Hearing Date: May 27, 2010
File Number: 00-9635802-I-01
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ITEM 4

INCORRECT REDUCTION CLAIM
STAFF ANALYSIS

Government Code Section 53646, subdivisions (a), (b) and (e)
Statutes of 1995, Chapter 783
As Amended by Statutes of 1996, Chapters 156 and 749

County of Los Angeles, Claimant

Investment Reports

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ITEM 3

INCORRECT REDUCTION CLAIM STAFF ANALYSIS

Government Code Section 53646, Subdivisions (a), (b) and (e)
Statutes of 1995, Chapter 783
As Amended by Statutes of 1996, Chapters 156 and 749

County of Los Angeles, Claimant

Investment Reports

EXECUTIVE SUMMARY

Introduction

On March 27, 1997, the Commission's Statement of Decision in the *Investment Reports* test claim found a reimbursable state mandated program by "...requiring local agencies, as defined, to render an annual statement of investment policy and a quarterly report of investments as specified in Government Code section 53646." In addition, the Commission found that section 53646, subdivision (d), which provides that reporting could be made on a monthly instead of quarterly basis, was not a part of this test claim. The adopted Parameters and Guidelines specified that 'reimbursable costs' included activities to: "1) accumulate and compile data necessary to prepare the quarterly reports of investments; and, 2) render a quarterly report of investments." The Claiming Instructions issued by the State Controller's Office (SCO) for this mandate are identical to the adopted Parameters and Guidelines.

Claimant filed a reimbursement claim under this mandate for fiscal year 1996-1997 in the amount of $308,252; the SCO reduced this claim to $6,502. Claimant's reimbursement claim for fiscal year 1997-1998 in the amount of $327,512 was reduced by the SCO to $325. Both reimbursement claims included the cost for staff time to accumulate, compile and render the quarterly report of investments and the cost of investment software. The SCO reduced the cost for staff time in the 1996-1997 claim to a total of 32 hours per quarter for four staff and in the 1997-1998 claim to one staff member's time.

The cost for ADS investment software was eliminated. The SCO's notations on the reimbursement claims stated, "[d]aily/monthly accounting duties are NOT mandated. Only the QTLY Report of investments is mandated for the incremental cost of preparing this report." Claimant contends that these costs are necessary to produce the quarterly report of investments as required by section 53646.

To assist in determining what activities are reasonably necessary to "accumulate and compile" the information required by the quarterly report of investments, the Commission contracted with Expert Consultant, Conny Jamison, who served as the San Diego City Treasurer for over 18 years before her retirement and was responsible for managing city investments of $1.2 billion.

Ms. Jamison reviewed all relevant documents and submitted a Report to the Commission (Jamison Report).

Claimant's Position

Claimant contends that the reimbursement claims were incorrectly reduced because the SCO's reductions appear arbitrary and not based on an examination of which activities are "necessary" to prepare and render the required reports. Claimant also contends that the SCO based its reductions on a standard time selected by SCO staff without the benefit of a time study or any other stated basis. Finally, Claimant contends that the SCO arbitrarily reimbursed some staffing costs in 1996-1997 and not in 1997-1998, and eliminated all costs claimed for ADS Associates (interactive data corp systems support and market pricing) with no explanation.

Claimant has included the costs for staff time and investment software necessary to "accumulate and compile" the data necessary to prepare the quarterly report of investments including the assurance that the county has enough cash flow to meet the next six months expenditures.

State Controller's Office Position

The SCO reduced all claimed costs associated with daily/monthly accounting activities and all costs associated with computer software. In Claimant's 1996-1997 reimbursement claim, the SCO has completely eliminated the costs claimed for three of seven staff positions including the Assistant Operations Chief, the Accountant III and the Account Clerk I. For the remaining four staff positions, Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data Systems Analyst, the SCO reduced the hours allowed to 32 hours for each position per year. In addition, all costs claimed for ADS Associates (interactive data corp systems support and market pricing) were eliminated. The SCO contends, "...the costs associated with the implementation of the local governmental agencies investment policies (i.e. daily tracking) are not a part of the reimbursable state mandate."

Staff Analysis

DID THE STATE CONTROLLER'S OFFICE INCORRECTLY REDUCE THIS CLAIM?

Issue 1 Is the SCO's reduction of staff time to eight hours per quarter to accumulate and compile the data necessary to prepare and render the quarterly report of investments correct?

The SCO reduced all staff time on the reimbursement claims except for eight hours per quarter for four specific staff. Claimant contends that the size of the county's investment pool requires a substantial number of staff working a substantial number of days to "accumulate and compile" the information needed to "render the quarterly report of investments" pursuant to section 53646.

The Jamison Report stated that every month the County averages more than 600 purchases, sales and maturities of securities, or about 30 per day. These take a significant amount of staff time to record, verify and reconcile with custodian reports. In addition, because of the large number of agencies participating in the County investment pool, considerable staff time is required to monitor, track and update the ever-changing cash flow requirements of each agency.

Thus, the number of staff hours required to produce the quarterly report of investments, considering the size of Claimant's investment pool is significant. The SCO reduced the staff

hours claimed to an arbitrarily determined amount that has no apparent relationship to the work performed. In agreement with the Commission's Expert Consultant, staff finds that the reduction of staff time to prepare the quarterly report and provide the assurances required by section 53646 is neither correct nor reasonable given the size and complexity of Claimant's investment pool.

Issue 2 Are the challenged activities reimbursable within the meaning of the test claim statute, the Commission's Statement of Decision and Parameters and Guidelines and the SCO's Claiming Instructions?

The SCO contends that the challenged activities and the use of investment software are not reimbursable because they are: 1) not mandated; 2) part of the treasurer's fiduciary duty; 3) required by other sources and pre-existing law; and, 4) performed because of pre-existing business concerns.

Claimant contends that the Commission's Statement of Decision and Parameters and Guidelines and the Controller's Office Claiming Instructions support reimbursement for "daily and monthly" investment activities, including the use of subsidiary ledgers and investment software. These activities are required, according to Claimant, to "accumulate and compile" the data necessary to prepare the quarterly report of investments, as well as provide the assurance that the county has enough cash flow to meet the next six months of expenditures.

If the challenged activities are mandated, are they reimbursable?

The SCO contends that the test claim legislation, the Commission's Statement of Decision and the Parameters and Guidelines do not mandate the challenged activities. Claimant contends that the challenged activities are necessary to comply with the mandate. Although the challenged activities are not specifically identified in the Statement of Decision or the Parameters and Guidelines, they are reimbursable under California Code of Regulations, title 2, section 1183.1, subdivision (a)(4) if they are found to be activities that are "the most reasonable methods of complying with the mandate."

One of the key challenged activities in this reimbursement claim is the use of subsidiary ledgers to track investments and produce the information required in the quarterly report. Subdivision (b)(4) of section 53646 specifically identifies the use of a "subsidiary ledger of investments" in the quarterly report. While the statute does not require the use of subsidiary ledgers, the Legislature clearly authorized its use in the quarterly report by including the language of subdivision (b)(4) in the statute. Therefore, based on the plain language of the statute, the use of a subsidiary ledger is a "reasonable method of complying with the mandate."

Reimbursement for this activity is further supported by the deliberations of the Commission during the hearing on the Parameters and Guidelines for *Investment Reports*. After clarification from the former Chief Counsel, the Commission voted unanimously to adopt the Parameters and Guidelines as presented. Staff finds that the Commission recognized the use of a subsidiary ledger as reasonably necessary to produce the documents required in the quarterly report of investments.

According to the Jamison Report, Los Angeles County should be reimbursed for the costs of investment related as well as cash flow activities because they are necessary to produce quarterly investment reports. Further, the Report states that "...[A]ll investment transactions must be entered into the software system in order to produce timely and accurate investment reports as

required under Section 53646. Whether these investment transactions are entered daily, once a week, or once a month should not be the issue. Less frequent input of the transactions would not require any less staff time or cost. All transactions must be input, regardless of when the agency chooses to do so."

In agreement with the Commission's Expert Consultant, staff finds that reimbursement for the challenged activities to complete the mandated quarterly report is consistent with the test claim statute and the Parameters and Guidelines and authorized by the Commission's regulations. (Cal. Code Regs., tit. 2, § 1183.1.)

However, reimbursement is limited to those activities (staff time and services) necessary to complete the mandated quarterly report of investments. Three issues must be addressed related to this question. First, whether the statement of compliance with the investment policy as required by section 53646, subdivision (b)(2), is a "point in time" statement or a statement of "ongoing" compliance; second, whether the monthly report of transactions required under section 53607 encompasses the information required by the section 53646 quarterly report; and, third, whether the test claim decision and parameters and guidelines authorize reimbursement for 12 monthly reports in lieu of four quarterly reports.

Regarding the "point in time" issue, the Jamison Report states that the County should be reimbursed for the costs of ascertaining whether their portfolio is in compliance with its investment policy. Further, the Report states that the Claimant should not be reimbursed for the cost of ascertaining whether *every transaction* is in compliance with their policy. Rather, the required statement refers simply to the portfolio that accompanies the report, which is the portfolio as of the last day of the reporting period. This is a standard convention in the industry, and even Los Angeles County does not include 20+ separate portfolios (one for each day of the month) with its monthly report.

In agreement with the Commission's Expert Consultant, staff finds that the requirement to report compliance with the investment policy is a "point in time" requirement and thus, the costs associated with this requirement are reimbursable only four times a year under section 53646. By requiring the investment report to be prepared on a quarterly rather than monthly basis, staff finds that the Legislature intended the report to be a "point in time" document.

Regarding the monthly report required by section 53607, the Jamison Report states that the County should not be reimbursed for the cost of producing and presenting reports of <u>every</u> investment transaction during the reporting period because section 53646 requires only that the quarterly reports list investments "*held* by the local agency". It does not call for a "monthly report of...*transactions*" as does Section 53607. However, the costs of actually compiling and assembling documents for the Report Package for the Board of Supervisors should be reimbursed for four (4) reports per year, per section 53646.

Thus, staff finds that the monthly report required by section 53607 is not the same report required by section 53646, subdivision (b), because it does not require the specific reporting information required by the *Investment Reports* statute.

Regarding the third issue, Claimant contends, "...since the code permits local agencies to comply with quarterly reporting requirements in a monthly reporting format, the preparation of monthly reports <u>in lieu of</u> quarterly reports should also be reimbursable." In the statement of decision, the Commission found that section 53646, subdivision (d), which provides that

reporting could be made on a monthly instead of quarterly basis was not a part of this test claim. Section 53646, subdivision (d), provides that, "The legislative body...may elect to require the report...to be made on a monthly basis instead of quarterly." Clearly, the statute does not require the report of investments to be produced on a monthly basis. It is at the option of the legislative body and not required by section 53646.

Based on the foregoing discussion, staff finds that the challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented by Claimant as necessary to produce the quarterly report of investments. These reimbursements are limited however to the activities required to produce the quarterly report four times a year. Reimbursement for these activities is consistent with the test claim decision and the Parameters and Guidelines and is authorized by the Commission's regulations. (Cal. Code Regs., tit. 2, § 1183.1.)

If the challenged activities are derived from the Treasurer's common law fiduciary duty, are they reimbursable?

The SCO contends that the obligation to enter and manage data is not derived from the test claim statute but comes from the common law fiduciary duty of a treasurer to the public it serves. Nine cases are cited by the SCO to support this contention. Four of the cases relate to private trusts rather than public trust and are, therefore, not applicable. The SCO has cited five additional cases to define a county treasurer as a public officer who holds the public trust. Staff agrees that a county treasurer is a public officer who is obligated to hold the public trust. However, none of these nine cases enumerates any reporting duties of a county treasurer or a public officer and therefore the cases cited are not relevant. Thus, staff finds that all the cases cited by the SCO are distinguishable. While they provide authority for the general duties of a public officer, they do not describe the manner in which a county treasurer is required to report investments.

The SCO also cites Civil Code section 2261, subdivision (1) re-codified as Probate Code section 16040, subdivision (b) for the proposition that California recognizes the "prudent investor rule" and this rule applies here. Public trusts and investments are governed by Government Code sections 27000.1, et seq. that sets forth, among other things, the fiduciary duties of a county treasurer. Therefore, the statute cited by the SCO is not relevant.

Staff finds that the Legislature enacted an extensive statutory scheme to provide the requisite protections for county investments not found in the common law fiduciary duty, as set forth, or in Civil Code section 2261, subdivision (1). Further, this statutory scheme would provide a benefit to the public and its elected officials to be kept informed about the investment of county funds.

Based on the foregoing, staff finds that the challenged activities of entering and managing data to be included in the quarterly report of investments mandated by section 53646 are not activities required by the common law fiduciary duty but new activities under the test claim legislation and therefore, reimbursable.

If the challenged activities are required by other sources and pre-existing law, are they reimbursable?

The SCO contends that the challenged activities are required by other sources and pre-existing law and are, therefore, not reimbursable. The SCO has cited over 40 code sections as a basis for its contention that other statutes and pre-existing law require the quarterly report of investments.

The SCO states, "There are over ten sections out of the above listed that deal with record keeping and reports concerning county funds." Staff reviewed all of the statutes cited and found that none of them addressed the specific requirements of the quarterly report of investments.

The SCO cites to sections 26900-26922, which address the duties of a county auditor, such as examining the books of the treasurer and counting the money in the county treasury once a month. These sections do not address the specific requirements of the quarterly report of investments and are therefore not relevant.

The SCO also cites generally to sections 27000, et seq., which address the duties of the county treasurer. These sections, however, relate to duties such as receiving and keeping safe all money belonging to the county, providing receipts when receiving money, settling the treasurer's accounts by the 10th of each month with a statement under oath, and keeping all books, accounts, etc. open at all times to inspection and examination by county officials. Again, these sections do not address the specific requirements of the quarterly report of investments.

Section 27002, which requires the treasurer to keep an account of all receipts and expenditures of money, is specifically identified by the SCO. Staff finds that section 27002 does not address the specific requirements of the quarterly report of investments and is not relevant. Section 27063 is also specifically cited by the SCO. Staff finds that section 27063 does not address the specific requirements of the quarterly report of investments and is not relevant.

If the challenged activities are required by pre-existing business concerns, are they reimbursable?

The SCO contends that "[S]ince the necessity for daily tracking comes from business concerns, and not Section 53646, daily tracking is not a reimbursable activity." This is simply a restatement of the SCO's fiduciary duty argument to which staff disagrees, as discussed above. In addition, there is no source in law for this argument. Neither the Constitution nor statutes discuss 'business concerns' as a standard for denying reimbursement to local governments for costs incurred to implement a new program. Thus, while 'business concerns' may provide some direction to the treasurer regarding how to manage the county's investments, they are not a basis to deny reimbursement. Staff finds that even if the challenged activities also relate to business concerns, they are reimbursable activities under this mandate.

Is the use of investment software reimbursable?

The SCO, in error, reduced all costs associated with software because software was "not mandated." Reimbursable costs can be found in Section VI, B of the Parameters and Guidelines for *Investment Reports*. Under this section, services and supplies include "...all direct costs for materials, service and supplies...for the purposes of compliance with the mandate."

The Jamison Report states that the County should be reimbursed for those ADS software expenses associated with the required activities, plus the cost of the pricing service. Such investment tracking software is absolutely essential to accurate and timely investment reporting, and the pricing service is necessary in order to comply with the requirement of Section 53646 to provide the current market value of investments held as of the date of the report.

In agreement with the Commission's Expert Consultant, staff finds that the use of investment software, consistent with the Parameters and Guidelines reimbursement for "...costs for

materials, service and supplies..." is a reasonable method of complying with this mandate. Therefore, to the extent that the ADS software expenses and pricing service costs are directly related to the production of the quarterly investment reports, the use of investment software is reimbursable.

Conclusion

Based on the foregoing, staff finds that:

- the reduction of staff time to prepare the quarterly report and provide the assurances required by section 53646 is neither correct nor reasonable given the size and complexity of Los Angeles' investment pool;
- the Commission recognized the use of a subsidiary ledger as reasonably necessary to produce the documents required in the quarterly report of investments;
- reimbursement for the challenged activities to complete the mandated quarterly report is consistent with the test claim statute and the Parameters and Guidelines and authorized by the Commission's regulations;
- the Legislature intended the investment report to be a "point in time" document;
- the requirement to report compliance with the investment policy is a "point in time" requirement and thus, the costs associated with this requirement are reimbursable only four times a year under section 53646;
- the challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented by Claimant as necessary to produce the quarterly report of investments. These reimbursements are limited however to the activities required to produce the quarterly report four times a year;
- the challenged activities of entering and managing data to be included in the quarterly report of investments mandated by section 53646 are reimbursable;
- section 27063 does not address the specific requirements of the quarterly report of investments and is not relevant;
- even if the challenged activities also relate to business concerns, they are reimbursable activities under this mandate; and,
- the use of investment software, consistent with the Parameters and Guidelines reimbursement for "...costs for materials, service and supplies..." is a reasonable method of complying with this mandate. Therefore, to the extent that the ADS software expenses and pricing service costs are directly related to the production of the quarterly investment reports, the use of investment software is reimbursable.

Staff Recommendation

Staff recommends that the Commission adopt the Staff Analysis, approve this Incorrect Reduction Claim and request the State Controller to reinstate all costs that were incorrectly reduced.

CLAIMANT

County of Los Angeles

CHRONOLOGY

12/23/96	Test Claim filed by County of Santa Clara and City of Newport Beach
03/27/97	Statement of Decision adopted by the Commission
11/20/97	Parameters and Guidelines adopted by the Commission
11/30/98	Statewide Cost Estimate adopted by the Commission
01/00/98	Claiming Instructions Issued by State Controller's Office (SCO)
04/09/98	Reimbursement Claim for $308,252 filed by Claimant for fiscal year 1996-1997
02/10/99	Reimbursement Claim for $327,512 filed by Claimant for fiscal year 1997-1998
06/28/99	1996-1997 claim reviewed by SCO and reduced to $6,502
07/29/99	1997-1998 claim reviewed by SCO and reduced to $325
10/12/99	Claim Adjustment letter regarding the 1996-1997 and 1997-1998 claims sent to Claimant
09/01/00	Incorrect Reduction Claims (IRC) for fiscal years 1996-1997 and 1997-1998 filed
12/05/00	Response to IRC filed by SCO
01/16/01	Rebuttal to SCO Response filed by Claimant
01/18/01	Supplemental Comments filed by SCO
03/05/01	Response to SCO Supplemental Comments filed by Claimant
03/19/01	Additional Supplemental Comments filed by SCO
04/12/01	Response to SCO Additional Supplemental Comments filed by Claimant
06/30/01	Commission Executive Director retained Expert Consultant
09/05/01	Pre-Hearing Conference held
09/13/01	Expert Consultant Report issued to parties
09/21/01	Comments on Expert Consultant Report filed by SCO
09/27/01	Second Pre-Hearing Conference held
10/15/01	Response to Pre-Hearing Conference filed by SCO
10/17/01	Closing Comments, including response to Expert Consultant Report submitted by Claimant
03/29/02	Staff Analysis issued

COMMISSION AUTHORITY

Government Code section 17551[1], subdivision (b), authorizes the Commission to hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561. Section 17561, subdivision (d), permits the Controller to "reduce any claim that the Controller determines is excessive or unreasonable." If the Commission determines that a reimbursement claim has been incorrectly reduced, California Code of Regulations, title 2, section 1185.1, requires the Commission to submit its Statement of Decision to the State Controller's Office (SCO) and request that all costs that were incorrectly reduced be reinstated.

SUMMARY OF MANDATE AND CLAIM

On March 27, 1997, the Commission's Statement of Decision[2] in the *Investment Reports* test claim found a reimbursable state mandated program by "...requiring local agencies, as defined, to render an annual statement of investment policy and a quarterly report of investments as specified in Government Code section 53646." In addition, the Commission found that section 53646, subdivision (d), which provides that reporting could be made on a monthly instead of quarterly basis, was not a part of this test claim. The adopted Parameters and Guidelines[3] specified that 'reimbursable costs' included activities to: "1) accumulate and compile data necessary to prepare the quarterly reports of investments; and, 2) render a quarterly report of investments." The Claiming Instructions issued by the SCO for this mandate are identical to the adopted Parameters and Guidelines.

Claimant filed a reimbursement claim under this mandate for fiscal year 1996-1997 in the amount of $308,252; the SCO reduced this claim to $6,502. Claimant's reimbursement claim for fiscal year 1997-1998 in the amount of $327,512 was reduced by the SCO to $325. Both reimbursement claims included the cost for staff time to accumulate, compile and render the quarterly report of investments and the cost of investment software. The SCO reduced the cost for staff time in the 1996-1997 claim to a total of 32 hours per quarter for four staff and in the 1997-1998 claim to one staff member's time. The cost for ADS investment software was also completely eliminated. The SCO's notations on the reimbursement claims stated, "[D]aily/monthly accounting duties are NOT mandated. Only the QTLY Report of investments is mandated for the incremental cost of preparing this report."[4] Claimant contends that these costs are necessary to produce the quarterly report of investments as required by section 53646.

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[1] All further statutory references are to the Government Code unless otherwise indicated.
[2] CSM Statement of Decision, *Investment Reports*, adopted on March 27, 1997 attached as Exhibit A, page 101. (hereinafter referred to as CSM Decision).
[3] CSM Parameters and Guidelines, *Investment Reports*, adopted on November 20, 1997 attached as Exhibit B, page 111.
[4] Incorrect Reduction Claim of the County of Los Angeles submitted on August 31, 2000, attached as Exhibit C, Tab 3, page 139.

STATEMENT OF ISSUES

DID THE STATE CONTROLLER'S OFFICE INCORRECTLY REDUCE THIS CLAIM?

1. Is the SCO's reduction of staff time to eight hours per quarter to accumulate and compile the data necessary to prepare and render the quarterly report of investments correct?
2. Are the "challenged activities"[5] reimbursable within the meaning of the test claim statute, the Commission's Statement of Decision and Parameters and Guidelines and the SCO's Claiming Instructions?

For the reasons stated in the staff analysis, staff concludes that the SCO incorrectly reduced this claim.

POSITIONS OF THE PARTIES

Claimant's Position[6]

Claimant contends that the reimbursement claims were incorrectly reduced because the SCO's reductions appear arbitrary and not based on an examination of which activities are "necessary" to prepare and render the required reports. Claimant also contends that the SCO based its reductions on a standard time selected by SCO staff without the benefit of a time study or any other stated basis. Finally, Claimant contends that the SCO arbitrarily reimbursed some staffing costs in 1996-1997 and not in 1997-1998 and eliminated all costs claimed for ADS Associates (interactive data corp systems support and market pricing) with no explanation.

Claimant has included the costs for staff time and investment software necessary to "accumulate and compile" the data necessary to prepare the quarterly report of investments including the assurance that the county has enough cash flow to meet the next six months expenditures. Claimant contends that in order to comply with Government Code section 53646, the County must perform the following activities:

- Accumulate, compile and report data from transactions occurring throughout the reporting period for the County's managed investment pool of $32 billion including 1,400 fund entities;
- Track investments on a daily basis in order to produce a comprehensive cash flow analysis to determine if expenditure requirements could be met for the next six months following the filing of the report;
- Perform daily investment data input, monitoring and analysis in order to report securities held throughout the reporting period; and,

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[5] Unless otherwise noted, "challenged activities" includes activities reduced in the reimbursement claims that included the words "daily" or "monthly" and the cost for investment software.

[6] Incorrect Reduction Claim of the County of Los Angeles submitted on August 31, 2000, attached as Exhibit C, page 119 to 778 (hereinafter referred to as IRC). Additional comments submitted by Claimant on: January 16, 2001, attached as Exhibit E, page 789 (hereinafter referred to as Claimant-1/16/01); February 28, 2001, attached as Exhibit G, page 839 (hereinafter referred to as Claimant–2/28/01); April 12, 2001, attached as Exhibit I, page 863 (hereinafter referred to as Claimant–4/12/01); and, October 17, 2001, attached as Exhibit L, page 985 (hereinafter referred to as Claimant–10/17/01).

- Maintain subsidiary ledgers in order to compile the information required in the quarterly investment report.

Further, Claimant contends that the following staffing is necessary to "accumulate and compile" the data necessary to prepare the quarterly report of investments as required by section 53646:

1. Accounting Officer III: 40% Approximately 8 days per month is spent on reviewing the Monthly Report of Investments, reviewing the daily trade ticket packages, reviewing the daily input into the ADS system and resolving any investment issues.
2. Fiscal Officer I: 25% Approximately 5 days per month is spent preparing certain schedules for the Monthly Report of Investments, reviewing the daily trade ticket packages for compliance issues, reviewing the daily input into the ADS system, and resolving securities issues.
3. Accounting Officer I: 50% Entire duties are within the investment area. Approximately half of the month is spent on daily review of input, review of compliance with investment guidelines, earnings and securities research and reconciliations, market valuation research, preparing schedules for the Monthly Report of Investments, and reviewing accounting documents.
4. Assistant Data Systems Analyst: 75% Approximately three-fourths of the month is spent on daily monitoring input of investments, performing and researching market valuations, investigating securities issues, running daily reports, preparing certain schedules for Monthly Report of Investments, and monitoring the ADS system.
5. Assistant Operations Chief: 25% Approximately 5 days per month is spent on PSI Earnings Reconciliation, PSI securities research and daily ADS system monitoring to ensure the integrity of the data and system.
6. Accountant III: 100% Entire duties revolve around daily review of purchases input, calculation of next day maturities, monitoring of securities, running of system and all related investment reports, and preparing accounting documents.
7. Account Clerk I: 80% Majority of time is spent on daily trade ticket input into the ADS system, and performing clerical support for all accounting functions.[7]

State Controller's Office Position[8]

The SCO reduced all claimed costs associated with daily/monthly accounting activities and all costs associated with computer software. In Claimant's 1996-1997 reimbursement claim, the SCO has eliminated the costs claimed for three of seven staff positions including the Assistant Operations Chief, the Accountant III and the Account Clerk I. For the remaining four staff

[7] IRC, Exhibit C, page 151.

[8] SCO comments submitted on: December 5, 2000, attached as Exhibit D, page 779 (hereinafter referred to as SCO–12/5/00); January 17, 2001, attached as Exhibit F, page 801 (hereinafter referred to as SCO–1/17/01); March 16, 2001, attached as Exhibit H, page 861 (hereinafter referred to as SCO-3/16/01); September 21, 2001, attached as Exhibit J, page 873 (hereinafter referred to as SCO-9/21/01); and, October 12, 2001, attached as Exhibit K, page 875 (hereinafter referred to as SCO-10/12/01).

positions, Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data Systems Analyst, the SCO reduced the hours allowed to 32 hours for each position per year. In addition, all costs claimed for ADS Associates (interactive data corp systems support and market pricing) were eliminated.

Claimant's 1997-1998 reimbursement claim was also reduced. In this claim, the only staff costs allowed were for the Fiscal Officer I. All other staff costs were eliminated. In addition, all costs claimed for ADS Associates (interactive data corp systems support and market pricing) were eliminated.

The SCO contends, "...that costs associated with the implementation of the local governmental agencies investment policies (i.e. daily tracking) are not a part of the reimbursable state mandate."[9] The SCO contends that:

- Daily tracking or its equivalent was, and is required by other sources (i.e., Government Code section 27000, et seq.;
- Any requirement to conduct daily tracking and the use of subsidiary ledgers comes from pre-existing law and is therefore not a reimbursable activity;
- The fiduciary duty (which requires that the treasurer exercise care in the handling of the public's money) may require claimant to conduct daily tracking; however, it is not a state-mandated, reimbursable activity;
- The necessity for daily tracking comes from business concerns, not Government Code section 53646; thus, daily tracking is not a reimbursable activity; and,
- The use of investment software is not mandated by either the test claim statute or the Parameters and Guidelines.

STAFF ANALYSIS

DID THE STATE CONTROLLER'S OFFICE INCORRECTLY REDUCE THIS CLAIM?

Issue 1 Is the SCO's reduction of staff time to eight hours per quarter to accumulate and compile the data necessary to prepare and render the quarterly report of investments correct?

The SCO reduced all staff time on the reimbursement claims except for eight hours per quarter for four specific staff.[10] Claimant contends that the size of the county's investment pool requires a substantial number of staff working a substantial number of days to "accumulate and compile" the information needed to "render the quarterly report of investments" pursuant to section 53646.

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[9] SCO-12/5/00, Exhibit D, page 779. The term "daily tracking" is used by the SCO throughout their comments on this IRC; it is not found in the test claim statute, Statement of Decision, Parameters and Guidelines or Claiming Instructions. Unless otherwise noted, staff will use the term "challenged activities" to describe the activities disallowed by the SCO on these reimbursement claims.

[10] The desk audit contained the following hand-written notes: *Allowed 8 hours per QTR for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data Systems Analyst for preparation of the Quarterly Reports of Investment.* IRC, Exhibit C, Tab 3, page 139.

Both the Expert Consultant hired by the Commission, Conny Jamison, and the SCO's Expert, Dr. Tootelian, agree that claimant maintains an extremely large investment pool of up to $32 billion. Dr. Tootelian's comments include the following:

- Control over transaction activities is important given the large sums of money being invested;
- The portfolio appears to contain a range of investments with varying degrees of risk and returns; monitoring the investments on a frequent basis would be important to ensuring appropriate risk-return ratios are maintained and opportunities to improve the organization's financial position are evaluated;
- There appears to be continual investment activity; approximately 10.98% of the investment portfolio matures within one to thirty days; $32.8 million per day assuming an equal distribution over the time period. Because much of the portfolio matures within a very short time period, data input needs to be undertaken quickly in order to maintain a clear picture of total operations so investments can be appropriately balanced to maximize return and minimize risk;
- It appears there are about 337.5 transactions made per month; assuming 21.7 working days per month, this equates to an average of 15.55 transactions per workday. While "batch processing" (i.e., accumulating transactions into sufficiently large quantities so they can be processed with an efficient use of personnel hours) of transaction data might, in some instances, be desirable, volume efficiency should be reached in a relatively small number of days.[11]

The SCO provided no factual or legal basis for its conclusion that eight hours per quarter for four staff should be used as a general time guideline.

To assist in determining what activities are reasonably necessary to "accumulate and compile" the information required by the quarterly report of investments, the Commission contracted with Expert Consultant, Conny Jamison, who served as the San Diego City Treasurer for over 18 years before her retirement and was responsible for managing city investments of $1.2 billion.[12] Ms. Jamison was asked to review all documentation provided by the Commission and submit a written report addressing the reasonableness and necessity of the County of Los Angeles' claimed costs to produce the quarterly reports mandated by Government Code section 53646, subdivisions (b) and (e). According to Ms. Jamison:

> Reductions by the Office of the State Controller of the County's claims for FY 1997 and 1998 are inconsistent. Also they appear to be arbitrary since very little in the way of a rationale was provided to support the amount of the claim that the Controller determined to be allowable. According to the documents I reviewed, every month the County averages more than 600 purchases, sales and maturities of securities, or about 30 per day. These take a significant amount of staff time to record, verify and reconcile with custodian reports. In addition, because of the

[11] SCO-1/17/01, Exhibit F, Attachment 1, page 809.

[12] Resumé of Conny Jamison submitted as attachment to Report to the Commission on State Mandates on Investment Reports Incorrect Reduction Claims County of Los Angeles, FY 1997 & 1998 (September 13, 2001) attached as Exhibit M, page 1044.

large number of agencies participating in the County investment pool, considerable staff time is required to monitor the ever-changing cash flow requirements of each agency. Tracking and updating the cash flow requirement of multiple agencies requires considerable staff time, especially in the case of Los Angeles County where the number of participating agencies is so large.[13]

Thus, the number of staff hours required to produce the quarterly report of investments, considering the size of Claimant's investment pool is significant. The SCO reduced the staff hours claimed to an arbitrarily determined amount that has no apparent relationship to the work performed. Based on the foregoing, staff finds that the reduction of staff time to prepare the quarterly report and provide the assurances required by section 53646 is neither correct nor reasonable given the size and complexity of Los Angeles' investment pool.

Issue 2 Are the challenged activities reimbursable within the meaning of the test claim statute, the Commission's Statement of Decision and Parameters and Guidelines and the SCO's Claiming Instructions?

The SCO reduced Claimant's 1996-1997 reimbursement claim of $308,252 to $6,502 by deleting staff costs for "daily or monthly" accounting activities.[14] Claimant's 1997-1998 reimbursement claim of $327,512 was reduced to $325 for the same reasons.[15] All costs associated with ADS investment software were also reduced.[16]

The SCO contends that the challenged activities and the use of investment software are not reimbursable because they are: 1) not mandated; 2) part of the treasurer's fiduciary duty; 3) required by other sources and pre-existing law; and, 4) performed because of pre-existing business concerns.

Claimant contends that the Commission's Statement of Decision and Parameters and Guidelines and the Controller's Office Claiming Instructions support reimbursement for "daily and monthly" investment activities, including the use of subsidiary ledgers and investment software. These activities are required, according to Claimant, to "accumulate and compile" the data necessary to prepare the quarterly report of investments, as well as provide the assurance that the county has enough cash flow to meet the next six months of expenditures.

If the challenged activities are mandated, are they reimbursable?

The SCO contends that the test claim legislation, the Commission's Statement of Decision and the Parameters and Guidelines do not mandate the challenged activities. Claimant contends that

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[13] Conny Jamison, Report to the Commission on State Mandates on Investment Reports Incorrect Reduction Claims County of Los Angeles, FY 1997 & 1998 (September 13, 2001) attached as Exhibit M, page 1039 (hereinafter referred to as Jamison Report).

[14] The SCO's Desk Audit contained the following hand-written notes: *Daily/monthly accounting duties are NOT mandated. Only the QTLY Report of investments is mandated for the incremental cost of preparing this report. (Also, see attached letter and statement of duties for each classification.)* IRC, Exhibit C, Tab 3, page 139.

[15] The SCO's Desk Audit contained the following hand-written notes: *Not mandated—Daily/monthly accounting function are not mandated. .)* IRC, Exhibit C, Tab 4, page 158.

[16] The SCO's Desk Audit contained the following hand-written notes: *Software not mandated. Only qtly mark to market is mandated. .)* IRC, Exhibit C, Tab 3, page 139.

the challenged activities are necessary to comply with the mandate. Although the challenged activities are not specifically identified in the Statement of Decision or the Parameters and Guidelines, they are reimbursable under California Code of Regulations, title 2, section 1183.1, subdivision (a)(4) if they are found to be activities that are "the most reasonable methods of complying with the mandate."

The *Investment Reports* mandate is defined in section 53646, which outlines the contents of the quarterly report of investments. The test claim legislation provides, in relevant part, the following:

> (a) ...
>
> (b)(1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency...Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency...the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.
>
> (2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.
>
> (3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.
>
> (4) *In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.* (Emphasis added.)
>
> (c)...
>
> (d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.
>
> (e)...(Gov. Code, § 53646.)

One of the key challenged activities in this reimbursement claim is the use of subsidiary ledgers to track investments and produce the information required in the quarterly report. Subdivision (b)(4) of section 53646 specifically identifies the use of a "subsidiary ledger of investments" in the quarterly report. While the statute does not require the use of subsidiary ledgers, the Legislature clearly authorized its use in the quarterly report by including the language of subdivision (b)(4) in the statute. Therefore, based on the plain language of the statute, the use of a subsidiary ledger is a "reasonable method of complying with the mandate."

Reimbursement for this activity is further supported by the deliberations of the Commission during the hearing on the Parameters and Guidelines for *Investment Reports*. At the hearing, Commissioner Cox questioned the former Chief Counsel about whether the proposed Parameters and Guidelines allow Claimants to be reimbursed for preparing documents that are necessary to complete the quarterly report:

MR. COX: With respect to item three[17], I just have one question; and then I'd like staff's assurance that the report that we're about to adopt is sufficient. My only concern is that we allow the - we allow the documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that from the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting aspect.

MR. HORI: It was a – what Mr. Cox is referring to was where staff addressed the outright necessity of, in particular, subsidiary ledgers with respect to Subdivision (b)(4). (b)(4), on its face, is deemed not reimbursable. However, under items (b)(1), (2) and (3), the P's and – parameters and guidelines do indicate that reimbursable activities associated with compiling and accumulating any debt unnecessary to prepare a quarterly report. (The intended language was any *data necessary*, not any debt unnecessary.) In that situation, if a subsidiary ledger is necessary to produce the documents for (b)(1), (2), and (3), it would be subsumed in (b)(1), (2), and (3); and (b)(4) would not stand on its own.

MR. COX: Okay. That would be fine. I just wanted that clarification, Mr. Chairman.[18] (Emphasis added.)

After clarification from the former Chief Counsel, the Commission voted unanimously to adopt the Parameters and Guidelines as presented. Thus, staff finds that the Commission recognized the use of a subsidiary ledger as reasonably necessary to produce the documents required in the quarterly report of investments.

The Commission's Expert Consultant, Conny Jamison, provides further clarification regarding the activities that are reasonably necessary to produce the quarterly report of investments. In her Report, Ms. Jamison states:

> Los Angeles County should be reimbursed for the costs of the following investment related activities because these are also necessary to produce quarterly investment reports:
>
> 1) input of all investment activities into ADS, the investment tracking software
> 2) running required reports from ADS
> 3) reconciling the reports generated by ADS
> 4) compiling data as necessary to produce the investment reports for the Board of Supervisors.
>
> The County should be reimbursed for the cost of all activities associated with cash flow projections, i.e., assembling cash requirements of all participating agencies, as well as the County, and then periodically forecasting cash availability. This is

[17] Item three refers to *Investment Reports*, Proposed Parameters and Guidelines Hearing of the Commission on State Mandates held on November 20, 1997 in Sacramento, California.

[18] Transcript of Item Three, Commission Hearing held on November 20, 1997, Sacramento, California, attached as Exhibit P, page 1149.

necessary in order to affirm in the quarterly report that six (6) month cash needs can be met, as required by Section 53646.

All investment transactions must be entered into the software system in order to produce timely and accurate investment reports as required under Section 53646. Whether these investment transactions are entered daily, once a week, or once a month should not be the issue. Less frequent input of the transactions would not require any less staff time or cost. All transactions must be input, regardless of when the agency chooses to do so.[19]

Thus, according to Ms. Jamison, regardless of when the necessary investment data is entered into a system, whether it is entered daily, once a week, or once a month, all investment transactions must be entered into a system. Furthermore, whether a subsidiary ledger or some other method of data recordation is used, all investment transactions must be entered in some manner before the required quarterly report can be produced. Based on the foregoing, staff finds that reimbursement for the challenged activities to complete the mandated quarterly report is consistent with the test claim statute and the Parameters and Guidelines and authorized by the Commission's regulations. (Cal. Code Regs., tit. 2, § 1183.1.)

However, reimbursement is limited to those activities (staff time and services) necessary to complete the mandated quarterly report of investments. Three issues must be addressed related to this question. First, whether the statement of compliance with the investment policy as required by section 53646, subdivision (b)(2), is a "point in time" statement or a statement of "ongoing" compliance; second, whether the monthly report of transactions required under section 53607 encompasses the information required by the section 53646 quarterly report; and, third, whether the test claim decision and parameters and guidelines authorize reimbursement for 12 monthly reports in lieu of four quarterly reports.

To address the first issue, whether the statement of compliance with the investment policy is a point in time document or a statement of ongoing compliance, Claimant submitted a Declaration from Joseph H. Spillane, Los Angeles County's Assistant Treasurer and Tax Collector which states in relevant part the following:

...Government Code Section 53646 requires reporting of securities held throughout the reporting period. Each report must contain statement of compliance and exceptions to the investment policy for transactions held throughout the reporting period. To conclude otherwise, in my opinion, the state controller's office would have to believe that the Legislature was only concerned with investment activities four days per year.[20]

According to claimant, some insight into legislative intent may be obtained from the Report of the Task Force on Local and State Investment Practices chaired by Treasurer Matt Fong. In its recommendations and analysis issued March 14, 1995 the task force Report states:

Legislation adopted ten years ago required treasurers to report monthly to local officials about their investments...Costs for the prior legislation, which required monthly reports, were approximately $5.5 million for the initial set-up year, and

[19] Jamison Report, Exhibit M, page 1041 to page 1042.
[20] IRC, Exhibit C, Tab 1, page 131.

> approximately $2.5 million per year thereafter. By mandating quarterly (rather than monthly) reports, and taking into account the ready availability of market valuation information for most securities from custodial banks without significant additional charges, cost should not significantly exceed costs under the prior legislation and seem warranted to provide reasonable oversight over the investment of taxpayer funds.[21]

Quarterly reporting provides the needed oversight to the Treasurer's investment activity while reducing the high cost of the prior monthly reporting mandate.[22] Thus, by requiring the investment report to be prepared on a quarterly rather than monthly basis, staff finds that the Legislature intended the report to be a "point in time" document.

Further support for the "point in time" argument can be found in the Jamison Report which states that compliance as of the last day of the reporting period is a standard convention in the industry. Ms. Jamison states, in relevant part, the following:

> The County should be reimbursed for the costs of ascertaining whether their portfolio is in compliance with its investment policy, which the Treasurer is required to affirm under Section 53646. I do not believe, however, that they should be reimbursed for the cost of ascertaining whether *every transaction* is in compliance with their policy. While such care may be both prudent and conservative, Government Code Section 53646 (b)(2) requires only that, "The quarterly report shall state compliance of the portfolio to the statement of investment policy..."
>
> It is my opinion that the use of the words "the portfolio" in conjunction with "the quarterly report" implies that the statement refers simply to the portfolio which accompanies the report, which is the portfolio as of the last day of the reporting period. This is a standard convention in the industry, and even Los Angeles County does not include 20+ separate portfolios (one for each day of the month) with its monthly report. I do not agree with the County's position that the statement of compliance in CGC Section 53646 applies to every transaction during the reporting period.[23] (Emphasis supplied.)

While Claimant reviewed and analyzed their investment activities throughout the reporting period, the costs for producing the daily portfolio reports are not reimbursable under this mandate. Rather, staff finds that the requirement to report compliance with the investment policy is a "point in time" requirement and thus, the costs associated with this requirement are reimbursable only four times a year under section 53646.

