

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY
OF THE STATE TREASURER, JUNE 30, 1982**

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

279

STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY
OF THE STATE TREASURER, JUNE 30, 1982

FEBRUARY 1983



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STATE OF CALIFORNIA
Office of the Auditor General

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February 10, 1983

F-279

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

Dear Mr. Chairman and Members:

The Office of the Auditor General respectfully submits its report concerning the State Treasurer's statement of security accountability as of June 30, 1982.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

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AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the Statement of Security Accountability of the State Treasurer as of June 30, 1982. We made our examination in accordance with generally accepted auditing standards and Government Code Section 13299.1. Accordingly, 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, 1982, in accordance with the basis of accounting described in Note 1.B.

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



By: KARL W. DOLK, CPA
Assistant Auditor General

Date: December 15, 1982

STATE OF CALIFORNIA
STATEMENT OF SECURITY ACCOUNTABILITY OF THE STATE TREASURER
JUNE 30, 1982

<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.A(1)]</u>				
Securities (Note 2)	\$ 659,361,365	\$ 3,035,449,995	\$ ---	\$ 3,694,811,360
Reverse Repurchase agreements (Note 3)	---	---	1,866,744,096	1,866,744,096
Total	<u>\$ 659,361,365</u>	<u>\$ 3,035,449,995</u>	<u>\$1,866,744,096</u>	<u>\$ 5,561,555,456</u>
<u>Investments of Individual State Accounts</u>				
Antioch and Carquinez	\$ ---	\$ 3,475,000	\$ ---	\$ 3,475,000
California Housing Finance Agency	136,470,000	81,075,000	---	217,545,000
California National Guard	9,500,000	545,000	---	10,045,000
California Pollution Control Financing Authority	---	1,612,000	---	1,612,000
California Transportation Commission	---	18,750,000	---	18,750,000
Food and Agriculture, Department of	605,000	12,000,000	---	12,605,000
Legislators' Retirement System	12,698,077	563,000	1,000,000	14,261,077
Public Employees' Contingency Reserve Fund	2,800,000	3,931,000	---	6,731,000
Public Employees' Retirement System	7,088,445,279	3,324,019,353	132,484,207	10,544,948,839
Special Deposit - Alice Burch	4,040	18,000	---	22,040
State Compensation Insurance Fund	1,248,095,380	143,155,000	---	1,391,250,380
State Controller	288,000	335,000	---	623,000
State Teachers' Retirement System	5,252,596,253	683,745,000	100,218,165	6,036,559,418
State Teachers' Tax Sheltered Annuities	1,215,000	8,725,000	---	9,940,000
Veterans' Debenture Revenue Fund	---	35,000,000	---	35,000,000
Volunteer Firefighters' Fund	---	230,000	---	230,000
Total	<u>\$13,752,717,029</u>	<u>\$ 4,317,178,353</u>	<u>\$ 233,702,372</u>	<u>\$18,303,597,754</u>
<u>Pledges to Secure Bank and Savings and Loan Deposits of the State</u>				
Agency Bank Deposits	\$ 21,915,000	\$ 28,380,000	\$ ---	\$ 50,295,000
State Treasurer	---	---	---	---
Demand Deposits	57,378,200	165,703,379	---	223,081,579
Time Deposits	139,932,499	2,775,895,749	---	2,915,828,248
Total	<u>\$ 219,225,699</u>	<u>\$ 2,969,979,128</u>	<u>\$ ---</u>	<u>\$ 3,189,204,827</u>
<u>Miscellaneous Pledges</u>				
Banking Department, State	\$ 13,375,500	\$ 90,798,841	\$ ---	\$ 104,174,341
Consumer Affairs, Department of	14,431,415	6,000	---	14,437,415
Corporations, Department of	791,000	---	---	791,000
Employment Development Department	28,836,650	123,100	---	28,959,750
Equalization, Board of	807,169	43,948	---	851,117
Franchise Tax Board	57,694	---	---	57,694
General Services, Department of	100,000	---	---	100,000
Industrial Relations, Department of	32,691,000	---	---	32,691,000
Insurance, Department of	4,836,037,739	---	---	4,836,037,739
Real Estate, Department of	3,055,000	---	---	3,055,000
Savings and Loan, Department of	480,000	---	---	480,000
State Lands Commission	13,104,400	1,000	---	13,105,400
Transportation, Department of	17,438,755	10,635,000	---	28,073,755
Water Resources Control Board	524,000	---	---	524,000
Water Resources, Department of	467,000	---	---	467,000
Total	<u>\$ 4,962,197,322</u>	<u>\$ 101,607,889</u>	<u>\$ ---</u>	<u>\$ 5,063,805,211</u>

<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>General Safekeeping</u>				
Alan Gene Whitaker				
Reimbursement Fund	\$ 1	\$ ---	\$ ---	\$ 1
Corrections, Department of	---	420,000	---	420,000
Developmental Services, State				
Department of	12,842	1,959,000	---	1,971,842
Education, State Department of	115,604	252,000	---	367,604
Quimby Island Reclamation				
District	156	---	---	156
Rehabilitation, Department of	1,036	---	---	1,036
Secretary of State	10,000	---	---	10,000
Special Deposit Fund	9,055	---	---	9,055
State Controller	8,576,022	---	---	8,576,022
State Treasurer				
Bearer bonds exchanged				
for registered bonds	302,562,000	---	---	302,562,000
Trust accounts	98,452,257	105,000	---	98,557,257
Trustees of California State				
University	3,500	989,000	---	992,500
	<u>3,500</u>	<u>989,000</u>	<u>---</u>	<u>992,500</u>
Total	<u>\$ 409,742,473</u>	<u>\$ 3,725,000</u>	<u>\$ ---</u>	<u>\$ 413,467,473</u>
Grand Total	<u>\$20,003,243,888</u>	<u>\$10,427,940,365</u>	<u>\$2,100,446,468</u>	<u>\$32,531,630,721</u>

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, 1982

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. The Statement of Security Accountability provides an accountability for securities held by the State Treasurer for safekeeping. This includes the following securities:

- (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 principle 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 valued at \$3,694,811,360, according to the method described in note 1.B above, were reported at book value of \$3,966,958,739.18 in an affidavit filed by the Auditor General on December 27, 1982. The difference results from different methods of evaluation.

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 \$1,246,093,251.70, 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 27, 1982, 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 \$1,866,744,096 were temporarily sold by the State Treasurer under agreements to repurchase such 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, 1982:

<u>Entity</u>	<u>Number Of Items</u>
California Pollution Control Financing Authority	2
Developmental Services, State Department of	11
Emergency Stock - Agency Trust Checks	20,000
Housing and Community Development, Department of	40
Justice, Department of	1
Motor Vehicles, Department of	574
Special Deposit Fund - Miscellaneous Personal Property	5
State Controller	<u>24</u>
Total	<u><u>20,657</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