

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY
OF THE STATE TREASURER, JUNE 30, 1983**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

F-341

STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY
OF THE STATE TREASURER, JUNE 30, 1983

FEBRUARY 1984



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Thomas W. Hayes
Auditor General

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660 J STREET, SUITE 300
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February 3, 1984

F-341

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the State Treasurer's Statement of Security Accountability as of June 30, 1983, as required by Government Code Section 13299.1. We found that the statement presents fairly the security accountability of the State Treasurer as of June 30, 1983.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

TABLE OF CONTENTS

	<u>Page</u>
AUDITOR'S OPINION	1
STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER	2
NOTES TO THE STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER	4



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Members of the Joint Legislative Audit Committee
State of California

We have examined the Statement of Security Accountability of the State Treasurer as of June 30, 1983. We made our examination in accordance with generally accepted auditing standards and Government Code Section 13299.1. Our examination included a count of all securities held for safekeeping purposes in the State Treasurer's vault and included such other tests of the accounting records and auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the security accountability of the State Treasurer as of June 30, 1983, in accordance with the basis of accounting described in Note 1.

This report is intended solely for the purpose of complying with the provisions of Government Code Section 13299.1 and is not intended for any other purpose.

OFFICE OF THE AUDITOR GENERAL

A handwritten signature in black ink, appearing to read "Karl W. Dolk".

KARL W. DOLK, CPA
Assistant Auditor General

December 22, 1983

STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER
STATE OF CALIFORNIA
JUNE 30, 1983

<u>Account Title</u>	<u>Deposits in the State Treasurer's Vault</u>	<u>Deposits with Banks or Trust Companies</u>	<u>Securities in Transit</u>	<u>Total</u>
<u>Pooled Money Investment Account</u>				
<u>(Note 1)</u>				
Securities (Note 2)	\$ 701,468,516	\$ 4,574,113,840	\$ 1,000	\$ 5,275,583,356
Reverse Repurchase Agreements (Note 3)			895,114,818	895,114,818
Total	<u>701,468,516</u>	<u>4,574,113,840</u>	<u>895,115,818</u>	<u>6,170,698,174</u>
<u>Investments of Individual State Accounts</u>				
Antioch and Carquinez		3,475,000		3,475,000
California Housing Finance Agency	203,248,002	89,714,000		292,962,002
California National Guard		545,000		545,000
California Pollution Control Financing Authority		2,487,000		2,487,000
California Transportation Commission		13,750,000		13,750,000
Central Valley Water Project Construction Fund		244,402,400		244,402,400
Judges' Retirement System	63,000	800,000		863,000
Legislators' Retirement System	12,345,451	294,000	200	12,639,651
Public Employees' Contingency Reserve Fund	8,476,000	3,596,000		12,072,000
Public Employees' Retirement System	7,225,341,167	5,009,173,914	12,206,585	12,246,721,666
Special Deposit - Alice Burch	2,040	18,000		20,040
State Compensation Insurance Fund	1,222,909,513	149,655,000	1,091,653	1,373,656,166
State Controller	287,000	335,000	1,000	623,000
State Teachers' Retirement System	5,153,809,773	2,125,899,520	6,533,569	7,286,242,862
State Teachers' Tax Sheltered Annuities	1,380,000	8,568,000		9,948,000
Veterans' Debenture Revenue Fund		35,000,000		35,000,000
Volunteer Firefighters' Fund		191,000		191,000
Total	<u>13,827,861,946</u>	<u>7,687,903,834</u>	<u>19,833,007</u>	<u>21,535,598,787</u>
<u>Pledges to Secure Bank and Savings and Loan Deposits of the State</u>				
Agency Bank Deposits	17,881,000	45,763,603		63,644,603
State Treasurer				
Demand Deposits	126,753,200	134,741,460		261,494,660
Time Deposits	131,869,459	2,692,083,521		2,823,952,980
Total	<u>276,503,659</u>	<u>2,872,588,584</u>		<u>3,149,092,243</u>

(Statement continued on next page)