The second issue is whether the monthly report of transactions required under section 53607 encompasses the information required by the section 53646, subdivision (b) quarterly reports. Pursuant to section 53607, the Los Angeles County Board of Supervisors has elected to delegate

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[21] Claimant-10/17/01, Exhibit L, Attachment A, page 998.

[22] Assembly Committee on Appropriations Bill Analysis for SB 564, Hearing Date: September 12, 1995 indicated that the fiscal effect of this legislation was "reimbursable costs, estimated at less than $1,000,000 annually to the State Mandates Claim Fund..."

[23] Jamison Report, Exhibit M, page 1041 to page 1042.

investment authority to the County Treasurer; therefore, the submittal of a monthly report of transactions is required. Section 53607 provides in relevant part the following:

> The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one year period by the legislative body to the treasurer...who...shall make a monthly report of those transactions to the legislative body. (Underlining indicates the amendments added by Chapter 749).

The SCO contends, "...if they [the county] must already perform monthly reports, [pursuant to the section 53607 requirement], it seems that a quarterly report would not require much more effort to prepare."[24] The monthly report described in section 53607 is a monthly report on every investment transaction made during the monthly reporting period.

The quarterly report of investments required by section 53646, subdivision (b), contains information on investments held by the local agency at the end of the quarter. This information includes: 1) the type of investment, issuer, date of maturity par, and dollar amount invested; and, 2) a statement of compliance of the portfolio to the statement of investment policy; and 3) a statement regarding the ability of the local agency to meet its pool's expenditure requirements for the next six months. It is a report produced on a quarterly basis that lists investments held by the local agency and includes the additional requirement of an affirmation that six months cash needs can be met. Thus, staff finds that the monthly report required by section 53607 is not the same report required by section 53646, subdivision (b), because it does not require the specific reporting information required by the *Investment Reports* statute.

Regarding this issue, the Commission's Expert Consultant stated:

> It is my opinion that the County should not be reimbursed for the cost of producing and presenting reports of every investment transaction during the reporting period. While this is required by CGC Section 53607 for Counties that elect to delegate investment responsibility to the County Treasurer, Section 53646 requires only that the quarterly reports list investments "*held* by the local agency". It does not call for a "monthly report of...*transactions*" as does Section 53607. I believe that the difference in wording between these two sections is significant.
>
> It is my recommendation, however, that the costs of actually compiling and assembling documents for the Report Package for the Board of Supervisors should be reimbursed for only four (4) reports per year, per CGC section 53646. While Government Code Section 53607 requires monthly reports under certain circumstances, Section 53646 does not.[25] (Emphasis supplied.)

Regarding the third issue, Claimant contends, "...since the code permits local agencies to comply with quarterly reporting requirements in a monthly reporting format, the preparation of monthly reports in lieu of quarterly reports should also be reimbursable."[26] In the statement of decision, the Commission found that section 53646, subdivision (d), which provides that reporting could be made on a monthly instead of quarterly basis was not a part of this test

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[24] SCO-12/5/00, Exhibit D, page 781.
[25] Jamison Report, Exhibit M, page 1041.
[26] Claimant-1/16/01, Exhibit E, page 793.

claim.[27] Section 53646, subdivision (d), provides that, "The legislative body...may elect to require the report...to be made on a monthly basis instead of quarterly." Clearly, the statute does not require the report of investments to be produced on a monthly basis. It is at the option of the legislative body and not required by section 53646.

Thus, the monthly report of transactions required by section 53607 is not the same as the quarterly report required by section 53646. Nor do the test claim decision and parameters and guidelines require reimbursement for preparing a detailed monthly report of investments or transactions.

Based on the foregoing discussion, staff finds that the challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented by Claimant as necessary to produce the quarterly report of investments. These reimbursements are limited however to the activities required to produce the quarterly report four times a year Reimbursement for these activities is consistent with the test claim decision and the Parameters and Guidelines and is authorized by the Commission's regulations. (Cal. Code Regs., tit. 2, § 1183.1.)

If the challenged activities are derived from the Treasurer's common law fiduciary duty, are they reimbursable?

The SCO contends that the obligation to enter and manage data is not derived from the test claim statute but comes from the common law fiduciary duty of a treasurer to the public it serves.[28] Nine cases are cited by the SCO to support this contention. Four of the cases relate to private trusts rather than public trust and are, therefore, not applicable. The SCO has cited five additional cases to define a county treasurer as a public officer who holds the public trust. Staff agrees that a county treasurer is a public officer who is obligated to hold the public trust. However, none of these nine cases enumerates any reporting duties of a county treasurer or a public officer and therefore the cases cited are not relevant.

The SCO cited one additional case that does relate to the fiduciary duty of a public official. In *Nussbaum v. Weeks*,[29] the general manager of a water district purchased seller's property as a private citizen. The manager did not disclose to the seller a material fact known to him in his official capacity, prior to the sale. The court found that the public official had no duty to disclose known facts to seller because there was no fiduciary or confidential relationship between seller and buyer; the fiduciary duty is owed to the general public and not to an individual. This case, therefore, is not relevant because it does not define the fiduciary duties of a county public officer. Thus, all the cases cited by the SCO are distinguishable. While they provide authority for the general duties of a public officer, they do not describe the manner in which a county treasurer is required to report investments.

The SCO also cites Civil Code section 2261, subdivision (1) re-codified as Probate Code section 16040, subdivision (b) for the proposition that California recognizes the "prudent investor rule" and this rule applies here. Public trusts and investments are governed by Government Code sections 27000.1, et seq. that sets forth, among other things, the fiduciary duties of a county treasurer. Therefore, the statute cited by the SCO is not relevant.

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[27] CSM Decision, Exhibit A, page 105.
[28] SCO-10/12/01, Exhibit K, page 875.
[29] See SCO-10/12/01, Exhibit K, page 924.

Further evidence of the distinction between private and public trusts is found in the *City of Atascadero v. Merrill Lynch* case. This case involved the loss of funds, invested by local agencies in the Orange County investment pool, after the Orange County bankruptcy. Citing to *In re County of Orange*, the Court stated:

> When Citron [county treasurer] received funds pursuant to [Gov.Code,] §54684, he represented the County in carrying out the trust obligations imposed by §27100.1 The County's assertion that it was a trustee of those funds is not inconsistent with California law. The County, through its representative, Citron, had express trustee responsibilities to the beneficiaries of the §27100.1 trust.[30]

Thus, the *Atascadero* court clearly delineated Government Code section 27100.1 (enacted in 1991) as creating the trust relationship between public entities depositing funds in a county treasury and the county treasurer as representative of the County. Therefore, staff finds that the fiduciary duties of county treasurers are found in the Government Code rather than the Probate Code.

The Legislature clearly understood this distinction, when, in 1995 and 1996, it enacted a package of legislation related to the duty of the county treasurer and establishing mechanisms for oversight of the treasurer's management of the county investments. These new laws were deemed necessary to prevent the financial losses that resulted from the circumstances of the Orange County bankruptcy.[31]

Historically, county treasurers were required to report monthly on their investments to the legislative body. However, in 1993, the Legislature permanently abandoned the requirement for quarterly investment reports by making them permissive for local treasurers. In 1994, Orange County declared bankruptcy due to the losses to its investment pool resulting from the investments of the county treasurer.

In February 1995, the Governor asked the State Treasurer to convene and chair a Task Force to examine the Orange County's investment pool collapse. After holding three public hearings on the causes and cures for the county's bankruptcy, the Task Force concluded that state and local agencies' investment practices needed reform.[32] The Legislature enacted section 53646 with a quarterly reporting requirement. In addition, the Legislature greatly expanded upon the common law fiduciary duty by enacting Chapter 784 on the same date as the test claim statute.

Chapter 784 established mechanisms for oversight of the treasurer's management of the county investments; created county treasury oversight committees;[33] outlined objectives regarding investment of county funds; and provided additional detail regarding the fiduciary duties of those responsible for investments. Chapter 784 added section 27000.1 (that provides the Board of Supervisors may delegate to the county treasurer the authority to invest funds and provides that the treasurer shall assume full responsibility for those investment transactions); section 27000.3 (that addresses the fiduciary duty of a county treasurer); and section 27000.5 (that provides the

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[30] *City of Atascadero v. Merrill Lynch* (1998) 68 Cal.App.4th 445, 470, attached as Exhibit O, page 1109 at page 1125.

[31] Senate Rules Committee, Office of Floor Analyses, SB 564, amended 9/13/95, attached as Exhibit P, page 1137.

[32] Senate Rules Committee, *supra*, page 1141. See also report of the Task Force on Local and State Investment Practices (1995), attached as Exhibit L, Attachment A, page 992.

[33] CSM 96-365-03, *County Treasury Oversight Committees*, adopted July 27, 2000; corrected November 16, 2000.

county treasurer's primary objective in managing public funds is to safeguard the principal of the funds) to the Government Code.

Specifically, section 27000.3 denominates the treasurer as a "trustee," thereby making him a "fiduciary subject to the prudent investor standard." Section 27000.3 provides, in relevant part, the following:

> (c) When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors.[34]

Staff finds that the Legislature enacted an extensive statutory scheme to provide the requisite protections for county investments not found in the common law fiduciary duty. Further, this statutory scheme would ensure that the public and its elected officials would be kept informed about the investment of county funds.

Based on the foregoing, staff finds that the challenged activities of entering and managing data to be included in the quarterly report of investments mandated by section 53646 are not activities required by the common law fiduciary duty but are new activities under the test claim legislation and therefore, reimbursable.

If the challenged activities are required by other sources and pre-existing law, are they reimbursable?

The SCO contends that the challenged activities are required by other sources and pre-existing law and are, therefore, not reimbursable. The SCO has cited over 40 code sections as a basis for its contention that other statutes and pre-existing law require the quarterly report of investments. The SCO states, "There are over ten sections out of the above listed that deal with record keeping and reports concerning county funds."[35] Staff reviewed all of the statutes cited and found that none of them addressed the specific requirements of the quarterly report of investments.

The SCO cites to sections 26900-26922, which address the duties of a county auditor, such as examining the books of the treasurer[36] and counting the money in the county treasury once a month.[37] These sections do not address the specific requirements of the quarterly report of investments and are therefore not relevant.

The SCO also cites generally to sections 27000, et seq., which address the duties of the county treasurer. These sections, however, relate to duties such as receiving and keeping safe all money

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[34] Government Code section 27000.3, attached as Exhibit N, page 1055.
[35] SCO-12/5/00, Exhibit D, page 781. The SCO specifically cites to Government Code sections 26905, 26920, 27000, 27002, 27009, 27061, 27062, 27063, 27100, and 27101, attached as Exhibit N, page 1047 to page 1072.
[36] See section 26905, Exhibit N, page 1047.
[37] See section 26920, Exhibit N, page 1049.

belonging to the county,[38] providing receipts when receiving money,[39] settling the treasurer's accounts by the 10th of each month with a statement under oath,[40] and keeping all books, accounts, etc. open at all times to inspection and examination by county officials.[41] Again, these sections do not address the specific requirements of the quarterly report of investments.

Section 27002, which requires the treasurer to keep an account of all receipts and expenditures of money, is specifically identified by the SCO. The SCO contends that these accounts "...may very well be the subsidiary ledgers which the statute allows to be used in the quarterly report."[42] While section 27002 does address funds received into and expended from the county treasury, it does not specifically address a detailed accounting of the activity of the pooled investment funds, nor the gathering of information on the value, maturity, or par value of all investments, nor the assurance of six months cash flow, as required by the test claim statute. Therefore, staff finds that section 27002 does not address the specific requirements of the quarterly report of investments and is not relevant.

Section 27063 is also specifically cited by the SCO. This section requires the treasurer to file a detailed report of all money received and disbursed from the treasury at least monthly with the board of supervisors. While this section requires a detailed tracking system of money received and disbursed into the treasury, it does not require detailed information on the county investments, nor the assurance of six months cash flow as required by the test claim statute. Therefore, staff finds that section 27063 does not address the specific requirements of the quarterly report of investments and is not relevant.

If the challenged activities are required by pre-existing business concerns, are they reimbursable?

The SCO contends that "[S]ince the necessity for daily tracking comes from business concerns, and not Section 53646, daily tracking is not a reimbursable activity."[43] This is simply a restatement of the SCO's fiduciary duty argument to which staff disagrees, as discussed above. In addition, there is no source in law for this argument. Neither the Constitution nor statutes discuss 'business concerns' as a standard for denying reimbursement to local governments for costs incurred to implement a new program. Thus, while 'business concerns' may provide some direction to the treasurer regarding how to manage the county's investments, they are not a basis to deny reimbursement. Staff finds that even if the challenged activities also relate to business concerns, they are reimbursable activities under this mandate.

Is the use of investment software reimbursable?

The SCO, in error, reduced all costs associated with software because software was "not mandated."[44] Reimbursable costs can be found in Section VI, B of the Parameters and Guidelines for *Investment Reports*. Under this section, services and supplies include "...all

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[38] See section 27000, Exhibit N, page 1051.
[39] See section 27009, Exhibit N, page 1060.
[40] See sections 27061-27062, Exhibit N, pages 1061-1063.
[41] See section 27100, Exhibit N, page 1067.
[42] SCO-12/5/00, Exhibit D, page 781.
[43] SCO-1/17/01, Exhibit F, page 802.
[44] IRC, Exhibit C, Tab 3, page 139.

direct costs for materials, service and supplies...for the purposes of compliance with the mandate." The Jamison Report states:

> The County should be reimbursed for those ADS software expenses associated with the above activities, plus the cost of the pricing service. Such investment tracking software is absolutely essential to accurate and timely investment reporting, and the pricing service is necessary in order to comply with the requirement of Section 53646 to provide the current market value of investments held as of the date of the report. However, the County needs to specify what portion of their ADS costs are related to producing the investment reports. It is not clear whether they are claiming reimbursement for all ADS costs or just a pro-rata share.
>
> (N)o large or even medium size agency could produce the required investment reports without such software. Even if it were possible to manually produce the information needed for the monthly reports, staff costs would far exceed the cost of the software.[45]

In agreement with the Commission's Expert Consultant, staff finds that the use of investment software, consistent with the Parameters and Guidelines reimbursement for "...costs for materials, service and supplies..." is a reasonable method of complying with this mandate. Therefore, to the extent that the ADS software expenses and pricing service costs are directly related to the production of the quarterly investment reports, the use of investment software is reimbursable.

CONCLUSION

Based on the foregoing, staff finds that:

- the reduction of staff time to prepare the quarterly report and provide the assurances required by section 53646 is neither correct nor reasonable given the size and complexity of Los Angeles' investment pool;
- the Commission recognized the use of a subsidiary ledger as reasonably necessary to produce the documents required in the quarterly report of investments;
- reimbursement for the challenged activities to complete the mandated quarterly report is consistent with the test claim statute and the Parameters and Guidelines and authorized by the Commission's regulations;
- the Legislature intended the investment report to be a "point in time" document;
- the requirement to report compliance with the investment policy is a "point in time" requirement and thus, the costs associated with this requirement are reimbursable only four times a year under section 53646;
- the challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented by Claimant to be necessary to produce the quarterly report of

[45] Jamison Report, Exhibit M, page 1042 to page 1043.

investments. These reimbursements are limited however to the activities required to produce the quarterly report four times a year;

- the challenged activities of entering and managing data to be included in the quarterly report of investments mandated by section 53646 are reimbursable;
- section 27063 does not address the specific requirements of the quarterly report of investments and is not relevant;
- even if the challenged activities also relate to business concerns, they are reimbursable activities under this mandate; and,
- the use of investment software, consistent with the Parameters and Guidelines reimbursement for "...costs for materials, service and supplies..." is a reasonable method of complying with this mandate. Therefore, to the extent that the ADS software expenses and pricing service costs are directly related to the production of the quarterly investment reports, the use of investment software is reimbursable.

STAFF RECOMMENDATION

Staff recommends that the Commission adopt the Staff Analysis, approve this Incorrect Reduction Claim and request the State Controller to reinstate all costs that were incorrectly reduced.

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EXHIBIT A

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

Test Claim on:

Investment Reports

Government Code Section 53646, subdivisions (a), (b) and (e) as added by Chapter 783, Statutes of 1995; as amended by Chapters 156 and 749, Statutes of 1996;

By the County of Santa Clara and the City of Newport Beach, Claimants.

No. CSM-96-358-02

Investment Reports

STATEMENT OF DECISION

The attached Statement of Decision of the Commission on State Mandates is hereby adopted in the above entitled matter.

This Decision shall become effective on March 27, 1997.

Paula Higashi

PAULA HIGASHI, Executive Director

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

IN RE TEST CLAIM ON: Government Code Section 53646, subdivisions (a), (b) and (e) as added by Chapter 783, Statutes of 1995; as amended by Chapters 156 and 749, Statutes of 1996; Filed on December 23, 1996; By the County of Santa Clara and the City of Newport Beach, Claimants.	NO. CSM - 96-358-02 *Investment Reports* PROPOSED STATEMENT OF DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; TITLE 2, CALIFORNIA CODE OF REGULATIONS, DIVISION 2, CHAPTER 2.5, ARTICLE 7.

PROPOSED STATEMENT OF DECISION

Issue: Do the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring specified quarterly reports of investments and an annual statement of investment policy?

This test claim was heard by the Commission on State Mandates (Commission) on February 27, 1997, and on March 27, 1997, in Sacramento, California, during two regularly scheduled hearings.

On February 27, 1997, Allan Burdick appeared on behalf of the County of Santa Clara and Glen Everroad appeared on behalf of the City of Newport Beach.

On March 27, 1997, Allan Burdick appeared on behalf of the County of Santa Clara, Glen Everroad appeared on behalf of the City of Newport Beach, and Jim Apps represented the Department of Finance.

The record on the test claim included (1) a letter from the Department of Finance stating that the test claim legislation may have resulted in a reimbursable state mandated program concerning the preparation of quarterly investment reports and the rendering of an annual statement of investment

policy; (2) A letter from the State Treasurer's Office concurred with the claimants that the new legislation referenced in the test claim does result in additional workload for local agencies.

At both hearings, evidence both oral and documentary was introduced, the test claim was submitted, and the vote was taken.

The law applicable to the Commission's determination of a reimbursable state mandated program is Government Code section 17500 and following, and section 6, article XIIIB of the California Constitution and related case law.

BACKGROUND AND FINDINGS OF FACT

The claimants allege that the provisions of Government Code section 53646, subdivisions (a), (b), and (e), as added Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or higher level of service within the meaning of section 6, article XIIIB of the California Constitution and section 17514 of the Government Code by requiring specified quarterly reports of investments and an annual statement of investment policy.

Former Government Code section 53646, as amended by Chapter 59/93, read:

> "The treasurer ~~shall~~ *may* render to the depositary and to the auditor, controller, secretary, or corresponding officer of the local agency a statement showing the amount of accrued interest for each depositary for the preceding quarter if so required by the legislative body of the local agency."
>
> (Addition made by Chapter 59/93 is in *italics*, deletion in ~~strikethrough~~.)

The test claim legislation, Chapter 783, Statutes of 1995, repealed the 1993 version of Government code section 53646 and replaced it with the following (including the amendments made by Chapters 156 and 749, Statutes of 1996):

> "(a) ~~T~~*(1) In the case of county government,* the treasurer ~~or chief fiscal officer~~ shall annually render to the ~~legislative body of the local agency~~*board of supervisors* and any oversight committee a statement of investment policy, which the ~~legislative body of the local agency~~ *board* shall ~~consider~~ *review and approve* at a public meeting. Any ~~changes~~ *change* in the policy shall also be ~~considered~~ *reviewed and approved* by the ~~legislative body of the local agency~~ *board* at a public meeting.
>
> "*(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency shall annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.*
>
> "(b) (1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivision (e), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description

of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside part that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

"(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance..

"(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

"(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

"(c) Pursuant to subdivision (b), the treasurer of chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency. **[Subdivision (c) was not part of this test claim.]**

"(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly. **[Subdivision (d) was not part of this test claim.]**

"(e) ~~If a~~ *For* local agency ~~has~~ *investments that have been* placed ~~all of its investments~~ in the Local Agency Investment Fund, created by Section 16429.1, ~~or~~ in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) *regarding investments in these institutions.*"

(Additions made by Chapters 156/96 and 749/96 in *italics*, deletions in ~~strikethrough~~.)

THE COMMISSION FINDS THAT:

Subdivision (a) of Government Code section 53646 provides that the local agency treasurer or chief fiscal officer, as applicable, "... shall annually render ..." to the local legislative body and any investment oversight committee "... a statement of investment policy ...". In the case of counties, the investment policy is to be "reviewed and approved" at a public meeting, while for other local agencies the investment policy is to be "considered" at a public meeting. Changes to the investment policy are required to undergo the same process. No such requirement for an annual investment policy or for its review and approval (or consideration) existed in immediate prior law -- the Chapter 59, Statutes of 1993, version of section 53646. The requirements of subdivision (a), therefore, constitute a new program or higher level of service in an existing program.

Subdivision (b) of section 53646 requires the treasurer of chief fiscal officer "... to render a quarterly investment report having specified content to the chief executive officer, the internal auditor, and the legislative body of the local agency ...".

Subdivision (e) of section 53646 provides that the quarterly report required by subdivision (b) may be presented in somewhat abbreviated fashion for those investment which have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of those forms of investment. The reports under subdivision (e), while abbreviated, still are required. Under the immediate prior law, the Chapter 59, Statutes of 1993, version of section 53646, quarterly investment reporting was discretionary; therefore, the requirements of subdivisions (b) and (e) of section 53646 constitute a new program or higher level of service in an existing program.

Subdivisions (c) and (d) of Government Code section 53646 are *not* part of this test claim.

Government Code section 53646 offers local agencies two levels of detail in making the required quarterly reports. Subdivision (e) provides for a simpler reporting method for those local agency investments which have been placed in the Local Agency Investment Fund or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of those investment vehicles. The more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). *Local agencies which are able to use the investment methods listed in subdivision (e) exclusively should therefore be expected to have lower costs of compliance with the reporting requirements of section 53646* than those agencies which must invest some or all of their surplus funds in other financial institutions or instruments. The Government Code imposes limits on local government bank deposits[1], and the State Treasurer has the statutory authority to limit local agency deposits in the Local Agency Investment Fund[2]; so it is recognized that the number of local agencies eligible to report exclusively under subdivision (e) will be limited.

There are no federal requirements which are comparable to the state requirements found in Government Code section 53646, subdivisions (a), (b), and (e).

Finally, the term "local agency" as it applies to section 53646 is not the same as that term is used in Government Code section 17518 pertaining to the Commission on State Mandates[3]. For purposes of section 53646, Government Code section 53630, subdivision (a), defines "local agency" to mean " ... county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state." The "local

[1] Government Code section 53638 limits local agency deposits in banks, savings and loans and credit unions so as not to exceed shareholders' equity, net worth or unimpaired capital and surplus (as applicable), with specified exceptions. Claimants also cited limitations on deposits statewide as found in Financial Code section 856; that section, however, was repealed by Chapter 1063, Statutes of 1996.

[2] Government Code section 16429.1 creates the Local Agency Investment Fund in the State Treasury for the deposit of local agency funds. Section 16429.1 also provides that deposits into that Fund may be limited by the State Treasurer if "... the deposit would adversely affect the state's portfolio." Further, the Local Agency Investment Board (created by section 16429.2 of the Government Code) may determine whether quasi-governmental agencies may participate in the Fund.

[3] Government Code section 17518 includes "any city, county, special district, authority, or other political subdivision of the state" as a "local agency. Section 17519 includes school districts, community college districts and county superintendents of schools as "school districts," not as "local agencies".

agency" definition as found in section 53630, subdivision (a), is to be used for purposes of this test claim.

CONCLUSION

Based on the foregoing findings, the Commission approves the test claim and determines that:

The provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

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DECLARATION OF SERVICE BY MAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment and business address is the Commission on State Mandates, located at 1300 I Street, Suite 950, Sacramento, California 95814.

On March 31, 1997, I served the attached *Statement of Decision*, for "Investment Reports" (CSM-96-358-02), of the Commission on State Mandates by placing a true copy thereof in an envelope addressed to each of the persons listed on the **attached mailing list**, and by sealing and depositing said envelope in the United States mail at Sacramento, California, with postage thereon fully prepaid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 31, 1997, at Sacramento, California.

Julie L. Gordon

Julie L. Gordon

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Commission on State Mandates

Mailing List

31-Mar-97

CSM/SB# and Claim Title 9635802 Claim of County of Santa Clara

Government Code Sec.

Chapters 783/95

Originated: 23-Dec-96

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BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Government Code Section 53646, Subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995; Chapter 156, Statutes of 1996; Chapter 749, Statutes of 1996; and

Filed by The County of Santa Clara and The City of Newport Beach

CSM-96-358-02

Investment Reports

Adoption of Parameters and Guidelines Pursuant to Government Code Section 17557 and Title 2, CCR, Section 1183.12.

PARAMETERS AND GUIDELINES

The attached Parameters and Guidelines are hereby adopted by the Commission on State Mandates on November 20, 1997.

Date: November 21, 1997

Paula Higashi
PAULA HIGASHI
Executive Director

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FILE COPY

Adopted: November 20, 1997
File Number: CSM-96-358-02
Staff: Commission Staff
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Parameters and Guidelines

Government Code Section 53646, Subdivisions (a), (b), and (e)
Chapter 783, Statutes of 1995
Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Investment Reports

I. Summary of the Source of the Mandates

Chapter 783, Statutes of 1995, repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Chapter 156, Statutes of 1996, an urgency bill, and Chapter 749, Statutes of 1996, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

II. Commission on State Mandates Decision

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIIIB of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

III. Eligible Claimants

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

IV. Period of Reimbursement

Government Code section 17557 states that a test claim must be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The

County of Santa Clara and the City of Newport Beach filed the test claim for this state mandated program on December 23, 1996, establishing eligibility for fiscal year 1995-96. However, the test claim statutes were not in effect on July 1, 1995. Therefore, reimbursement claims may be filed for costs incurred, as follows:

Costs incurred pursuant to Chapter 783, Statutes of 1995, are reimbursable on or after January 1, 1996.

Costs incurred pursuant to Chapter 156, Statutes of 1996, an urgency statute, are reimbursable on or after July 12, 1996.

Costs incurred pursuant to Chapter 749, Statutes of 1996, are reimbursable on or after January 1, 1997.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days from the date on which the State Controller issues claiming instructions.

If the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. Reimbursable Costs

A. Scope of Mandate

Eligible claimants shall be reimbursed for the costs incurred to render an annual statement of investment policy and quarterly investment reports, as specified in Section V.B. Reimbursable Activities.

B. Reimbursable Activities

For each eligible claimant, the direct and indirect costs of labor, supplies, and services incurred for the following mandate components are reimbursable, as follows:

1. Statement of Investment Policy

   Prepare and submit the annual statement of investment policy[1], and changes to:

   a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[2]

   b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

[1] In counties with Treasury Oversight Committees, costs to prepare annual statements of investment policy are allowable administrative costs, payable from proceeds of the investments as provided in Government Code section 27135.

[2] For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

2. Quarterly Report of Investments

a. Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), (3) and/or (e).

b. Ongoing Costs

(1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1), (2), and (3) and/or (e).

(2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code section 53646, subdivision (b)(1).[3]

VI. Claim Preparation

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

Claim detail should include the following:

A. Salaries and Benefits

Claimed reimbursement for employee costs should be supported by name, position, productive hourly rate, hours worked, fringe benefits amount, and a brief description of assigned unit and function relative to the mandate.

The source documents required to be maintained by the claimant may include, but are not limited to, employee time cards and/or cost allocation reports.

B. Services and Supplies

The claimant should identify all direct costs for materials, services and supplies which have been purchased, leased, consumed or expended for purposes of compliance with the mandate.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, lease documentation and other documents evidencing the validity of the expenditure.

[3] Chapter 156, Statutes of 1996, an urgency statute, amended subdivision (e), effective July 12, 1996. The amendment permitted the use of a statement, in lieu of the report, for any investment in an insured account. This resulted in two reimbursement beginning dates: from January 1, 1996 if the agency placed all of its investment in insured accounts; from July 12, 1996, if less than all of an agency's investments were placed in insured accounts.

C. Contract Services

List costs incurred for contract services and/or legal counsel for the development and operation of the mandated program. Contracting costs are reimbursable to the extent that the function performed requires special skills or knowledge that is not readily available from claimant's staff. Use of contract services must be justified by the claimant.

D. Training

Include the costs of training of personnel. Specialized training must be justified by the claimant.

E. Fixed Assets

List the cost of fixed assets that have been acquired specifically for the purposes of this mandate. If a fixed asset is acquired for the investment reports program but is utilized in some way not directly related to the program, only the pro-rata portion of the asset which is used for purposes of the mandated program is reimbursable.

The source documents to be maintained by the claimant may include, but are not limited to, contracts, charges, invoices and statements.

F. Allowable Overhead Costs

Government Code section 17564, subdivision (b), provides that claims for indirect costs shall be filed in the manner prescribed by the State Controller's Office.

VII. Supporting Data

For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the mandate. All documentation in support of claimed costs shall be made available to the State Controller or his/her agent, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

VIII. Offsetting Savings and Other Reimbursement

Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source (e.g., service fees collected, federal funds, other state funds, etc.) shall be identified and deducted from this claim.

IX. Required Certification

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained therein.

Commission on State Mandates

Mailing List

21-Nov-97

CSM/SB# and Claim Title CSM 96-358-02 Claim of County of Santa Clara

Government Code Sec.

Chapters 783/95

Originated: 23-Dec-96

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State Controller's Office
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Mr. Paul Minney, Interested Party
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Mr. Keith B. Petersen, President (Interested Party)
Sixten & Associates

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Mr. Steve Smith, CEO (Interested Party)
Mandated Cost Systems

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State Treasurer's Office

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Mr. David E. Wellhouse,
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9175 Kiefer Blvd Suite 121
SACRAMENTO CA 95826
Tel: (916) 368-9244
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EXHIBIT C

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

August 31, 2000

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

Dear Ms. Higashi:

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

We submit and enclose herein the subject incorrect reduction claims.

Leonard Kaye of my staff is available at (213) 974-8564 to answer questions you may have concerning this submission.

Very truly yours,

J. Tyler McCauley
Auditor-Controller

JTM:JN:LK
Enclosures

ate of California
OMMISSION ON STATE MANDATES
100 I Street, Suite 950
acramento, CA 95814
16) 323-3562

For Office Use Only
RECEIVED SEP 0 1 2000 COMMISSION ON STATE MANDATES
Claim No. 00-9635802-I-01

INCORRECT REDUCTION CLAIM FORM

cal Agency or School District Submitting Claim

COUNTY OF LOS ANGELES

ntact Person — Telephone No.

LEONARD KAYE — (213) 974-8564

dress
Auditor-Controller
Kenneth Hahn Hall of Administration
500 W. Temple, Room 603
Los Angeles, CA 90012

presentative Organization to be Notified

CALIFORNIA STATE ASSOCIATION OF COUNTIES

is claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of e Government Code. This incorrect reduction claim is filed pursuant to section 17551 (b) of the Government Code.

AIM IDENTIFICATION: Specify Statute or Executive Order

Investment Reporting
Chapter 783, Statutes of 1995

Fiscal Year*	Amount of the Incorrect Reduction
1996-97	$301,750
1997-98	$327,187

More than one fiscal year may be claimed.

ame and Title of Authorized Representative — Telephone No.

J. Tyler McCauley
Auditor-Controller — (213) 974-8301

ignature of Authorized Representative — Date

J. Tyler McCauley — 8/31/00

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

The State Controller's Office (SCO) incorrectly reduced the claims of the County of Los Angeles (County) for reimbursement of the County's costs of implementing the requirements of Chapter 783, Statutes of 1995 (Chapter 783/95). The County's claims complied with the parameters and guidelines and claiming instructions for Chapter 783/95, and are supported by substantial documentation and evidence.

The actions of the SCO appear to be arbitrary, capricious, contrary to law and, without justification. The Commission on State Mandates (Commission) should find that the claims submitted by the County were in compliance with the parameters and guidelines and appropriate claiming instructions, that the claims were supported by proper documentation, that the costs claimed by the County are all reimbursable pursuant to Article XIIIB, Section 6 of the California Constitution, and direct the SCO to pay the entirety of County's claims as allowable pursuant to the parameters and guidelines issued on Chapter 783/95.

Summary of the Claim

The SCO incorrectly reduced the claims of the County of Los Angeles for reimbursement of the County's costs of implementing the investment reporting requirements of Chapter 783/95. The SCO incorrectly reduced the Investment Reporting Claims filed by the County for the following fiscal years by the following amounts:

Claim	Reduction
1996-97	$301,750
1997-98	$327,187

Authority

The Commission has the authority pursuant to Government Code, Section 17551(b) to "hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985 ...[when] the SCO has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section

17561." The County of Los Angeles is a local agency as defined in Government Code, Section 17581.

Therefore, Commission has the authority to hear this claim and direct restoration of the amounts claimed by the County which were incorrectly reduced. This claim provides sufficient information for the Commission to direct the SCO to reverse the reductions previously made and to direct the SCO to pay the County.

Status of County's Appeal to SCO

SCO staff have not responded to the County's last [December 22, 1999] submission to SCO, detailing the necessity to reinstate the subject reductions.

Mr. John Naimo, Chief of the Los Angeles County Auditor-Controller Department's Accounting Division, wrote Mr. William G. Ashby, Chief, Division of Accounting and Reporting, State Controller's Office on December 22, 1999 [letter attached as page 1 of Volume 2] and indicated that:

> "We believe that the above reductions are not supported by desk review comments, recently provided to us by Mr. Jeff Yee, of your staff. It appears that no reimbursements were made for employees to "accumulate and compile data". Only 32 hours of other employee time was permitted to "render" reports. It should be noted that both activities are explicitly reimbursable, without limitation, in the State Controller's Office [Investment Reporting] claiming instructions, page 3 of 5.
>
> In addition, our claimed costs are not excessive considering that we accumulate and compile State-mandated investment report data for 1,800, or so, governmental funds and render detail reports on $9 Billion, or so, of their investments.
>
> Therefore, we request restoration of all claimed costs within 60 days. Otherwise, further action is contemplated."

As of August 30, 2000, SCO has not restored any of the County's investment reporting costs that it has reduced. Further, SCO has not indicated when or if it will respond to the County's appeal to restore investment reporting reductions, approximating 98% of claimed costs.

County Complied with SCO's Claiming Instructions

The legal basis for reimbursing local governments for the subject program is set forth by the State Controller's Office (SCO) in their claiming instructions issued in January of 1998, attached in Tab 6 of Volume 1. SCO indicates, on page 1 of these instructions, that:

> "Government Code section 53646, subdivision (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified."

The County complied with SCO's claiming instructions in preparing the subject 1997/98 and 1996/97 claims including the requirements, set forth on page 3 of SCO's claiming instructions, that ongoing investment reporting costs be limited to those necessary to:

> "(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1), (2), (3), and/or (e).
>
> (b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency as required in Government Code section 53646, subdivision (b)(1)."

On April 9, 1998, the County claimed $307,797 of "continuing costs" [as defined by SCO in their claiming instructions] for 1996/97. [Claim attached in Tab 2 of Volume 3.]

On June 28, 1999, as evidenced in a copy of County's 1996/97 claim marked by SCO, attached in Tab 3 of Volume 1, SCO arbitrarily reduced the County's 1996/97 continuing costs to: "8 hours per TTR for the Accounting Officer III, Fiscal Officer 1, Accounting Officer 1, Assistant Data Systems Analyst for preparation of the Quarterly Investment Reports of Investments"; and, completely eliminated all the

County's time claimed for the Accountant III, Account Clerk I and Assistant Operations Chief as well as all software costs[1].

The County was notified of SCO's $301,750 or 98% reduction of its 1996-97 claim by SCO's claim adjustment letter dated October 12, 1999, attached in Tab 5 of Volume 1. Under "ADJUSTMENT TO CLAIM:" , SCO indicated that:

"INDIRECT COSTS OVERSTATED: - 62,738.00

COSTS NOT MANDATED: - 239,012.00 "

It should be noted that the $62,738 indirect cost reduction resulted from the associated salary and benefit reduction of $211,239 multiplied by the County's indirect cost rate of 29.7%. So the only reason for SCO's reductions was simply "costs not mandated".

The County was notified of SCO's $327,187 or 99% reduction of its 1997-98 claim by SCO's claim adjustment letter dated October 12, 1999, attached in Tab 5 of Volume 1. Under "ADJUSTMENT TO CLAIM:" , SCO indicated that:

"INDIRECT COSTS OVERSTATED: - 64,775.00

COSTS NOT MANDATED: - 262,376.00

LATE CLAIM PENALTY: - 36.00 "

It should be noted that the $64,775 indirect cost reduction resulted from the associated salary and benefit reduction of $262,376. So, except for the late claim penalty of $36, the only reason for SCO's reductions was simply "costs not mandated".

Claimed Costs are Reimbursable

The County has obtained the expert opinion of Joseph H. Spillane, Assistant Treasurer and Tax Collector, County of Los Angeles, with regard to the nature of the

1 Copies of the 1996/97 and 1997/98 claims, with SCO review notes on them, were requested in writing form SCO on October 19, 1999 and November 5, 1999. These letters are included in Tab 5 of Volume 1.

County's investment reporting compliance costs under the subject law. Mr. Spillane is responsible for ensuring that the County of Los Angeles complies with investment reporting requirements, including those imposed under the subject law.

Mr. Spillane has examined the County's State-mandated costs in complying with the subject investing reporting law and found them to be $327,512 for 1997/98 and $308,252 for 1996/97, as originally claimed [2].

Mr. Spillane found that SCO's investment reporting claim reductions, $327,512 for the 1997/98 claim and $301,750 for the 1996/97 claim, did not allow for ongoing State-mandated costs as defined on page 3 of SCO's Investment Reporting claiming instructions [attached in Tab 6 of Volume 1] issued in January 1998:

> "(2) Ongoing costs
>
> (a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1),(2),(3), and/or (e).
>
> (b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency as required in Government Code section 53646, subdivision (b)(1). "

In addition, Mr. Spillane found that SCO's reductions ignored investment reporting compliance requirements under the subject law, including those found in Government Code section 53646(b)(2) and 53646(b)(3)]:

> "(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.."
>
> (3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six

2 Mr. Spillane's declaration on this subject is found in Tab 1 of Volume 1.

> months, or provide an explanation as to why sufficient money shall, or may, not be available."

Further, Mr. Spillane noted that the County, pursuant to the [above stated] subject investment reporting law, necessarily incurred costs to accumulate, compile and report detailed investment information for the County's managed investment pool of $9 billion, or so, including 180, or so, local agencies and schools.

Investing Reporting Compliance

Investment reporting compliance is not just a simple matter of reporting a few numbers four times a year. Rather, detailed investment reporting, accumulation, and compilation mandates are imposed on local governments under the subject law.

On March 27, 1997, the Commission on State Mandates determined that the subject law, Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code section 17500) of Division 4 of Title 2. According to the Commission's "Investment Reports" Statement of Decision [attached in Tab 1 of Volume 2], detailed investment reporting, accumulation, and compilation mandates are imposed on local governments. Specifically, on pages 2-3, the Commission cites pertinent law which requires that:

> " ... this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation."

The Commission further notes that Government Code section 53646(b)(2) and 53646(b)(3)] requires that:

"(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.."

(4) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available."

Therefore, local governments are required to accumulate, compile and report detailed investment information. In the case of Los Angeles County's $9 billion, or so, managed investment pool, including 180, or so, local agencies and schools, the investment report, issued on November 23, 1999, [attached in Tab 2 of Volume 2], for example, was 134 pages.

It should be noted that prior to the subject law, the State had no investment reporting requirements. Even the briefest of investment reports were in compliance with prior state law. For example, Orange County's investment report for the entire 1991-92 year [included in Tab 3 of Volume 2] was just 8 pages. Clearly, a good deal more is now mandated under current law.

Required Data Accumulation and Compilation

In order to render the required investment reports, data from transactions occurring throughout the reporting period must be accumulated and compiled. The law explicitly permits this. Government Code section 53646(b)(4) provides, in pertinent part, that "... a subsidiary ledger of investments may be used in accordance with accepted accounting practices".

Further, the Commission notes on page 2 of its Investment Reports' Parameters and Guidelines, [attached in Tab 4 of Volume 2], that "... to the extent that subsidiary ledgers are necessary to accumulate and compile the data necessary to prepare a quarterly report under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e), it is reimbursable".

Also, the Commission plainly states on page 5 of its Investment Reports' Cost Estimate [included in Tab 5 of Volume 2] that "reimbursable activities" include "data acquisition and compilation" ... "necessary to prepare the quarterly report of investments". In their cost estimate, the Commission found $15,339,000 of costs, not the little or no investment costs now allowed by the State Controller's Office.

As plainly stated by the Commission, "reimbursable activities" include "data acquisition and compilation" ... "necessary to prepare the quarterly report of investments".

Therefore, reimbursement of the County's claimed costs, all necessarily incurred to prepare and render mandated investment reports under the subject law, is required.

SCO's Arbitrary Reimbursement Limits

SCO provides no basis for reducing the County's claims by 98% or so. SCO's reimbursement limits appear arbitrary, not based on an examination of which activities are "necessary" to prepare and render the required reports and which are not.

Without explanation, SCO bases its reductions on a standard time. The standard time SCO used was 8 hours per report per employee or 32 hours for 4 reports. SCO provides no basis for use of a standard time or for the particular standard selected. They cite no time study and have asked claimant for none. Furthermore, the Commission did not authorize use of a standard time for this program.

SCO's claim reductions, using the arbitrary standard, are severe. For example, 1,339.5 hours were claimed [for the 1996-97 year] for mandated activities performed by an Assistant Data System Analyst and only 32 hours were allowed. SCO's desk reviewer states "[a]llowed 8 hours per QTR for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data System Analyst for preparation of the Quarterly Reports of Investments". SCO staff never explain why, irrespective of the varying times claimed for the [above] employees, they all are deemed to have spent the exact same time on mandated activities.

