REPORT BY THE

AUDITOR GENERAL

OF CALIFORNIA

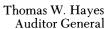
STATE OF CALIFORNIA STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER JUNE 30, 1984

REPORT BY THE OFFICE OF THE AUDITOR GENERAL

F-446

STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY
OF THE STATE TREASURER
JUNE 30, 1984

JANUARY 1985





Telephone: (916) 445-0255

STATE OF CALIFORNIA Office of the Auditor General

660 J STREET, SUITE 300 SACRAMENTO, CA 95814

January 31, 1985

F-446

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

Dear Mr. Chairman and Members:

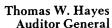
The Office of the Auditor General presents its report concerning the State Treasurer's Statement of Security Accountability as of June 30, 1984, as required by Government Code Section 13299.1. We found that the statement presents fairly the security accountability of the State Treasurer as of June 30, 1984.

Respectfully submitted,

THOMAS W. HAYES

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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, 1984. 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, 1984, 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

KARL W. DOLK, CPA

Assistant Auditor General

Date: December 15, 1984

Staff: Phil Jelicich, CPA, Audit Manager

Harriet Kiyan, CPA Don Roberts, CPA

STATE OF CALIFORNIA STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER JUNE 30, 1984

Account Title	Deposits in the State Treasurer's Vault	Deposits With Banks or Trust Companies	Securities in Transit	Total
Pooled Money Investment Account (Note 1)				
Securities (Note 2) Reverse Repurchase Agreements	\$ 331,261,923	\$ 8,546,250,360	\$ 249,000	\$ 8,877,761,283
(Note 3)			1,827,829,932	1,827,829,932
Total	331,261,923	8,546,250,360	1,828,078,932	10,705,591,215
Investments of Individual State Accounts				
Antioch and Carquinez California Housing Finance Agency California National Guard California Pollution Control	103,803,063	3,475,000 96,163,000 18,870,762		3,475,000 199,966,063 18,870,762
Financing Authority California Transportation Commission First Time Home Buyers	2	3,148,900 8,750,000		3,148,900 8,750,000
Judges' Retirement System Legislators' Retirement System Public Employees' Contingency	520,000 12,805,261	1,488,988		520,000 14,294,249
Reserve Fund Public Employees' Retirement System Special Deposit - Alice Burch State Compensation Insurance Fund State Controller	9,894,000 6,816,039,006 2,040 1,198,042,448 3,000	9,417,000 7,630,915,427 18,000 312,955,000 335,000	18,330,084 6,604,133	19,311,000 14,465,284,517 20,040 1,517,601,581 338,000
State Teachers' Retirement System State Teachers' Tax Sheltered Annuities Veterans' Debenture Revenue Fund Volunteer Firefighters' Fund	3,703,566,066 810,000	3,541,146,971 6,025,000 35,000,000 191,000	6,682,962	7,251,395,999 6,835,000 35,000,000 191,000
Total	11,845,484,886	11,667,900,048	31,617,179	23,545,002,113
Pledges to Secure Investments of the Pooled Money Investment Account		130,104,622		130,104,622
Pledges to Secure Bank and Savings and Loan Deposits of the State				
Agency Bank Deposits State Treasurer	17,075,000	47,745,000		64,820,000
Demand Deposits Time Deposits	145,902,200 110,989,859	130,514,922 2,088,864,094		276,417,122 2,199,853,953
Total	273,967,059	2,267,124,016		2,541,091,075

(Statement continued on next page)

Account Title	Deposits in the State Treasurer's Vault	Deposits With Banks or Trust Companies	Securities in Transit	Total
Miscellaneous Pledges				
Banking Department, State Consumer Affairs, Department of Corporations, Department of Employment Development Department Equalization, Board of Franchise Tax Board	12,394,539 12,252,000 1,336,000 33,493,972 256,000 35,000	64,268,249 4,000 142,100		76,662,788 12,256,000 1,336,000 33,636,072 256,000 35,000
Industrial Relations, Department of Insurance, Department of Real Estate, Department of Savings and Loan, Department of State Lands Commission Transportation, Department of Trustees of California State	33,593,000 3,658,227,194 3,965,000 1,265,000 3,857,969 31,977,485	51,000 7,500,000		33,593,000 3,658,227,194 3,965,000 1,265,000 3,908,969 39,477,485
University Water Resources Control Board Water Resources, Department of	109,000 629,363 2,595,000		4,000	109,000 633,363 2,595,000
Total	3,795,986,522	71,965,349	4,000	3,867,955,871
General Safekeeping Alan Gene Whitaker				
Reimbursement Fund California Coastal Commission Corrections, Department of Developmental Services,	6,140 900,000	420,000		1 6,140 1,320,000
Department of Education, Department of Quimby Island Reclamation District Rehabilitation, Department of Secretary of State	12,114 111,294 156 17,103 10,000	2,194,000 242,000		2,206,114 353,294 156 17,103 10,000
State Controller State Treasurer Bearer bonds exchanged for registered bonds Trust accounts	9,225,896 456,631,000 98,452,166			9,225,896 456,631,000 98,452,166
Trustees of California State University	3,500	2,428,000		2,431,500
Total	565,369,370	5,284,000		570,653,370
Grand Total	\$16,812,069,760	\$22,688,628,395	\$1,859,700,111	\$41,360,398,266

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER

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 investments of the Pooled Money Investment Account;
- (4) Pledges to secure bank and savings and loan deposits of the State of California;
- (5) Miscellaneous pledges to protect consumers, guarantee contractor performance, and insure payment of state taxes; and
- (6) General safekeeping accounts.

B. Valuation of Securities

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

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 \$10,705,591,215 according to the method described in Note 1B; they were reported at book value of \$8,565,438,108 in an affidavit filed by the Auditor General on January 10, 1985. 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 \$895,539,453, 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 January 10, 1985, 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 \$1,827,829,932 were sold by the State Treasurer under agreements to repurchase the securities at predetermined dates and prices. During the terms of the agreements, 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, 1984.

Number of Items
1
9
48,500
52
559
92
11
49,224

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

Members of the Legislature cc: Office of the Governor

Office of the Lieutenant Governor

State Controller

Legislative Analyst Assembly Office of Research Senate Office of Research

Assembly Majority/Minority Consultants Senate Majority/Minority Consultants Capitol Press Corps