

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 (Treasury Pool). As of September 30, 2022, 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 | \$17.782 |
| Schools and Community Colleges | 20.286 |
| Discretionary Participants | <u>3.990</u> |
| Total | <u>\$42.058</u> |

The Treasury Pool participation composition is as follows:

| | |
|--|--------------|
| Non-discretionary Participants | 90.52% |
| Discretionary Participants: | |
| Independent Public Agencies | 9.10% |
| County Bond Proceeds and Repayment Funds | <u>0.38%</u> |
| 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 1, 2022, 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, 2022, the September 30, 2022 book value of the Treasury Pool was approximately \$42.058 billion, and the corresponding market value was approximately \$39.187 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, 2022:

| <u>Type of Investment</u> | <u>% of Pool</u> |
|--|-------------------------|
| Certificates of Deposit | 4.87 |
| U.S. Government and Agency Obligations | 71.44 |
| Bank Acceptances | 0.00 |
| Commercial Paper | 23.59 |
| Municipal Obligations | 0.07 |
| Corporate Notes & Deposit Notes | 0.03 |
| Repurchase Agreements | 0.00 |
| Asset Backed Instruments | 0.00 |
| Other | <u>0.00</u> |
| | 100.00 |

The Treasury Pool is highly liquid. As of September 30, 2022, approximately 35.21% of the investments mature within 60 days, with an average of 1,008 days to maturity for the entire portfolio.