Further, SCO never explain why times claimed [in 1996-97] for other than [the above] employees were completely denied or why costs for required software was completely eliminated.

It should be noted that SCO denied all claimant's 1997-98 "on-going" investment report costs, even for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data System Analyst, allowed in 1996-97 in the amount of 32 hours each for preparation of the Quarterly Reports of Investments. Why these costs would be reimbursable in 1996-97 and not in 1997-98 is, again, not explained.

Conclusion

Therefore, the actions of the SCO appear to be arbitrary, capricious, contrary to law and, without justification. The Commission on State Mandates should find that the claims submitted by the County were in compliance with the parameters and guidelines and appropriate claiming instructions, that the claims were supported by proper documentation, that the costs claimed by the County are all reimbursable pursuant to Article XIIIB, Section 6 of the California Constitution, and direct the SCO to pay the entirety of County's claims as allowable pursuant to the parameters and guidelines issued on Chapter 783/95.

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

VOLUME ONE

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 462
P. O. BOX 4917
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2139 FAX: (213) 626-1701

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

Los Angeles County - Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting (Chapter 783/95) Claims

Declaration of Joseph H. Spillane

Joseph H. Spillane makes the following and declaration and statement under oath:

I, Joseph H. Spillane, am Los Angeles County's Assistant Treasurer and Tax Collector. I am responsible for ensuring that the County of Los Angeles (County) complies with investment reporting requirements, including those imposed under the subject law.

I declare that I have examined the County's State-mandated costs in complying with the subject investing reporting law and find them to be $327,512 for 1997/98 and $308,252 for 1996/97.

It is my information or belief that the State Controller's Office (SCO) reductions of $327,187, or 99% of costs claimed for 1997-98, and $301,750, or 98% of costs claimed for 1996-97, were arbitrary, capricious and contrary to law.

It is my information or belief that Government Code Section 53646 is very specific as to the requirements imposed by the Legislature.

I declare that Government Code Section 53646(b)(1) requires that the Treasurer prepare a quarterly report of investments that includes the type of investment, issuer, date of maturity, par and cost amounts of all securities held by the local agency.

I declare that Government Code Section 53646(b)(2) requires that the investment report shall state compliance of the portfolio to the statement of investment policy or manner in which the portfolio is not in compliance.

It is my information or belief that Government Code Section 53646 requires reporting of securities held throughout the reporting period. Each report must contain a statement of compliance and exceptions to the investment policy for transactions held throughout the reporting period. To conclude otherwise, in my opinion, the State Controller's Office would have to believe that the Legislature was only concerned with investment activities four days per year.

Therefore, it is my information or belief that all costs associated with monitoring compliance should be reimbursable.

It is my information or belief that, since the code permits local agencies to comply with quarterly reporting requirements in a monthly reporting format, the preparation of monthly reports in lieu of quarterly reports should also be reimbursable.

I declare that Government Code Section 53646(b)(3) requires a determination that expenditure requirements could be met for six months. It is my information or belief that without a comprehensive cash flow analysis, it would be impossible to determine if expenditure requirements could be met for six months.

Therefore, it is my information or belief that costs associated with developing required cash flow analyses should be fully reimbursable.

I declare that the County's investment reporting claims of $327,512 for 1997/98 and $308,252 for 1996/97 included only those costs incurred to accumulate, compile, analyze and report detailed investment information, as described above, for the County's managed investment pool of $9 billion, or so, including 180, or so, local agencies and schools.

It is my information or belief that SCO's reductions of substantially all of the County's 1997-98 and 1996-97 claims are contrary to law as set forth above.

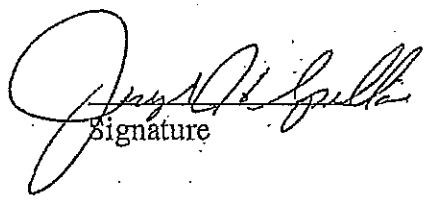
Further, I declare that I have reviewed all compliance duties and resulting costs, in implementing the subject law, and find that all claimed costs are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " ' Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters that are therein stated as information or belief, and as to those matters I believe them to be true.

8/28/00
Los Angeles County
Date and Place


Signature

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

Declaration of Leonard Kaye

Leonard Kaye makes the following declaration and statement under oath:

I, Leonard Kaye, SB90 Coordinator, in and for the County of Los Angeles, am responsible for filing test claims , reviews of State agency comments, Commission staff analyses, and for proposing parameters and guidelines (Ps&Gs) and amendments thereto, and for filing incorrect reduction claims, all for the complete and timely recovery of costs mandated by the State. Specifically, I have prepared the attached incorrect reduction claims to restore the State Controller's Office $327,187 reductions of the County's 1997/98 reimbursement claim and $301,750 reductions of the County's 1996/97 reimbursement claim.

Specifically, I declare that I have examined the County's State mandated duties and resulting costs, in implementing the subject law, and find that such costs as set forth in the attached incorrect reduction claims, are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " ' Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters which are therein stated as information or belief, and as to those matters I believe them to be true.

8/31/00; Los Angeles, CA.
Date and Place

Leonard Kaye
Signature

State of California

County Mandated Cost Manual

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only

(19) Program Number 00
(20) Date Filed / /
(21) LRS Input / /

LABEL HERE

(01) Claimant Identification Number
9919

(02) Mailing Address

Claimant Name
Auditor–Controller

County of Location
County of Los Angeles

Street Address or P.O. Box
500 West Temple Street, Room 603

City
Los Angeles

State CA Zip Code 90012

Type of Claim	Estimated Claim		Reimbursement Claim	
	(03) Estimated		(09) Reimbursement	X
	(04) Combined		(10) Combined	
	(05) Amended	X	(11) Amended	
Fiscal Year of Cost	(06) 19 97/98		(12) 19 96/97	
Total Claimed Amount	(07)	300,000	(13)	308,252
Less: 10% Late Penalty, but not to exceed $1000 (if applicable)			(14)	
Less: Estimate Payment Received			(15)	239012 / 62738
Net Claimed Amount		300,000	(16)	~~308,252~~
Due from State	(08)	300,000	(17)	~~308,252~~
Due to State			(18)	6502

Reimbursement Claim Data

(22)	INR–1, (03)	12
(23)	INR–1, (04)(1)(f)	351
(24)	INR–1, (04)(2)(f)	243,674
(25)	INR–1, (06)	30
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)		
(34)	9890 / 9920	
(35)		
(36)		
(37)		

(38) CERTIFICATION OF CLAIM

6/28/99

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996; set forth on the attached statements.

Signature of Authorized Representative — for

Date 4/9/98

Alan Sasaki
Type or Print Name

Auditor–Controller
Title

(39) Name of Contact Person for Claim
Leonard Kaye

Telephone Number
(213) 974–8564 Ext.

Form FAM–27 (New 1/98)

Chapter 783/95, 156/96 and 749/96

State of California

County Mandated Cost Manual

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only

(19) Program Number 00
(20) Date Filed / /
(21) LRS Input / /

LABEL HERE

(01) Claimant Identification Number
9919

(02) Mailing Address

Claimant Name
Auditor–Controller

County of Location
County of Los Angeles

Street Address or P.O. Box
500 West Temple Street, Room 603

City: Los Angeles
State: CA
Zip Code: 90012

Reimbursement Claim Data

(22)	INR–1, (03)	12
(23)	INR–1, (04)(1)(f)	351
(24)	INR–1, (04)(2)(f)	243,674
(25)	INR–1, (06)	30
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)		
(34)		
(35)		
(36)		
(37)		

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated [ ]	(09) Reimbursement [X]
	(04) Combined [ ]	(10) Combined [ ]
	(05) Amended [X]	(11) Amended [ ]
Fiscal Year of Cost	(06) 19 97/98	(12) 19 96/97
Total Claimed Amount	(07) 300,000	(13) 308,252
Less: 10% Late Penalty, but not to exceed $1000 (if applicable)		(14)
Less: Estimate Payment Received		(15)
Net Claimed Amount	300,000	(16) 308,252
Due from State	(08) 300,000	(17) 308,252
Due to State		(18)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996; set forth on the attached statements.

Signature of Authorized Representative: for Alan Sasaki
Date: 4/9/98

Type or Print Name: Alan Sasaki
Title: Auditor–Controller

(39) Name of Contact Person for Claim: Leonard Kaye
Telephone Number: (213) 974–8564 Ext.

Form FAM–27 (New 1/96)

Chapter 783/95, 156/96 and 749/96

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR–1

(01) Claimant: Los Angeles County	(02) Type of Claim Reimbursement [X] Estimated [ ]	Fiscal Year: 19 96 / 97

Claim Statistics

(03) (a) Number of investment reports during the fiscal year:	12

Direct Costs

Reimbursable Components:	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy	274	77				351
2. Quarterly Report of Investments	~~168,352~~ 3635	~~47,549~~ 1027	27,773 -0-			~~240,674~~ 4662
(05) Total Direct Costs	168,626	47,626	27,773			~~244,025~~ 5013

Indirect Costs

(06) Indirect Cost Rate [From ICRP] Please see Schedule B	29.70%
(07) Total Indirect Costs [Line (06) x (line (05)(f) – {line (05)(d) + line(05)(e)})]	~~64,227~~ 1489
(08) Total Direct and Indirect Costs: [Line (05)(f) + line (07)]	~~308,252~~ 6502

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
Total Claimed Amount {Line (08) – [Line (09) + line (10)]}	~~308,252~~ 6502

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR–2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
Los Angeles County Treasurer and Tax Collector	1996–1997

(03) Reimbursable Components: Statement of Investment Policy

(04) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
Accounting Officer III – Research Government Codes, analyze and update policy.	$34.20 28.244%	8	$273.60	$77.28			
(05) Total Page 1 of 1			$273.60	$77.28	$0.00	$0.00	$0.00

nwl
123(3)SB90_2.wk3
2/25/98

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR-2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
Los Angeles County Treasurer and Tax Collector	Fiscal Year 1996-97

(03) Reimbursable Components: Quarterly Report of Investments

(04) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
Assistant Operations Chief – System maintenance and daily data download.	$38.97 28.244%	446.5	~~-0-~~ ~~$17,400.11~~	~~-0-~~ ~~$4,914.49~~	Daily/Monthly accounting duties are NOT mandated.		
Accounting Officer III – Section Head, supervisorial review of staff, work product, Report of Investments.	$34.20 28.244%	~~714.4~~ 32	~~$24,432.48~~ 1094	~~$6,966.71~~ 309	Only the QTLY Report of Investments is mandated for the incremental cost of preparing the report. (Also, see attached letter and statement of duties for each classification.).		
Fiscal Officer I – Assistant Section Head, review compliance of Investment Policy, reconciliations, Report of Investments.	$32.39 28.244%	~~446.5~~ 32	$14,462.14 1036	~~$4,084.69~~ 293			
Accounting Officer I – Supervisor, monitors daily compliance with Investment Policy, performs reconciliations, compiles monthly report of investments.	$24.07 28.244%	~~893~~ 32	~~$21,494.51~~ 770	~~$6,070.91~~ 217			
Assistant Data Systems Analyst – Staff member, performs system monitoring, schedule preparations for Report of Investments, daily market pricing.	$22.98 28.244%	~~1339.5~~ 32	~~$30,781.71~~ 735	~~$8,693.99~~ 208			
Accountant III – Supervisor, responsible for daily trade ticket input, generates daily reports, accounting records, data backup.	$22.92 28.244%	1786	~~-0-~~ ~~$40,935.12~~	~~-0-~~ $11,561.72			
Account Clerk I – Staff member, daily trade ticket input, creation of various accounting records.	$13.19 28.244%	1428.8	~~-0-~~ ~~$18,845.87~~	~~-0-~~ ~~$5,322.83~~			
ADS Associates – Interactive Data Corp systems support and market pricing.	Software Not mandated, only QTLY mark to market is mandated.				$27,772.63 -0-		
(05) Total Page 1 of 1			3635 ~~$166,351.93~~	1027 ~~$47,549.32~~	~~-0-~~ ~~$27,772.63~~	$0.00	$0.00

owl
123(3):SB90_3.wk3
2/18/98

Allowed 8 hours per QTR for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data Systems Analyst for preparation of the Quarterly Reports of Investments.

6/26/98

SCHEDULE A

PRODUCTIVE HOURLY RATE CALCULATION
FOR SB90 Form INR–2
As of FY 1995–96 and 1996–97

Position	Salary Schedule	Annual Salary	Adjustment for 5th Step Variance (*)	Adjusted Salary	Productive Work Hours	Productive Hourly Rate	Estimated % of Time for Invstmt Rptg & System Maint
1995–96:							
Asst. Operations Chief	89B	$69,930.60	99.434%	$69,534.51	1786	$38.93	25%
Accounting Officer III	84D	$61,370.16	99.434%	$61,022.56	1786	$34.17	40%
Fiscal Officer I	82D	$58,128.00	99.434%	$57,798.76	1786	$32.36	25%
Accounting Officer I	71D	$43,190.16	99.434%	$42,945.53	1786	$24.05	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.434%	$41,006.10	1786	$22.96	75%
Accountant III	69F	$41,140.32	99.434%	$40,907.30	1786	$22.90	100%
Account Clerk II	51L	$25,640.76	99.434%	$25,495.53	1786	$14.28	0%
Account Clerk I	49A	$23,676.00	99.434%	$23,541.90	1786	$13.18	80%
1996–97:							
Asst. Operations Chief	89B	$69,930.60	99.521%	$69,595.63	1786	$38.97	25%
Accounting Officer III	84D	$61,370.16	99.521%	$61,076.20	1786	$34.20	40%
Fiscal Officer I	82D	$58,128.00	99.521%	$57,849.57	1786	$32.39	25%
Accounting Officer I	71D	$43,190.16	99.521%	$42,983.28	1786	$24.07	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.521%	$41,042.14	1786	$22.98	75%
Accountant III	69F	$41,140.32	99.521%	$40,943.26	1786	$22.92	100%
Account Clerk II	51L	$25,640.76	99.521%	$25,517.94	1786	$14.29	0%
Account Clerk I	49A	$23,676.00	99.521%	$23,562.59	1786	$13.19	80%

nwi
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02/25/98
11:02:00 AM

* – Adjustment for 5th Step Variance provided by Rick Vandenberg of Auditor–Controller.

SCHEDULE B

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 440
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2108
TELECOPIER
(213) 687-4857

DJ 4/7/95

March 30, 1995

TO: Mike
Michael D. Galindo
Assistant Auditor-Controller
Auditor-Controller

FROM: Joanne Iwasaki
Administrative Deputy

SUBJECT: **CERTIFICATION FOR THE 1995-96 INDIRECT COST PROPOSAL**

I hereby certify as the responsible official of the Department of Treasurer and Tax Collector that the information contained in the attached Indirect Cost Proposal for the fiscal year ending June 30, 1996 is correct and prepared in conformance with Federal OMB Circular A-87 (dated 1/15/81) and the implementing instructions contained in the guide OASC-10 (1976) published by the Department of Health, Education and Welfare.

I further certify that: (1) no costs other than those incurred by the Department or allocated to the Department via an approved central service cost allocation plan were included in the indirect cost pool as finally accepted, and that such incurred costs are legal obligations of the Department and allowable under the governing cost principles; (2) the same costs that have been treated as indirect costs have not been claimed as direct costs; (3) similar types of costs have been accorded consistent accounting treatment; and (4) the information provided by the Department which was used as a basis for acceptance of the rate agreed to herein is not subsequently found to be materially inaccurate.

If you have any questions, please call me at 974-2108.

JI:JT:dj
wp\ajv:2:IndrtCst

Attachments

PREPARED : 3-29-95
44:"ICP16"

TREASURER AND TAX COLLECTOR
1995-96 RATE CALCULATIONS
EMPLOYEE BENEFITS CALCULATION

ICP DESCRIPTION	AMOUNT
GROSS SALARIES	23,040,515.00
SALARY INCREASE	0.00
OVERTIME	153,231.00
SHIFT DIFFERENTIAL	40,976.00
SICK LEAVE BUY BACK	52,350.00
BILINGUAL BONUS	60,000.00
PBP ACT SAL DIFF	57,536.00
ESP	311,819.00
BONUS	0.00
TRANSPORTATION ALLOWANCE	8,400.00
LABOR MANAGEMENT SAVINGS	0.00
LESS: SALARY SAVINGS	(1,136,048.00)
ADJUST SALARIES	22,589,779.00
B ITEMS	0.00
E ITEMS	(216,880.00)
F ITEMS	(309,126.00)
H ITEMS	(306,634.00)
NET SALARY BASE	21,757,139.00

EMPLOYEE BENEFITS			
COUNTY RETIREMNET	728,755.00	21,757,139.00 (1)	3.35%
RETIRE DEBT SERVICE	282,161.00	21,757,139.00 (1)	1.30%
PENSION SAVINGS PLAN	1,148.00	832,640.00 (3)	0.14%
CHOICES PLAN	0.00	21,757,139.00 (1)	0.00%
SAVINGS PLAN	284,768.00	21,757,139.00 (1)	1.31%
FLEXIBLE BENEFIT PLAN	157,255.00	21,757,139.00 (1)	0.72%
UNEMPLOYMENT INSURANCE	241,675.00	21,757,139.00 (1)	1.11%
RETIREE INSURANCE	948,123.00	21,757,139.00 (1)	4.36%
LONG TERM DISABILITY INS	75,401.00	22,589,779.00 (2)	0.33%
OASDI/MEDICARE	89,433.00	22,589,779.00 (2)	0.40%
HEALTH INS	0.00	21,757,139.00 (1)	0.00%
DENTAL INS	0.00	21,757,139.00 (1)	0.00%
LIFE INS	17,381.00	21,757,139.00 (1)	0.08%
WORKERS COMP	622,746.00	22,589,779.00 (2)	2.76%
THRIFT PLAN	0.00	21,757,139.00 (1)	0.00%
HORIZONS	78,254.00	21,757,139.00 (1)	0.36%
OPTIONS	1,943,864.00	21,757,139.00 (1)	8.93%
MEGAFLEX	833,267.00	21,757,139.00 (1)	3.83%
UNBILLED SERVICES (AUD/CONT) *	(158,987.00)	21,757,139.00 (1)	-0.73%
TOTAL	6,145,234.00 *		28.244%

(1) INCLUDES A AND L ITEMS (EXCLUDES TEMP SAL)
(2) INCLUDES, A, E, F, H, AND L ITEMS (INCLUDES TEMP SAL)
(3) BENEFITS FOR TEMPORARY EMPLOYEES ONLY

* TOTAL DOES NOT BALANCE TO SPREADSHEET AS UNBILLED SERVICES EB INCLUDED IN ICP PER A/C (R VANDENBERG)
* DO NOT INCLUDE UNBILLED SERVICES EB FOR RATE CALCULATIONS

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	COST INCUR BY OTHER DEP	DEPARTMENT INDIRECT	DEPARTMENT DIRECT	DEPARTMENT TOTAL	EXECUTIVE INDIRECT	EXECUTIVE DIRECT	ADMIN. SERVICES INDIRECT	ADMIN. SERVICES DIRECT	CONTRACTS INDIRECT	CONTRACTS DIRECT	FINANCE INDIRECT	FINANCE DIRECT	INVESTMENTS INDIRECT	INVESTMENTS DIRECT
SALARIES														
EXEC OFFICE		3,865,940	0	3,865,940	3,865,940	0								
ADMIN SERV		1,496,540	0	1,496,540			1,496,540	0						
CONTRACTS		266,960	0	266,960					266,960	0				
FINANCE		0	0	0							0	0		
INVESTMENTS		0	293,681	293,681									137,886	155,795
CASH MANAGEMENT		0	918,941	918,941										
INTERNAL CONT		0	1,199,926	1,199,926										
TAX & LICENSE		0	1,726,199	1,726,199										
COLLECTIONS ACCTG		0	1,215,796	1,215,796										
SYSTEMS		0	1,894,749	1,894,749										
COLLECTIONS SERVICES		0	2,199,282	2,199,282										
SECURED PROPERTY		0	5,173,685	5,173,685										
BANK & REMIT		0	4,522,282	4,522,282										
PUBLIC ADMINISTRATOR		0	4,108,763	4,108,763										
TOTAL SALARIES		5,629,440	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	137,886	155,795
OTHER INDIR. COSTS														
SERVICES & SUPPLIES		5,240,674												
EMPLOYEE BENEFITS	28.24%	1,589,979									0		38,945	
DEPARTMENTAL O/H	53.58%										0		73,885	
COUNTYWIDE O/H	1.19%										0		1,640	
UNBILLED SERV. FURN.														
INSURANCE	134,871													
OUTSIDE AUDIT EXPENSES	0													
RENTAL	326,330													
BUILDING USE	221,672													
EQUIPMENT USE	407,627													
UTILITY	(765,930)													
AFFIRMATIVE ACTION	7,417													
AUDITOR CONTROLLER	153,743													
BOARD OF SUPERVISORS	5,133													
CHIEF ADMIN OFFICER	112,441													
CIVIL SERVICE COMMISSION	0													
COUNTY COUNSEL	(340,291)													
DATA PROCESSING	0													
EMPLOY RELATIONS COMM	3,036													
ISD-GENERAL	167,444													
PURCHASING & STORES	0													
TREASURER AND TAX COLLECTOR	69,086													
EMPLOYEE BENEFITS	(158,987)													
TOTAL SALARIES & INDIRECT	343,592	12,460,093	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	252,356	155,795
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
DEPART O/H [B/C]	53.584%													
CTYWD O/H [A/D]	1.190%													
DIV O/H [INDIR/DIR]											0.00%		161.98%	

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

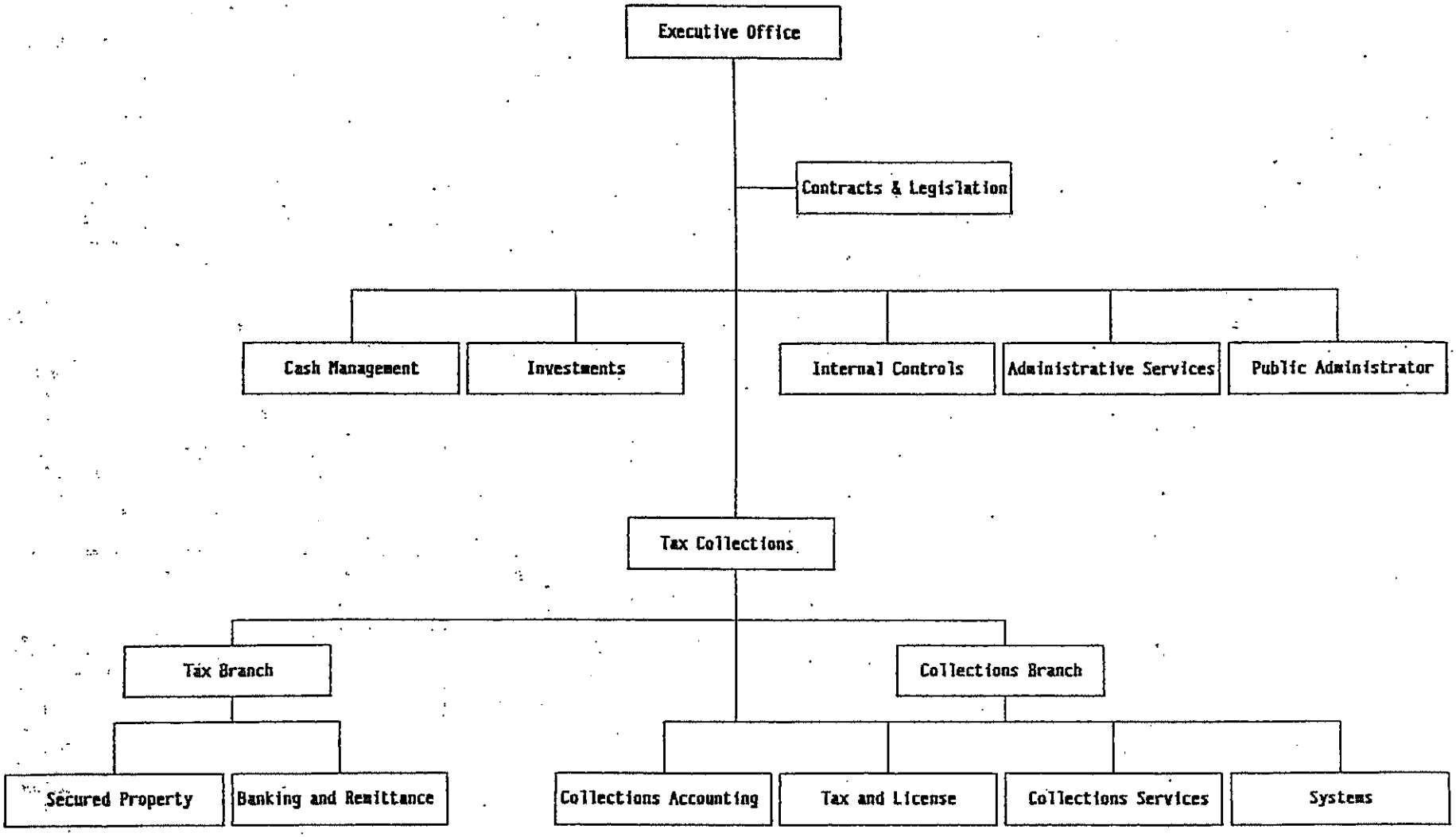
	CASH MANAGEMENT		INTERNAL CONTROL		TAX & LICENSE		COLLECTION ACCOUNTING		SYSTEMS		COLLECTION SERVICES		SECURED PROPERTY	
	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT
SALARIES														
EXEC OFFICE														
ADMIN SERV														
CONTRACTS														
FINANCE														
INVESTMENTS														
CASH MANAGEMENT	240,742	678,199												
INTERNAL CONT			167,556	1,032,370										
TAX & LICENSE					202,131	1,524,068								
COLLECTIONS ACCTG							142,482	1,073,314						
SYSTEMS									195,789	1,698,960				
COLLECTIONS SERVICES											188,729	2,010,553		
SECURED PROPERTY													348,253	4,825,432
BANK & REMIT														
PUBLIC ADMINISTRATOR														
TOTAL SALARIES	240,742	678,199	167,556	1,032,370	202,131	1,524,068	142,482	1,073,314	195,789	1,698,960	188,729	2,010,553	348,253	4,825,432
OTHER INDIR. COSTS														
SERVICES & SUPPLIES														
EMPLOYEE BENEFITS	67,995		47,325		57,090		40,243		55,299		53,305		98,361	
DEPARTMENTAL O/H	129,000		89,784		108,318		76,348		104,912		101,129		186,609	
COUNTYWIDE O/H	2,864		1,993		2,405		1,695		2,329		2,245		4,143	
UNBILLED SERV. FURN.														
INSURANCE														
OUTSIDE AUDIT EXPENSES														
RENTAL														
BUILDING USE														
EQUIPMENT USE														
UTILITY														
AFFIRMATIVE ACTION														
AUDITOR CONTROLLER														
BOARD OF SUPERVISORS														
CHIEF ADMIN OFFICER														
CIVIL SERVICE COMMISSION														
COUNTY COUNSEL														
DATA PROCESSING														
EMPLOY RELATIONS COMM														
ISD-GENERAL														
PURCHASING & STORES														
TREASURER AND TAX COLLECTOR														
EMPLOYEE BENEFITS														
TOTAL SALARIES & INDIRECT	440,601	678,199	306,657	1,032,370	369,936	1,524,068	260,767	1,073,314	358,329	1,698,960	345,408	2,010,553	637,365	4,825,432
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(Y)	(Z)	(AA)	(AB)	(AC)	(AD)
DEPART O/H [B/C]														
CTYWD O/H [A/B]														
DIV O/H [INDIR/DIR]	64.97%		29.70%		24.27%		24.30%		21.09%		17.18%		13.21%	

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	BANKING & REMITTANCE INDIRECT	BANKING & REMITTANCE DIRECT	PUBLIC ADMINSTRATOR INDIRECT	PUBLIC ADMINSTRATOR DIRECT
SALARIES				
EXEC OFFICE				
ADMIN SERV				
CONTRACTS				
FINANCE				
INVESTMENTS				
CASH MANAGEMENT				
INTERNAL CONT				
TAX & LICENSE				
COLLECTIONS ACCTG				
SYSTEMS				
COLLECTIONS SERVICES				
SECURED PROPERTY				
BANK & REMIT	298,954	4,223,328		
PUBLIC ADMINISTRATOR			151,015	3,957,748
TOTAL SALARIES	298,954	4,223,328	151,015	3,957,748
OTHER INDIR. COSTS				
SERVICES & SUPPLIES				
EMPLOYEE BENEFITS	84,437		42,553	
DEPARTMENTAL O/H	160,192		80,920	
COUNTYWIDE O/H	3,556		1,796	
UNBILLED SERV. FURN.				
INSURANCE				
OUTSIDE AUDIT EXPENSES				
RENTAL				
BUILDING USE				
EQUIPMENT USE				
UTILITY				
AFFIRMATIVE ACTION				
AUDITOR CONTROLLER				
BOARD OF SUPERVISORS				
CHIEF ADMIN OFFICER				
CIVIL SERVICE COMMISSION				
COUNTY COUNSEL				
DATA PROCESSING				
EMPLOY RELATIONS COMM				
ISD-GENERAL				
PURCHASING & STORES				
TREASURER AND TAX COLLECTOR				
EMPLOYEE BENEFITS				
TOTAL SALARIES & INDIRECT	547,139	4,223,328	276,384	3,957,748
	(AE)	(AF)	(AG)	(AH)
DEPART O/H [B/C]				
CTYWD O/H [A/D]				
DIV O/H [INDIR/DIR]	12.95%		6.98%	

Treasurer and Tax Collector



Los Angeles County - Investment Reporting (Chapter 783/95) Claims
Desk Review of 1995-96 Claim ($2,201) and 1996-97 Claim ($308,252)

Report

This report provides information, requested by Mr. Peter Cianchetta, Fiscal Analyst, Local Reimbursement Section, Division of Accounting and Reporting, State Controller's Office, on June 26, 1998, pursuant to his desk review of Los Angeles County's Investment Reporting (Chapter 783/95) reimbursement claims for $2,021 (1995-96), attached in Tab 1, and $308,252 (1996-97), attached in Tab 2.

Mr. Cianchetta asked for copies of Los Angeles County's "Investment Policies" and source documents supporting the County's claimed labor charges. The County's investment policies for 1995-96 are included in Tab 3. Investment policies for 1996-97 are included in Tab 4.

Source documents supporting the County's investment policy development labor charges for 1995-96 are included in Tab 5. It should be noted that the "unit code" of 5110-905 on the attached time sheets was used to record time spent on investment reporting activities, a small subset of treasury management expense charges. Only time sheets of those involved in the mandated investment reporting process have been provided.

Source documents supporting the County's investment policy development labor charges for 1996-97 are included in Tab 6. A summary schedule of time charged to the subject 1996-97 reimbursement claim, based on (the attached) time sheets used to record time spent on investment reporting activities, is also included.

A description of job duties of employees performing mandated investment reporting activities, as well as an investment reporting and transactions flow chart, is included in Tab 7.

A mandated investment reporting transaction item count (for 1996-97) is included in Tab 8. A sample, mandated (Chapter 783/95) investment report, adopted by the Los Angeles County Board of Supervisors, is included in Tab 9.

Board Resolution not state mandate.

It should be noted that the subject investment policy, adopted by the Los Angeles County Board of Supervisors, requires that the "Treasurer and Tax Collector shall provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report". While Government Code section 53646(b)(1) requires, in pertinent part, that "the treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency", the local agency, according to Government Code section 53646(d), "may elect to require the report .... on a monthly basis instead of quarterly". However, where a legislative body has delegated investment authority to its treasurer, as is the case in Los Angeles County, monthly investment reporting is not an option but is State-mandated. Specifically, Government Code section 53607, included in Tab 10, states:

§ 53607 → as in mandate

G.C. § 53646(c),(d) were excluded from the test claim by the Proposed Statement of Decision of Test Claim, effective 3/27/97 and the P&Gs adopted 11/21/97.

The monthly reports would be by resolution of the Board, not by state mandate.

"The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year." [Emphasis added.]

N/R

This is GC§53607

NOT GC§53646 !

Not part of Mandate.

Therefore, the Los Angeles County Board of Supervisors, in conforming to (the above) State law, requires monthly investing reporting.

Further, in order to perform its fiduciary duties with due diligence, quarterly investment reporting is not adequate for the Los Angeles County whose Treasury Pool varies from $6 billion to $9 billion, and is one of the largest in the State.

The majority of costs incurred under the subject program is incurred in running the County's ADS Treasury Management System. The majority of time spent by County staff is spent on daily transaction and input accounting, required for investment reporting pursuant to the subject law. Data is processed, reports are printed, securities are market priced, maturities are calculated, transactions are reconciled to custody reports, and discrepancies are researched and corrected. These costs will be incurred regardless of whether reporting is on a monthly or quarterly basis.

NOT mandated

Only the QTLY mark to market is mandated.

In addition, the costs of preparing the investment report itself, covering all the State-mandated disclosures of all the investment transactions during a period, will not be appreciably affected by the reporting period. Here, four quarterly investment reports will have about the same number of pages as twelve monthly reports; and, these reports would cost about the same to produce.

Therefore, even if the frequency of the investment reporting periods could be decreased, from a monthly basis to a quarterly basis, reimbursable costs, authorized under the subject program, would not decrease.

DESCRIPTION OF JOB DUTIES

Daily / monthly accounting activities NOT mandated.

I. Assistant Operations Chief - 25%
Approximately 5 days of the month is spent on PSI Earnings Reconciliation, PSI securities research, and daily ADS systems monitoring to ensure the integrity of the data and system.
Balance of time is spent with non-investment type issues related to County Improvement Bonds and other system projects.

II. Accounting Officer III - 40% Not mandated.
Approximately 8 days of the month is spent on reviewing the Monthly Report of Investments, reviewing the daily trade ticket packages, reviewing the daily input into the ADS system, and resolving any investment issues which may arise.
Balance of time spent on other administrative and monitoring issues.

III. Fiscal Officer I - 25% Not mandated.
Approximately 5 days of the month is spent on preparing certain schedules for the Monthly Report of Investments, reviewing the daily trade ticket packages for compliance issues, reviewing the daily input into the ADS system, and resolving securities issues.
Balance of time spent on monitoring other County-issued debt, reviewing reconciliations, resolving audit recommendations and other compliance issues, and special projects.

IV. Accounting Officer I - 50% Not mandated.
Entire duties are within the Investment Area. Approximately half of the month is spent on daily review of input, review of compliance with Investment Guidelines, earnings and securities research and reconciliations, market valuation research, preparing schedules for the Monthly Report of Investments, and reviewing accounting documents.
Balance of time is spent on reconciling accounts to CAPS and researching other investment issues for entities not included in the Monthly Report of Investments.

V. Assistant Data Systems Analyst - 75% Not mandated.
Approximately 3/4 of the month is spent on daily monitoring and input of investments, performing and researching market valuations, investigating securities issues, running daily reports, preparing certain schedules for Monthly Report of Investments, and monitoring the ADS system.
Balance of time is spent on updating the monthly Investments by Issuer and other systems type projects.

Source: Investment Reporting Cost Recovery Under SB90
Joe Spillane, Compliance Auditor
151Treasurer & Tax Collector

VI. Accountant III - 100% Not mandated.
Entire duties revolve around daily review of purchases input, calculation of next day maturities, monitoring of securities, running of system and all related investment reports, and preparing accounting documents.

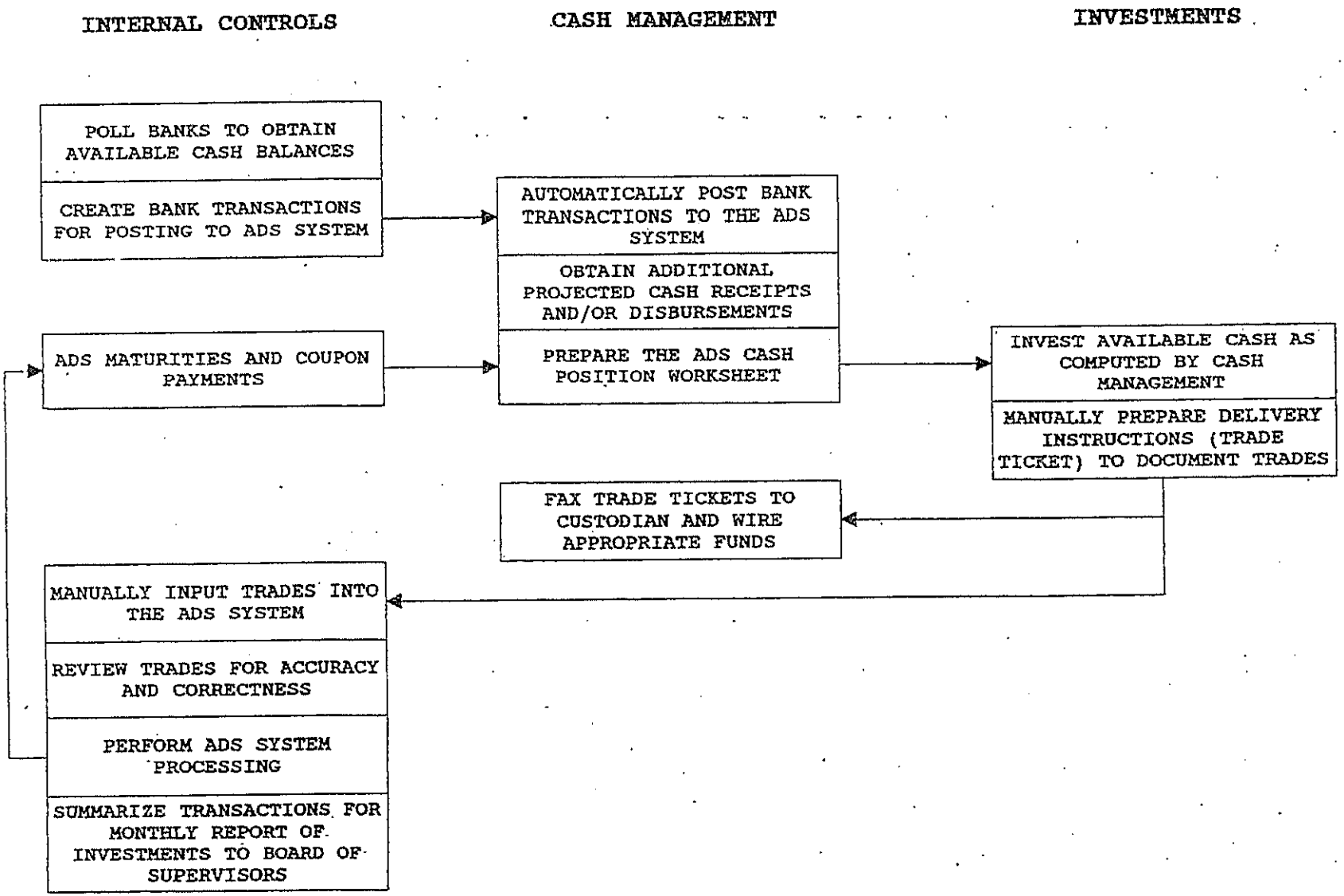
VII. Account Clerk II - 0% Not Mandated.
Entire duties revolve around the confirmations desk, to monitor confirmations for each trade that occurs on a daily basis.

VIII. Account Clerk I - 80% Not Mandated.
Majority of time is spent on daily trade ticket input into the ADS system, and performing clerical support for all accounting functions.
Balance of time is spent on clerical support for accounting for investments for entities not included in the Monthly Report of Investments.

NWI
WPf9:SB90a
7/8/98

Source: Investment Reporting Cost Recovery Under SB90
Joe Spillane, Compliance Auditor
'152surer & Tax Collector

O V E R V I E W



Source: Investment Reporting Cost Recovery Under SB90
Joe Spillane, Compliance Auditor
Treasurer & Tax Collector

CLAIM FOR PAYMENT

Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only

(19) Program Number 00 161
(20) Date Filed 2/16/99
(21) LRS Input 1 1

LABEL HERE

(01) Claimant Identification Number 9919
(02) Mailing Address
Claimant Name
Auditor–Controller
County of Location
County of Los Angeles
Street Address or P.O. Box
500 West Temple Street, Room 603
City Los Angeles
State CA Zip Code 90012

LATE

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated X	(09) Reimbursement X
	(04) Combined	(10) Combined
	(05) Amended	(11) Amended

Fiscal Year of Cost	(06) 19 98/99	(12) 19 97/98	(31)
Total Claimed Amount	(07) 300,000	(13) 327,512	(32)
Less: 10% Late Penalty, but not to exceed $1000 (If applicable)		(14) ~~1,000~~ 36	(33) 9910
Less: Estimate Payment Received		(15) {262,376} {64,775}	(34) 9890 5920
Net Claimed Amount	300,000	(16) ~~326,512~~	(35)
Due from State	(08) 300,000	(17) ~~326,512~~ 325	(36)
Due to State		(18)	(37)

Reimbursement Claim Data

(22) INR–1, (03)	12
(23) INR–1, (04)(1)(f)	356
(24) INR–1, (04)(2)(f)	262,298
(25) INR–1, (06)	30
(26)	
(27)	
(28)	
(29)	
(30)	

(38) CERTIFICATION OF CLAIM

7/29/99

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996; set forth on the attached statements.

Signature of Authorized Representative — Date: February 10, 1999

Alan Sasaki — Type or Print Name — Auditor–Controller — Title

(39) Name of Contact Person for Claim: Leonard Kaye — Telephone Number: (213) 974–8564 Ext.

Form FAM–27 (New 1/98) — Chapter 783/95, 156/96 and 749/96

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR–1

(01) Claimant: Los Angeles County

(02) Type of Claim: Reimbursement [X] Estimated [ ] Fiscal Year: 19 97 / 98

Claim Statistics

(03) Number of investment reports prepared during the fiscal years. [Please see Note A]	12

Direct Costs — Object Accounts

(04) Reimbursable Components:	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy	278	78				356
2. Quarterly Report of Investments	~~-0-~~ ~~170,003~~	~~-0-~~ ~~48,016~~	~~-0-~~ ~~44,279~~			~~-0-~~ ~~262,298~~
(05) Total Direct Costs	278 ~~170,281~~	78 ~~48,094~~	~~44,279~~			278 ~~262,654~~

Indirect Costs

(06) Indirect Cost Rate [From ICRP] Please see Schedule C.	29.70%
(07) Total Indirect Costs [Line (06) x (line (05)(f) – {line (05)(d) + line (05)(e)})]	83 ~~64,855~~
(08) Total Direct and Indirect Costs: [Line (05)(f) + line (07)]	361 ~~327,512~~

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount {Line (08) – [Line (09) + line (10)]}	361 ~~327,512~~

New 1/98 Chapter 783/95, 156/96, and 749/96

[NOTE A – Because of the volume of allowable investment reporting transactions, LA County performs its reimbursable investment reporting on a monthly versus a quarterly basis. There is no difference in the county costs of preparing the reports, including printing, coping, distribution, etc.

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR-2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
ıs Angeles County Treasurer and Tax Collector	1997-1998

(03) Reimbursable Components: Statement of Investment Policy

(04) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
ccounting Officer III - Research ıovernment Codes, analyze and update olicy.	(1) $34.69 28.244%	(2) 8	$277.52	(3) $78.38			
(05) Total Page 1 of 1			$277.52	$78.38	$0.00	$0.00	$0.00

M
B00 1997-98 Forms:Sheet1: INR2 Invest Policy
1/2/99

(1) Please see Schedule A, page 1.
(2) Please see Schedule A, page 2.
(3) Please see Schedule C.

MANDATED COSTS
INVESTMENT REPORTS
COMPONENT/ACTIVITY COST DETAIL

FORM INR-2

) Claimant:	(02) Fiscal Year Costs Were Incurred:
: Angeles County Treasurer and Tax Collector	Fiscal Year 1997-98

:) Reimbursable Components: Quarterly Report of Investments

) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) mployee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
sistant Operations Chief - System intenance and daily data download.	(1) $39.53 28.244%	(2) 444.5	~~$17,571.09~~	(3) ~~$4,962.78~~	(4) Not mandated — Daily/ monthly accounting function are not mandated		
counting Officer III - Section Head, pervisorial review of staff, work product, port of investments.	$34.69 28.244%	711.2	~~$24,671.53~~	~~$6,968.23~~			
cal Officer I - Independent review for mpliance of Investment Policy, earnings conciliations, certain schedules for ports of investments.	$32.86 28.244%	444.5	$14,606.27	$4,125.39			
counting Officer I - Supervisor, monitors ily compliance with investment Policy, rforms reconciliations, compiles monthly port of investments.	$24.41 28.244%	889	~~$21,700.49~~	~~$6,129.09~~			
sistant Data Systems Analyst - Staff ember, performs system monitoring, hedule preparations for Report of vestments, daily market pricing.	$23.31 28.244%	1333.5	~~$31,083.89~~	~~$8,779.83~~			
countant III - Supervisor, responsible for ily trade ticket input, generates daily ports, accounting records, data backup.	$23.25 28.244%	1778	~~$41,338.50~~	~~$11,675.65~~			
count Clerk I - Staff member, ily trade ticket input, creation of rious accounting records.	$13.38 28.244%	1422.4	~~$19,031.71~~	~~$5,375.32~~			
DS Associates - Interactive Data Corp ystems support and market pricing.					~~$44,279.09~~		
05) Total Page 1 of 1			$170,003.48	$48,015.79	$44,279.09	$0.00	$0.00

(1) Please see Schedule A, page 1.
(2) Please see Schedule A, page 2.
(3) Please see Schedule C.
(4) Please see Schedule B.

vl
390 1997-98 Forms:Sheet 2: INR2Qrtrly Rpts
/2/98

SCHEDULE A

PRODUCTIVE HOURLY RATE CALCULATION
FOR SB90 Form INR-2
For FY 1997-98

Position	Salary Schedule Effective 7/1/97-12/31/97	5th Step	6 Months Salary	Salary Schedule Effective 1/1/98-6/30/98	5th Step	6 Months Salary	Annual Salary	Adjustment for 5th Step Variance *	Adjusted Salary	Productive Work Hours *	Productive Hourly Rate	Estimated % Of Time for Invest Reporting & Sys Maint	Hours Worked on SB90
Asst. Operations Chief	89B	$ 5,827.55	$ 34,965.30	89K	$ 5,943.91	$ 35,663.46	$ 70,628.76	99.521%	$ 70,290.45	1778	$ 39.53	25.00%	444.50
Accounting Officer III	84D	$ 5,114.18	$ 30,685.08	85A	$ 5,216.00	$ 31,296.00	$ 61,981.08	99.521%	$ 61,684.19	1778	$ 34.69	40.00%	711.20
Fiscal Officer I	82D	$ 4,844.00	$ 29,064.00	83A	$ 4,940.00	$ 29,640.00	$ 58,704.00	99.521%	$ 58,422.81	1778	$ 32.86	25.00%	444.50
Accounting Officer I	71D	$ 3,599.18	$ 21,595.08	72A	$ 3,669.00	$ 22,014.00	$ 43,609.08	99.521%	$ 43,400.19	1778	$ 24.41	50.00%	889.00
Assistant Data Systems Analyst	69G	$ 3,436.64	$ 20,619.84	70D	$ 3,503.91	$ 21,023.46	$ 41,643.30	99.521%	$ 41,443.83	1778	$ 23.31	75.00%	1,333.50
Accountant III	69F	$ 3,428.36	$ 20,570.16	70C	$ 3,495.27	$ 20,971.62	$ 41,541.78	99.521%	$ 41,342.79	1778	$ 23.25	100.00%	1,778.00
Account Clerk II	51L	$ 2,136.73	$ 12,820.38	52H	$ 2,180.18	$ 13,081.08	$ 25,901.46	99.521%	$ 25,777.39	1778	$ 14.50	0.00%	-
Account Clerk I	49A	$ 1,873.00	$ 11,838.00	49J	$ 2,012.27	$ 12,073.62	$ 23,911.62	99.521%	$ 23,797.08	1778	$ 13.38	80.00%	1,422.40

mvi
SB90 1997-98:Sheet1
Productive Hourly Rate Calculation
2/2/99

* - Source is Cost Factors for FY 1997-98 supplied by Rick Vandenberg of Auditor-Controller.

SUMMARY OF HOURS PER TIME CARDS
FOR TME COST CODES (Related to Investment Reporting)
FOR JULY 1997 TO JUNE 1998

Position	Name	Cost Code	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Total	Standard Productive Work Hours	% of Time Spent on Investments	Est. % of Time for Invstmt Rptg & Sys Maint
Asst Oper Chief	C. Bonder	5100	95.00	68.00	60.00	83.00	58.00	91.00	63.00	77.00	95.00	91.00	83.00	100.00	962.00	1778	54.11%	25.00%
Acctg Officer III	C. Rieger	5110-905	176.00	141.00	174.00	166.00	141.00	152.00	164.00	153.00	161.00	175.00	170.00	178.00	1,951.00	1778	109.73%	40.00%
Fiscal Officer I	N. Ishikawa	5110-905	19.00	41.00	34.00	32.00	-	-	19.00	49.00	55.00	21.00	101.00	55.00	426.00	1778	23.96%	25.00%
Acctg Officer I	N. Giguia	5111-905	141.00	166.50	142.00	152.00	139.50	169.00	147.00	133.00	176.50	166.00	151.00	134.00	1,817.50	1778	102.22%	50.00%
Asst Data Syst Alyst	L. Marine	5111-905	153.00	114.50	150.00	143.00	116.00	150.00	140.00	136.00	139.00	89.50	129.50	142.00	1,602.50	1778	90.13%	75.00%
Acct III	J. Magalanes	5111-905	187.00	160.00	169.00	177.00	125.00	178.00	151.00	151.00	175.50	178.00	151.00	178.00	1,980.50	1778	111.39%	100.00%
Acct Clrk II	E. McNeely	5111-905	160.50	148.50	103.50	158.00	106.00	138.00	138.00	147.00	160.00	159.00	142.00	142.50	1,703.00	1778	95.78%	0.00%
Acct Clrk I	M. Guerrero	5111-905	140.00	55.00	137.00	131.00	103.00	122.00	123.00	118.00	131.00	139.00	94.00	133.00	1,426.00	1778	80.20%	80.00%
			1,071.50	892.50	969.50	1,042.00	788.50	1,000.00	945.00	964.00	1,093.00	1,018.50	1,021.50	1,062.50	11,868.50			

rwl
SB90 1997-98:Sheet2:
Summary of Hrs per Time Cards
11/10/98

Source: Employee Time Cards for specified Cost Codes for each month.

TRANSACTION ITEM COUNT
FOR FISCAL YEAR JULY 1997 - JUNE 1998

Date	Purchases	Sales
July-97	349	11
August-97	279	12
September-97	277	19
October-97	261	8
November-97	175	6
December-97	265	7
January-98	194	8
February-98	170	4
March-98	275	11
April-98	409	12
May-98	171	7
June-98	177	9

Not mandated.

Source: Wells Fargo Custody Fees for Purchases and Sales for July '97, Aug '97, Sept '97.
BNY Investment Custodial Services Fees for Purchases & Sales starting from Oct '97.

nwi
SB90 1997-98:Sheet3:
Transaction Count
11/10/98

SCHEDULE B

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR
ADS MARKET PRICING
FISCAL YEAR 1997-1998

DATE OF SERVICE	ADS ASSOCIATES SUPPORT SERVICE	INTERACTIVE DATA FEE	MONTHLY TOTAL
JULY	1,503.19	2,221.69	3,724.88
(may) Pricing			
AUGUST	1,503.19	2,570.91	4,074.10
(June) pricing			
SEPTEMBER	1,503.19	2,040.31	3,543.50
(July) pricing			
OCTOBER	1,503.19	1,920.48	3,423.67
(August) Pricing			
NOVEMBER	1,503.19	2,344.45	3,847.64
(September) Pricing			
DECEMBER	1,503.19	2,054.29	3,557.48
(october) pricing			
JANUARY	1,503.19	1,469.85	2,973.04
(November) Pricing			
FEBRUARY	1,503.19	2,584.02	4,087.21
(December) pricing			
MARCH			
(January) Pricing	1,503.19	2,100.32	3,603.51
APRIL			
(February) Pricing	1,503.19	2,759.67	4,262.86
MAY			
(march) Pricing	1,503.19	2,581.39	4,084.58
JUNE			
(April) Pricing	1,503.19	1,593.43	3,096.62
TOTAL PAYMENTS			$44,279.09

C:\EXPENSE\ADS
LCM 9/15/97

SCHEDULE C

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 440
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2108
TELECOPIER
(213) 687-4857

March 30, 1995

TO: Michael L. Galindo
Assistant Auditor-Controller
Auditor-Controller

FROM: Joanne Iwasaki
Administrative Deputy

SUBJECT: **CERTIFICATION FOR THE 1995-96 INDIRECT COST PROPOSAL**

I hereby certify as the responsible official of the Department of Treasurer and Tax Collector that the information contained in the attached Indirect Cost Proposal for the fiscal year ending June 30, 1996 is correct and prepared in conformance with Federal OMB Circular A-87 (dated 1/15/81) and the implementing instructions contained in the guide OASC-10 (1976) published by the Department of Health, Education and Welfare.

I further certify that: (1) no costs other than those incurred by the Department or allocated to the Department via an approved central service cost allocation plan were included in the indirect cost pool as finally accepted, and that such incurred costs are legal obligations of the Department and allowable under the governing cost principles; (2) the same costs that have been treated as indirect costs have not been claimed as direct costs; (3) similar types of costs have been accorded consistent accounting treatment; and (4) the information provided by the Department which was used as a basis for acceptance of the rate agreed to herein is not subsequently found to be materially inaccurate.

If you have any questions, please call me at 974-2108.

JI:JT:dj
wp\ujv:2:indrCst

Attachments

PREPARED : 3-29-95
44:"ICP16"

TREASURER AND TAX COLLECTOR
1995-96 RATE CALCULATIONS
EMPLOYEE BENEFITS CALCULATION

I C P DESCRIPTION	AMOUNT		
GROSS SALARIES	23,040,515.00		
SALARY INCREASE	0.00		
OVERTIME	153,231.00		
SHIFT DIFFERENTIAL	40,976.00		
SICK LEAVE BUY BACK	52,350.00		
BILINGUAL BONUS	60,000.00		
P&P ACT SAL DIFF	57,536.00		
ESP	311,819.00		
BONUS	0.00		
TRANSPORTATION ALLOWANCE	8,400.00		
LABOR MANAGEMENT SAVINGS	0.00		
LESS: SALARY SAVINGS	(1,135,048.00)		
ADJUST SALARIES	22,589,779.00		
B ITEMS	0.00		
E ITEMS	(216,880.00)		
F ITEMS	(309,126.00)		
H ITEMS	(306,634.00)		
NET SALARY BASE	21,757,139.00		
EMPLOYEE BENEFITS			
COUNTY RETIREMNET	728,755.00	21,757,139.00 (1)	3.35%
RETIRE DEBT SERVICE	282,161.00	21,757,139.00 (1)	1.30%
PENSION SAVINGS PLAN	1,148.00	832,640.00 (3)	0.14%
CHOICES PLAN	0.00	21,757,139.00 (1)	0.00%
SAVINGS PLAN	284,768.00	21,757,139.00 (1)	1.31%
FLEXIBLE BENEFIT PLAN	157,255.00	21,757,139.00 (1)	0.72%
UNEMPLOYMENT INSURANCE	241,675.00	21,757,139.00 (1)	1.11%
RETIREE INSURANCE	948,123.00	21,757,139.00 (1)	4.36%
LONG TERM DISABILITY INS	75,401.00	22,589,779.00 (2)	0.33%
OASDI/MEDICARE	89,433.00	22,589,779.00 (2)	0.40%
HEALTH INS	0.00	21,757,139.00 (1)	0.00%
DENTAL INS	0.00	21,757,139.00 (1)	0.00%
LIFE INS	17,381.00	21,757,139.00 (1)	0.08%
WORKERS COMP	622,746.00	22,589,779.00 (2)	2.76%
THRIFT PLAN	0.00	21,757,139.00 (1)	0.00%
HORIZONS	78,254.00	21,757,139.00 (1)	0.36%
OPTIONS	1,943,854.00	21,757,139.00 (1)	8.93%
MEGAFLEX	833,267.00	21,757,139.00 (1)	3.83%
UNBILLED SERVICES (AUD/CONT) *	(158,987.00)	21,757,139.00 (1)	-0.73%
TOTAL	6,145,234.00 *		28.244%

(1) INCLUDES A AND L ITEMS (EXCLUDES TEMP SAL)
(2) INCLUDES, A, E, F, H, AND L ITEMS (INCLUDES TEMP SAL)
(3) BENEFITS FOR TEMPORARY EMPLOYEES ONLY

* TOTAL DOES NOT BALANCE TO SPREADSHEET AS UNBILLED SERVICES EB INCLUDED IN ICP PER A/C (R VANDENBERG)
* DO NOT INCLUDE UNBILLED SERVICES EB FOR RATE CALCULATIONS

	COST INCUR BY OTHER DEP	DEPARTMENT INDIRECT	DEPARTMENT DIRECT	DEPARTMENT TOTAL	EXECUTIVE INDIRECT	EXECUTIVE DIRECT	ADMIN. SERVICES INDIRECT	ADMIN. SERVICES DIRECT	CONTRACTS INDIRECT	CONTRACTS DIRECT	FINANCE INDIRECT	FINANCE DIRECT	INVESTMENTS INDIRECT	INVESTMENTS DIRECT
SALARIES														
EXEC OFFICE		3,865,940	0	3,865,940	3,865,940	0								
ADMIN SERV		1,496,540	0	1,496,540			1,496,540	0						
CONTRACTS		266,960	0	266,960					266,960	0				
FINANCE		0	0	0							0	0		
INVESTMENTS		0	293,681	293,681									137,886	155,795
CASH MANAGEMENT		0	918,941	918,941										
INTERNAL CONT		0	1,199,926	1,199,926										
TAX & LICENSE		0	1,726,199	1,726,199										
COLLECTIONS ACCTG		0	1,215,796	1,215,796										
SYSTEMS		0	1,894,749	1,894,749										
COLLECTIONS SERVICES		0	2,199,282	2,199,282										
SECURED PROPERTY		0	5,173,685	5,173,685										
BANK & REMIT		0	4,522,282	4,522,282										
PUBLIC ADMINISTRATOR		0	4,108,763	4,108,763										
TOTAL SALARIES		5,629,440	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	137,886	155,795
OTHER INDIR. COSTS														
SERVICES & SUPPLIES		5,240,674												
EMPLOYEE BENEFITS	28.24%	1,589,979									0		38,945	
DEPARTMENTAL O/H	53.58%										0		73,885	
COUNTYWIDE O/H	1.19%										0		1,640	
UNBILLED SERV. FURN.														
INSURANCE	134,871													
OUTSIDE AUDIT EXPENSES	0													
RENTAL	326,330													
BUILDING USE	221,672													
EQUIPMENT USE	407,627													
UTILITY	(765,930)													
AFFIRMATIVE ACTION	7,417													
AUDITOR CONTROLLER	153,743													
BOARD OF SUPERVISORS	5,133													
CHIEF ADMIN OFFICER	112,441													
CIVIL SERVICE COMMISSION	0													
COUNTY COUNSEL	(340,291)													
DATA PROCESSING	0													
EMPLOY RELATIONS COMM	3,036													
ISD-GENERAL	167,444													
PURCHASING & STORES	0													
TREASURER AND TAX COLLECTOR	69,086													
EMPLOYEE BENEFITS	(158,987)													
TOTAL SALARIES & INDIRECT	343,592	12,460,093	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	252,356	155,795
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
DEPART O/H [B/C]	53.58%													
CITYWD O/H [A/D]	1.19%													
DIV O/H [INDIR/DIR]											0.00%		161.98%	

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL - 1995-96

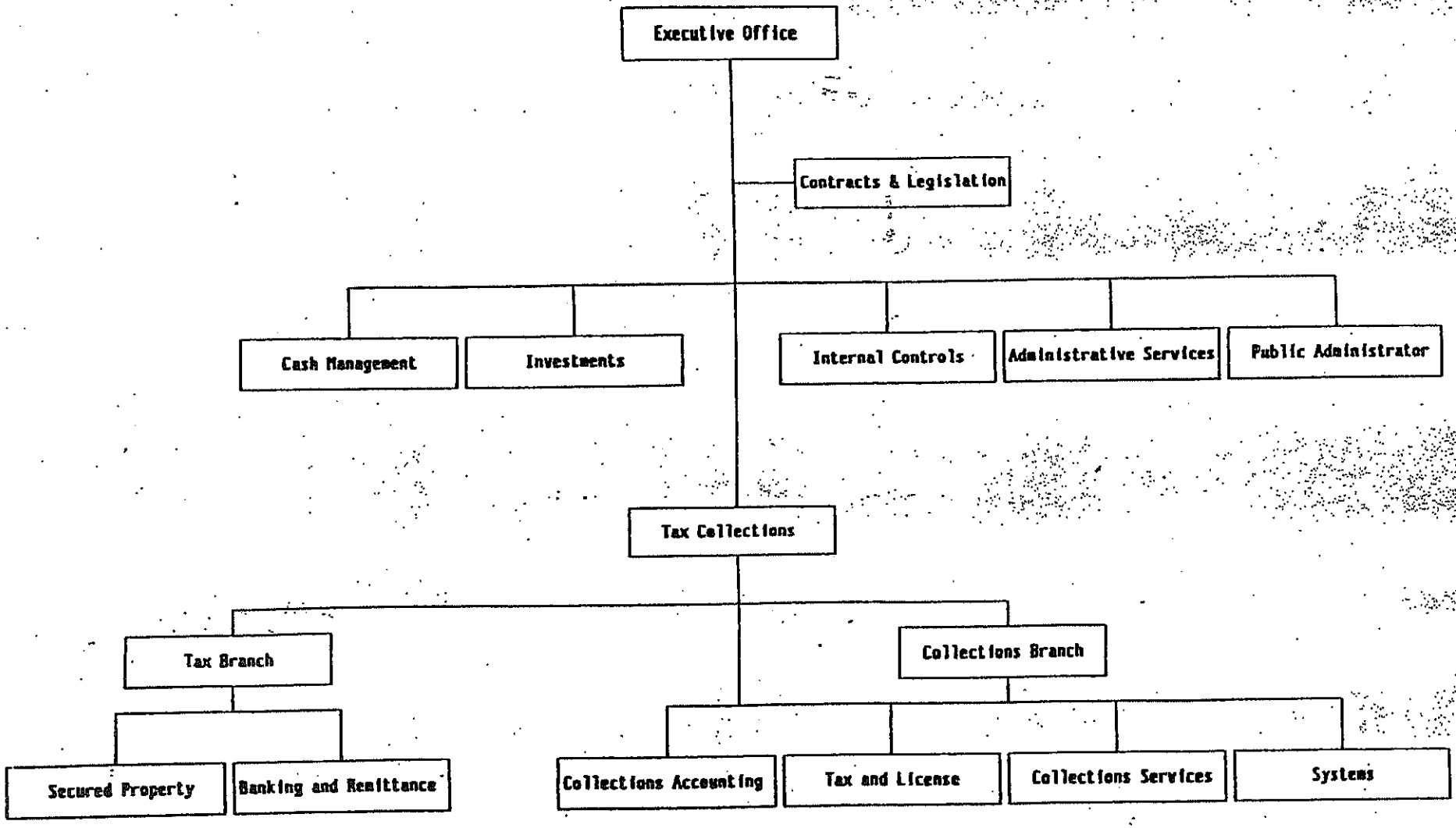
	CASH MANAGEMENT		INTERNAL CONTROL		TAX & LICENSE		COLLECTION ACCOUNTING		SYSTEMS		COLLECTION SERVICES		SECURED PROPERTY	
	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT
SALARIES														
EXEC OFFICE														
ADMIN-SERV														
CONTRACTS														
FINANCE														
INVESTMENTS														
CASH MANAGEMENT	240,742	678,199												
INTERNAL CONT			167,556	1,032,370										
TAX & LICENSE					202,131	1,524,068								
COLLECTIONS ACCTG							142,482	1,073,314						
SYSTEMS									195,789	1,698,960				
COLLECTIONS SERVICES											188,729	2,010,553		
SECURED PROPERTY													348,253	4,825,432
BANK & REMIT														
PUBLIC ADMINISTRATOR														
TOTAL SALARIES	240,742	678,199	167,556	1,032,370	202,131	1,524,068	142,482	1,073,314	195,789	1,698,960	188,729	2,010,553	348,253	4,825,432
OTHER INDIR. COSTS														
SERVICES & SUPPLIES														
EMPLOYEE BENEFITS	67,995		47,325		57,090		40,243		55,299		53,305		98,361	
DEPARTMENTAL O/H	129,000		89,784		108,310		76,348		104,912		101,129		186,609	
COUNTYWIDE O/H	2,864		1,993		2,405		1,695		2,329		2,245		4,143	
UNBILLED SERV. FURN.														
INSURANCE														
OUTSIDE AUDIT EXPENSES														
RENTAL														
BUILDING USE														
EQUIPMENT USE														
UTILITY														
AFFIRMATIVE ACTION														
AUDITOR CONTROLLER														
BOARD OF SUPERVISORS														
CHIEF ADMIN OFFICER														
CIVIL SERVICE COMMISSION														
COUNTY COUNSEL														
DATA PROCESSING														
EMPLOY RELATIONS COMM														
ISD-GENERAL														
PURCHASING & STORES														
TREASURER AND TAX COLLECTOR														
EMPLOYEE BENEFITS														
TOTAL SALARIES & INDIRECT	440,601	678,199	306,657	1,032,370	369,936	1,524,068	260,767	1,073,314	358,329	1,698,960	345,408	2,010,553	637,365	4,825,432
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(Y)	(Z)	(AA)	(AB)	(AC)	(AD)
DEPART O/H [B/C]														
CTYWD O/H [A/D]														
DIV O/H [INDIR/DIR]	64.97%		29.70%		24.27%		24.30%		21.09%		17.18%		13.21%	

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	BANKING & REMITTANCE INDIRECT	BANKING & REMITTANCE DIRECT	PUBLIC ADMINISTRATOR INDIRECT	PUBLIC ADMINISTRATOR DIRECT
SALARIES				
EXEC OFFICE				
ADMIN SERV				
CONTRACTS				
FINANCE				
INVESTMENTS				
CASH MANAGEMENT				
INTERNAL CONT				
TAX & LICENSE				
COLLECTIONS ACCTG				
SYSTEMS				
COLLECTIONS SERVICES				
SECURED PROPERTY				
BANK & REMIT	298,954	4,223,328		
PUBLIC ADMINISTRATOR			151,015	3,957,748
TOTAL SALARIES	298,954	4,223,328	151,015	3,957,748
OTHER INDIR. COSTS				
SERVICES & SUPPLIES				
EMPLOYEE BENEFITS	84,437		42,653	
DEPARTMENTAL O/H	160,192		80,920	
COUNTYWIDE O/H	3,556		1,796	
UNBILLED SERV. FURN.				
INSURANCE				
OUTSIDE AUDIT EXPENSES				
RENTAL				
BUILDING USE				
EQUIPMENT USE				
UTILITY				
AFFIRMATIVE ACTION				
AUDITOR CONTROLLER				
BOARD OF SUPERVISORS				
CHIEF ADMIN OFFICER				
CIVIL SERVICE COMMISSION				
COUNTY COUNSEL				
DATA PROCESSING				
EMPLOY RELATIONS COMM				
ISD-GENERAL				
PURCHASING & STORES				
TREASURER AND TAX COLLECTOR				
EMPLOYEE BENEFITS				
TOTAL SALARIES & INDIRECT	547,139	4,223,328	276,384	3,957,748
	(AE)	(AF)	(AG)	(AH)
DEPART O/H [B/C]				
CTYWD O/H [A/D]				
DIV H [INDIR/DIR]	12.95%		6.98%	

Treasurer an Tax Collector



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COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 603
LOS ANGELES, CALIFORNIA 90012
PHONE: (213) 974-8321 FAX: (213) 617-8106

ALAN T. SASAKI
AUDITOR-CONTROLLER

October 19, 1999

Mr. Jeff Yee
Local Reimbursement Section
Division of Accounting and Reporting
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5875

Dear Mr. Yee:

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
October 12, 1999 Adjustment Letters
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Requested Information and Opportunity to Respond

On October 19, 1999 we received notification that substantially all of the subject claims would not be paid. The basis for this rejection was that the claimed direct "cost[s] [were] not mandated".

Leonard Kaye, of my staff, talked with Linda Lohman, of your office, on October 19, 1999 to obtain an explanation for the denial. Ms. Lohman indicated that she did not perform the reviews, a "temporary CPA" did.

This is to request a copy of the "temporary CPA" reviews and an opportunity to respond to their findings. Please let us know when our response is due. Leonard Kaye is available at (213) 974-8564.

Sincerely,

Alan Sasaki,
Auditor-Controller

By John Naimo

John Naimo, Chief
Accounting Division

JN:LK

9919

KATHLEEN CONNELL
CONTROLLER OF THE STATE OF CALIFORNIA
DIVISION OF ACCOUNTING AND REPORTING

OCTOBER 12, 1999

COUNTY OF LOS ANGELES
AUDITOR CONTROLLER
500 WEST TEMPLE STREET
ROOM 603
LOS ANGELES CA 90012

DEAR CLAIMANT:

RE: INVESTMENT REPORTS CH 783/95

WE HAVE REVIEWED YOUR 1997/1998 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED			327,512.00
ADJUSTMENT TO CLAIM:			
INDIRECT COSTS OVERSTATED	-	64,775.00	
COST NOT MANDATED	-	262,376.00	
LATE CLAIM PENALTY	-	36.00	
LESS: TOTAL ADJUSTMENTS			- 327,187.00
CLAIM AMOUNT APPROVED			325.00
AMOUNT DUE CLAIMANT			$ 325.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT LINDA LOHMAN AT (916) 324-0255 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. THE PAYMENT WILL BE FORTHCOMING WITHIN 30 DAYS.

SINCERELY,

Jeff Yee

JEFF YEE,
MANAGER

9919

KATHLEEN CONNELL
CONTROLLER OF THE STATE OF CALIFORNIA
DIVISION OF ACCOUNTING AND REPORTING

OCTOBER 12, 1999

COUNTY OF LOS ANGELES
AUDITOR CONTROLLER
500 WEST TEMPLE STREET
ROOM 603
LOS ANGELES CA 90012

DEAR CLAIMANT:

RE: INVESTMENT REPORTS CH 783/95

WE HAVE REVIEWED YOUR 1996/1997 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED			308,252.00
ADJUSTMENT TO CLAIM:			
INDIRECT COSTS OVERSTATED	-	62,738.00	
COST NOT MANDATED	-	239,012.00	
LESS: TOTAL ADJUSTMENTS			- 301,750.00
CLAIM AMOUNT APPROVED			6,502.00
AMOUNT DUE CLAIMANT			$ 6,502.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT LINDA LOHMAN AT (916) 324-0255 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. THE PAYMENT WILL BE FORTHCOMING WITHIN 30 DAYS.

SINCERELY,

Jeff Yee

JEFF YEE,
MANAGER

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 603
LOS ANGELES, CALIFORNIA 90012
PHONE: (213) 974-8321 FAX: (213) 617-8106

ALAN T. SASAKI
AUDITOR-CONTROLLER

November 5, 1999

Mr. William G. Ashby, Chief
Division of Accounting and Reporting
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5875

Dear Mr. Ashby

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
1998/99: $300,000 Claimed - $292,982 Reduction
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction

On November 4, 1999 you indicated to Leonard Kaye, of my staff, that the subject claim reductions would not become final until we had an opportunity to review and respond to your written explanation.

Pursuant to the Public Records Act, Government Code section 6250 et seq., please provide a written explanation for the [above] reductions, including copies of all audit notes, explanation for audit exception worksheets, claim review procedures, and claim adjustment worksheets relating to the claim, in ten days.

A copy of our unanswered prior request for information is attached. Leonard Kaye is available at (213) 974-8564 should you or your staff have questions in this matter.

Sincerely,

Alan Sasaki,
Auditor-Controller

By John Naimo
John Naimo, Chief
Accounting Division

JN:LK

DETACH ON DOTTED LINE
KEEP THIS PORTION FOR YOUR RECORDS

ISSUE DATE: 10/14/1999

68-019223

ISSUE DATE: 10/14/1999 CLAIM SCHEDULE NBR: MA90409A

REIMBURSEMENT OF STATE MANDATED COSTS
QUESTIONS? PLEASE CALL LINDA LOHMAN AT SCO 916-324-0255

ACL : 999999	PROG : INVESTMENT REPORTS CH 783/95	
1998/1999 ESTIMATED PAYMENT	CLAIMED AMT:	300,000.00
TOTAL ADJUSTMENTS: (SEE BELOW)		292,982.00
TOTAL APPROVED CLAIMED AMT:		7,018.00
LESS PRIOR PAYMENTS:		.00
PRORATA PERCENT:	100.000000	
PRORATA BALANCE DUE:		.00
APPROVED PAYMENT AMOUNT:		7,018.00
PAYMENT OFFSETS -NONE		
	NET PAYMENT AMOUNT:	7,018.00

ADJUSTMENTS ITEMIZED:

CLAIM ADJUSTMENT	292,982.00-

INVESTMENT REPORTS

1. Summary of Chapters 783/95, 156/96, and 749/96

Government Code § 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996 resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

2. Eligible Claimants

Any city, county, city and county, or special district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal period January 1, 1996 through June 30, 1996, and fiscal years 1996-97 and 1997-98, may be made available in a future appropriations act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriations for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to city fiscal officers, county auditors, and special district administrators.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement and/or an estimated claim. A reimbursement claim details the cost actually incurred for a prior fiscal year. An estimated claim shows the cost to be incurred for the current fiscal year.

B. Minimum Claim

Government Code § 17564(a), provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds $200 per program per fiscal year.

5. Filing Deadline

A. Initial Claims

Initial claims must be filed within 120 days from the issuance date of claiming instructions. Accordingly:

(1) Reimbursement claims detailing the actual cost incurred for the period 1/1/96 to 6/30/96 and the 1996/97 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. If the reimbursement claim is filed after the deadline of May 20, 1998, the approved claim must be reduced by a late penalty of

10%, not to exceed $1,000. Claims filed more than one year after the deadline will not be accepted.

(2) Estimated claims for cost to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

B. Annually Thereafter

Refer to the item "Reimbursable State Mandated Cost Programs" contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19__/19__ Reimbursement Claim," and/or "19__/19__ Estimated Claim," claims may be filed as follows:

(1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which the cost will be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the local agency fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual cost incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

(2) A reimbursement claim detailing the actual cost must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which the cost will be incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed $1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy and changes to:

(1) The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.

(2) The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

(1) Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in Government Code § 53646, subdivisions (b)(1), (2), (3), and/or (e).

(2) Ongoing Costs

(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code § 53646, subdivision (b)(1), (2), (3), and/or (e).

(b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency as required in Government Code § 53646, subdivision (b)(1).

7. **Reimbursement Limitations**

A. Reimbursement claims may be filed for costs incurred, as follows:

(1) Pursuant to Chapter 783, Statutes of 1995, costs are reimbursable on or after January 1, 1996. See 6.A.(1) above.

(2) Pursuant to Chapter 156, Statutes of 1996, costs are reimbursable on or after July 12, 1996. See 6.B.(2)(b) above. Permit the use of a statement, in lieu of the report, for any investment in an insured account.

(3) Pursuant to Chapter 749, Statutes of 1996, costs are reimbursable on or after January 1, 1997. See 6.A.(2) above.

B. Any offsetting savings or reimbursement the claimant received from any source (e.g., service fees collected, federal funds, other state funds etc.,) as a result of this mandate shall be identified and deducted so only the net local cost is claimed.

8. **Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms INR-1 and INR-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. **Form INR-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form INR-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

(1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

(2) Office Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of the contractor(s) who performed the services. Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Fixed Assets

Compensation for fixed asset costs are reimbursable utilizing the procedure provided in the Office and Management Budget Circular A-87 (OMB A-87). Example: Compensation for the use of equipment. The claimant may be compensated for the equipment use through a use allowance or depreciation. A use allowance may be computed at an annual rate not to exceed 6 2/3% of acquisition cost. This is reported and claimed through the agency's service-wide cost allocation plan under the cost element "Use Allowance". Charges for use allowance or depreciation must be supported by adequate property records. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portion than in the later portions of its useful life, the straight line method of depreciation shall be used. However, the method of computing depreciation must be consistently applied for any specific class of assets for all affected programs.

List the cost of fixed assets acquired specifically for the purpose of this mandate. If a fixed asset is acquired for the subject state mandate, but is utilized in some way not directly related to the program, only the pro-rated portion of the asset which is used for purposes of the program is reimbursable.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the purchases.

(5) Training

Only the cost for a reasonable number of employees attending the training is reimbursable. Special training must be justified in writing by the claimant. Give the class title, dates, location, and name(s) of the employee(s) attending training classes associated with the mandate. Reimbursable costs may include salaries and benefits for time spent, the registration fee, transportation, lodging, and per diem. Reimbursement for travel expenses, lodging, and per diem will be reimbursed in accordance with the travel rules of the local jurisdiction.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

B. **Form INR-1, Claim Summary**

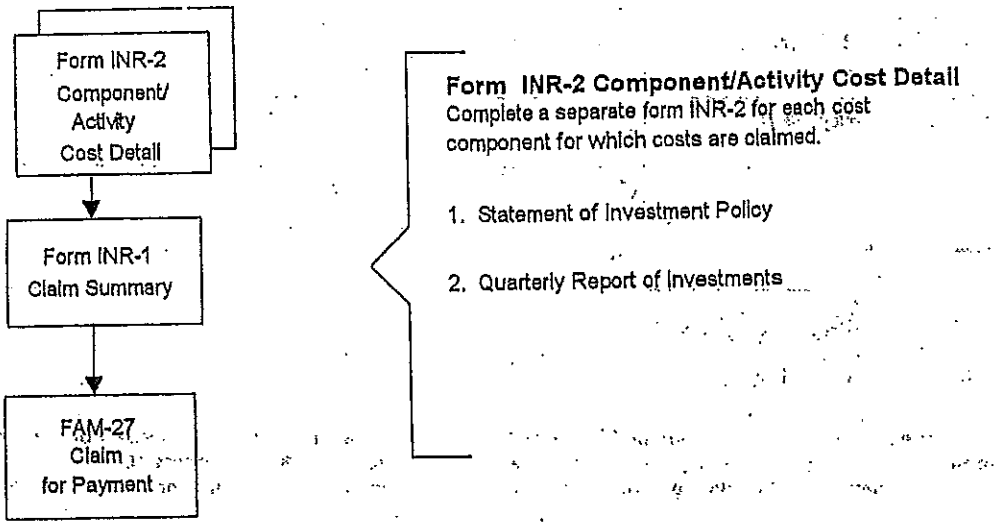
This form is used to summarize direct cost by cost component and compute allowable indirect cost for the mandate. Direct costs summarized on this form are derived from form INR-2 and carried forward to form FAM-27. The claimant must give the number of investment reports prepared during the fiscal year of the claim.

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is involved in the mandated program, each department must have its own ICRP.

C. **Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form INR-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use Only
(19) Program Number 00161
(20) Date File ___/___/___
(21) LRS Input ___/___/___

LABEL HERE

(01) Claimant Identification Number
(02) Mailing Address
Claimant Name
County of Location
Street Address or P. O.. Box
City State: Zip Code

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☐
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06) 19___/19___	(12) 19___/19___
Total Claimed	(07)	(13)
Less: 10% Late Penalty, but not to exceed $1000		(14)
Less: Estimated Claim Payment		(15)
Net Claimed Amount		(16)
Due from State	(08)	(17)
Due to State		(18)

Reimbursement Claim Data

(22) INR-1, (03)	
(23) INR-1, (04)(1)(f)	
(24) INR-1, (04)(2)(f)	
(25) INR-1, (06)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996 set forth on the attached statements.

Signature of Authorized Representative _____ Date _____

Type or Print Name _____ Title _____

(39) Name of Contact Person for Claim _____ Telephone Number (___) ___-____ Ext. ____

INVESTMENT REPORTS Certification Claim Form Instructions	FORM FAM-27

(01) Leave blank.

(02) A set of mailing labels with the claimant's I.D. number and address has been enclosed with the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.

(03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.

(04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.

(05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.

(06) Enter the fiscal year in which costs are to be incurred.

(07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11). If more than one form INR-1 is completed due to multiple department involvement in this mandate, add line (11) of each form INR-1.

(08) Enter the same amount as shown in line (07).

(09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of reimbursement claim from form INR-1, line (11). If more than one form INR-1 is completed due to multiple department involvement in this mandate, add line (11) of each form INR-1.

(14) Filing Deadline. Initial Claims of Chs. 783/95, 156/96, and 749/96. If the reimbursement claim for the period 1/1/96 to 6/30/96 or fiscal year 1996/97 is filed after May 20, 1998, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or $1,000, whichever is less.

Filing Deadline. Annually Thereafter. If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or $1,000, whichever is less.

(15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated claim. Otherwise, enter a zero.

(16) Enter the result of subtracting line (14) and line (15) from line (13).

(17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.

(18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.

(19) to (21) Leave blank.

(22) to (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (25) for the reimbursement claim (e.g., INR-1, (03), means the information is located on form INR-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.

(38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.

(39) Enter the name of the person and telephone number that this office should contact if additional information is required.

SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:

Address, if delivered by U. S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursement Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursement Section
Division of Accounting and Reporting
3301 C Street, Suite 501
Sacramento, CA 95816

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR-1

(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement ☐ Estimated ☐	19___/19___

Claim Statistics

(03) Number of investment reports prepared during the fiscal year	

(04) Reimbursable Components:	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Diurect Costs						

Indirect Costs

(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[Line (06) x (line (05)(a)] or [Line (06) x (line (05)(a) + line (05)(b))]	
(08) Total Direct and Indirect Costs	[(Line (05)(f) + line (07)]	

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount	[Line (08) - (Line (09) + Line (10))]

Revised 9/98 Chapters 783/95, 156/96, and 749/96

INVESTMENT REPORTS CLAIM SUMMARY Instructions	FORM INR-1

(01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A form INR-1 should be completed for each department.

(02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.

Form INR-1 must be filed for a reimbursement claim. Do not complete form INR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form INR-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) Enter the number of investment reports that were prepared during the fiscal year..

(04) Reimbursable Components. For each reimbursable component, enter the totals from form INR-2, line (05) columns (d), (e), (f), (g), and (h) to form INR-1, block (04) columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (f).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is reporting costs, each must have their own ICRP for the program.

(07) Total Indirect Costs. Multiply Total Salaries, line (05)(a) by the Indirect Cost Rate, line (06). If both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply total Salaries and Benefits, line (05)(a) and line (05)(b) by the Indirect Cost Rate, line (06).

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f) and Total Indirect Costs, line (07).

(09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source, (i.e., service fees collected, federal funds, other state funds, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.

(11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09) and Other Reimbursements, line (10) from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim, or line (13) for the Reimbursement Claim.

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR-2

(01) Claimant	(02) Fiscal Year Costs Were Incurred

(03) Reimbursable Components: Check **only** one box per form to identify the component being claimed.

☐ Statement of Investment Policy

☐ Quarterly Report of Investments

(04) Description of Expenses: Complete columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
(05) Total ☐ Subtotal ☐ Page:____of____							

INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL Instructions	FORM INR-2

(01) Enter the name of the claimant.

(02) Enter the fiscal year in which costs were incurred.

(03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form INR-2 shall be prepared for each component which applies.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in line (03), enter the employee names, position titles, a brief description of their activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contracted services, training costs, and fixed assets. Contracted Services are reimbursable to the extent that activities performed require special skills or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Investment Reports program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. For audit purposes, all supporting documents must be retained by the claimant for a period of not less than two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject	Columns								Submit these supporting documents
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Title Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity				
Training	Employee Name Title Name of Class		Dates Attended			Registration Fee			
Contracted Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Itemized Cost of Services Performed		Invoice
Fixed Assets	Description of Equipment Purchased Equipment I D	Unit Cost	Quantity Used					Itemized Cost of Fixed Asset Purchased	Invoice

(05) Total line (04), columns (d), (e), (f), (g), and (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed for the component/ activity, number each page. Enter totals from line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e).

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

VOLUME TWO

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 603
LOS ANGELES, CALIFORNIA 90012
PHONE: (213) 974-8321 FAX: (213) 617-8106

ALAN T. SASAKI
AUDITOR-CONTROLLER

December 22, 1999

Mr. William G. Ashby, Chief
Division of Accounting and Reporting
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5875

Dear Mr. Ashby

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
1998/99: $300,000 Claimed - $292,982 Reduction
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction

We believe that the above reductions are not supported by desk review comments, recently provided to us by Mr. Jeff Yee, of your staff. It appears that no reimbursements were made for employees to "accumulate and compile data". Only 32 hours of other employee time was permitted to "render" reports. It should be noted that both activities are explicitly reimbursable, without limitation, in the State Controller's Office [Investment Reporting] claiming instructions, page 3.of 5.

In addition, our claimed costs are not excessive considering that we accumulate and compile State-mandated investment report data for 1,800, or so, governmental funds and render detail reports on $9 Billion, or so, of their investments.

Therefore, we request restoration of all claimed costs within 60 days. Otherwise, further action is contemplated.

We also enclose pertinent information. Leonard Kaye, of my staff, is available at (213) 974-8564 should you or your staff have questions in this matter.

Sincerely,

Alan Sasaki,
Auditor-Controller

By
John Naimo, Chief
Accounting Division

JN:LK

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LA COUNTY AUDITOR-CONTROLLER
500 W TEMPLE ST STE 514
LOS ANGELES CA 90012-2700

TO: (PLEASE PRINT) PHONE ( )
Mr. William G. Ashby, Chief
Division of Accounting & Reporting
State Controller's Office
P. O. Box 942850
Sacramento, CA 94250-5875

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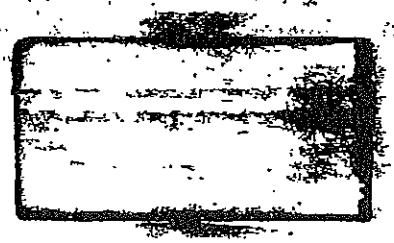

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
1998/99: $300,000 Claimed - $292,982 Reduction
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction

Introduction

The following information supports the County's request to be promptly paid its investment reporting costs, including those costs incurred in accumulating and compiling required investment data and rendering State mandated reports. Such claimed costs are reimbursable in accordance with the State Controller's Office [Investment Reporting] claiming instructions.

Detailed Reporting is Mandated

According to the "Investment Reports" Statement of Decision [attached in Tab 1], adopted by the Commission on State Mandates, detailed investment reporting, accumulation, and compilation mandates are imposed on local governments. Specifically, on pages 2-3, the Commission cites pertinent law which requires that:

> "... this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation."

In addition, as noted by the Commission, it is further required [in Government Code section 53646(b)(2) and 53646(b)(3)] that:

> "(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance."
>
> (3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available."

Therefore, local governments are required to accumulate, compile and report detailed investment information. In the case of Los Angeles County's managed investment pool, including 180, or so, local agencies and schools, the investment report, issued on November 23, 1999, [attached in Tab2] was 134 pages.

It should be noted that prior to the subject law, the State had no investment reporting requirements. Even the briefest of investment reports were in compliance with prior state law. For example, Orange County's 1991-92 investment report [included in Tab 3] was just 8 pages.

Required Data Accumulation and Compilation

In order to render the required investment reports, data from transactions occurring throughout the reporting period must be accumulated and compiled. The law explicitly permits this. Government Code section 53646(b)(4) provides, in pertinent part, that "... a subsidiary ledger of investments may be used in accordance with accepted accounting practices".

Further, the Commission notes on page 2 of its Investment Reports' Parameters and Guidelines, [attached in Tab 4], that "... to the extent that subsidiary ledgers are necessary to accumulate and compile the data necessary to prepare a quarterly report under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e), it is reimbursable".

Also, the Commission plainly states on page 5 of its Investment Reports' Cost Estimate [included in Tab 5] that "reimbursable activities" include "data acquisition and compilation" ... "necessary to prepare the quarterly report of investments". In their cost estimate, the Commission found $15,339,000 of costs, not the little or no investment costs now allowed by the State Controller's Office (SCO).

In the case of Los Angeles County, mandated investment data accumulation, compilation and reporting costs were necessarily incurred to provide [above] specified information on 1,800, or so, governmental funds [listed in Tab 6] for $9 Billion, or so, of their investments [detailed in Tab 2].

Therefore, considering the number of funds involved and the level of reporting detail required by the Legislature, the County's claimed costs are reasonable as well as necessarily incurred in complying with the subject law.

Claimant Followed SCO's Instructions

SCO's reductions are surprising considering that claimant followed SCO's claiming instructions. Those instructions indicate that employees' time to "render", and "accumulate and compile data" for, State-mandated investment reports, is reimbursable, without limitation. In this regard, SCO's [Investment Reporting] claiming instructions, on page 3 of 5, is explicit:

"(2) Ongoing costs

(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 536469, subdivision (b)(1),(2),(3), and/or (e).

(b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency as required in Government Code section 53646, subdivision (b)(1). "

The County has claimed only those costs "necessary" to prepare and render the required reports.

Further, the County has not violated any of SCO reimbursement limitations found on page 3 of 5 of its claiming instructions. SCO, here, only provides that the County may not be reimbursed for costs incurred prior to the effective date of the subject law and that offsetting savings or other reimbursements be deducted from County's claim. However, SCO does not use these limitations to reduce the County's claim. SCO's basis for limiting the County's claim is not found in their claiming instructions.

SCO's Arbitrary Limitations

SCO basis for reducing the County's claims appears arbitrary. For example, SCO provides no analysis or discussion of which activities are "necessary" to prepare and render the required reports and which are not.

Without explanation, SCO bases its reductions on a standard time. The standard time SCO used was 8 hours per report per employee or 32 hours for 4 reports. SCO provides no basis for use of a standard time or for the particular standard selected. They cite no time study and have asked claimant for none.

The resulting reductions, using the arbitrary standard, are severe For example, 1,339.5 hours were claimed [for the 1996-97 year] for mandated activities performed by an Assistant Data System Analyst and only 32 hours were allowed. SCO's desk reviewer states "[a]llowed 8 hours per QTR for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data System Analyst for preparation of the Quarterly Reports of Investments". SCO staff never explain why, irrespective of the varying times claimed for the [above] employees, they all are deemed to have spent the exact same time on mandated activities.

Further, SCO never explain why times claimed [in 1996-97] for other than [the above] employees were completely denied or why costs for required software was completely eliminated.

It should be noted that SCO denied all claimant's 1997-98 "on-going" investment report costs, even for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data System Analyst, allowed in 1996-97 in the amount of 32 hours each for preparation of the Quarterly Reports of Investments. Why these costs would be reimbursable in 1996-97 and not in 1997-98 is, again, not explained.

Conclusion

The County should be promptly reimbursed its costs as claimed.

County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

VOLUME THREE

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012
PHONE: (213) 974-8301 FAX: (213) 626-5427

ALAN T. SASAKI
AUDITOR-CONTROLLER

July 16, 1998

Mr. Jeff Yee
Local Reimbursement Section
Division of Accounting and Reporting
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5875

Attention: Mr. Peter Cianchetta

Dear Mr. Yee:

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
Desk Review of 1995-96 Claim ($2,201) and 1996-97 Claim ($308,252)
Requested Information

This is to provide information, requested by your office on June 26, 1998, concerning the two (subject) reimbursement claims. We enclose copies of Los Angeles County's "investment policies", investment reports, and source documents. A brief report is also included.

Both Leonard Kaye, at (213) 974-8564, and Delia Gomez, at (213) 893-0792, are available to answer any questions you may have about this submission. Thank You.

Sincerely,

Alan Sasaki,
Auditor-Controller

By
John Naimo, Chief
Accounting Division

PTM:LK
Enclosures

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
Desk Review of 1995-96 Claim ($2,201) and 1996-97 Claim ($308,252)

Report

This report provides information, requested by Mr. Peter Cianchetta, Fiscal Analyst, Local Reimbursement Section, Division of Accounting and Reporting, State Controller's Office, on June 26, 1998, pursuant to his desk review of Los Angeles County's Investment Reporting (Chapter 783/95) reimbursement claims for $2,021 (1995-96), attached in Tab 1, and $308,252 (1996-97), attached in Tab 2.

Mr. Cianchetta asked for copies of Los Angeles County's "Investment Policies" and source documents supporting the County's claimed labor charges. The County's investment policies for 1995-96 are included in Tab 3. Investment policies for 1996-97 are included in Tab 4.

Source documents supporting the County's investment policy development labor charges for 1995-96 are included in Tab 5. It should be noted that the "unit code" of 5110-905 on the attached time sheets was used to record time spent on investment reporting activities, a small subset of treasury management expense charges. Only time sheets of those involved in the mandated investment reporting process have been provided.

Source documents supporting the County's investment policy development labor charges for 1996-97 are included in Tab 6. A summary schedule of time charged to the subject 1996-97 reimbursement claim, based on (the attached) time sheets used to record time spent on investment reporting activities, is also included.

A description of job duties of employees performing mandated investment reporting activities, as well as an investment reporting and transactions flow chart, is included in Tab 7.

A mandated investment reporting transaction item count (for 1996-97) is included in Tab 8. A sample, mandated (Chapter 783/95) investment report, adopted by the Los Angeles County Board of Supervisors, is included in Tab 9.

It should be noted that the subject investment policy, adopted by the Los Angeles County Board of Supervisors, requires that the "Treasurer and Tax Collector shall provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report". While Government Code section 53646(b)(1) requires, in pertinent part, that "the treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency", the local agency, according to Government Code section 53646(d), "may elect to require the report .... on a monthly basis instead of quarterly". However, where a legislative body has delegated investment authority to its treasurer, as is the case in Los Angeles County, monthly investment reporting is not an option but is State-mandated. Specifically, Government Code section 53607, included in Tab 10, states:

"The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year." [Emphasis added.]

Therefore, the Los Angeles County Board of Supervisors, in conforming to (the above) State law, requires monthly investing reporting.

Further, in order to perform its fiduciary duties with due diligence, quarterly investment reporting is not adequate for the Los Angeles County whose Treasury Pool varies from $6 billion to $9 billion, and is one of the largest in the State..

The majority of costs incurred under the subject program is incurred in running the County's ADS Treasury Management System. The majority of time spent by County staff is spent on daily transaction and input accounting, required for investment reporting pursuant to the subject law. Data is processed, reports are printed, securities are market priced, maturities are calculated, transactions are reconciled to custody reports, and discrepancies are researched and corrected. These costs will be incurred regardless of whether reporting is on a monthly or quarterly basis.

In addition, the costs of preparing the investment report itself, covering all the State-mandated disclosures of all the investment transactions during a period, will not be appreciably affected by the reporting period. Here, four quarterly investment reports will have about the same number of pages as twelve monthly reports; and, these reports would cost about the same to produce.

Therefore, even if the frequency of the investment reporting periods could be decreased, from a monthly basis to a quarterly basis, reimbursable costs, authorized under the subject program, would not decrease.

STATE OF CALIFORNIA PETE WILSON, *Governor*

COMMISSION ON STATE MANDATES
1300 I Street, Suite 950
Sacramento, California 95814
(916) 323-3562

March 31, 1997

Mr. Steve Conrad
SB 90 Coordinator
County of Santa Clara
County Gov't. Center, E. Wing
70 W. Hedding, 2nd Floor
San Jose, CA 95110

Mr. Dick Kurth
Deputy Director
City of Newport Beach
3300 Newport Beach, PO Box 1768
Newport Beach, CA 92659-1768

AND INTERESTED PARTIES (See Attached Mailing List)

RE: Investment Reports
CSM-96-358-02
Filed by the County of Santa Clara and the City of Newport Beach
Government Code Section 53646, subdivisions (a), (b), and (e),
as added by Chapter 783, Statutes of 1995 and amended by Chapters 156 and 749, Statutes of 1996
Filed on December 23, 1996; Statement of Decision adopted on March 27, 1997.

The Commission on State Mandates has adopted the attached Statement of Decision on this undisputed test claim. Therefore, the first step in the mandates reimbursement process has been completed.

State law provides that reimbursement, if any, is subject to Commission approval of parameters and guidelines for reimbursement of the mandated program; approval of a statewide cost estimate; a specific legislative appropriation for such purpose; a timely-filed claim for reimbursement; and subsequent review of the claim by the State Controller's Office.

Because this is an undisputed test claim, I'd like to review the responsibilities of all parties and the Commission during the parameters and guidelines phase. Strict compliance with these timelines is essential for the Commission to approve a statewide cost estimate within six months (now seven months because of the one month delay to review the federal issue).

- **Claimant's Submission of Proposed Parameters and Guidelines.** Within 30 days of adoption of a statement of decision on a test claim, the successful claimant is responsible for submitting proposed parameters and guidelines. See Government Code section 17557 and Title 2, California Code of Regulations (CCR) sections 1183.1 et seq for guidance in preparing and filing a timely submission.

- **Review of Proposed Parameters and Guidelines.** Within ten days of receipt of completed proposed parameters and guidelines, the Commission shall send a copy to the Department of Finance, Office of the State Controller, affected state agencies, and interested parties who are on the mailing list described in section 1181.2 of the Commission's regulations. All recipients shall be given an opportunity to provide written comments or recommendations to the Commission within 30 days of service. The claimant and other interested parties may submit written rebuttals. (See CCR § 1183.11.)
- **Adoption of Parameters and Guidelines.** After review of the proposed parameters and guidelines and all comments, Commission staff shall recommend the adoption of the claimant's proposed parameters and guidelines or adoption of an amended, modified, or supplemented version of the claimant's original submission. (See CCR § 1183.12.)

An "undisputed" test claim may be transformed into a "disputed" test claim, for purposes of adoption of the statewide cost estimate, at any stage in the mandates reimbursement process. If there is opposition, in whole or in part, by the State Department of Finance, the State Controller, any other affected state agency, the test claimant, the Commission, or interested party, this undisputed test claim may become a disputed test claim. (See CCR § 1181.1 (q).)

Please note that the statement of decision for *Investment Reports*, CSM-96-358-02, was adopted on March 27, 1997. Pursuant to Government Code 17557 and Title 2, CCR sections 1183.1 et seq, the County of Santa Clara and City of Newport Beach, as joint claimants, are responsible for submitting proposed parameters and guidelines by April 29, 1997.

If you have any questions or concerns, please contact me, or Steve Zimmerman, the program analyst assigned to this mandate.

Sincerely,

PAULA HIGASHI
Executive Director

Attachments: Statement of Decision
Mailing List

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BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

Test Claim on:

Investment Reports

Government Code Section 53646, subdivisions (a), (b) and (e) as added by Chapter 783, Statutes of 1995; as amended by Chapters 156 and 749, Statutes of 1996;

By the County of Santa Clara and the City of Newport Beach, Claimants.

No. CSM-96-358-02

Investment Reports

STATEMENT OF DECISION

The attached Statement of Decision of the Commission on State Mandates is hereby adopted in the above entitled matter.

This Decision shall become effective on March 27, 1997.

PAULA HIGASHI, Executive Director

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

IN RE TEST CLAIM ON: Government Code Section 53646, subdivisions (a), (b) and (e) as added by Chapter 783, Statutes of 1995; as amended by Chapters 156 and 749, Statutes of 1996; Filed on December 23, 1996; By the County of Santa Clara and the City of Newport Beach, Claimants.	NO. CSM - 96-358-02 *Investment Reports* PROPOSED STATEMENT OF DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; TITLE 2, CALIFORNIA CODE OF REGULATIONS, DIVISION 2, CHAPTER 2.5, ARTICLE 7.

PROPOSED STATEMENT OF DECISION

Issue: Do the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring specified quarterly reports of investments and an annual statement of investment policy?

This test claim was heard by the Commission on State Mandates (Commission) on February 27, 1997, and on March 27, 1997, in Sacramento, California, during two regularly scheduled hearings.

On February 27, 1997, Allan Burdick appeared on behalf of the County of Santa Clara and Glen Everroad appeared on behalf of the City of Newport Beach.

On March 27, 1997, Allan Burdick appeared on behalf of the County of Santa Clara, Glen Everroad appeared on behalf of the City of Newport Beach, and Jim Apps represented the Department of Finance.

The record on the test claim included (1) a letter from the Department of Finance stating that the test claim legislation may have resulted in a reimbursable state mandated program concerning the preparation of quarterly investment reports and the rendering of an annual statement of investment

policy; (2) A letter from the State Treasurer's Office concurred with the claimants that the new legislation referenced in the test claim does result in additional workload for local agencies.

At both hearings, evidence both oral and documentary was introduced, the test claim was submitted, and the vote was taken.

The law applicable to the Commission's determination of a reimbursable state mandated program is Government Code section 17500 and following, and section 6, article XIIIB of the California Constitution and related case law.

BACKGROUND AND FINDINGS OF FACT

The claimants allege that the provisions of Government Code section 53646, subdivisions (a), (b), and (e), as added Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or higher level of service within the meaning of section 6, article XIIIB of the California Constitution and section 17514 of the Government Code by requiring specified quarterly reports of investments and an annual statement of investment policy.

Former Government Code section 53646, as amended by Chapter 59/93, read:

> "The treasurer ~~shall~~ *may* render to the depositary and to the auditor, controller, secretary, or corresponding officer of the local agency a statement showing the amount of accrued interest for each depositary for the preceding quarter if so required by the legislative body of the local agency."
>
> (Addition made by Chapter 59/93 is in *italics*, deletion in ~~strikethrough~~.)

The test claim legislation, Chapter 783, Statutes of 1995, repealed the 1993 version of Government code section 53646 and replaced it with the following (including the amendments made by Chapters 156 and 749, Statutes of 1996):

> "(a) ~~The~~ *(1) In the case of county government, t*he treasurer ~~or chief fiscal officer~~ shall annually render to the ~~legislative body of the local agency~~ *board of supervisors* and any oversight committee a statement of investment policy, which the ~~legislative body of the local agency~~ *board* shall ~~consider~~ *review and approve* at a public meeting. Any ~~changes~~ *change* in the policy shall also be ~~considered~~ *reviewed and approved* by the ~~legislative body of the local agency~~ *board* at a public meeting.
>
> *"(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency shall annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.*
>
> "(b) (1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivision (e), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description

of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside part that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

"(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.,

"(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

"(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

"(c) Pursuant to subdivision (b), the treasurer of chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency. **[Subdivision (c) was not part of this test claim.]**

"(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly. **[Subdivision (d) was not part of this test claim.]**

"(e) ~~If a~~ *For* local agency ~~has~~ *investments that have been* placed ~~all of its investments~~ in the Local Agency Investment Fund, created by Section 16429.1, ~~or~~ in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) *regarding investments in these institutions.*"

(Additions made by Chapters 156/96 and 749/96 in *italics*, deletions in ~~strikethrough~~.)

THE COMMISSION FINDS THAT:

Subdivision (a) of Government Code section 53646 provides that the local agency treasurer or chief fiscal officer, as applicable, "... shall annually render ...", to the local legislative body and any investment oversight committee "... a statement of investment policy ...". In the case of counties, the investment policy is to be "reviewed and approved" at a public meeting, while for other local agencies the investment policy is to be "considered" at a public meeting. Changes to the investment policy are required to undergo the same process. No such requirement for an annual investment policy or for its review and approval (or consideration) existed in immediate prior law -- the Chapter 59, Statutes of 1993, version of section 53646. The requirements of subdivision (a), therefore, constitute a new program or higher level of service in an existing program.

Subdivision (b) of section 53646 requires the treasurer of chief fiscal officer "... to render a quarterly investment report having specified content to the chief executive officer, the internal auditor, and the legislative body of the local agency ...".

Subdivision (e) of section 53646 provides that the quarterly report required by subdivision (b) may be presented in somewhat abbreviated fashion for those investment which have been placed in the Local Agency Investment Fund, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of those forms of investment. The reports under subdivision (e), while abbreviated, still are required. Under the immediate prior law, the Chapter 59, Statutes of 1993, version of section 53646, quarterly investment reporting was discretionary; therefore, the requirements of subdivisions (b) and (e) of section 53646 constitute a new program or higher level of service in an existing program.

Subdivisions (c) and (d) of Government Code section 53646 are *not* part of this test claim.

Government Code section 53646 offers local agencies two levels of detail in making the required quarterly reports. Subdivision (e) provides for a simpler reporting method for those local agency investments which have been placed in the Local Agency Investment Fund or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of those investment vehicles. The more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). *Local agencies which are able to use the investment methods listed in subdivision (e) exclusively should therefore be expected to have lower costs of compliance with the reporting requirements of section 53646* than those agencies which must invest some or all of their surplus funds in other financial institutions or instruments. The Government Code imposes limits on local government bank deposits[1], and the State Treasurer has the statutory authority to limit local agency deposits in the Local Agency Investment Fund[2]; so it is recognized that the number of local agencies eligible to report exclusively under subdivision (e) will be limited.

There are no federal requirements which are comparable to the state requirements found in Government Code section 53646, subdivisions (a), (b), and (e).

Finally, the term "local agency" as it applies to section 53646 is not the same as that term is used in Government Code section 17518 pertaining to the Commission on State Mandates[3]. For purposes of section 53646, Government Code section 53630, subdivision (a), defines "local agency" to mean " ... county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state." The "local

[1] Government Code section 53638 limits local agency deposits in banks, savings and loans and credit unions so as not to exceed shareholders' equity, net worth or unimpaired capital and surplus (as applicable), with specified exceptions. Claimants also cited limitations on deposits statewide as found in Financial Code section 856; that section, however, was repealed by Chapter 1063, Statutes of 1996.

[2] Government Code section 16429.1 creates the Local Agency Investment Fund in the State Treasury for the deposit of local agency funds. Section 16429.1 also provides that deposits into that Fund may be limited by the State Treasurer if "... the deposit would adversely affect the state's portfolio." Further, the Local Agency Investment Board (created by section 16429.2 of the Government Code) may determine whether quasi-governmental agencies may participate in the Fund.

[3] Government Code section 17518 includes "any city, county, special district, authority, or other political subdivision of the state" as a "local agency. Section 17519 includes school districts, community college districts and county superintendents of schools as "school districts," not as "local agencies".

agency" definition as found in section 53630, subdivision (a), is to be used for purposes of this test claim.

CONCLUSION

Based on the foregoing findings, the Commission approves the test claim and determines that:

The provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 437
P.O. Box 4917
Los Angeles, CA 90012
Telephone (213) 974-2101 Fax: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 23, 1999

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

REPORT OF INVESTMENTS FOR OCTOBER 1999

IT IS RECOMMENDED THAT YOUR BOARD

1. Receive and file the Report of Investment Transactions for the month of October 1999.

PURPOSE OF RECOMMENDED ACTION

The purpose of this letter is to request Board approval to accept the monthly Report of Investments.

JUSTIFICATION

Pursuant to the Delegation of Authority to Invest and the Annual Adoption of the Treasurer and Tax Collector's Investment policy adopted by your Board on February 2, 1999, the Treasurer and Tax Collector must provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report of investment transactions and key portfolio data.

FISCAL IMPACT

No fiscal impact from this action; this is for reporting purposes only.

FINANCING

Investments are made on behalf of the funds of the County and funds of the depositors in the County treasury.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

All October investments were made in accordance with California Government Code and except as noted in Attachment II, conform to the Treasurer and Tax Collector's Investment Policy adopted by your Board on February 2, 1999.

Schedule A summarizes key portfolio data for the Pooled Surplus Investments and the Specific Purpose Investments. Schedule B summarizes earnings data for the Pooled Surplus Investments.

IMPACT ON CURRENT SERVICES

No impact on current services.

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

MJS JHS lf

Attachment

c Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

REPORT OF INVESTMENTS FOR OCTOBER 1999

SCHEDULE A

PORTFOLIO PROFILE	Pooled Surplus Investments	Specific Purpose Investments
Inventory Balance at 10/31/99		
At Cost	$ 8,950,400,933	$ 432,661,617
At Market	$ 8,917,211,743	$ 431,463,745
Repurchase Agreements	$ -	$ -
Reverse Repurchase Agreements	$ -	$ -
Composition by Security Type:		
Certificates of Deposit	11.67%	1.73%
United States Government and Agency Obligations	69.43%	43.26%
Bankers Acceptances	0.18%	0.00%
Commercial Paper	10.64%	0.00%
Municipal Obligations	0.64%	2.33%
Corporate and Deposit Notes	7.41%	0.00%
Repurchase Agreements	0.00%	0.00%
Asset-Backed	0.00%	0.00%
Other	0.03%	52.68%
Composition by Maturity Range:		
1-60 days	13.40%	0.35%
60 days-1 year	52.50%	68.47%
Over 1 year	34.10%	31.18%

SUMMARY REPORT OF EARNINGS BY PORTFOLIO
OCTOBER 1999

SCHEDULE B

	TREASURER POOLED SURPLUS INVESTMENT PORTFOLIO
Investment Balance 10./31/99	$ 8,950,400,933
Market Value at 10/31/99	$ 8,917,211,743
Average Daily Balance	$ 8,582,646,724
Gains and Losses:	
For the Month	$ 5
For the Past 12 Months	$ 6,310
Unrealized Gains and Losses on Transfers between Portfolio for the Month	$ -
Earnings for the Month	$ 38,842,860
Earnings for the Past 12 Months	$ 483,198,277
Earnings Rate for the Month	5.33%

SUMMARY REPORT OF TREASURER'S DEPOSITORY ACCOUNTS
AS OF OCTOBER 31, 1999

SCHEDULE C

Bank Name	Ledger Balance
Bank of America - Concentration	$ 69,442,524.55
Citi Bank - Depositing	$ 53,694.68
Sanwa - Concentration	$ 97,259.26
Union - Concentration	$ (510,858.93)
Wells Fargo - Concentration	$ 4,181,785.31
Total Ledger Balance for all Banks	$ 73,264,404.87

STATEMENT OF ABILITY TO MEET POOLED SURPLUS INVESTMENT FUND
PROJECTED DISBURSEMENT FOR THE NEXT SIX MONTHS

SCHEDULE D

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer and Tax Collector to include a statement in the investment report, denoting the ability of the Pooled Surplus Investment Fund to meet its disbursement requirements for the next six months.

The Los Angeles County Pooled Surplus Investment Fund consists of funds in its treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer and Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer and Tax Collector, in his projection of cash availability to disburse funds as directed by the Auditor-Controller, is relying exclusively on historical Pooled Surplus Investment Fund deposits and disbursements and future cash flow projections provided by the depositing entities. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

Summary of Activity for October 1999

Total Deposits	$ 2,720,020,052.22
Total Disbursements	$ 2,524,666,455.39

Discretionary Funds Liquidity Withdrawal Ratio
As of October 31, 1999 1.23

Six Month Cash Availability Projection:

Month	Investment Maturities	Deposits	Disbursements	Cumulative Available Cash
November	$ 1,029,791,414.00	$ 2,074,100,000.00	$ 2,464,800,000.00	$ 639,091,414.00
December	$ 170,000,000.00	$ 4,556,400,000.00	$ 2,781,000,000.00	$ 2,583,591,414.00
January	$ 778,000,000.00	$ 1,686,300,000.00	$ 2,265,800,000.00	$ 2,782,091,414.00
February	$ 618,315,000.00	$ 2,664,600,000.00	$ 2,421,200,000.00	$ 3,643,806,414.00
March	$ 747,300,000.00	$ 2,170,900,000.00	$ 2,572,700,000.00	$ 3,989,306,414.00
April	$ 630,849,589.00	$ 4,211,400,000.00	$ 2,746,200,000.00	$ 6,085,356,003.00

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR OCTOBER 1999
ATTACHMENTS

Detailed information regarding the pooled and specific portfolios; related earnings, and certain data required to be disclosed pursuant to statute is shown in the following report attachments.

ATTACHED DESCRIPTIONS

General Information

I. Definitions of Securities

Detailed descriptions of the major security types invested in by the Treasurer.

II. Portfolio Securities Not In Accordance with Treasurer Policy

Listing of securities purchased during the month which deviate from Normal Treasurer policy.

III. Performance Report

Daily portfolio investment balances, and monthly averages.

IV. Earnings on Investments (Accrual Basis) Chart

Graphic presentation of net earning rates on pool investments.

V. Net Income for Month

Accrual basis net income for month, gross revenues less expenditures.

VI. Non-Trading Portfolio Participant Composition

Percentage breakdown by participant in the Non-Trading Portfolio.

VII. Composition of PSI Portfolio by Type Chart

Graphic presentation of the percentage composition of the pooled portfolio by major security type.

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR OCTOBER 1999
ATTACHMENTS

ATTACHMENT DESCRIPTIONS

Portfolio Information

VIII. Investment Transaction Journal

Listing of securities purchased, sold and transferred between portfolios during the month.

IX. Comparison of Investment Cost to Market Value

Summary comparison of investment amortized to market value by maturity.

X. Treasurer Position Compared to Market Value Report

Inventory listing of portfolio securities showing amortized cost and market value for each investment.

XI. Trustee and Managed Funds

Listing of funds and accounts managed by outside trustees.

XII. Schedule of Floating Rate Securities

Inventory listing of portfolio securities where the stated interest rate changes between the purchase date and the maturity date.

XIII. Schedule of Bond Anticipation Notes

Inventory listing of Bond Anticipation Notes held by Pooled Surplus Investment fund and their current interest rates.

XIV. Inventory Report – Totals Section Security Type Grouping

Summary of weighted-average time to maturity by security type.

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR OCTOBER 1999
ATTACHMENTS

ATTACHMENT DESCRIPTION

XV. Inventory Report – Totals Section Maturity Range Grouping

Summary of the amortized cost value of securities maturing within selected time frames.

XVI. Composition of PSI Portfolio by Maturity Chart

Graphic presentation of the percentage composition of the pooled portfolio by selected maturity ranges.

XVII. Pooled Money Investment Board Report – Treasurer State of California

Summary of State Treasurer's Local Agency Investment Fund (LAIF).

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR OCTOBER 1999

Definitions of Securities

AGENCIES – Securities (debentures and notes) issued by Federal agencies, such as Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Banks (FFCB). Agency Securities are issued on both a discount and coupon basis and have a variety of maturity periods. A few are backed by the full faith and credit of the United States Government, some are guaranteed by the Treasury or supported by the issuing agency's right to borrow from the Treasury, and some lack any formal governmental backing. GNMA and FHLMC securities are mortgage-backed.

ASSET BACKED SECURITIES – Corporate notes secured by an identifiable pool of assets such as loans, leases, and installment contracts or trade receivables. The interest rate is fixed and paid either on a monthly or semi-annual basis. In some cases portions of the principal is also paid monthly.

BANKERS' ACCEPTANCES – Negotiable time drafts drawn on foreign or domestic banks to finance the export, import, shipment, and storage of goods. The drafts are sold at a discount and redeemed by the accepting bank at maturity for full face value. Maturities range from one to 270 days.

COLLATERALIZED CERTIFICATES OF DEPOSIT – Non-negotiable instruments evidencing a time deposit made with a bank at a fixed rate of interest for a fixed period, secured by collateral such as United States Government securities or mortgages.

COMMERCIAL PAPER – Promissory notes with a maturity of one to 180 days issued in the open market by various economic entities to finance certain short-term credit needs. Notes on a discount or interest-bearing basis.

CORPORATE NOTES – Unsecured, registered debt securities issued by corporations operating within the United States at fixed or variable rates of interest for a fixed period. Interest for floating rate corporate notes is payable periodically at a rate which is adjusted monthly according to a predetermined formula. Fixed rate corporate notes pay interest semi-annually.

FLOATING-RATE CERTIFICATES OF DEPOSIT – Negotiable instruments evidencing a time deposit made with a commercial bank or thrift institution at variable rates of interest for a fixed period. Coupons are adjusted periodically according to a predetermined formula and generally carry a premium over a chosen interest rate index. Maturities range between 18 months and 5 years.

GOVERNMENTS – Negotiable United States Treasury securities such as Treasury bills, notes, and bonds. Treasury bills are issued on a discount basis in 3-month, 6-month, and 52-week maturities. Treasury notes and bonds are coupon issues, with one to ten year and ten to thirty year maturities, respectively. Treasury securities are guaranteed as to principal and interest by the United States Government.

INTEREST RATE SWAP AGREEMENT – Contractual agreement in which two parties agree to exchange interest payment streams for a specific term. There is no exchange of principal, but a "notional amount" is established to serve as the basis for calculating the interest payment.

MUNICIPALS – Debt securities issued by state and local governments and their agencies, usually in the form of bonds, notes and certificates of participation. These securities may be short or long-term, and normally coupon issues secured in some manner by the borrower.

NEGOTIABLE CERTIFICATES OF DEPOSIT - Negotiable instruments evidencing a time deposit made with a commercial bank or thrift institution at a fixed rate of interest for a fixed period. Term certificates of deposit (CDs) are issued with a maturity in excess of one year, and normally pay interest semi-annually. Eurodollar CDs are dollar-denominated CDs issued by foreign (mainly London) branches of major American and foreign commercial banks. Yankee CDs are dollar-denominated CDs issued by foreign banks domiciled in the United States.

PROMISSORY NOTE – An unsecured promise to pay between two entities. Notes are on a discount or interest bearing basis.

REPURCHASE AGREEMENTS – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at the same price at a mutually agreed upon future date. The investor receives an agreed upon rate of interest, generally at money market rates. The term of the reverse repurchase agreements is typically less than three months and may not exceed one year. The securities received are treasury or agency issues.

REVERSE REPURCHASE AGREEMENTS – A reverse repurchase agreement consists of two simultaneous transactions. One is the sale of securities by the County to a bank or dealer. The other is the commitment by the County to repurchase the securities at the same price at a mutually agreed upon future date. The County invests the cash proceeds of the "sale" in other securities. The term of the reverse repurchase agreements may not exceed one year. The securities "sold" are typically treasury issues.

TREASURER'S INVESTMENT STRATEGY

Two portfolios are maintained by the Los Angeles County Treasurer. The Specific Purpose Investment Portfolio is used to account for specific investments requested by various entities to provide for specific needs not available if monies are placed in a pool. The individual investment strategies are targeted for the needs of the requesting entity.

The Pooled Surplus Investment (PSI) Portfolio is used to account for all pooled investments. The PSI strategy is to maintain principal and to provide sufficient cash to meet expenditure needs. The cash flow needs of our pool members are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. A review of the PSI Portfolio's cash flow projections at the preparation date of this report indicates that longer average days to maturity may be prudent. As yields increase in the two to three year maturity range, the average days to maturity will be prudently increased not to exceed 365 days.

Expected cash flow projections for the next twelve months continue to indicate that sufficient cash is available for participants' estimated needs. We will continue our basic investment philosophy to buy and hold to a designated maturity, high quality fixed income investments.

ATTACHMENT II

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR OCTOBER 1999

Portfolio Securities Not in Accordance with Treasurer Policy
For the Month of October 1999

INVESTMENTS EXCEEDING ISSUER LIMITS:

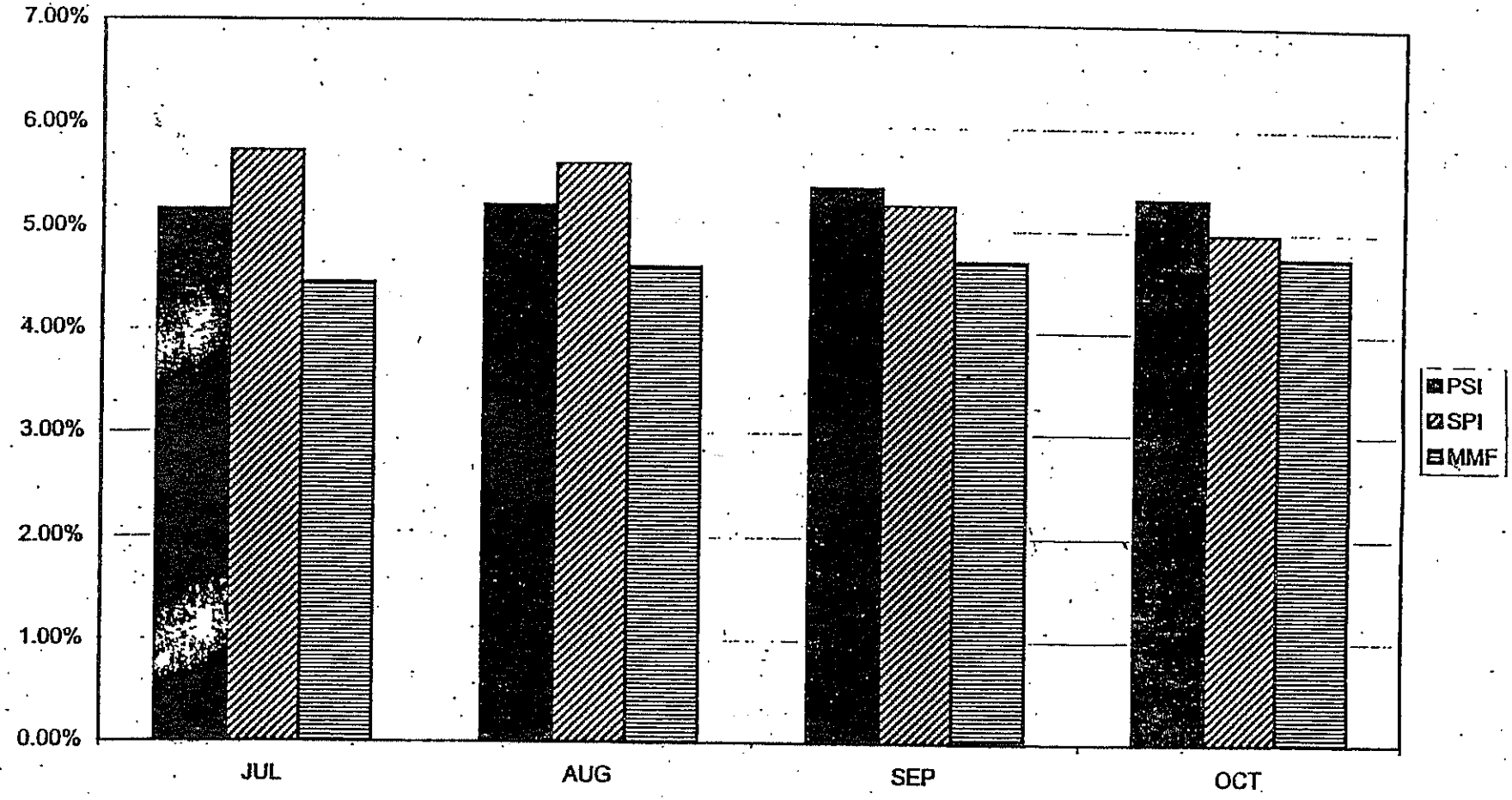
Issuer	Investment Holdings	Issuer Limit	Days
Merrill Lynch & Co	$275,000,000	$250,000,000	1
Union Bank of Switzerland AG & UBS Finance (Delaware) Inc.	$280,000,000	$250,000,000	1
Bayer Corporation	$ 50,000,000	$ 48,000,000	1

Disbursements made in the settlement of the Flying Triangle and Abalone Cove landslide litigations are authorized under Government Code Section 53501.

LOS ANGELES COUNTY TREASURER
PERFORMANCE REPORT
PORTFOLIO COST
THROUGH 10/31/99
ATTACHMENT III

DAY	POOLED SURPLUS INVESTMENTS TOTAL COST	SPECIAL PURPOSE INVESTMENTS TOTAL COST
1	8,639,655,627.74	444,576,547.14
2	8,639,655,627.74	444,576,547.14
3	8,639,655,627.74	444,576,547.14
4	8,735,041,701.28	444,572,926.96
5	8,674,059,199.28	444,572,926.96
6	8,632,187,081.86	444,572,926.96
7	8,644,697,342.42	444,572,187.25
8	8,631,971,525.08	444,571,393.05
9	8,631,971,525.08	444,571,393.05
10	8,631,971,525.08	444,571,393.05
11	8,631,971,525.08	444,571,393.05
12	8,597,355,358.27	444,568,865.94
13	8,589,275,858.36	444,568,865.94
14	8,642,682,495.39	442,367,028.35
15	8,422,894,957.14	427,960,135.36
16	8,422,894,957.14	427,960,135.36
17	8,422,894,957.14	427,960,135.36
18	8,301,780,596.15	427,960,135.36
19	8,250,124,871.49	427,960,135.36
20	8,349,355,678.13	427,960,135.36
21	8,360,502,014.00	427,960,135.36
22	8,396,759,890.56	412,960,135.36
23	8,396,759,890.56	412,960,135.36
24	8,396,759,890.56	412,960,135.36
25	8,338,727,077.84	432,696,885.36
26	8,306,401,637.70	432,696,885.36
27	8,943,519,007.85	432,696,885.36
28	8,940,281,304.05	432,696,885.36
29	8,949,919,384.51	432,696,885.36
30	8,949,919,384.51	432,696,885.36
31	8,950,400,933.16	432,661,616.77
AVG	8,582,646,724.29	435,008,233.05

LOS ANGELES COUNTY TREASURER
EARNINGS RATE ON INVESMENTS
FISCAL YEAR 1999-00
ATTACHMENT IV



Source: Donoghue's money fund for the period ended November 1, 1999.

LOS ANGELES COUNTY TREASURER
NET INCOME FOR THE MONTH-ENDED 10/31/99 (ACCRUAL BASIS)
ATTACHMENT V

	(PSI) TRADING/NON-TRADING	SPECIFIC PURPOSE INVESTMENT
Revenues:		
Interest Earnings	$37,063,290	$1,872,071
Gains (Losses) on Sales of Non-Trading Securities	5	0
Gains (Losses) on Sales of Trading Securities	0	0
Amortization \Accretion	1,776,490	(31,156)
Miscellaneous Earnings	3,076	0
Total Revenues	$38,842,860	$1,840,915
Expenses:		
Interest Expense	0	0
*Investment Management Fee	0	20,000
	$0	$20,000
NET INCOME	$38,842,860	$1,820,915

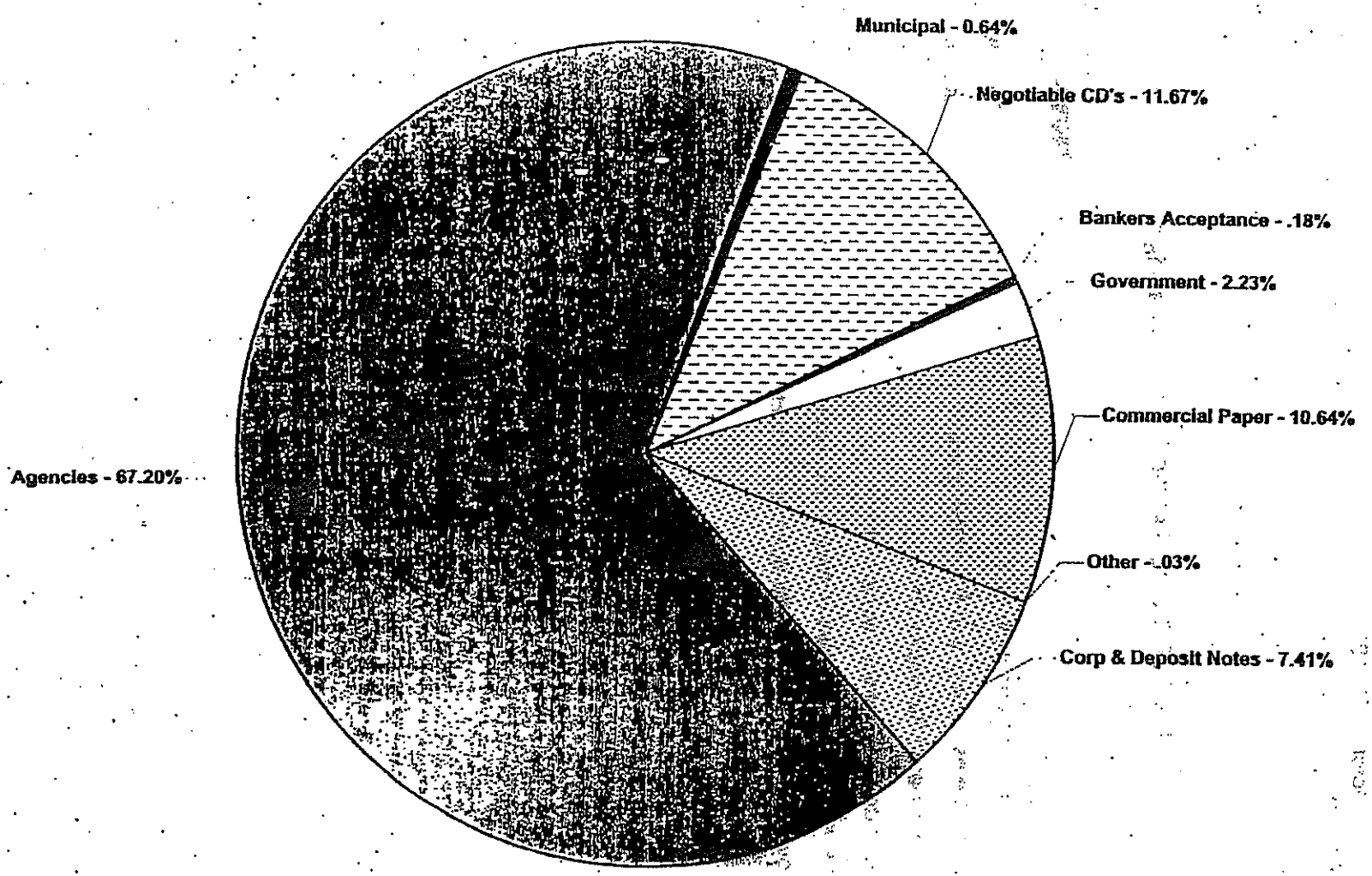
*Estimated and later adjusted.

LOS ANGELES COUNTY TREASURER
Non-Trading Composition
As of October 31, 1999
Attachment VI

NON-TRADING PORTFOLIO PARTICIPATION COMPOSITION

Entity	Non Discretionary	Discretionary
Consolidated School Districts	53.67%	
Los Angeles County and Related Entities	36.42%	
Consolidated Sanitation Districts		4.64%
Metropolitan Transportation Authority		1.74%
Miscellaneous Agencies Pooled Investment		2.65%
South Coast Air Quality Management District		0.86%
Miscellaneous		0.02%
Total	90.09%	9.91%

LOS ANGELES COUNTY TREASURER
COMPOSITION OF PSI PORTFOLIO BY SECURITY TYPE
AS OF OCTOBER, 1999
ATTACHMENT VII



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ATTACHMENT VIII

SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
NTRD - PSI NON-TRADING											
BA											
10/13/99	00041297	8046	DEUTSCHE BK AG NY BA	0.0000	04/05/00	16,609,588.99	16,135,638.98	0.00	6.0424	FIB	DBAG
			SECURITY TYPE TOTAL			16,609,588.99	16,135,638.98	0.00			
BANS											
10/12/99	00041298	8047	LACCAL BANS	5.6250	06/30/06	5,000,000.00	5,000,000.00	0.00	5.6250	SPNB	
			SECURITY TYPE TOTAL			5,000,000.00	5,000,000.00	0.00			
BNOT											
10/04/99	00041223	7884	PNC BANK NA BANK NOTE	5.0400	02/16/00	10,000,000.00	9,958,800.00	322,000.00	5.9710	FIB	SSBH
10/13/99	00041299	8064	BK OF AMERICA BANK NOTE	6.0000	03/13/00	25,000,000.00	25,000,000.00	0.00	6.0000	FIB	BA
10/27/99	00041421	8376	BANK OF AMERICA BANK NOTE	6.0900	01/25/00	35,000,000.00	35,000,000.00	0.00	6.0900	FIB	BA
			SECURITY TYPE TOTAL			70,000,000.00	69,958,800.00	322,000.00			
CNFX											
10/06/99	00041247	7941	SSB HLDGS INC NOTE	8.9000	02/15/00	5,000,000.00	5,047,840.00	25,958.33	6.1390	FIB	SSBH
10/27/99	00041407	8300	MS-DW-D MTN	5.8750	04/24/00	5,700,000.00	5,692,932.00	2,790.62	6.0296	FIB	SSBH
			SECURITY TYPE TOTAL			10,700,000.00	10,740,772.00	28,748.95			
COP1											
10/01/99	00041202	7813	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	2,688.67	2,688.67	0.00	6.4018	TTC	LAC
10/04/99	00041222	7883	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	2,638.46	2,638.46	0.00	6.4018	TTC	LAC
10/05/99	00041248	7942	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	650.51	650.51	0.00	6.4018	TTC	LAC
10/07/99	00041265	7978	LACCAL MARINA DEL REY SER A	6.4000	08/01/07	718.91	718.91	0.00	6.4018	TTC	LAC
10/12/99	00041290	8035	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	3,968.03	3,968.03	0.00	6.4019	TTC	LAC
10/12/99	00041308	8073	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	4,774.46	4,774.46	0.00	6.4019	TTC	LAC

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
10/13/99	00041309	8074	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	30,425.87	30,425.87	0.00	6.4019	TTC	LAC
10/14/99	00041326	8111	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	260.64	260.64	0.00	6.4019	TTC	LAC
10/15/99	00041330	8135	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	1,280.20	1,280.20	0.00	6.4019	TTC	LAC
10/18/99	00041344	8163	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	1,546.94	1,546.94	0.00	6.4020	TTC	LAC
10/19/99	00041356	8195	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	597.50	597.50	0.00	6.4020	TTC	LAC
10/20/99	00041369	8225	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	1,477.11	1,477.11	0.00	6.4020	TTC	LAC
10/26/99	00041415	8341	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	11,433.34	11,433.34	0.00	6.4020	TTC	LAC
10/28/99	00041451	8422	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	2,814.33	2,814.33	0.00	6.4020	TTC	LAC
10/29/99	00041466	8451	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	1,699.73	1,699.73	0.00	6.4020	TTC	LAC
			SECURITY TYPE TOTAL			66,974.70	66,974.70	0.00			
CPD											
10/01/99	00041203	7814	UBS FINANCE(DELAWARE)INC CP	0.0000	10/04/99	50,000,000.00	49,977,583.33	0.00	5.3824	FIB	GS
10/01/99	00041204	7815	UBS FINANCE(DELAWARE)INC CP	0.0000	10/04/99	36,681,000.00	36,664,554.68	0.00	5.3824	FIB	GS
10/01/99	00041208	7819	KOCH INDUSTRIES INC CP	0.0000	10/04/99	25,000,000.00	24,988,750.00	0.00	5.4024	FIB	MS
10/04/99	00041216	7877	CAFCO CP	0.0000	10/25/99	25,000,000.00	24,921,687.50	0.00	5.3868	FIB	SSBH
10/04/99	00041217	7878	MERRILL LYNCH & CO CP	0.0000	10/15/99	50,000,000.00	49,919,180.56	0.00	5.2985	FIB	MLCO
10/04/99	00041231	7892	MERRILL LYNCH & CO CP	0.0000	10/05/99	50,000,000.00	49,992,638.89	0.00	5.3007	FIB	MLCO
10/04/99	00041232	7893	MERRILL LYNCH & CO CP	0.0000	10/05/99	20,554,000.00	20,550,973.99	0.00	5.3007	FIB	MLCO
10/05/99	00041235	7916	MERRILL LYNCH & CO CP	0.0000	10/15/99	50,000,000.00	49,926,666.67	0.00	5.2877	FIB	MLCO
10/05/99	00041237	7918	CAFCO CP	0.0000	10/26/99	15,000,000.00	14,953,012.50	0.00	5.3868	FIB	SSBH
10/05/99	00041241	7922	KOCH INDUSTRIES INC CP	0.0000	10/06/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/05/99	00041242	7923	KOCH INDUSTRIES INC CP	0.0000	10/06/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/05/99	00041243	7924	KOCH INDUSTRIES INC CP	0.0000	10/06/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/05/99	00041244	7925	KOCH INDUSTRIES INC CP	0.0000	10/06/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/06/99	00041249	7943	CAFCO CP	0.0000	10/15/99	30,000,000.00	29,960,250.00	0.00	5.3070	FIB	GS
10/06/99	00041251	7945	MERRILL LYNCH & CO CP	0.0000	10/15/99	50,000,000.00	49,933,875.00	0.00	5.2970	FIB	MLCO
10/06/99	00041252	7946	KOCH INDUSTRIES INC CP	0.0000	10/07/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/06/99	00041253	7947	KOCH INDUSTRIES INC CP	0.0000	10/07/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/06/99	00041254	7948	KOCH INDUSTRIES INC CP	0.0000	10/07/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/06/99	00041255	7949	SSB HLDGS INC CP	0.0000	10/07/99	50,000,000.00	49,992,750.00	0.00	5.2207	FIB	SSBH
10/07/99	00041261	7974	UBS FINANCE(DELAWARE)INC CP	0.0000	10/08/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	JPM
10/07/99	00041262	7975	UBS FINANCE(DELAWARE)INC CP	0.0000	10/08/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	JPM
10/07/99	00041263	7976	KOCH INDUSTRIES INC CP	0.0000	10/08/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	MS
10/07/99	00041264	7977	KOCH INDUSTRIES INC CP	0.0000	10/08/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	MS
10/08/99	00041271	7997	KOCH INDUSTRIES INC CP	0.0000	10/12/99	50,000,000.00	49,971,388.89	0.00	5.1529	FIB	MS

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10/08/99	00041272	7998	KOCH INDUSTRIES INC CP	0.0000	10/12/99	50,000,000.00	49,971,388.89	0.00	5.1529	FIB	MS
10/08/99	00041273	7999	FORD MOTOR CREDIT CORP CP	0.0000	10/12/99	10,700,000.00	10,693,817.78	0.00	5.2030	FIB	JPM
10/08/99	00041274	8000	KOCH INDUSTRIES INC CP	0.0000	10/12/99	50,000,000.00	49,971,388.89	0.00	5.1529	FIB	MS
10/08/99	00041275	8001	KOCH INDUSTRIES INC CP	0.0000	10/12/99	50,000,000.00	49,971,388.89	0.00	5.1529	FIB	MS
10/12/99	00041281	8026	UBS FINANCE(DELAWARE)INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	JPM
10/12/99	00041282	8027	UBS FINANCE(DELAWARE)INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	JPM
10/12/99	00041283	8028	UBS FINANCE(DELAWARE)INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	JPM
10/12/99	00041284	8029	MERRILL LYNCH & CO CP	0.0000	10/13/99	50,000,000.00	49,992,680.56	0.00	5.2707	FIB	MLCO
10/12/99	00041285	8030	MERRILL LYNCH & CO CP	0.0000	10/13/99	50,000,000.00	49,992,680.56	0.00	5.2707	FIB	MLCO
10/12/99	00041286	8031	KOCH INDUSTRIES INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	MS
10/12/99	00041287	8032	KOCH INDUSTRIES INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	MS
10/12/99	00041288	8033	KOCH INDUSTRIES INC CP	0.0000	10/13/99	50,000,000.00	49,992,694.44	0.00	5.2607	FIB	MS
10/12/99	00041289	8034	KOCH INDUSTRIES INC CP	0.0000	10/13/99	38,594,000.00	38,588,360.99	0.00	5.2607	FIB	GS
10/12/99	00041292	8038	SSBH HLDGS INC CP	0.0000	10/13/99	42,500,000.00	42,493,766.67	0.00	5.2807	FIB	SSBH
10/12/99	00041293	8039	SSB HLDGS INC CP	0.0000	10/13/99	9,640,000.00	9,638,586.13	0.00	5.2807	FIB	SSBH
10/13/99	00041300	8065	KOCH INDUSTRIES INC CP	0.0000	10/14/99	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	MS
10/13/99	00041301	8066	KOCH INDUSTRIES INC CP	0.0000	10/14/99	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	MS
10/13/99	00041302	8067	KOCH INDUSTRIES INC CP	0.0000	10/14/99	35,000,000.00	34,994,915.28	0.00	5.2307	FIB	MS
10/14/99	00041312	8090	UBS FINANCE(DELAWARE)INC CP	0.0000	10/15/99	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	GS
10/14/99	00041313	8091	UBS FINANCE(DELAWARE)INC CP	0.0000	10/15/99	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	GS
10/14/99	00041314	8092	CAFCO CP	0.0000	10/21/99	25,000,000.00	24,974,236.11	0.00	5.3054	FIB	SSBH
10/14/99	00041315	8093	BAYER CORPORATION CP	0.0000	10/15/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/14/99	00041316	8094	KOCH INDUSTRIES INC CP	0.0000	10/15/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/14/99	00041317	8095	KOCH INDUSTRIES INC CP	0.0000	10/15/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/14/99	00041318	8096	KOCH INDUSTRIES INC CP	0.0000	10/15/99	50,000,000.00	49,992,763.89	0.00	5.2107	FIB	MS
10/15/99	00041327	8132	UBS FINANCE(DELAWARE)INC CP	0.0000	10/18/99	50,000,000.00	49,978,041.67	0.00	5.2723	FIB	GS
10/15/99	00041328	8133	UBS FINANCE(DELAWARE)INC CP	0.0000	10/18/99	50,000,000.00	49,978,041.67	0.00	5.2723	FIB	GS
10/15/99	00041329	8134	UBS FINANCE(DELAWARE)INC CP	0.0000	10/18/99	11,635,000.00	11,629,890.30	0.00	5.2723	FIB	JPM
10/15/99	00041331	8136	KOCH INDUSTRIES INC CP	0.0000	10/18/99	50,000,000.00	49,978,083.33	0.00	5.2623	FIB	MS
10/15/99	00041332	8137	KOCH INDUSTRIES INC CP	0.0000	10/18/99	50,000,000.00	49,978,083.33	0.00	5.2623	FIB	MS
10/15/99	00041333	8138	KOCH INDUSTRIES INC CP	0.0000	10/18/99	50,000,000.00	49,978,083.33	0.00	5.2623	FIB	MS
10/15/99	00041334	8139	KOCH INDUSTRIES INC CP	0.0000	10/18/99	50,000,000.00	49,978,083.33	0.00	5.2623	FIB	MS
10/18/99	00041345	8164	UBS FINANCE(DELAWARE)INC CP	0.0000	10/19/99	50,000,000.00	49,992,680.56	0.00	5.2707	FIB	JPM
10/18/99	00041346	8165	UBS FINANCE(DELAWARE)INC CP	0.0000	10/19/99	18,890,000.00	18,887,234.71	0.00	5.2707	FIB	JPM
10/18/99	00041349	8175	UBS FINANCE(DELAWARE)INC CP	0.0000	10/19/99	12,366,000.00	12,364,189.76	0.00	5.2707	FIB	JPM
10/19/99	00041351	8190	UBS FINANCE(DELAWARE)INC CP	0.0000	10/20/99	50,000,000.00	49,992,847.22	0.00	5.1507	FIB	JPM
10/19/99	00041352	8191	UBS FINANCE(DELAWARE)INC CP	0.0000	10/20/99	50,000,000.00	49,992,847.22	0.00	5.1507	FIB	JPM
10/19/99	00041354	8193	SSB HLDGS INC CP	0.0000	10/20/99	50,000,000.00	49,992,833.33	0.00	5.1607	FIB	SSBH

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10/19/99	00041355	8194	KOCH INDUSTRIES INC CP	0.0000	10/20/99	35,000,000.00	34,994,983.33	0.00	5.1607	FIB	MS
10/20/99	00041359	8215	UBS FINANCE(DELAWARE)INC CP	0.0000	10/21/99	50,000,000.00	49,992,875.00	0.00	5.1307	FIB	JPM
10/20/99	00041360	8216	UBS FINANCE(DELAWARE)INC CP	0.0000	10/21/99	50,000,000.00	49,992,875.00	0.00	5.1307	FIB	JPM
10/20/99	00041361	8217	CAFCO CP	0.0000	10/21/99	50,000,000.00	49,992,888.89	0.00	5.1207	FIB	GS
10/20/99	00041362	8218	CAFCO CP	0.0000	10/21/99	50,000,000.00	49,992,888.89	0.00	5.1207	FIB	GS
10/20/99	00041363	8219	CAFCO CP	0.0000	10/21/99	17,841,000.00	17,838,462.61	0.00	5.1207	FIB	GS
10/20/99	00041365	8221	MERRILL LYNCH & CO CP	0.0000	10/22/99	50,000,000.00	49,985,916.67	0.00	5.0714	FIB	MLCO
10/20/99	00041366	8222	MERRILL LYNCH & CO CP	0.0000	10/26/99	50,000,000.00	49,956,750.00	0.00	5.1944	FIB	MLCO
10/20/99	00041367	8223	MERRILL LYNCH & CO CP	0.0000	10/26/99	25,000,000.00	24,978,375.00	0.00	5.1944	FIB	MLCO
10/21/99	00041375	8242	UBS FINANCE(DELAWARE)INC CP	0.0000	10/22/99	50,000,000.00	49,992,888.89	0.00	5.1207	FIB	JPM
10/21/99	00041376	8243	UBS FINANCE(DELAWARE)INC CP	0.0000	10/22/99	50,000,000.00	49,992,888.89	0.00	5.1207	FIB	JPM
10/21/99	00041377	8244	UBS FINANCE(DELAWARE)INC CP	0.0000	10/22/99	20,000,000.00	19,997,155.56	0.00	5.1207	FIB	JPM
10/22/99	00041388	8266	SALOMON SMITH BARNEY CP	0.0000	10/25/99	10,473,000.00	10,468,548.98	0.00	5.1021	FIB	SSBH
10/22/99	00041391	8269	SALOMON SMITH BARNEY CP	0.0000	10/25/99	25,286,000.00	25,275,253.45	0.00	5.1021	FIB	SSBH
10/22/99	00041392	8270	UBS FINANCE(DELAWARE)INC CP	0.0000	10/25/99	50,000,000.00	49,978,916.67	0.00	5.0621	FIB	GS
10/22/99	00041393	8271	UBS FINANCE(DELAWARE)INC CP	0.0000	10/25/99	11,840,000.00	11,835,007.47	0.00	5.0621	FIB	GS
10/25/99	00041400	8293	SSB HLDGS INC CP	0.0000	11/02/99	25,000,000.00	24,970,666.67	0.00	5.2862	FIB	SSBH
10/25/99	00041401	8294	KOCH INDUSTRIES INC CP	0.0000	10/26/99	50,000,000.00	49,992,833.33	0.00	5.1607	FIB	MS
10/25/99	00041402	8295	KOCH INDUDTRIES INC CP	0.0000	10/26/99	50,000,000.00	49,992,833.33	0.00	5.1607	FIB	MS
10/25/99	00041403	8296	KOCH INDUSTRIES INC CP	0.0000	10/26/99	50,000,000.00	49,992,833.33	0.00	5.1607	FIB	MS
10/25/99	00041404	8297	UBS FINANCE(DELAWARE)INC CP	0.0000	10/26/99	50,000,000.00	49,992,805.56	0.00	5.1807	FIB	JPM
10/26/99	00041413	8339	CAFCO CP	0.0000	11/03/99	25,000,000.00	24,970,833.33	0.00	5.2561	FIB	SSBH
10/26/99	00041414	8340	SSB HLDGS INC CP	0.0000	11/02/99	25,000,000.00	24,974,479.17	0.00	5.2553	FIB	SSBH
10/26/99	00041417	8346	METLIFE FUNDING INC CP	0.0000	11/12/99	25,063,000.00	25,000,627.94	0.00	5.2831	FIB	CHAS
10/27/99	00041423	8378	UBS FINANCE(DELAWARE)INC CP	0.0000	10/28/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	JPM
10/27/99	00041424	8379	UBS FINANCE(DELAWARE)INC CP	0.0000	10/28/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	JPM
10/27/99	00041428	8382	MERRILL LYNCH & CO CP	0.0000	11/04/99	50,000,000.00	49,941,555.56	0.00	5.2661	FIB	MLCO
10/27/99	00041431	8385	SSB HLDGS INC CP	0.0000	11/10/99	32,000,000.00	31,934,417.78	0.00	5.2808	FIB	SSBH
10/27/99	00041432	8386	CAFCO CP	0.0000	11/04/99	25,000,000.00	24,970,722.22	0.00	5.2761	FIB	SSBH
10/27/99	00041434	8388	METLIFE FUNDING INC CP	0.0000	01/28/00	25,000,000.00	24,613,145.83	0.00	6.0841	FIB	CHAS
10/27/99	00041435	8389	KOCH INDUSTRIES INC CP	0.0000	10/28/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	MS
10/27/99	00041436	8390	KOCH INDUSTRIES INC CP	0.0000	10/28/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	MS
10/27/99	00041437	8391	KOCH INDUSTRIES INC CP	0.0000	10/28/99	50,000,000.00	49,992,708.33	0.00	5.2507	FIB	MS
10/28/99	00041442	8413	KOCH INDUSTRIES INC CP	0.0000	10/29/99	50,000,000.00	49,992,625.00	0.00	5.3107	FIB	MS
10/28/99	00041443	8414	KOCH INDUSTRIES INC CP	0.0000	10/29/99	50,000,000.00	49,992,625.00	0.00	5.3107	FIB	MS
10/28/99	00041444	8415	KOCH INDUSTRIES INC CP	0.0000	10/29/99	25,000,000.00	24,996,312.50	0.00	5.3107	FIB	MS
10/28/99	00041452	8423	MERRILL LYNCH & CO CP	0.0000	11/01/99	50,000,000.00	49,970,555.56	0.00	5.3031	FIB	MLCO
10/28/99	00041453	8424	CAFCO CP	0.0000	11/02/99	40,000,000.00	39,970,444.44	0.00	5.3239	FIB	SSBH

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10/28/99	00041457	8428	MERRILL LYNCH & CO CP	0.0000	11/02/99	7,250,000.00	7,244,632.99	0.00	5.3339	FIB	MLCO
10/28/99	00041458	8429	MERRILL LYNCH & CO CP	0.0000	11/02/99	4,827,000.00	4,823,426.68	0.00	5.3339	FIB	MLCO
10/29/99	00041449	8420	UBS FINANCE(DELAWARE)INC CP	0.0000	11/18/99	15,000,000.00	14,955,750.00	0.00	5.3257	FIB	JPM
10/29/99	00041469	8454	MERRILL LYNCH & CO CP	0.0000	11/04/99	50,000,000.00	49,955,750.00	0.00	5.3147	FIB	MLCO
10/29/99	00041470	8455	MERRILL LYNCH & CO CP	0.0000	11/05/99	20,349,000.00	20,328,029.23	0.00	5.3054	FIB	MLCO
			SECURITY TYPE TOTAL			4296,489,000.00	4294,383,932.11	0.00			
CPI											
10/01/99	00041197	7808	ASSOCIATES CORP OF NA CP	5.3600	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3623	FIB	ACNA
10/01/99	00041198	7809	ASSOCIATES CORP OF NA CP	5.3600	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3623	FIB	ACNA
10/01/99	00041199	7810	ASSOCIATES CORP OF NA CP	5.3600	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3623	FIB	ACNA
10/01/99	00041200	7811	ASSOCIATES FIRST CAP CORP CP	5.3600	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3623	FIB	ACNA
10/01/99	00041201	7812	ASSOCIATES FIRST CAP CORP CP	5.3600	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3623	FIB	ACNA
10/01/99	00041205	7816	AMERICAN GEN FINANCE CORP CP	5.3600	10/04/99	19,500,000.00	19,500,000.00	0.00	5.3623	FIB	AGC
10/01/99	00041206	7817	TEXACO INC CP	5.3600	10/04/99	20,000,000.00	20,000,000.00	0.00	5.3623	FIB	TEX
10/01/99	00041207	7818	GE CAPITAL CORP CP	5.3500	10/04/99	46,532,000.00	46,532,000.00	0.00	5.3523	FIB	GECC
10/01/99	00041209	7820	GE CAPITAL CORP CP	5.3800	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3824	FIB	GECC
10/01/99	00041210	7821	GE CAPITAL CORP CP	5.3800	10/04/99	50,000,000.00	50,000,000.00	0.00	5.3824	FIB	GECC
10/01/99	00041211	7822	GE CAPITAL CORP CP	5.3800	10/04/99	11,888,000.00	11,888,000.00	0.00	5.3824	FIB	GECC
10/04/99	00041212	7873	GE CAPITAL CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	GECC
10/04/99	00041213	7874	GE CAPITAL CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	GECC
10/04/99	00041214	7875	GE CAPITAL CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	GECC
10/04/99	00041215	7876	GE CAPITAL CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	GECC
10/04/99	00041218	7879	ASSOCIATES CORP OF NA CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
10/04/99	00041219	7880	ASSOCIATES CORP OF NA CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
10/04/99	00041220	7881	ASSOCIATES CORP OF NA CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
10/04/99	00041221	7882	ASSOCIATES CORP OF NA CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
10/04/99	00041226	7887	AMERICAN GEN FINANCE CORP CP	5.3000	10/05/99	17,752,000.00	17,752,000.00	0.00	5.3007	FIB	AGC
10/04/99	00041227	7888	ASSOCIATES FIRST CAP CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
10/04/99	00041228	7889	TEXACO INC CP	5.3000	10/05/99	26,200,000.00	26,200,000.00	0.00	5.3007	FIB	TEX
10/04/99	00041229	7890	GE CAPITAL CORP CP	5.3000	10/05/99	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	GECC
10/04/99	00041230	7891	GE CAPITAL CORP CP	5.3000	10/05/99	12,381,000.00	12,381,000.00	0.00	5.3007	FIB	GECC
10/05/99	00041236	7917	CHEVRON USA INC CP	5.2800	10/12/99	50,000,000.00	50,000,000.00	0.00	5.2854	FIB	CHVR
10/05/99	00041238	7919	ASSOCIATES CORP OF NA CP	5.2100	10/06/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
10/05/99	00041239	7920	ASSOCIATES CORP OF NA CP	5.2100	10/06/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
10/05/99	00041240	7921	FORD MOTOR CREDIT CORP CP	5.2800	10/12/99	50,000,000.00	50,000,000.00	0.00	5.2854	FIB	FMCC

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10/05/99	00041245	7926	ASSOCIATES FIRST CAP CORP CP	5.2100	10/06/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
10/05/99	00041246	7927	ASSOCIATES CORP OF NA CP	5.2100	10/06/99	5,374,000.00	5,374,000.00	0.00	5.2107	FIB	ACNA
10/06/99	00041250	7944	ASSOCIATES FIRST CAP CORP CP	5.2100	10/07/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
10/06/99	00041256	7957	TEXACO INC CP	5.2100	10/07/99	20,500,000.00	20,500,000.00	0.00	5.2107	FIB	TEX
10/06/99	00041257	7958	GE CAPITAL CORP CP	5.2100	10/07/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	GECC
10/06/99	00041258	7959	GE CAPITAL CORP CP	5.2100	10/07/99	8,060,000.00	8,060,000.00	0.00	5.2107	FIB	GECC
10/07/99	00041266	7979	AMERICAN GENERAL CORP CP	5.2500	10/08/99	31,900,000.00	31,900,000.00	0.00	5.2507	FIB	AGC
10/07/99	00041267	7980	ASSOCIATES CORP OF NA CP	5.2500	10/08/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/07/99	00041268	7981	ASSOCIATES CORP OF NA CP	5.2500	10/08/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/07/99	00041269	7982	ASSOCIATES CORP OF NA CP	5.2500	10/08/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/07/99	00041270	7983	ASSOCIATES CORP OF NA CP	5.2500	10/08/99	9,125,000.00	9,125,000.00	0.00	5.2507	FIB	ACNA
10/08/99	00041277	8003	ASSOCIATES CORP OF NA CP	5.1500	10/12/99	50,000,000.00	50,000,000.00	0.00	5.1529	FIB	ACNA
10/08/99	00041278	8004	ASSOCIATES CORP OF NA CP	5.1500	10/12/99	50,000,000.00	50,000,000.00	0.00	5.1529	FIB	ACNA
10/08/99	00041279	8005	ASSOCIATES FIRST CAP CORP CP	5.1400	10/12/99	36,458,000.00	36,458,000.00	0.00	5.1429	FIB	ACNA
10/08/99	00041280	8006	GE CAPITAL CORP CP	5.1300	10/12/99	6,232,000.00	6,232,000.00	0.00	5.1329	FIB	GECC
10/12/99	00041291	8037	AMERICAN GEN FINANCE CORP CP	5.2600	10/13/99	26,600,000.00	26,600,000.00	0.00	5.2607	FIB	AGC
10/12/99	00041294	8043	PRUDENTIAL FUNDING CORP CP	5.2700	10/13/99	4,799,000.00	4,799,000.00	0.00	5.2707	FIB	PF
10/12/99	00041295	8044	ASSOCIATES CORP OF NA CP	5.2600	10/13/99	5,988,000.00	5,988,000.00	0.00	5.2607	FIB	ACNA
10/13/99	00041303	8068	ASSOCIATES FIRST CAP CORP CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
10/13/99	00041304	8069	ASSOCIATES FIRST CAP CORP CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
10/13/99	00041305	8070	ASSOCIATES CORP OF NA CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
10/13/99	00041306	8071	ASSOCIATES CORP OF NA CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
10/13/99	00041307	8072	ASSOCIATES CORP OF NA CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
10/13/99	00041310	8075	GE CAPITAL SERVICES INC CP	5.2300	10/14/99	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	GECS
10/13/99	00041311	8076	GE CAPITAL SERVICES INC CP	5.2300	10/14/99	7,549,000.00	7,549,000.00	0.00	5.2307	FIB	GECS
10/14/99	00041320	8098	GE CAPITAL SERVICES INC CP	5.2100	10/15/99	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	GECS
10/14/99	00041321	8099	AMERICAN GEN FINANCE CORP CP	5.2100	10/15/99	22,600,000.00	22,600,000.00	0.00	5.2107	FIB	AGC
10/14/99	00041322	8100	TEXACO INC CP	5.2200	10/15/99	7,300,000.00	7,300,000.00	0.00	5.2207	FIB	TEX
10/14/99	00041323	8101	PRUDENTIAL FUNDING CORP CP	5.2200	10/15/99	50,000,000.00	50,000,000.00	0.00	5.2207	FIB	PF
10/14/99	00041324	8102	PRUDENTIAL FUNDING CORP CP	5.2200	10/15/99	6,680,000.00	6,680,000.00	0.00	5.2207	FIB	PF
10/14/99	00041325	8103	GE CAPITAL CORP CP	5.2100	10/15/99	9,425,000.00	9,425,000.00	0.00	5.2107	FIB	GECC
10/15/99	00041335	8140	AMERICAN GENERAL CORP CP	5.2600	10/18/99	31,200,000.00	31,200,000.00	0.00	5.2623	FIB	AGC
10/15/99	00041336	8141	AMERICAN GEN FINANCE CORP CP	5.2600	10/18/99	12,447,000.00	12,447,000.00	0.00	5.2623	FIB	AGC
10/15/99	00041337	8142	ASSOCIATES CORP OF NA CP	5.2600	10/18/99	49,042,000.00	49,042,000.00	0.00	5.2623	FIB	ACNA
10/15/99	00041338	8143	ASSOCIATES CORP OF NA CP	5.2600	10/18/99	1,751,000.00	1,751,000.00	0.00	5.2623	FIB	ACNA
10/18/99	00041341	8160	GE CAPITAL CORP CP	5.2500	10/19/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	GECC
10/18/99	00041342	8161	GE CAPITAL CORP CP	5.2500	10/19/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	GECC
10/18/99	00041343	8162	GE CAPITAL CORP CP	5.2500	10/19/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	GECC

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10/18/99	00041348	8174	GE CAPITAL CORP CP	5.2500	10/19/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	GECC
10/19/99	00041353	8192	GE CAPITAL CORP CP	5.1500	10/20/99	50,000,000.00	50,000,000.00	0.00	5.1507	FIB	GECC
10/19/99	00041357	8196	FORD MOTOR CREDIT CORP CP	5.2100	10/25/99	14,591,000.00	14,591,000.00	0.00	5.2145	FIB	FMCC
10/19/99	00041358	8197	GE CAPITAL CORP CP	5.1500	10/20/99	27,602,000.00	27,602,000.00	0.00	5.1507	FIB	GECC
10/20/99	00041364	8220	AMERICAN GENERAL CORP CP	5.1000	10/21/99	12,100,000.00	12,100,000.00	0.00	5.1007	FIB	AGC
10/20/99	00041368	8224	FORD MOTOR CREDIT CORP CP	5.2400	11/04/99	30,174,000.00	30,174,000.00	0.00	5.2514	FIB	FMCC
10/21/99	00041378	8245	ASSOCIATES CORP OF NA CP	5.1200	10/22/99	50,000,000.00	50,000,000.00	0.00	5.1207	FIB	ACNA
10/21/99	00041379	8246	AMERICAN GENERAL CORP CP	5.1200	10/22/99	25,700,000.00	25,700,000.00	0.00	5.1207	FIB	AGC
10/21/99	00041380	8247	PRUDENTIAL FUNDING CORP CP	5.1000	10/22/99	26,012,000.00	26,012,000.00	0.00	5.1007	FIB	PF
10/21/99	00041381	8248	ASSOCIATES CORP OF NA CP	5.1200	10/22/99	14,000,000.00	14,000,000.00	0.00	5.1207	FIB	ACNA
10/21/99	00041382	8249	PRUDENTIAL FUNDING CORP CP	5.1000	10/22/99	7,135,000.00	7,135,000.00	0.00	5.1007	FIB	PF
10/22/99	00041383	8261	ASSOCIATES CORP OF NA CP	5.0700	10/25/99	50,000,000.00	50,000,000.00	0.00	5.0721	FIB	ACNA
10/22/99	00041384	8262	ASSOCIATES CORP OF NA CP	5.0700	10/25/99	50,000,000.00	50,000,000.00	0.00	5.0721	FIB	ACNA
10/22/99	00041385	8263	ASSOCIATES CORP OF NA CP	5.0700	10/25/99	50,000,000.00	50,000,000.00	0.00	5.0721	FIB	ACNA
10/22/99	00041386	8264	ASSOCIATES CORP OF NA CP	5.0700	10/25/99	50,000,000.00	50,000,000.00	0.00	5.0721	FIB	ACNA
10/22/99	00041387	8265	AMERICAN GENERAL CORP CP	5.1000	10/25/99	11,800,000.00	11,800,000.00	0.00	5.1021	FIB	AGC
10/22/99	00041394	8272	ASSOCIATES CORP OF NA CP	5.0700	10/25/99	19,716,000.00	19,716,000.00	0.00	5.0721	FIB	ACNA
10/25/99	00041405	8298	AMERICAN GENERAL CORP CP	5.1700	10/26/99	12,209,000.00	12,209,000.00	0.00	5.1707	FIB	AGC
10/25/99	00041406	8299	GE CAPITAL SERVICES INC CP	5.1800	10/26/99	48,402,000.00	48,402,000.00	0.00	5.1807	FIB	GECC
10/26/99	00041409	8335	ASSOCIATES CORP OF NA CP	5.1700	10/27/99	50,000,000.00	50,000,000.00	0.00	5.1707	FIB	ACNA
10/26/99	00041410	8336	ASSOCIATES CORP OF NA CP	5.1700	10/27/99	50,000,000.00	50,000,000.00	0.00	5.1707	FIB	ACNA
10/26/99	00041411	8337	FORD MOTOR CREDIT CORP CP	5.2600	11/12/99	30,000,000.00	30,000,000.00	0.00	5.2730	FIB	FMCC
10/26/99	00041412	8338	CHEVRON USA INC CP	5.2500	11/05/99	50,000,000.00	50,000,000.00	0.00	5.2576	FIB	CHVR
10/26/99	00041418	8347	PRUDENTIAL FUNDING CORP CP	5.2000	10/27/99	32,137,000.00	32,137,000.00	0.00	5.2007	FIB	PF
10/26/99	00041419	8348	FORD MOTOR CREDIT CORP CP	5.2600	11/12/99	6,050,000.00	6,050,000.00	0.00	5.2730	FIB	FMCC
10/27/99	00041425	8380	ASSOCIATES CORP OF NA CP	5.2500	10/28/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/27/99	00041429	8383	ASSOCIATES FIRST CAP CORP CP	5.2500	10/28/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/27/99	00041430	8384	ASSOCIATES FIRST CAP CORP CP	5.2500	10/28/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/27/99	00041433	8387	AMERICAN GEN FINANCE CORP CP	5.2500	10/28/99	32,200,000.00	32,200,000.00	0.00	5.2507	FIB	AGC
10/27/99	00041438	8392	ASSOCIATES CORP OF NA CP	5.2500	10/28/99	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
10/27/99	00041439	8393	ASSOCIATES CORP OF NA CP	5.2500	10/28/99	15,731,000.00	15,731,000.00	0.00	5.2507	FIB	ACNA
10/28/99	00041445	8416	ASSOCIATES CORP OF NA CP	5.3100	10/29/99	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
10/28/99	00041446	8417	ASSOCIATES CORP OF NA CP	5.3100	10/29/99	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
10/28/99	00041447	8418	ASSOCIATES CORP OF NA CP	5.3100	10/29/99	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
10/28/99	00041448	8419	ASSOCIATES CORP OF NA CP	5.3100	10/29/99	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
10/28/99	00041454	8425	AMERICAN GENERAL CORP CP	5.3100	10/29/99	25,000,000.00	25,000,000.00	0.00	5.3107	FIB	AGC
10/28/99	00041455	8426	AMERICAN GEN FINANCE CORP CP	5.3100	10/29/99	45,000,000.00	45,000,000.00	0.00	5.3107	FIB	AGC
10/28/99	00041456	8427	ASSOCIATES FIRST CAP CORP CP	5.3100	10/29/99	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA

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10/29/99	00041460	8445	ASSOCIATES CORP OF NA CP	5.3200	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3223	FIB	ACNA
10/29/99	00041461	8446	ASSOCIATES CORP OF NA CP	5.3200	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3223	FIB	ACNA
10/29/99	00041462	8447	ASSOCIATES FIRST CAP CORP CP	5.3200	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3223	FIB	ACNA
10/29/99	00041463	8448	ASSOCIATES FIRST CAP CORP CP	5.3200	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3223	FIB	ACNA
10/29/99	00041464	8449	GE CAPITAL CORP CP	5.3000	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3023	FIB	GECC
10/29/99	00041465	8450	GE CAPITAL CORP CP	5.3000	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3023	FIB	GECC
10/29/99	00041467	8452	PRUDENTIAL FUNDING CORP CP	5.3200	11/01/99	50,000,000.00	50,000,000.00	0.00	5.3223	FIB	PF
10/29/99	00041468	8453	AMERICAN GEN FINANCE CORP CP	5.3200	11/01/99	16,900,000.00	16,900,000.00	0.00	5.3223	FIB	AGC
			SECURITY TYPE TOTAL			4209,742,000.00	4209,742,000.00	0.00			
FHFR											
10/13/99	00041260	7973	FHLB FRN (CALLABLE)	5.5800	10/13/00	25,000,000.00	25,000,000.00	0.00	0.0000	FIB	MS
			SECURITY TYPE TOTAL			25,000,000.00	25,000,000.00	0.00			
FHLB											
10/27/99	00041233	7914	FHLB 6.125 (CALLABLE)	6.1250	10/27/00	22,250,000.00	22,243,046.88	0.00	6.1582	FIB	BA
			SECURITY TYPE TOTAL			22,250,000.00	22,243,046.88	0.00			
FHLM											
10/27/99	00041420	8353	FHLMC 5.00	5.0000	02/15/01	25,000,000.00	24,646,750.00	250,000.00	6.1401	FIB	SSBH
			SECURITY TYPE TOTAL			25,000,000.00	24,646,750.00	250,000.00			
MMF											
10/18/99	00041350	8189	GOLDMAN SACHS MMF	0.0000	11/01/99	3,578,294.00	3,578,294.00	0.00	0.0000	TTC	GS
10/20/99	00041371	8238	GOLDMAN SACHS MMF	0.0000	11/03/99	1,800,000.00	1,800,000.00	0.00	0.0000	TTC	GS
10/27/99	00041441	8412	GOLDMAN SACHS MMF	0.0000	11/10/99	2,316,000.00	2,316,000.00	0.00	0.0000	TTC	GS
10/29/99	00041471	8457	GOLDMAN SACHS MMF	0.0000	11/12/99	2,478,414.00	2,478,414.00	0.00	0.0000	TTC	GS
			SECURITY TYPE TOTAL			10,172,708.00	10,172,708.00	0.00			

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NCD1											
10/04/99	00041224	7885	BANKERS TRUST COMPANY CD	5.1900	02/22/00	15,000,000.00	14,943,555.00	484,400.00	5.9801	FIB	SSBH
			SECURITY TYPE TOTAL			15,000,000.00	14,943,555.00	484,400.00			
YANK											
10/04/99	00041225	7886	UBS AG BK STANFORD CD	5.2850	03/01/00	5,000,000.00	4,982,325.26	159,284.03	5.9700	FIB	SSBH
10/05/99	00041234	7915	UBS AG BK STANFORD CD	5.9300	10/02/00	50,000,000.00	49,917,349.04	32,944.44	6.1000	FIB	MLGS
10/08/99	00041276	8002	BAYER HYPO-UND VEREINSBK CD	6.0500	01/10/00	25,000,000.00	25,000,642.64	0.00	6.0400	FIB	ING
10/13/99	00041296	8045	BAYER HYPO UND VEREINSBK CD	6.0600	01/13/00	25,000,000.00	25,000,629.16	0.00	6.0500	FIB	ING
10/14/99	00041319	8097	DEUTSCHE BK AG NY CD	6.0500	01/11/00	25,000,000.00	25,000,000.00	0.00	6.0500	FIB	DBAG
10/21/99	00041370	8226	CIBC NY CD	6.1400	01/21/00	25,000,000.00	25,000,629.03	0.00	6.1300	FIB	ING
10/25/99	00041398	8292	BAYER HYPO-UND VEREINSBK CD	6.0800	01/25/00	25,000,000.00	25,000,629.13	0.00	6.0700	FIB	ING
10/26/99	00041408	8334	BAYER HYPO-UND VEREINSBK CD	6.0800	01/26/00	25,000,000.00	25,000,629.13	0.00	6.0700	FIB	ING
10/27/99	00041422	8377	DRESDNER BK AG NY CD	6.0900	01/27/00	50,000,000.00	50,001,258.23	0.00	6.0800	FIB	ING
10/28/99	00041440	8396	BK OF MONTREAL CHICAGO CD	6.1400	01/10/00	25,000,000.00	25,001,015.01	0.00	6.1200	FIB	PS
10/28/99	00041450	8421	DRESDNER BK AG NY CD	6.0300	03/28/00	25,000,000.00	25,001,029.39	0.00	6.0200	FIB	ING
			SECURITY TYPE TOTAL			305,000,000.00	304,906,136.02	192,228.47			
			ACCOUNT TOTALS			9011,030,271.69	9007,940,313.69	1277377.42			
			PARTITION TOTALS			9011,030,271.69	9007,940,313.69	1277377.42			

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AUSD - ARCADIA USD											
CTDM											
10/15/99	00041372	8239	S OF C LAIF	0.0000	12/31/99	4.77	4.77	0.00	0.0000	TTC	LAIF
			SECURITY TYPE TOTAL			4.77	4.77	0.00			
			ACCOUNT TOTALS			4.77	4.77	0.00			
SCAQM - SOUTH COAST AIR QUALITY MGMT											
CTDM											
10/15/99	00041373	8240	S OF C LAIF	0.0000	12/31/99	383,355.75	383,355.75	0.00	0.0000	TTC	LAIF
			SECURITY TYPE TOTAL			383,355.75	383,355.75	0.00			
			ACCOUNT TOTALS			383,355.75	383,355.75	0.00			
SCP61 - SCAQMD-GENERAL FUND											
FHLB											
10/25/99	00041389	8267	FHLB 6.00	6.0000	08/15/02	5,000,000.00	4,946,700.00	83,333.33	6.4129	FIB	MS

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10/25/99	00041390	8268	FHLB 6.00	6.0000	08/15/02	5,000,000.00	4,945,450.00	83,333.33	6.4229	FIB	BA
			SECURITY TYPE TOTAL			10,000,000.00	9,892,150.00	166,666.66			
			ACCOUNT TOTALS			10,000,000.00	9,892,150.00	166,666.66			
SCP6F - SCAQMD-Mobile Source Air											
FFCB											
10/25/99	00041396	8274	FFCB 5.25	5.2500	05/17/02	5,000,000.00	4,869,000.00	115,208.33	6.3730	FIB	BA
			SECURITY TYPE TOTAL			5,000,000.00	4,869,000.00	115,208.33			
FHLB											
10/25/99	00041395	8273	FHLB 6.125	6.1250	02/15/02	5,000,000.00	4,975,600.00	45,937.50	6.3529	FIB	BA
			SECURITY TYPE TOTAL			5,000,000.00	4,975,600.00	45,937.50			
			ACCOUNT TOTALS			10,000,000.00	9,844,600.00	161,145.83			
SLIM - SCHOOLS LINKED INSURANCE MGMT											
CTDM											
10/15/99	00041416	8342	S OF C LAIF	0.0000	12/31/99	124,689.59	124,689.59	0.00	0.0000	TTC	LAIF
			SECURITY TYPE TOTAL			124,689.59	124,689.59	0.00			
			ACCOUNT TOTALS			124,689.59	124,689.59	0.00			

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WASIA - WHITTIER AREA SCHOOLS INS AUTH											
CTDM											
10/15/99	00041374	8241	S OF C LAIF	0.0000	12/31/99	121,913.10	121,913.10	0.00	0.0000	TTC	LAIF
			SECURITY TYPE TOTAL			121,913.10	121,913.10	0.00			
			ACCOUNT TOTALS			121,913.10	121,913.10	0.00			
			PARTITION TOTALS			20,629,963.21	20,366,713.21	327,812.49			

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	RATE	MATURITY DATE	PAR	PRINCIPAL	SOLD INTEREST	GAIN/ (LOSS)	BANK	BRKR
NTRD - PSI NON-TRADING											
HLPC											
10/15/99	00005058	8159	FHLMC 9.250 16061	9.2500	12/01/08	25,632.00	25,632.00	0.00	4.89	FIB	BT
			SECURITY TYPE TOTAL			25,632.00	25,632.00	0.00	4.89		
MMF											
10/19/99	00041350	8214	GOLDMAN SACHS MMF	0.0000	11/01/99	3,578,294.00	3,578,294.00	0.00	0.00	TTC	GS
10/21/99	00041371	8260	GOLDMAN SACHS MMF	0.0000	11/03/99	1,800,000.00	1,800,000.00	0.00	0.00	TTC	GS
10/28/99	00041441	8444	GOLDMAN SACHS MMF	0.0000	11/10/99	2,316,000.00	2,316,000.00	0.00	0.00	TTC	GS
			SECURITY TYPE TOTAL			7,694,294.00	7,694,294.00	0.00	0.00		
			ACCOUNT TOTALS			7,719,926.00	7,719,926.00	0.00	4.89		
			PARTITION TOTALS			7,719,926.00	7,719,926.00	0.00	4.89		

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GF - GENERAL FUND											
1TRD											
10/01/99	00003187	8171	FLYING TRIANGLE LOAN	5.5000	02/01/15	268.45	268.45	345.55	0.00	SPNB	LACC
10/01/99	00015858	8322	FLYING TRIANGLE 1ST 5.50	5.5000	07/01/13	244.32	244.32	252.41	0.00	SPNB	LACC
10/04/99	00001644	8172	FLYING TRIANGLE 1ST TRUST DE	5.5000	08/07/14	264.37	264.37	349.74	0.00	SPNB	LACC
10/04/99	00015247	8320	FLYING TRIANGLE 1ST 5.50	5.5000	03/01/13	439.13	439.13	438.18	0.00	SPNB	LACC
10/04/99	00015828	8323	FLYING TRIANGLE 1ST 5.50	5.5000	06/01/13	867.04	867.04	886.56	0.00	SPNB	LACC
10/04/99	00016093	8324	FLYING TRIANGLE 1ST 5.50	5.5000	08/01/13	286.31	286.31	297.98	0.00	SPNB	LACC
10/04/99	00017270	8328	FLYING TRIANGLE 1ST TRUST	5.5000	04/01/14	965.49	965.49	1,076.19	0.00	SPNB	LACC
10/04/99	00002581	8330	FLYING TRIANGLE LOAN	5.5000	12/01/14	797.84	797.84	949.47	0.00	SPNB	LACC
10/07/99	00012057	8173	FLYING TRIANGLE LOAN	5.5000	04/01/17	739.71	739.71	709.50	0.00	SPNB	LACC
10/08/99	00002822	8331	FLYING TRIANGLE LOAN.	5.5000	01/01/15	794.20	794.20	952.78	0.00	SPNB	LACC
10/12/99	00015821	8321	FLYING TRIANGLE 1ST 5.50	5.5000	06/01/13	721.92	721.92	739.36	0.00	SPNB	LACC
10/12/99	00016864	8327	FLYING TRIANGLE 1ST TRUST D	5.5000	01/01/14	629.26	629.26	684.04	0.00	SPNB	LACC
10/12/99	00002642	8329	FLYING TRIANGLE LOAN	5.5000	12/01/14	664.87	664.87	791.23	0.00	SPNB	LACC
10/14/99	00014688	8319	FLYING TRIANGLE 1ST 5.50	5.5000	12/01/12	1,837.59	1,837.59	1,120.76	0.00	SPNB	LACC
10/15/99	00016506	8345	ABALONE COVE 1ST TD 6.475	6.4750	10/15/03	968.70	968.70	287.14	0.00	SPNB	LACC
			SECURITY TYPE TOTAL			10,489.20	10,489.20	9,880.89	0.00		
2TRD											
10/12/99	00001865	8343	ABALONE COVE LOAN	6.4150	09/01/04	128.35	128.35	44.93	0.00	SPNB	LACC
10/12/99	00002643	8344	ABALONE COVE LOAN	6.4150	12/12/04	382.71	382.71	145.81	0.00	SPNB	LACC
			SECURITY TYPE TOTAL			511.06	511.06	190.74	0.00		
			ACCOUNT TOTALS			11,000.26	11,000.26	10,071.63	0.00		

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LACOE - LAC OFFICE OF EDUCATION											
GIC											
10/14/99	00040412	8104	NATWEST BK PLC NY SERIES A	5.7300	06/28/00	700,000.00	700,000.00	11,364.50	0.00	TTC	NWES
10/14/99	00040412	8105	NATWEST BK PLC NY SERIES A	5.7300	06/28/00	1,500,000.00	1,500,000.00	24,352.50	0.00	TTC	NWES
			SECURITY TYPE TOTAL			2,200,000.00	2,200,000.00	35,717.00	0.00		
			ACCOUNT TOTALS			2,200,000.00	2,200,000.00	35,717.00	0.00		
SCAQM - SOUTH COAST AIR QUALITY MGMT											
CTDM											
10/22/99	00027969	8301	S OF C LAIF	0.0000	12/31/99	15,000,000.00	15,000,000.00	0.00	0.00	TTC	LAIF
			SECURITY TYPE TOTAL			15,000,000.00	15,000,000.00	0.00	0.00		
			ACCOUNT TOTALS			15,000,000.00	15,000,000.00	0.00	0.00		
			PARTITION TOTALS			17,211,000.26	17,211,000.26	45,788.63	0.00		

LOS ANGELES COUNTY TREASURER
COMPARISON OF INVESTMENT COST TO MARKET VALUE BY PORTFOLIO
AS OF 10/31/93
ATTACHMENT IX

POOLED INVESTMENTS (PSI)

NON-TRADING PORTFOLIO

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST						
			MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	5,897,951,395.72	5,885,661,880.80	189,627.39	22	-12,679,142.32	149	14	185	-12,289,514.92
INTERMEDIATE TERM: (1 - 3 YEARS)	2,993,404,888.38	2,972,391,342.12	2,632,214.60	9	-23,645,760.86	98	0	107	-21,013,546.26
MEDIUM TERM: (3 - 5 YEARS)	5,000,000.00	5,000,000.00	0.00	0	0.00	0	1	1	0.00
LONG TERM: (OVER 5 YEARS)	54,044,649.06	54,158,520.42	113,871.36	1	0.00	0	58	59	113,871.36
TOTAL	8,950,400,933.16	8,917,211,743.33	3,135,713.35	32	-36,324,903.18	247	73	352	-33,189,189.83

TRADING PORTFOLIO

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST						
			MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
INTERMEDIATE TERM: (1 - 3 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
MEDIUM TERM: (3 - 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
LONG TERM: (OVER 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
TOTAL	0.00	0.00	0.00	0	0.00	0	0	0	0.00

Market Pricing Policies and Source:
The Pooled Surplus Investments Portfolio is market priced monthly using Interactive Data Services (IDS). Bond Anticipation Notes, Certificates of Participation, and Pasadena Glen Promissory Note are private placement not actively traded, therefore, are not subject to market pricing by IDS. Accordingly, market value is reported at cost. Such non-market priced securities make up 0.60% of PSI portfolio.

LOS ANGELES COUNTY TREASURER
COMPARISON OF INVESTMENT COST TO MARKET VALUE BY MATURITY
AS OF 10/31/99
ATTACHMENT IX

[illegible] PURPOSE INVESTMENTS

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST						
			MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	297,747,696.37	297,610,631.10	30,915.10	6	-167,980.97	7	77	90	-137,065.27
INTERMEDIATE TERM: (1 - 3 YEARS)	63,280,277.91	62,569,009.36	66,955.60	13	-778,224.15	19	0	32	-711,268.55
MEDIUM TERM: (3 - 5 YEARS)	56,912,681.32	56,377,904.41	0.00	0	-534,776.91	22	1	23	-534,776.91
LONG TERM: (OVER 5 YEARS)	14,720,961.17	14,906,200.13	185,238.96	4	-0.00	10	16	30	185,238.96
TOTAL	432,661,616.77	431,463,745.00	283,110.26	23	-1,480,982.03	58	94	17	-1,197,871.77

SPECIAL PROGRAMS

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST						
			MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
INTERMEDIATE TERM: (1 - 3 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
MEDIUM TERM: (3 - 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
LONG TERM: (OVER 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
TOTAL	0.00	0.00	0.00	0	0.00	0	0	0	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON-TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BA - BANKERS ACCEPTANCE								
00041297	10/13/99	0.0000	DEUTSCHE BK AG NY BA	04/05/00	16,609,588.99	16,187,096.41	0.00	16,182,215.04	0.00
					16,609,588.99	16,187,096.41	0.00	16,182,215.04	0.00
	BANS - LACCAL BANS								
00038238	10/20/98	5.5000	LACCAL BANS	06/30/04	5,000,000.00	5,000,000.00	0.00	5,000,000.00	104,843.06
00039119	02/03/99	5.5000	LACCAL BANS	06/30/05	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00039684	04/06/99	5.5000	LACCAL BANS	06/30/05	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00040167	06/02/99	5.5000	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00040379	06/24/99	5.5000	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00041298	10/12/99	5.6250	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	14,843.75
					30,000,000.00	30,000,000.00	0.00	30,000,000.00	486,353.49
	BNOT - BANK NOTE								
00039488	03/22/99	5.0000	NATIONSBANK NA BANK	01/05/00	40,000,000.00	39,989,330.10	422,222.22	39,940,240.00	1,666,666.67
00040090	05/21/99	5.0500	NATIONS BANK BANK NO	11/22/99	25,000,000.00	25,000,142.15	0.00	24,994,675.00	575,138.89
00040071	05/26/99	5.1400	WAHOVIA BK BANK NOTE	02/14/00	50,000,000.00	50,000,684.86	49,972.22	49,886,200.00	1,185,055.56
00040627	07/20/99	5.5200	FNB CHICAGO BANK NOT	01/24/00	25,000,000.00	25,000,567.02	0.00	24,999,175.00	398,666.67
00040856	08/18/99	5.8200	BK OF AMERICA NY BAN	02/22/00	25,000,000.00	25,000,000.00	0.00	24,987,050.00	303,125.00
00040860	08/19/99	5.8200	FNB CHICAGO BANK NOT	02/22/00	25,000,000.00	25,000,000.00	0.00	25,015,000.00	299,083.33
00040896	08/25/99	5.8200	FNB CHICAGO BANK NOT	02/23/00	25,000,000.00	25,000,000.00	0.00	25,015,375.00	274,833.33
00040948	08/30/99	5.8200	BK OF AMERICA BANK N	03/06/00	50,000,000.00	50,000,000.00	0.00	49,964,350.00	509,250.00
00041223	10/04/99	5.0400	PNC BANK NA BANK NOT	02/16/00	10,000,000.00	9,967,345.19	322,000.00	9,964,400.00	361,200.00
00041299	10/13/99	6.0000	BK OF AMERICA BANK N	03/13/00	25,000,000.00	25,000,000.00	0.00	24,998,475.00	79,166.67
00041421	10/27/99	6.0900	BANK OF AMERICA BANK	01/25/00	35,000,000.00	35,000,000.00	0.00	35,023,205.00	29,604.17
					335,000,000.00	334,958,069.32	794,194.44	334,788,145.00	5,681,790.29
	CNFL - CORPORATE NOTES FLOATING RATE								
00039008	01/22/99	5.3900	GECC FRN	08/24/00	20,000,000.00	19,989,881.52	169,133.33	19,970,280.00	206,616.67
00040025	05/17/99	5.3625	NATIONSBANK NA FRN	05/03/01	50,000,000.00	50,000,000.00	97,513.89	49,896,850.00	670,312.50

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00040557	07/13/99	5.5025	MERRILL LYNCH & CO M	08/29/00	5,000,000.00	4,998,976.27	32,279.86	4,988,470.00	47,382.64
00040706	08/03/99	6.2063	FNB CHICAGO FRN	04/12/01	12,000,000.00	11,997,129.32	39,160.00	11,994,000.00	41,375.00
00040953	09/02/99	5.5225	WACHOVIA BK FR BANK	09/14/00	25,000,000.00	24,995,709.52	285,277.78	24,955,300.00	184,083.33
					112,000,000.00	111,981,696.63	623,364.86	111,804,900.00	1,149,770.14
	CNFH - FLOATING RATE CORPORATE NOTE								
00039524	03/24/99	5.5663	MERRILL LYNCH & CO M	09/25/00	20,000,000.00	19,996,600.13	250,277.78	19,949,100.00	108,232.64
					20,000,000.00	19,996,600.13	250,277.78	19,949,100.00	108,232.64
	CNFX - CORPORATE NOTES FIXED RATE								
00039724	04/12/99	6.8800	DU PONT(EI) DE NEMOU	11/15/99	6,000,000.00	6,004,160.13	184,613.33	6,003,552.00	206,400.00
00039745	04/14/99	4.9980	DUPONT(EI) DE NEMOUR	04/14/00	50,000,000.00	49,986,475.41	0.00	49,779,400.00	1,367,508.33
00039781	04/16/99	5.6000	GE CAPITAL CORP MTN	01/14/00	14,000,000.00	14,014,837.95	67,511.11	14,002,786.00	100,177.78
00039796	04/19/99	5.0800	US CENTRAL CR UNION	04/19/00	50,000,000.00	50,000,000.00	0.00	49,440,783.50	84,666.67
00040897	08/25/99	5.8500	GMAC MTN	02/01/00	5,000,000.00	4,998,102.50	117,000.00	5,003,245.00	24,375.00
00040969	09/03/99	6.5000	SSB HLDGS INC NOTE	03/01/00	6,080,000.00	6,091,811.75	2,195.56	6,089,557.76	65,866.67
00040970	09/03/99	7.9800	SSB HLDGS INC NOTE	03/01/00	6,375,000.00	6,417,854.17	2,826.25	6,412,963.13	84,787.50
00041247	10/06/99	8.9000	SSB HLDGS INC NOTE	02/15/00	5,000,000.00	5,038,416.97	25,958.33	5,042,785.00	56,861.11
00041407	10/27/99	5.8750	MS-DW-D MTN	04/24/00	5,700,000.00	5,693,128.33	2,790.62	5,698,193.10	6,511.46
					148,155,000.00	148,244,787.21	402,895.20	147,473,265.49	1,997,154.52
	COP1 - CERTIFICATE OF PARTICIPATION								
00018535	06/02/93	6.4000	LACCAL MARINA DEL RE	08/01/07	26,679,185.91	26,679,185.91	0.00	26,679,185.91	426,866.97
00034257	08/08/97	6.4000	LACCAL MARINA DEL RE	08/01/07	8,901.22	8,901.22	0.00	8,901.22	142.42
00034258	08/08/97	6.4000	LACCAL MARINA DEL RE	08/01/07	95,304.74	95,304.74	0.00	95,304.74	1,524.88
00040731	08/02/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,022.92	1,022.92	0.00	1,022.92	16.18
00040736	08/03/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,083.81	1,083.81	0.00	1,083.81	16.96
00040747	08/05/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,832.06	1,832.06	0.00	1,832.06	28.01
00040759	08/06/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,247.33	2,247.33	0.00	2,247.33	33.96
00040762	08/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	142.15	142.15	0.00	142.15	2.07
00040785	08/10/99	6.4000	LACCAL MARINA DEL RE	08/01/07	916.28	916.28	0.00	916.28	13.19
00040798	08/11/99	6.4000	LACCAL MARINA DEL RE	08/01/07	219.13	219.13	0.00	219.13	3.12

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
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00040809	08/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	973.35	973.35	0.00	973.35	13.67
00040855	08/18/99	6.4000	LACCAL MARINA DEL RE	08/01/07	938.83	938.83	0.00	938.83	12.18
00040870	08/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	14.56	14.56	0.00	14.56	0.18
00040879	08/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,798.44	1,798.44	0.00	1,798.44	21.74
00040890	08/24/99	6.4000	LACCAL MARINA DEL RE	08/01/07	12,322.18	12,322.18	0.00	12,322.18	146.77
00040901	08/25/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,280.91	2,280.91	0.00	2,280.91	26.76
00040920	08/27/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,982.69	1,982.69	0.00	1,982.69	22.56
00040954	08/30/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,536.63	1,536.63	0.00	1,536.63	16.66
00040964	08/31/99	6.4000	LACCAL MARINA DEL RE	08/01/07	4,125.36	4,125.36	0.00	4,125.36	44.00
00040984	09/01/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,221.50	1,221.50	0.00	1,221.50	13.03
00040988	09/02/99	6.4000	LACCAL MARINA DEL RE	08/01/07	902.26	902.26	0.00	902.26	9.46
00041020	09/07/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,768.68	1,768.68	0.00	1,768.68	16.98
00041036	09/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	56.10	56.10	0.00	56.10	0.52
00041057	09/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	831.00	831.00	0.00	831.00	7.68
00041095	09/10/99	6.4000	LACCAL MARINA DEL RE	08/01/07	32,284.64	32,284.64	0.00	32,284.64	292.71
00041103	09/13/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,965.33	3,965.33	0.00	3,965.33	33.84
00041114	09/14/99	6.4000	LACCAL MARINA DEL RE	08/01/07	652.49	652.49	0.00	652.49	5.45
00041115	09/15/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,070.28	3,070.28	0.00	3,070.28	25.11
00041104	09/17/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,661.65	1,661.65	0.00	1,661.65	13.00
00041116	09/20/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,394.92	2,394.92	0.00	2,394.92	17.46
00041121	09/21/99	6.4000	LACCAL MARINA DEL RE	08/01/07	512.15	512.15	0.00	512.15	3.64
00041128	09/22/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,649.44	1,649.44	0.00	1,649.44	11.44
00041136	09/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	968.41	968.41	0.00	968.41	6.54
00041142	09/24/99	6.4000	LACCAL MARINA DEL RE	08/01/07	30,399.38	30,399.38	0.00	30,399.38	199.96
00041145	09/27/99	6.4000	LACCAL MARINA DEL RE	08/01/07	76,292.88	76,292.88	0.00	76,292.88	461.15
00041155	09/28/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,710.21	1,710.21	0.00	1,710.21	10.03
00041176	09/29/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,927.61	2,927.61	0.00	2,927.61	16.65
00041202	10/01/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,688.67	2,688.67	0.00	2,688.67	14.34
00041222	10/04/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,638.46	2,638.46	0.00	2,638.46	12.66
00041248	10/05/99	6.4000	LACCAL MARINA DEL RE	08/01/07	650.51	650.51	0.00	650.51	3.01
00041265	10/07/99	6.4000	LACCAL MARINA DEL RE	08/01/07	718.91	718.91	0.00	718.91	3.07
00041290	10/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,968.03	3,968.03	0.00	3,968.03	13.40
00041308	10/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	4,774.46	4,774.46	0.00	4,774.46	16.13
00041309	10/13/99	6.4000	LACCAL MARINA DEL RE	08/01/07	30,425.87	30,425.87	0.00	30,425.87	97.36
00041326	10/14/99	6.4000	LACCAL MARINA DEL RE	08/01/07	260.64	260.64	0.00	260.64	0.79
00041330	10/15/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,280.20	1,280.20	0.00	1,280.20	3.64
00041344	10/18/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,546.94	1,546.94	0.00	1,546.94	3.58
00041356	10/19/99	6.4000	LACCAL MARINA DEL RE	08/01/07	597.50	597.50	0.00	597.50	1.27

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00041369	10/20/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,477.11	1,477.11	0.00	1,477.11	2.89
00041415	10/26/99	6.4000	LACCAL MARINA DEL RE	08/01/07	11,433.34	11,433.34	0.00	11,433.34	10.16
00041451	10/28/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,814.33	2,814.33	0.00	2,814.33	1.50
00041466	10/29/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,699.73	1,699.73	0.00	1,699.73	0.60
					27,047,072.13	27,047,072.13	0.00	27,047,072.13	430,281.33
	CPD - COMMERCIAL PAPER - DISCOUNT								
00041400	10/25/99	0.0000	SSB HLDGS INC CP	11/02/99	25,000,000.00	24,996,333.33	0.00	24,992,638.89	0.00
00041413	10/26/99	0.0000	CAFCO CP	11/03/99	25,000,000.00	24,992,708.33	0.00	24,988,958.33	0.00
00041414	10/26/99	0.0000	SSB HLDGS INC CP	11/02/99	25,000,000.00	24,996,354.17	0.00	24,992,638.89	0.00
00041417	10/26/99	0.0000	METLIFE FUNDING INC	11/12/99	25,063,000.00	25,022,641.61	0.00	25,018,722.03	0.00
00041428	10/27/99	0.0000	MERRILL LYNCH & CO C	11/04/99	50,000,000.00	49,978,083.34	0.00	49,970,555.56	0.00
00041431	10/27/99	0.0000	SSB HLDGS INC CP	11/10/99	32,000,000.00	31,957,840.00	0.00	31,952,888.89	0.00
00041432	10/27/99	0.0000	CAFCO CP	11/04/99	25,000,000.00	24,989,020.83	0.00	24,985,277.78	0.00
00041434	10/27/99	0.0000	METLIFE FUNDING INC	01/28/00	25,000,000.00	24,633,944.44	0.00	24,630,402.78	0.00
00041452	10/28/99	0.0000	MERRILL LYNCH & CO C	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
00041453	10/28/99	0.0000	CAFCO CP	11/02/99	40,000,000.00	39,994,088.89	0.00	39,988,222.22	0.00
00041457	10/28/99	0.0000	MERRILL LYNCH & CO C	11/02/99	7,250,000.00	7,248,926.60	0.00	7,247,865.28	0.00
00041458	10/28/99	0.0000	MERRILL LYNCH & CO C	11/02/99	4,827,000.00	4,826,285.34	0.00	4,825,578.72	0.00
00041449	10/29/99	0.0000	UBS FINANCE(DELAWARE	11/18/99	15,000,000.00	14,962,387.50	0.00	14,960,250.00	0.00
00041469	10/29/99	0.0000	MERRILL LYNCH & CO C	11/04/99	50,000,000.00	49,977,875.00	0.00	49,970,555.56	0.00
00041470	10/29/99	0.0000	MERRILL LYNCH & CO C	11/05/99	20,349,000.00	20,337,016.70	0.00	20,349,000.00	0.00
					419,489,000.00	418,913,506.08	0.00	418,873,554.93	0.00
	CPFR - COMMERCIAL PAPER FLOATING RATE								
00040913	08/27/99	5.6100	MS-DW-D FLOATING RAT	02/08/00	50,000,000.00	50,000,000.00	0.00	49,975,000.00	508,819.45
					50,000,000.00	50,000,000.00	0.00	49,975,000.00	508,819.45
	CPI - COMMERCIAL PAPER - INT. BEAR.								
00041368	10/20/99	5.2400	FORD MOTOR CREDIT CO	11/04/99	30,174,000.00	30,174,000.00	0.00	30,174,000.00	52,819.24
00041411	10/26/99	5.2600	FORD MOTOR CREDIT CO	11/12/99	30,000,000.00	30,000,000.00	0.00	30,000,000.00	26,365.49
00041412	10/26/99	5.2500	CHEVRON USA INC CP	11/05/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	43,813.90

LOS ANGELES COUNTY TREASURER
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00041419	10/26/99	5.2600	FORD MOTOR CREDIT CO	11/12/99	6,050,000.00	6,050,000.00	0.00	6,050,000.00	5,317.04
00041460	10/29/99	5.3200	ASSOCIATES CORP OF N	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041461	10/29/99	5.3200	ASSOCIATES CORP OF N	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041462	10/29/99	5.3200	ASSOCIATES FIRST CAP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041463	10/29/99	5.3200	ASSOCIATES FIRST CAP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041464	10/29/99	5.3000	GE CAPITAL CORP CP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,093.09
00041465	10/29/99	5.3000	GE CAPITAL CORP CP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,093.09
00041467	10/29/99	5.3200	PRUDENTIAL FUNDING C	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041468	10/29/99	5.3200	AMERICAN GEN FINANCE	11/01/99	16,900,000.00	16,900,000.00	0.00	16,900,000.00	7,495.66
					483,124,000.00	483,124,000.00	0.00	483,124,000.00	290,880.01
			DEPN - DEPOSIT NOTE						
00040612	07/20/99	6.0000	WACHOVIA BANK DEPOSI	07/20/01	48,000,000.00	47,961,710.97	0.00	47,624,592.00	808,000.00
					48,000,000.00	47,961,710.97	0.00	47,624,592.00	808,000.00
			FCNT - FFCB MTN FRN MONTHLY						
00039353	03/10/99	5.2263	FFCB FRN	03/10/00	50,000,000.00	49,990,409.84	0.00	49,984,400.00	159,690.97
					50,000,000.00	49,990,409.84	0.00	49,984,400.00	159,690.97
			FFCB - FED FARM CREDIT BANK						
00036719	05/19/98	5.8400	FFCB 5.84 (CALLABLE)	05/19/00	17,200,000.00	17,197,647.06	0.00	17,205,383.60	452,016.00
00037963	09/24/98	5.3750	FFCB 5.375 (CALLABLE	03/24/00	25,000,000.00	24,997,943.33	0.00	24,968,750.00	138,107.64
00038252	10/27/98	5.0000	FFCB 5.00 (CALLABLE)	04/27/00	50,000,000.00	50,000,000.00	0.00	49,828,150.00	27,777.78
00038241	11/02/98	4.7000	FFCB 4.70 (CALLABLE)	11/02/00	50,000,000.00	50,000,000.00	0.00	49,359,400.00	1,168,472.22
00038501	12/01/98	4.7500	FFCB 4.75	12/01/99	50,000,000.00	49,996,424.66	0.00	49,984,400.00	989,583.33
00038521	12/01/98	4.7500	FFCB 4.75	12/01/99	50,000,000.00	49,994,041.10	0.00	49,984,400.00	989,583.33
00038598	12/04/98	4.7500	FFCB 4.75	12/01/99	20,000,000.00	20,000,232.04	7,916.67	19,993,760.00	395,833.33
00038601	12/11/98	5.0400	FFCB 5.04 (CALLABLE)	12/11/00	26,000,000.00	26,000,000.00	0.00	25,715,638.00	509,600.00
00038735	01/04/99	4.7600	FFCB 4.76	01/18/00	50,000,000.00	49,995,678.10	0.00	49,921,900.00	680,944.44
00038849	01/14/99	4.7600	FFCB 4.76	01/18/00	14,000,000.00	13,996,715.12	18,511.11	13,978,132.00	190,664.44
00038854	01/14/99	5.4000	FFCB 5.40 (CALLABLE)	01/14/02	50,000,000.00	49,988,523.61	0.00	49,078,150.00	802,500.00
00039018	01/27/99	5.2200	FFCB MTN 5.22 (CALLA	01/22/01	32,200,000.00	32,200,000.00	23,345.00	31,867,953.60	462,231.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00039029	02/04/99	5.3800	FFCB 5.38 (CALLABLE)	02/04/02	25,000,000.00	24,988,224.22	0.00	24,523,450.00	325,041.67
00039264	03/01/99	5.0200	FFCB 5.02	03/01/00	50,000,000.00	49,995,206.28	0.00	49,890,650.00	418,333.33
00039284	03/01/99	5.0200	FFCB 5.02	03/01/00	33,995,000.00	33,986,346.14	0.00	33,920,652.93	284,424.83
00039287	03/16/99	5.4800	FFCB 5.48 (CALLABLE)	03/16/01	48,000,000.00	47,979,439.12	0.00	47,580,000.00	328,800.00
00039298	03/16/99	5.5200	FFCB 5.52 (CALLABLE)	03/16/01	33,000,000.00	32,985,864.40	0.00	32,721,579.00	227,700.00
00039300	03/16/99	5.5200	FFCB 5.52	03/16/01	20,000,000.00	19,987,149.45	0.00	19,831,260.00	138,000.00
00039449	03/22/99	5.7700	FFCB 5.77 (CALLABLE)	03/22/02	33,815,000.00	33,806,592.53	0.00	33,360,627.85	211,371.93
00039836	04/20/99	5.5000	FFCB 5.50 (CALLABLE)	10/15/01	26,980,000.00	26,953,509.74	20,609.72	26,600,607.24	65,951.11
00039901	05/03/99	5.0000	FFCB 5.0	05/03/00	50,000,000.00	49,973,355.19	0.00	49,812,500.00	1,236,111.11
00039934	05/03/99	5.1250	FFCB 5.125	04/02/01	50,000,000.00	49,921,560.00	227,777.78	49,343,750.00	213,541.67
00039950	05/03/99	5.1250	FFCB 5.125	04/02/01	50,000,000.00	49,965,590.00	227,777.78	49,343,750.00	213,541.67
00040013	05/10/99	5.1250	FFCB 5.125	04/02/01	18,925,000.00	18,867,539.96	105,073.18	18,676,609.38	80,825.52
00040250	06/21/99	6.0000	FFCB 6.00 (CALLABLE)	06/21/01	26,000,000.00	25,986,706.57	0.00	25,870,000.00	563,333.33
00040251	06/21/99	6.0000	FFCB 6.00 (CALLABLE)	06/21/01	27,750,000.00	27,735,811.82	0.00	27,611,250.00	601,250.00
00040342	07/01/99	5.4000	FFCB 5.40	07/03/00	50,000,000.00	49,949,402.17	0.00	49,843,750.00	900,000.00
00040389	07/01/99	5.8750	FFCB 5.875	07/02/01	25,000,000.00	24,971,297.13	0.00	24,898,450.00	489,583.33
00040390	07/01/99	5.8750	FFCB 5.875	07/02/01	25,000,000.00	24,971,297.13	0.00	24,898,450.00	489,583.33
00040392	07/01/99	5.8750	FFCB 5.875	07/02/01	15,000,000.00	14,982,778.28	0.00	14,939,070.00	293,750.00
00040393	07/01/99	5.8750	FFCB 5.875	07/02/01	10,000,000.00	9,988,518.85	0.00	9,959,380.00	195,833.33
00040674	07/26/99	5.1250	FFCB 5.125 (CALLABLE	11/05/01	10,825,000.00	10,628,000.92	124,825.78	10,599,840.00	271,226.39
00040680	07/27/99	6.4900	FFCB 6.49 (CALLABLE)	07/03/02	13,695,000.00	13,690,889.58	61,722.60	13,647,930.28	293,799.60
00040668	08/02/99	5.4500	FFCB 5.45	08/02/00	50,000,000.00	49,956,796.45	0.00	49,828,150.00	673,680.56
00040968	09/01/99	5.3800	FFCB 5.38 (CALLABLE)	02/04/02	11,075,000.00	10,855,841.11	44,687.63	10,863,888.35	143,993.46
00040971	09/13/99	6.1000	FFCB 6.10	09/24/01	14,000,000.00	13,978,163.96	400,905.56	13,973,750.00	87,772.22
					1152,460,000.00	1151,473,086.02	1,263,152.81	1144,425,362.23	15,554,761.90
			FHFR - FHLB FLOATING RATE NOTE						
00041260	10/13/99	5.5800	FHLB FRN (CALLABLE)	10/13/00	25,000,000.00	25,000,000.00	0.00	24,992,200.00	72,118.06
					25,000,000.00	25,000,000.00	0.00	24,992,200.00	72,118.06
			FHLB - FED HOME LOAN BANK						
00038236	10/28/98	4.3950	FHLB 4.395	10/23/00	50,000,000.00	49,977,134.30	30,520.83	49,234,400.00	48,833.33
00038254	10/28/98	5.0000	FHLB 5.00 (CALLABLE)	04/28/00	50,000,000.00	50,000,000.00	0.00	49,812,500.00	20,833.33
00038357	11/06/98	5.8800	FHLB 5.88	11/26/99	18,700,000.00	18,713,660.71	488,693.33	18,700,000.00	473,421.67

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON-TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038638	01/04/99	5.1000	FHLB 5.10 (CALLABLE)	12/29/00	22,000,000.00	21,991,958.62	0.00	21,759,386.00	380,233.33
00038874	01/12/99	4.9550	FHLB 4.955	01/12/01	25,000,000.00	24,978,878.93	0.00	24,679,700.00	375,065.97
00038851	01/14/99	4.9000	FHLB 4.90	01/14/00	50,000,000.00	50,002,939.73	0.00	49,921,900.00	728,194.44
00038872	01/14/99	4.9000	FHLB 4.90	01/14/00	50,000,000.00	49,999,208.05	0.00	49,921,900.00	728,194.44
00038906	01/14/99	4.9000	FHLB 4.90	01/14/00	25,000,000.00	24,999,493.15	0.00	24,960,950.00	364,097.22
00038999	01/21/99	5.5000	FHLB 5.50	07/14/00	21,225,000.00	21,295,838.04	22,698.96	21,171,937.50	346,969.79
00038853	01/26/99	5.0000	FHLB 5.0 (CALLABLE)	03/30/00	36,100,000.00	36,098,027.75	0.00	35,998,486.80	155,430.56
00039000	01/26/99	5.2150	FHLB 5.215 (CALLABLE	01/26/01	19,450,000.00	19,446,241.70	0.00	19,243,343.75	267,667.12
00039145	02/05/99	5.5750	FHLB 5.575	06/22/00	50,000,000.00	50,164,683.90	332,951.39	49,921,900.00	998,854.17
00039146	02/10/99	4.8200	FHLB 4.82	02/10/00	25,000,000.00	24,991,352.74	0.00	24,937,500.00	271,125.00
00039164	02/17/99	4.9500	FHLB 4.95	02/17/00	25,000,000.00	24,996,042.47	0.00	24,945,325.00	254,375.00
00039201	02/17/99	4.9500	FHLB 4.95	02/17/00	25,000,000.00	24,996,042.47	0.00	24,945,325.00	254,375.00
00039242	03/01/99	5.0550	FHLB 5.055	03/01/00	50,000,000.00	50,000,661.20	0.00	49,890,650.00	421,250.00
00039265	03/01/99	5.1500	FHLB 5.15 (CALLABLE)	09/01/00	50,000,000.00	49,969,673.30	0.00	49,671,900.00	429,166.67
00039349	03/02/99	5.0000	FHLB 5.0 (CALLABLE)	08/23/00	25,000,000.00	24,922,916.67	31,250.00	24,812,500.00	236,111.11
00039285	03/03/99	5.0600	FHLB 5.06	03/03/00	50,000,000.00	49,990,254.10	0.00	49,890,650.00	407,611.11
00039327	03/08/99	5.1500	FHLB 5.15	03/08/00	25,000,000.00	24,996,633.88	0.00	24,953,125.00	189,548.61
00039368	03/08/99	5.1500	FHLB 5.15	03/08/00	25,000,000.00	24,991,606.56	0.00	24,953,125.00	189,548.61
00039354	03/15/99	5.2700	FHLB 5.27 (CALLABLE)	09/15/00	17,200,000.00	17,180,048.00	0.00	17,092,500.00	115,822.89
00039503	03/24/99	5.4250	FHLB 5.425 (CALLABLE	04/06/01	29,750,000.00	29,740,215.79	753,170.83	29,452,500.00	112,078.99
00039523	03/29/99	4.9800	FHLB 4.98	03/29/00	25,000,000.00	24,985,303.55	0.00	24,921,875.00	110,666.67
00039797	04/20/99	4.9700	FHLB 4.97	04/20/00	50,000,000.00	49,988,740.16	0.00	49,828,150.00	75,930.56
00039808	04/20/99	4.9700	FHLB 4.97	04/20/00	50,000,000.00	49,984,348.36	0.00	49,828,150.00	75,930.56
00040075	05/26/99	5.2050	FHLB 5.205	05/26/00	50,000,000.00	49,972,852.46	0.00	49,828,150.00	1,120,520.83
00040074	06/07/99	5.7100	FHLB 5.71 (CALLABLE)	12/07/01	24,845,000.00	24,838,484.65	0.00	24,565,493.75	567,459.80
00040083	06/07/99	5.7850	FHLB 5.785 (CALLABLE	12/07/01	25,000,000.00	25,000,000.00	0.00	24,750,000.00	578,500.00
00040098	06/07/99	5.7650	FHLB 5.765 (CALLABLE	12/07/01	25,000,000.00	24,986,887.99	0.00	24,734,375.00	576,500.00
00040309	06/17/99	5.5700	FHLB 5.57	08/17/00	5,000,000.00	5,002,173.30	92,833.33	4,985,940.00	57,247.22
00040182	06/28/99	6.0000	FHLB 6.00 (CALLABLE)	12/28/01	25,000,000.00	24,993,264.50	0.00	24,820,325.00	512,500.00
00040183	06/28/99	6.0000	FHLB 6.00 (CALLABLE)	12/28/01	25,000,000.00	24,989,223.19	0.00	24,820,325.00	512,500.00
00040296	06/28/99	6.1250	FHLB 6.125 (CALLABLE	12/28/01	13,500,000.00	13,492,725.66	0.00	13,424,062.50	282,515.62
00040367	07/01/99	6.1400	FHLB 6.14 (CALLABLE)	12/17/01	25,000,000.00	24,932,552.08	59,694.44	24,851,575.00	571,361.11
00040515	07/13/99	5.4800	FHLB 5.48	07/13/00	50,000,000.00	49,970,040.98	0.00	49,859,400.00	822,000.00
00040536	07/14/99	5.5600	FHLB 5.56	07/14/00	25,000,000.00	24,998,251.37	0.00	24,945,325.00	413,138.89
00040537	07/26/99	5.8200	FHLB 5.82 (CALLABLE)	01/26/01	25,000,000.00	24,990,369.32	0.00	24,890,625.00	383,958.33
00040821	08/13/99	5.6250	FHLB 5.625	02/15/01	7,155,000.00	7,111,026.56	23,477.34	7,112,520.77	110,678.91