<u>Account Title</u>	<u>Deposits in the State Treasurer's Vault</u>	<u>Deposits with Banks or Trust Companies</u>	<u>Securities in Transit</u>	<u>Total</u>
<u>Miscellaneous Pledges</u>				
Banking Department, State	12,163,500	96,929,232		109,092,732
Consumer Affairs, Department of	12,833,500	4,000		12,837,500
Corporations, Department of	361,000			361,000
Employment Development Department	30,478,472	143,100		30,621,572
Equalization, Board of	1,032,155	48,600		1,080,755
Franchise Tax Board	12,517			12,517
Industrial Relations, Department of	33,631,000			33,631,000
Insurance, Department of	4,570,957,685			4,570,957,685
Real Estate, Department of	4,135,000			4,135,000
Savings and Loan, Department of	480,000			480,000
State Lands Commission	11,800,969	1,000		11,801,969
Transportation, Department of	17,390,500	10,600,000	70,000	28,060,500
Water Resources Control Board	613,138			613,138
Water Resources, Department of	2,037,000			2,037,000
Total	4,697,926,436	107,725,932	70,000	4,805,722,368
<u>General Safekeeping</u>				
Alan Gene Whitaker Reimbursement Fund	1			1
Corrections, Department of Developmental Services, Department of	11,995	2,109,000		2,120,995
Education, State Department of Quimby Island Reclamation District	110,922	242,000		352,922
Rehabilitation, Department of Secretary of State	156			156
Special Deposit Fund	1,048			1,048
State Controller	10,000			10,000
State Treasurer	9,055			9,055
Bearer bonds exchanged for registered bonds	9,034,121			9,034,121
Trust accounts	296,146,000			296,146,000
Trustees of California State University	98,452,166			98,452,166
Total	403,778,964	1,533,000		1,536,500
Grand Total	\$19,907,539,521	\$15,246,636,190	\$915,018,825	\$36,069,194,536

The accompanying notes are an integral part of this statement.

**NOTES TO THE STATEMENT
OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER
STATE OF CALIFORNIA
JUNE 30, 1983**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Securities Accounted For

The State Treasurer is responsible for the safekeeping of all securities owned by or pledged to the State except the University of California. The Statement of Security Accountability provides an accountability for securities held by the State Treasurer for safekeeping. These securities include the following:

- (1) Pooled Money Investment Account securities purchased with available cash from all state funds or accounts that do not have investment authority of their own, all or a portion of the available cash from state funds or accounts having investment authority of their own, state deposits that have not been credited to specific funds in the State Treasury, and balances representing outstanding state warrants;
- (2) Individual state accounts;
- (3) Pledges to secure bank and savings and loan deposits of the State of California;
- (4) Miscellaneous pledges to protect consumers, guarantee contractor performance, and insure payment of state taxes; and
- (5) General safekeeping accounts.

B. Valuation of Securities

The Statement of Security Accountability provides an accountability for the securities held by the State Treasurer. It is not intended to provide a valuation of such securities at book or market value.

The securities are valued in the Statement of Security Accountability as follows:

- Bonds, commercial paper, certificates of deposit, and surety bonds--par or face value;

- Stock certificates, Government National Mortgage Association certificates, Federal National Mortgage Association certificates, and Federal Home Loan Mortgage Corporation certificates--\$1.00 per item;
- Real estate mortgage notes held as investments of individual state accounts--\$1.00 each;
- Real estate mortgage notes held as pledges to secure bank and savings and loan deposits--outstanding principal balance;
- Securities deposited with trust companies--face value;
- Building certificates--outstanding principal balance.

2. POOLED MONEY INVESTMENT ACCOUNT SECURITIES

The Pooled Money Investment Account securities were valued at \$5,275,583,356 according to the method described in note 1.B. above; they were reported at book value of \$5,132,329,770.10 in an affidavit filed by the Auditor General on December 30, 1983. The difference results from different methods of valuation.

Cash on hand, demand deposits in banks, cash deposited with fiscal agents, nonnegotiable certificates of deposit with banks and savings and loan associations, and amounts due from banks, totalling \$763,061,906.44, are not included in the Statement of Security Accountability. These amounts are reported as "money and credit" in the affidavit filed by the Office of the Auditor General on December 30, 1983, pursuant to Sections 13297 and 13298 of the Government Code.

3. POOLED MONEY INVESTMENT ACCOUNT REVERSE REPURCHASE AGREEMENTS

Pooled Money Investment Account securities with a total par value of \$895,114,818 were sold by the State Treasurer under agreements to repurchase the securities at a predetermined date and price. During the term of the agreement, the securities are held by the buyers, but all risks of ownership are retained by the State Treasurer.

4. OTHER PERSONAL PROPERTY

In addition to depositing securities, state agencies also deposit other personal property in the State Treasurer's vault. The following schedule lists entities having personal property in the vault as of June 30, 1983.

<u>Entity</u>	<u>Number of Items</u>
California Pollution Control Financing Authority	1
Developmental Services, Department of	10
Emergency Stock - Agency Trust Checks	33,100
Housing and Community Development, Department of	43
Motor Vehicles, Department of	583
Special Deposit Fund - Miscellaneous Personal Property	5
State Controller	<u>47</u>
Total	<u><u>33,789</u></u>

Each item or sealed package of personal property is counted individually. Personal property is excluded from the Statement of Security Accountability.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps