>19,967,216,630</td>
<td>440,793,065</td>
<td>301,714</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>86,593,946</td>
<td>2,458,976</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>20,175,807,239</strong></td>
<td><strong>443,252,041</strong></td>
<td><strong>301,714</strong></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trades Payable</td>
<td>330,467,948</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>330,467,948</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Assets Held in Trust</strong></td>
<td>$ 19,845,339,291</td>
<td>$ 443,252,041</td>
<td>$ 301,714</td>
</tr>
</tbody>
</table>

See Independent Accountant's Report
The accompanying note is an integral part of this financial statement.
LOS ANGELES COUNTY TREASURY
NOTE TO THE STATEMENT OF NET ASSETS
MARCH 31, 2009

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity

The Los Angeles County (County) Treasurer and Tax Collector (Treasury) is responsible for tax collection, banking, investment and accountability of public funds. The County Treasury maintains two investment portfolios, the External Investment Pool portfolio (the Pool) and the Specific Purpose Investment (SPI) portfolio with approximately $19.85 billion and $443.25 million, respectively, in total net assets as of March 31, 2009. The Pool is managed by the County Treasury on behalf of the Pool participants, which include the County, local school districts, and the Courts who are required by State statutes to participate in the Pool and other municipal agencies. SPI portfolio participants in the County Treasury consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District and certain other municipal agencies. The deposits held for all entities are invested in the Pool and SPI portfolios. The Treasury also maintains Other Specific Investments totaling approximately $30 million at March 31, 2009. These assets are held by the Treasury for a municipal agency per State Code. The State of California allows the Board of Supervisors (Board) the ability to delegate the investment authority to the County Treasury in accordance with Section 53607 of the California Government Code.

Pursuant to a change in California Government Code Section 27131, the establishment of a county Treasury Oversight Committee became optional and no longer mandatory. As a result of this change, the Board disbanded the County Treasury Oversight Committee on November 12, 2008 due to its limited functions. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

Treasury’s Investment Strategy

The County Treasury’s investment strategy for the Pool is to maintain the principal and to provide sufficient cash to meet disbursement needs. The cash flow needs of the Pool members are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The County Treasury’s basic investment strategy is to buy and hold, to a designated maturity, high quality fixed income investments.

The SPI portfolio is used to account for the net assets of individual investment accounts, in aggregate. The related investment activity occurs separately from the Pool and is provided as a service to Pool participants and external investors. The individual investment strategies are targeted for the needs of the requesting entity.

The Other Specific Investments are used to account for the assets placed with the County Treasury pursuant to State Code. The investment activity occurs separately from the County’s Pool and the related investment strategies are governed by State Code.
Financial Statement Presentation

The accompanying special-purpose statement of net assets was prepared for the purpose of presenting the net assets of the Treasury pursuant to the California Government Code Section 26920 and is not intended to be a presentation in conformity with generally accepted accounting principles. Accordingly, note disclosures required by Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3, are not presented, since such disclosures are not required by the California Government Code Section 26920.
Los Angeles County
Treasury

Agreed-Upon Procedures Report

March 31, 2009
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Independent Accountant’s Report on Applying Agreed-Upon Procedures ........................................ 1
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Board of Supervisors of the
Los Angeles County, California

We have performed the procedures enumerated below, which were agreed to by the Los Angeles County
Auditor-Controller (Auditor-Controller) and the Los Angeles County Treasurer and Tax Collector
(Treasury), solely to assist you with respect to the Statement of Net Assets of the Treasury as of March
31, 2009 (Statement). Treasury management is responsible for the Statement. This agreed-upon
procedures engagement was conducted in accordance with attestation standards established by the
American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the
responsibility of those parties specified in the report. Consequently, we make no representation regarding
the sufficiency of the procedures described below either for the purpose for which this report has been
requested or for any other purpose.

Our procedures and findings are as follows:

1. Confirmed Treasury cash held by banks and investments held by the Treasury's safekeeping agent
   and other custodians as of March 31, 2009.
   No exceptions were noted as a result of our procedures.

2. Obtained the Treasury's bank reconciliations at March 31, 2009 and verified the bank accounts
   were reconciled to the Treasury's accounting records. Tested the mathematical accuracy of the
   reconciliations and traced material reconciling items to supporting documents.
   No exceptions were noted as a result of our procedures.

3. Obtained the Treasury's reconciliations of investments and other safekept securities at March 31,
   2009 and verified the investments recorded in the Treasury's records were reconciled to the
   Treasury's custodial bank. Tested the mathematical accuracy of the reconciliations and traced
   material reconciling items to supporting documents.
   No exceptions were noted as a result of our procedures.
4. Obtained the Treasury’s reconciliations of cash and investments at January 31, 2009, February 28, 2009, and March 31, 2009 and verified that cash and investments were reconciled between the Treasury’s records and the Auditor-Controller’s records pursuant to Government Code Section 26905. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.

No exceptions were noted as a result of our procedures.

5. We agreed amounts reported on the Statement at March 31, 2009 to the records of the Treasury.

No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the members of the Board of Supervisors, Treasury and Auditor-Controller management, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

Los Angeles, California
September 17, 2009