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00041233	10/27/99	6.1250	FHLB 6.125 (CALLABLE	10/27/00	22,250,000.00	22,243,141.87	0.00	22,236,093.75	15,142.36
					1237,175,000.00	1236,922,898.06	1,835,290.45	1231,273,889.82	14,555,359.22
	FHLM - FHLMC								
00037914	09/11/98	5.8950	FHLMC 5.895 (CALLABL	08/03/01	32,075,000.00	32,123,044.83	199,586.69	31,864,523.85	462,200.75
00038636	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	50,000,000.00	49,994,391.24	0.00	49,468,750.00	957,666.67
00038658	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	11,000,000.00	10,992,287.96	0.00	10,883,125.00	210,686.67
00038659	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	25,000,000.00	24,982,472.64	0.00	24,734,375.00	478,833.33
00038947	01/19/99	5.2500	FHLMC 5.25 (CALLABLE	01/19/01	25,000,000.00	25,000,000.00	0.00	24,750,000.00	371,875.00
00039028	01/26/99	5.1800	FHLMC 5.18 (CALLABLE	01/26/01	38,590,000.00	38,601,185.03	0.00	38,167,941.17	527,503.86
00039295	02/26/99	5.2500	FHLMC 5.25 (CALLABLE	02/16/01	50,000,000.00	49,848,804.83	72,916.67	49,468,750.00	546,875.00
00039489	03/19/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,982,959.33	85,850.69	24,757,825.00	223,958.33
00039595	03/30/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,974,384.62	126,909.72	24,757,825.00	223,958.33
00039712	04/08/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	50,000,000.00	49,978,084.42	313,541.67	49,515,650.00	447,916.67
00039713	04/08/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,989,042.21	156,770.83	24,757,825.00	223,958.33
00039849	04/26/99	5.3800	FHLMC 5.38 (CALLABLE	04/26/01	44,000,000.00	43,974,512.65	0.00	43,518,772.00	32,877.78
00039865	04/26/99	5.3750	FHLMC 5.375 (CALLABL	04/26/01	22,500,000.00	22,484,360.04	0.00	22,253,917.50	16,796.88
00039864	04/28/99	4.9800	FHLMC 4.98	04/28/00	27,440,000.00	27,431,008.53	0.00	27,337,100.00	11,387.60
00040037	05/12/99	5.4500	FHLMC 5.45 (CALLABLE	05/10/01	39,800,000.00	39,743,084.36	12,050.56	39,389,582.40	1,030,322.50
00040308	06/17/99	5.0400	FHLMC 5.04 (CALLABLE	10/29/01	12,000,000.00	11,775,919.08	80,640.00	11,741,256.00	3,360.00
00040297	06/28/99	6.0000	FHLMC 6.00 (CALLABLE	06/28/01	50,000,000.00	50,000,000.00	0.00	49,781,250.00	1,025,000.00
00040391	07/01/99	5.7500	FHLMC 5.75	06/15/01	20,000,000.00	19,941,876.36	63,888.89	19,900,000.00	447,222.22
00040559	07/09/99	5.8650	FHLMC 5.865 (CALLABL	07/16/01	19,100,000.00	19,024,420.10	538,325.54	18,974,665.80	326,729.38
00040572	07/13/99	6.0500	FHLMC 6.05 (CALLABLE	06/29/01	21,189,000.00	21,172,210.60	49,853.01	21,096,298.13	434,433.36
00040558	07/14/99	5.5050	FHLMC 5.505	07/14/00	25,000,000.00	24,981,464.48	0.00	24,937,500.00	409,052.08
00040604	07/15/99	5.5300	FHLMC 5.53 (CALLABLE	03/09/01	25,000,000.00	24,871,174.96	483,875.00	24,796,875.00	199,694.44
00040629	07/20/99	6.0000	FHLMC 6.00 (CALLABLE	07/20/01	25,000,000.00	25,000,000.00	0.00	24,882,825.00	420,833.33
00040634	07/20/99	6.0000	FHLMC 6.00 (CALLABLE	07/20/01	10,000,000.00	10,000,000.00	0.00	9,953,130.00	168,333.33
00040538	07/23/99	5.9300	FHLMC 5.93 (CALLABLE	01/23/01	50,000,000.00	50,000,000.00	0.00	49,828,150.00	807,138.89
00040667	07/23/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	13,200,000.00	13,107,651.72	289,712.50	13,072,131.60	118,250.00
00040850	08/24/99	6.3000	FHLMC 6.30 (CALLABLE	08/24/01	25,000,000.00	24,997,735.98	0.00	24,945,325.00	293,125.00
00041420	10/27/99	5.0000	FHLMC 5.00	02/15/01	25,000,000.00	24,650,452.83	250,000.00	24,671,875.00	263,888.89
					810,894,000.00	809,622,528.80	2,723,921.77	804,207,243.45	10,683,878.62

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FNFR - FNMA FLOATING RATE COUPON								
00039980	05/05/99	5.1550	FNMA FLOAT RATE MTN	05/05/00	50,000,000.00	49,984,220.49	0.00	50,000,000.00	630,055.56
00040439	07/01/99	5.3338	FNMA FRN	09/06/00	37,010,000.00	36,980,164.64	126,161.69	36,963,737.50	307,069.91
					87,010,000.00	86,964,385.13	126,161.69	86,963,737.50	937,125.47
	FNMA - FED NAT MORTG ASSOC.								
00037133	07/08/98	5.7500	FNMA 5.75 (CALLABLE)	07/07/00	9,000,000.00	9,000,000.00	0.00	8,994,375.00	163,875.00
00037869	09/09/98	5.6900	FNMA 5.69 (CALLABLE)	08/11/00	24,000,000.00	24,015,170.94	106,213.33	23,962,512.00	303,466.67
00037887	09/10/98	5.6100	FNMA 5.61 (CALLABLE)	08/16/00	15,500,000.00	15,505,948.34	62,800.83	15,466,101.50	181,156.25
00037923	09/11/98	5.6700	FNMA 5.67 (CALLABLE)	07/21/00	50,000,000.00	50,060,520.99	393,750.00	49,937,500.00	787,500.00
00037919	09/16/98	5.3100	FNMA 5.31 (CALLABLE)	09/15/00	31,240,000.00	31,240,000.00	0.00	31,074,053.12	211,963.40
00037983	09/24/98	5.4500	FNMA 5.45 (CALLABLE)	09/24/01	25,000,000.00	24,996,048.13	0.00	24,648,450.00	140,034.72
00037997	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	28,225,000.00	28,208,156.83	0.00	27,810,459.42	140,489.94
00037998	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	25,000,000.00	24,985,081.34	0.00	24,632,825.00	124,437.50
00037999	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	9,375,000.00	9,369,405.50	0.00	9,237,309.38	46,664.06
00038000	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	15,000,000.00	14,991,048.80	0.00	14,779,695.00	74,662.50
00038008	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	25,000,000.00	24,985,081.34	0.00	24,632,825.00	124,437.50
00038103	10/13/98	5.2100	FNMA 5.21 (CALLABLE)	10/13/00	6,500,000.00	6,500,964.22	0.00	6,453,284.50	16,932.50
00038928	01/12/99	5.5600	FNMA 5.56	08/04/00	20,000,000.00	20,065,896.84	488,044.44	19,956,260.00	268,733.33
00038929	01/19/99	5.2400	FNMA 5.24 (CALLABLE)	01/19/01	25,000,000.00	25,000,000.00	0.00	24,757,825.00	371,166.67
00039110	02/03/99	5.4900	FNMA MTN 5.49	08/18/00	26,500,000.00	26,596,187.93	666,806.25	26,417,187.50	295,011.25
00039113	02/10/99	4.8600	FNMA 4.86	02/10/00	25,000,000.00	24,995,019.18	0.00	24,953,125.00	273,375.00
00039525	03/24/99	6.4100	FNMA 6.41	05/16/00	6,800,000.00	6,844,341.08	154,979.56	6,823,378.40	199,778.33
00039564	03/29/99	5.7200	FNMA 5.72 (CALLABLE)	03/28/02	35,190,000.00	35,190,000.00	0.00	34,618,162.50	184,512.90
00039691	04/12/99	4.9700	FNMA 4.97	04/12/00	50,000,000.00	49,985,303.28	0.00	49,843,750.00	131,152.78
00039778	04/14/99	4.9700	FNMA 4.97	04/12/00	21,500,000.00	21,497,198.33	5,936.39	21,432,812.50	56,395.69
00039779	04/20/99	4.9800	FNMA 4.98	04/20/00	50,000,000.00	49,987,829.10	0.00	49,828,150.00	76,083.33
00039862	04/22/99	4.9800	FNMA 4.98	04/20/00	34,600,000.00	34,589,042.98	9,572.67	34,481,079.80	52,649.67
00039819	04/26/99	5.0200	FNMA MTN 5.02	04/26/00	25,000,000.00	24,995,284.84	0.00	24,914,075.00	17,430.56
00039863	04/26/99	5.3800	FNMA 5.38 (CALLABLE)	04/26/01	10,000,000.00	9,996,524.45	0.00	9,890,630.00	7,472.22
00039886	04/26/99	5.5500	FNMA 5.55	08/10/00	12,700,000.00	12,738,453.82	148,801.67	12,668,250.00	158,591.25
00039902	04/28/99	5.3200	FNMA 5.32 (CALLABLE)	05/01/01	25,000,000.00	24,967,978.33	0.00	24,710,950.00	676,083.33
00039916	05/03/99	5.4300	FNMA 5.43 (CALLABLE)	05/03/01	10,000,000.00	9,994,132.61	0.00	9,893,750.00	268,483.33
00039961	05/03/99	5.2600	FNMA MTN 5.26 (CALLA	11/15/01	13,500,000.00	13,437,276.25	337,297.50	13,242,663.00	327,435.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00040014	05/10/99	5.2100	FNMA MTN 5.21 (CALLA	11/09/01	12,600,000.00	12,508,516.00	1,823.50	12,355,875.00	641,872.00
00039977	05/12/99	5.1200	FNMA 5.12	05/12/00	25,000,000.00	24,998,681.69	0.00	24,921,875.00	600,888.89
00039978	05/12/99	5.0500	FNMA 5.05	05/12/00	25,000,000.00	24,988,530.74	0.00	24,906,250.00	592,673.61
00040035	05/12/99	5.6250	FNMA 5.625 (CALLABLE	05/03/02	50,000,000.00	49,834,773.69	70,312.50	49,031,250.00	1,390,625.00
00040038	05/18/99	5.3100	FNMA 5.31	05/18/01	50,000,000.00	49,952,781.40	0.00	49,390,650.00	1,202,125.00
00040411	07/01/99	4.8200	FNMA MTN 4.82	12/18/00	23,000,000.00	22,766,423.84	40,032.78	22,690,949.00	409,566.11
00040394	07/02/99	6.0000	FNMA 6.00	07/16/01	20,000,000.00	20,000,000.00	0.00	19,943,760.00	396,666.67
00040555	07/12/99	6.2500	FNMA 6.25 (CALLABLE)	07/12/02	25,000,000.00	24,985,971.72	0.00	24,765,625.00	473,090.28
00040513	07/13/99	6.0000	FNMA 6.00 (CALLABLE)	07/17/01	50,000,000.00	49,973,469.39	0.00	49,750,000.00	900,000.00
00040630	07/21/99	6.0000	FNMA 6.00 (CALLABLE)	07/24/01	11,455,000.00	11,453,461.32	0.00	11,401,310.42	190,916.67
00040653	07/22/99	5.3000	FNMA 5.30 (CALLABLE)	04/24/01	12,750,000.00	12,657,234.81	167,060.42	12,598,593.75	13,139.58
00040605	07/26/99	5.5000	FNMA MTN 5.50	07/26/00	25,000,000.00	24,987,734.97	0.00	24,937,500.00	362,847.22
00040787	08/11/99	5.8200	FNMA 5.82	07/19/01	50,000,000.00	49,608,307.91	177,833.33	49,718,750.00	824,500.00
00040822	08/13/99	5.1800	FNMA 5.18 (CALLABLE)	11/17/00	10,000,000.00	9,918,060.17	123,744.44	9,912,500.00	235,977.78
00040952	08/31/99	6.0700	FNMA MTN 6.07	08/27/01	50,000,000.00	49,949,233.15	50,583.33	49,906,250.00	556,416.67
00040936	09/07/99	5.6600	FNMA 5.66	09/07/00	25,000,000.00	24,961,337.43	0.00	24,945,325.00	212,250.00
					1119,435,000.00	1118,282,413.68	3,005,592.94	1111,237,901.79	14,683,530.16
	HLPC - FHLMC PARTICIPATION CERTIFICATES								
00005058	01/09/79	9.2500	FHLMC 9.250 16061	12/01/08	1,973,851.81	1,973,476.93	334,840.09	2,087,348.29	15,215.11
					1,973,851.81	1,973,476.93	334,840.09	2,087,348.29	15,215.11
	MMF - MONEY MARKET FUND								
00041471	10/29/99	0.0000	GOLDMAN SACHS MMF	11/12/99	2,478,414.00	2,478,414.00	0.00	2,478,414.00	0.00
					2,478,414.00	2,478,414.00	0.00	2,478,414.00	0.00
	NCD1 - NEGOTIABLE CDS 1 YEAR OR LESS								
00040685	07/27/99	5.5700	MORGAN GTY TRUST CO	01/24/00	25,000,000.00	25,000,000.00	0.00	25,007,008.50	375,201.39
00041224	10/04/99	5.1900	BANKERS TRUST COMPAN	02/22/00	15,000,000.00	14,954,763.94	484,400.00	14,944,421.18	544,950.00
					40,000,000.00	39,954,763.94	484,400.00	39,951,429.68	920,151.39

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00038926	01/12/99	5.3750	USTN 5.375	06/30/00	50,000,000.00	50,180,227.80	89,088.40	49,984,400.00	905,570.65
00039297	02/26/99	5.3750	USTN 5.375	06/30/00	50,000,000.00	50,087,779.02	423,169.89	49,984,400.00	905,570.65
00039324	03/01/99	5.3750	USTN 5.375	06/30/00	50,000,000.00	50,088,319.75	445,441.99	49,984,400.00	905,570.65
00040012	05/10/99	4.6250	USTN 4.625	11/30/00	50,000,000.00	49,750,959.43	1,022,836.54	49,468,750.00	973,019.13
					200,000,000.00	200,107,286.00	1,980,536.82	199,421,950.00	3,689,731.08
			PN - PROMISSORY NOTE						
00024486	11/21/94	5.3830	PASADENA GLEN CSD. P	09/01/09	24,100.00	24,100.00	0.00	24,100.00	216.81
					24,100.00	24,100.00	0.00	24,100.00	216.81
			SLFQ - SLMA FLOATING RATE QUARTERLY						
00038766	12/30/98	5.8450	SLMA FRN	02/04/00	50,000,000.00	50,000,000.00	0.00	49,984,400.00	685,068.47
00040681	08/03/99	5.7860	SLMA FRN (QUARTERLY)	08/03/00	50,000,000.00	49,981,147.54	0.00	49,906,250.00	686,406.84
					100,000,000.00	99,981,147.54	0.00	99,890,650.00	1,371,475.31
			SLFS - SLMA FLOATING RATE ANNUALLY						
00040840	08/19/99	5.7750	SLMA FRMTN ANNUALLY	02/17/00	25,000,000.00	25,000,000.00	0.00	24,976,575.00	281,708.24
00040973	09/01/99	5.5750	SLMA FRN ANNUALLY	01/20/00	25,000,000.00	24,969,537.50	171,777.32	24,984,375.00	395,664.31
					50,000,000.00	49,969,537.50	171,777.32	49,960,950.00	677,372.55
			SLMA - SLMA						
00037918	09/16/98	5.5000	SLMA 5.50 (CALLABLE)	09/15/00	49,500,000.00	49,500,000.00	0.00	49,314,375.00	347,875.00
00038253	10/27/98	4.7400	SLMA 4.74 (CALLABLE)	10/27/00	15,525,000.00	15,513,020.42	0.00	15,335,796.82	8,176.50
00038295	10/29/98	5.8900	SLMA MTN 5.89	11/17/99	50,000,000.00	50,028,250.00	1,325,250.00	50,015,650.00	1,341,611.11
00038502	12/02/98	5.0000	SLMA 5.0 (CALLABLE)	06/02/00	48,900,000.00	48,894,032.50	0.00	48,686,062.50	1,011,958.33
00038503	12/02/98	5.0000	SLMA 5.0 (CALLABLE)	06/02/00	21,640,000.00	21,637,359.17	0.00	21,545,325.00	447,827.78
00038615	12/07/98	5.5700	SLMA 5.57	03/17/00	14,750,000.00	14,789,461.00	182,572.22	14,745,398.00	100,414.72

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON-TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038678	12/16/98	5.0950	SLMA 5.095 (CALLABLE	12/15/00	50,000,000.00	49,995,612.16	0.00	49,484,400.00	962,388.89
00038685	12/16/98	5.0000	SLMA 5.00 (CALLABLE)	12/15/00	50,000,000.00	49,991,224.32	0.00	49,437,500.00	944,444.44
00038723	12/17/98	4.7500	SLMA 4.75	12/11/00	21,475,000.00	21,452,391.12	17,001.04	21,179,718.75	396,690.97
00038765	12/23/98	4.7500	SLMA 4.75	12/11/00	49,500,000.00	49,364,995.12	78,375.00	48,819,375.00	914,375.00
00038873	01/07/99	4.8000	SLMA 4.80	12/18/00	25,000,000.00	24,938,427.57	63,333.33	24,656,250.00	443,333.33
00038850	01/14/99	5.0000	SLMA 5.00 (CALLABLE)	07/14/00	11,695,000.00	11,693,084.33	0.00	11,629,215.63	173,800.69
00038852	01/14/99	5.0000	SLMA 5.00 (CALLABLE)	07/14/00	32,025,000.00	32,013,759.05	0.00	31,844,859.38	475,927.08
00038892	01/19/99	5.0000	SLMA 5.0 (CALLABLE)	07/19/00	32,935,000.00	32,920,267.31	0.00	32,739,464.90	466,579.17
00038945	01/19/99	5.1250	SLMA 5.125 (CALLABLE	07/19/00	29,610,000.00	29,601,169.78	0.00	29,461,950.00	429,961.87
00038946	01/19/99	5.1250	SLMA 5.125 (CALLABLE	07/19/00	25,000,000.00	24,992,544.56	0.00	24,875,000.00	363,020.83
00038967	01/26/99	5.2400	SLMA 5.24 (CALLABLE)	01/26/01	24,700,000.00	24,704,772.74	0.00	24,453,000.00	341,546.11
00039074	01/29/99	5.0000	SLMA 5.0 (CALLABLE)	07/19/00	28,300,000.00	28,297,850.82	39,305.56	28,131,982.90	400,916.67
00039131	02/08/99	4.9300	SLMA 4.93	02/08/00	50,000,000.00	50,000,000.00	0.00	49,921,900.00	568,319.44
00039162	02/10/99	4.9000	SLMA MTN 4.90	02/10/00	25,000,000.00	24,993,333.24	0.00	24,953,125.00	275,625.00
00039163	02/10/99	4.9000	SLMA MTN 4.90	02/10/00	33,315,000.00	33,306,115.87	0.00	33,252,534.38	367,297.88
00039348	03/02/99	5.5700	SLMA 5.57	03/17/00	50,000,000.00	50,062,512.99	1,276,458.33	49,984,400.00	340,388.89
00039351	03/08/99	5.4000	SLMA 5.40 (CALLABLE)	09/08/00	25,000,000.00	24,995,568.18	0.00	24,890,625.00	198,750.00
00039352	03/08/99	5.4000	SLMA 5.40 (CALLABLE)	09/08/00	25,000,000.00	24,995,568.18	0.00	24,890,625.00	198,750.00
00039274	03/10/99	5.0500	SLMA 5.05	03/10/00	50,000,000.00	49,991,439.89	0.00	49,906,250.00	357,708.33
00039286	03/10/99	5.0500	SLMA 5.05	03/10/00	45,000,000.00	44,990,729.51	0.00	44,915,625.00	321,937.50
00039469	03/18/99	5.0000	SLMA 5.0 (CALLABLE)	08/11/00	17,710,000.00	17,688,511.06	91,009.72	17,593,786.98	196,777.78
00039639	04/05/99	5.1550	SLMA 5.155 (CALLABLE	10/05/00	19,460,000.00	19,452,309.58	0.00	19,314,050.00	72,450.66
00039933	05/07/99	5.2000	SLMA 5.20	05/07/01	50,000,000.00	49,964,444.60	0.00	49,328,150.00	1,256,666.67
00039935	05/07/99	5.2000	SLMA 5.20	05/07/01	20,000,000.00	19,985,777.84	0.00	19,731,260.00	502,666.67
00040000	05/07/99	5.1960	SLMA 5.196	03/02/01	10,000,000.00	9,978,762.41	93,816.67	9,884,380.00	85,156.67
00040113	06/30/99	5.2500	SLMA MTN 5.25	06/30/00	50,000,000.00	49,974,543.72	0.00	49,780,000.00	882,291.67
00040114	06/30/99	5.2500	SLMA MTN 5.25	06/30/00	50,000,000.00	49,974,543.72	0.00	49,780,000.00	882,291.67
00040185	06/30/99	5.2500	SLMA 5.25	06/30/00	25,000,000.00	24,969,829.36	0.00	24,890,000.00	441,145.83
00040693	08/16/99	5.8500	SLMA 5.85 (CALLABLE)	02/16/01	25,000,000.00	25,000,000.00	0.00	24,890,625.00	304,687.50
00040829	08/16/99	5.8500	SLMA 5.85 (CALLABLE)	02/16/01	14,825,000.00	14,773,205.16	0.00	14,760,140.63	180,679.69
00040741	08/24/99	6.3000	SLMA MTN 6.30 (CALLA	08/24/01	10,000,000.00	10,000,000.00	0.00	9,987,500.00	117,250.00
00040791	09/03/99	6.5000	SLMA 6.50 (CALLABLE)	09/05/01	25,000,000.00	25,000,000.00	0.00	25,023,450.00	261,805.56
					1200,865,000.00	1200,425,417.28	3,167,121.87	1194,033,750.87	17,383,495.90
	TVDN - TENNESSE VALLEY DEBENTURE NOTE								
00038142	10/19/98	5.0000	TVA 5.00 (CALLABLE)	01/19/01	50,000,000.00	49,991,551.49	0.00	50,718,750.00	83,333.33

SEC ID.	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038186	10/19/98	5.0000	TVA 5.0 (CALLABLE)	01/19/01	50,000,000.00	49,991,551.49	0.00	50,718,750.00	83,333.33
00039073	01/29/99	5.0000	TVA 5.0 (CALLABLE)	01/19/01	45,000,000.00	44,930,565.19	625,000.00	45,646,875.00	75,000.00
00039111	02/03/99	6.0000	TVA 6.0	11/01/00	25,000,000.00	25,235,860.28	383,333.33	24,656,250.00	750,000.00
00040649	07/22/99	5.0000	TVA 5.00 (CALLABLE)	01/19/01	13,865,000.00	13,767,657.31	179,089.58	14,064,309.38	23,108.33
					183,865,000.00	183,917,185.76	1,187,422.91	185,804,934.38	1,014,774.99
	YANK - YANKEE CDS								
00039690	04/08/99	5.0900	RABOBANK NY CD	04/10/00	50,000,000.00	49,991,501.23	0.00	49,726,463.64	1,463,375.00
00039708	04/08/99	5.2850	UBS AG STAMFORD CD	03/01/00	50,000,000.00	50,021,907.13	278,930.56	49,818,143.76	1,798,368.06
00039915	04/28/99	5.1200	RABOBANK NY CD	04/28/00	50,000,000.00	49,989,370.66	0.00	49,723,103.99	1,329,777.78
00039999	05/07/99	5.2000	UBS AG STAMFORD CD	05/08/00	25,000,000.00	24,993,770.89	0.00	24,865,018.05	642,777.78
00039998	05/10/99	5.2000	RABOBANK NY CD	05/10/00	25,000,000.00	24,994,962.79	0.00	24,863,983.30	631,944.44
00040184	06/04/99	5.1900	TORONTO DOMINION BK	12/06/99	50,000,000.00	50,000,710.28	0.00	49,985,311.27	1,081,250.00
00040440	07/02/99	5.7450	ABN AMRO BK NY CD	07/03/00	50,000,000.00	49,987,146.90	0.00	49,844,927.87	973,458.33
00040534	07/08/99	5.5000	NATWEST BK PLC NY CD	01/10/00	50,000,000.00	49,998,104.19	45,833.33	50,002,998.52	931,944.44
00040541	07/08/99	5.5300	BK OF NOVA SCOTIA PO	01/10/00	25,000,000.00	25,000,708.96	0.00	25,003,177.98	445,472.22
00040603	07/15/99	5.5100	BK OF NOVA SCOTIA NY	01/18/00	25,000,000.00	25,000,526.62	0.00	25,002,778.01	417,076.39
00040665	07/26/99	5.5200	BK OF NOVA SCOTIA PO	01/26/00	25,000,000.00	25,000,580.86	0.00	25,004,182.75	375,666.67
00040686	07/27/99	5.5500	BAYER HYPO-UND VEREI	01/24/00	25,000,000.00	24,998,053.70	19,270.83	24,949,899.50	393,125.00
00040730	08/03/99	5.6600	BK OF NOVA SCOTIA PO	02/03/00	25,000,000.00	25,000,634.45	0.00	24,961,945.97	353,750.00
00040788	08/11/99	5.8200	BK OF NOVA SCOTIA PO	02/11/00	25,000,000.00	25,000,000.00	0.00	24,970,431.87	331,416.67
00040789	08/12/99	5.8200	BK OF NOVA SCOTIA PO	02/14/00	50,000,000.00	50,001,415.83	0.00	49,939,316.02	654,750.00
00040838	08/17/99	5.8300	BK OF MONTREAL CHICA	02/17/00	25,000,000.00	25,000,728.34	0.00	24,969,918.55	307,694.44
00040898	08/25/99	5.8300	BK OF NOVA SCOTIA PO	01/25/00	25,000,000.00	25,000,576.03	0.00	25,023,688.56	275,305.56
00040919	08/27/99	5.4000	DRESDNER BK AG NY CD	11/29/99	50,000,000.00	50,000,383.49	0.00	49,999,103.37	495,000.00
00040972	09/01/99	5.8500	COMMERZBANK NY CD	03/01/00	50,000,000.00	50,003,264.88	0.00	49,938,577.62	495,625.00
00041225	10/04/99	5.2850	UBS AG BK STANFORD C	03/01/00	5,000,000.00	4,985,646.69	159,284.03	4,981,814.38	179,836.81
00041234	10/05/99	5.9300	UBS AG BK STANFORD C	10/02/00	50,000,000.00	49,923,496.63	32,944.44	49,848,231.50	255,319.44
00041276	10/08/99	6.0500	BAYER HYPO-UND VEREI	01/10/00	25,000,000.00	25,000,478.56	0.00	25,000,000.00	100,833.33
00041296	10/13/99	6.0600	BAYER HYPO UND VEREI	01/13/00	25,000,000.00	25,000,499.22	0.00	25,034,244.18	79,958.33
00041319	10/14/99	6.0500	DEUTSCHE BK AG NY CD	01/11/00	25,000,000.00	25,000,000.00	0.00	25,032,879.78	75,625.00
00041370	10/21/99	6.1400	CIBC NY CD	01/21/00	25,000,000.00	25,000,553.82	0.00	25,042,802.14	46,902.78
00041398	10/25/99	6.0800	BAYER HYPO-UND VEREI	01/25/00	25,000,000.00	25,000,581.26	0.00	25,041,544.84	29,555.56
00041408	10/26/99	6.0800	BAYER HYPO-UND VEREI	01/26/00	25,000,000.00	25,000,588.10	0.00	25,042,075.82	25,333.33
00041422	10/27/99	6.0900	DRESDNER BK AG NY CD	01/27/00	50,000,000.00	50,001,189.85	0.00	49,991,069.46	42,291.67
00041440	10/28/99	6.1400	BK OF MONTREAL CHICA	01/10/00	25,000,000.00	25,000,960.14	0.00	25,037,433.35	17,055.56

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON-TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00041450	10/28/99	6.0300	DRESDNER BK AG NY CD	03/28/00	25,000,000.00	25,001,002.30	0.00	24,986,570.71	16,750.00
					1005,000,000.00	1004,899,343.80	536,263.19	1003,631,636.76	14,267,239.59
			FUND TOTAL		8955,605,026.93	8950,400,933.16	18,887,214.14	8917,211,743.36	107447,419.00
			HISTORICAL COST			8950,279,380.37			

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON TRANSIT
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	TAP	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			BA - BANKERS ACCEPTANCE						
00041297	10/13/99	0.0000	DEUTSCHE BK AG NY BA	04/05/00	16,609,588.99	16,187,096.41	0.00	16,182,215.04	0.00
					16,609,588.99	16,187,096.41	0.00	16,182,215.04	0.00
			BANS - LACCAL BANS						
00038238	10/20/98	5.5000	LACCAL BANS	06/30/04	5,000,000.00	5,000,000.00	0.00	5,000,000.00	104,843.06
00039119	02/03/99	5.5000	LACCAL BANS	06/30/05	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00039684	04/06/99	5.5000	LACCAL BANS	06/30/05	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00040167	06/02/99	5.5000	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00040379	06/24/99	5.5000	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	91,666.67
00041298	10/12/99	5.6250	LACCAL BANS	06/30/06	5,000,000.00	5,000,000.00	0.00	5,000,000.00	14,843.75
					30,000,000.00	30,000,000.00	0.00	30,000,000.00	486,353.49
			BNOT - BANK NOTE						
00039488	03/22/99	5.0000	NATIONSBANK NA BANK	01/05/00	40,000,000.00	39,989,330.10	422,222.22	39,940,240.00	1,666,666.67
00040090	05/21/99	5.0500	NATIONS BANK BANK NO	11/22/99	25,000,000.00	25,000,142.15	0.00	24,994,675.00	575,138.89
00040071	05/26/99	5.1400	WAHOVIA BK BANK NOTE	02/14/00	50,000,000.00	50,000,684.86	49,972.22	49,886,200.00	1,185,055.56
00040627	07/20/99	5.5200	FNB CHICAGO BANK NOT	01/24/00	25,000,000.00	25,000,567.02	0.00	24,999,175.00	398,666.67
00040856	08/18/99	5.8200	BK OF AMERICA NY BAN	02/22/00	25,000,000.00	25,000,000.00	0.00	24,987,050.00	303,125.00
00040860	08/19/99	5.8200	FNB CHICAGO BANK NOT	02/22/00	25,000,000.00	25,000,000.00	0.00	25,015,000.00	299,083.33
00040896	08/25/99	5.8200	FNB CHICAGO BANK NOT	02/23/00	25,000,000.00	25,000,000.00	0.00	25,015,375.00	274,833.33
00040948	08/30/99	5.8200	BK OF AMERICA BANK N	03/06/00	50,000,000.00	50,000,000.00	0.00	49,964,350.00	509,250.00
00041223	10/04/99	5.0400	PNC BANK NA BANK NOT	02/16/00	10,000,000.00	9,967,345.19	322,000.00	9,964,400.00	361,200.00
00041299	10/13/99	6.0000	BK OF AMERICA BANK N	03/13/00	25,000,000.00	25,000,000.00	0.00	24,998,475.00	79,166.67
00041421	10/27/99	6.0900	BANK OF AMERICA BANK	01/25/00	35,000,000.00	35,000,000.00	0.00	35,023,205.00	29,604.17
					315,000,000.00	334,958,069.32	794,194.44	334,788,145.00	5,681,790.29
			CNFL - CORPORATE NOTES FLOATING RATE						
00039008	01/22/99	5.3900	GECC FRN	08/24/00	20,000,000.00	19,989,881.52	169,133.33	19,970,280.00	206,616.67
00040025	05/17/99	5.3625	NATIONSBANK NA FRN	05/03/01	50,000,000.00	50,000,000.00	97,513.89	49,896,850.00	670,312.50

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00040557	07/13/99	5.5025	MERRILL LYNCH & CO M	08/29/00	5,000,000.00	4,998,976.27	32,279.86	4,988,470.00	47,382.64
00040706	08/03/99	6.2063	FNB CHICAGO FRN	04/12/01	12,000,000.00	11,997,129.32	39,160.00	11,994,000.00	41,375.00
00040953	09/02/99	5.5225	WACHOVIA BK FR BANK	09/14/00	25,000,000.00	24,995,709.52	285,277.78	24,955,300.00	184,083.33
					112,000,000.00	111,981,696.63	623,364.86	111,804,900.00	1,149,770.14
	CNFM - FLOATING RATE CORPORATE NOTE								
00039524	03/24/99	5.5663	MERRILL LYNCH & CO M	09/25/00	20,000,000.00	19,996,600.13	250,277.78	19,949,100.00	108,232.64
					20,000,000.00	19,996,600.13	250,277.78	19,949,100.00	108,232.64
	CNFX - CORPORATE NOTES FIXED RATE								
00039724	04/12/99	6.8800	DU PONT(EI) DE NEMOU	11/15/99	6,000,000.00	6,004,160.13	184,613.33	6,003,552.00	206,400.00
00039745	04/14/99	4.9980	DUPONT(EI) DE NEMOUR	04/14/00	50,000,000.00	49,986,475.41	0.00	49,779,400.00	1,367,508.33
00039781	04/16/99	5.6000	GE CAPITAL CORP MTN	01/14/00	14,000,000.00	14,014,837.95	67,511.11	14,002,786.00	100,177.78
00039796	04/19/99	5.0800	US CENTRAL CR UNION	04/19/00	50,000,000.00	50,000,000.00	0.00	49,440,783.50	84,666.67
00040897	08/25/99	5.8500	GMAC MTN	02/01/00	5,000,000.00	4,998,102.50	117,000.00	5,003,245.00	24,375.00
00040969	09/03/99	6.5000	SSB HLDGS INC NOTE	03/01/00	6,080,000.00	6,091,811.75	2,195.56	6,089,557.76	65,866.67
00040970	09/03/99	7.9800	SSB HLDGS INC NOTE	03/01/00	6,375,000.00	6,417,854.17	2,826.25	6,412,963.13	84,787.50
00041247	10/06/99	8.9000	SSB HLDGS INC NOTE	02/15/00	5,000,000.00	5,038,416.97	25,958.33	5,042,785.00	56,861.11
00041407	10/27/99	5.8750	MS-DW-D MTN	04/24/00	5,700,000.00	5,693,128.33	2,790.62	5,698,193.10	6,511.46
					148,155,000.00	148,244,787.21	402,895.20	147,473,265.49	1,997,154.52
	COP1 - CERTIFICATE OF PARTICIPATION								
00018535	06/02/93	6.4000	LACCAL MARINA DEL RE	08/01/07	26,679,185.91	26,679,185.91	0.00	26,679,185.91	426,866.97
00034257	08/08/97	6.4000	LACCAL MARINA DEL RE	08/01/07	8,901.22	8,901.22	0.00	8,901.22	142.42
00034258	08/08/97	6.4000	LACCAL MARINA DEL RE	08/01/07	95,304.74	95,304.74	0.00	95,304.74	1,524.88
00040731	08/02/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,022.92	1,022.92	0.00	1,022.92	16.18
00040736	08/03/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,083.81	1,083.81	0.00	1,083.81	16.96
00040747	08/05/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,832.06	1,832.06	0.00	1,832.06	28.01
00040759	08/06/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,247.33	2,247.33	0.00	2,247.33	33.96
00040762	08/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	142.15	142.15	0.00	142.15	2.07
00040785	08/10/99	6.4000	LACCAL MARINA DEL RE	08/01/07	916.28	916.28	0.00	916.28	13.19
00040798	08/11/99	6.4000	LACCAL MARINA DEL RE	08/01/07	219.13	219.13	0.00	219.13	3.12

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: UTPD - PSI NON-TRANSIT
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	LAP	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00040809	08/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	973.35	973.35	0.00	973.35	13.67
00040855	08/18/99	6.4000	LACCAL MARINA DEL RE	08/01/07	938.83	938.83	0.00	938.83	12.18
00040870	08/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	14.56	14.56	0.00	14.56	0.18
00040879	08/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,798.44	1,798.44	0.00	1,798.44	21.74
00040890	08/24/99	6.4000	LACCAL MARINA DEL RE	08/01/07	12,322.18	12,322.18	0.00	12,322.18	146.77
00040901	08/25/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,280.91	2,280.91	0.00	2,280.91	26.76
00040920	08/27/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,982.69	1,982.69	0.00	1,982.69	22.56
00040954	08/30/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,536.63	1,536.63	0.00	1,536.63	16.66
00040964	08/31/99	6.4000	LACCAL MARINA DEL RE	08/01/07	4,125.36	4,125.36	0.00	4,125.36	44.00
00040984	09/01/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,221.50	1,221.50	0.00	1,221.50	13.03
00040988	09/02/99	6.4000	LACCAL MARINA DEL RE	08/01/07	902.26	902.26	0.00	902.26	9.46
00041020	09/07/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,768.68	1,768.68	0.00	1,768.68	16.98
00041036	09/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	56.10	56.10	0.00	56.10	0.52
00041057	09/09/99	6.4000	LACCAL MARINA DEL RE	08/01/07	831.00	831.00	0.00	831.00	7.68
00041095	09/10/99	6.4000	LACCAL MARINA DEL RE	08/01/07	32,284.64	32,284.64	0.00	32,284.64	292.71
00041103	09/13/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,965.33	3,965.33	0.00	3,965.33	33.84
00041114	09/14/99	6.4000	LACCAL MARINA DEL RE	08/01/07	652.49	652.49	0.00	652.49	5.45
00041115	09/15/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,070.28	3,070.28	0.00	3,070.28	25.11
00041104	09/17/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,661.65	1,661.65	0.00	1,661.65	13.00
00041116	09/20/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,394.92	2,394.92	0.00	2,394.92	17.46
00041121	09/21/99	6.4000	LACCAL MARINA DEL RE	08/01/07	512.15	512.15	0.00	512.15	3.64
00041128	09/22/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,649.44	1,649.44	0.00	1,649.44	11.44
00041136	09/23/99	6.4000	LACCAL MARINA DEL RE	08/01/07	968.41	968.41	0.00	968.41	6.54
00041142	09/24/99	6.4000	LACCAL MARINA DEL RE	08/01/07	30,399.38	30,399.38	0.00	30,399.38	199.96
00041145	09/27/99	6.4000	LACCAL MARINA DEL RE	08/01/07	76,292.88	76,292.88	0.00	76,292.88	461.15
00041155	09/28/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,710.21	1,710.21	0.00	1,710.21	10.03
00041176	09/29/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,927.61	2,927.61	0.00	2,927.61	16.65
00041202	10/01/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,688.67	2,688.67	0.00	2,688.67	14.34
00041222	10/04/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,638.46	2,638.46	0.00	2,638.46	12.66
00041248	10/05/99	6.4000	LACCAL MARINA DEL RE	08/01/07	650.51	650.51	0.00	650.51	3.01
00041265	10/07/99	6.4000	LACCAL MARINA DEL RE	08/01/07	718.91	718.91	0.00	718.91	3.07
00041290	10/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	3,968.03	3,968.03	0.00	3,968.03	13.40
00041308	10/12/99	6.4000	LACCAL MARINA DEL RE	08/01/07	4,774.46	4,774.46	0.00	4,774.46	16.13
00041309	10/13/99	6.4000	LACCAL MARINA DEL RE	08/01/07	30,425.87	30,425.87	0.00	30,425.87	97.36
00041326	10/14/99	6.4000	LACCAL MARINA DEL RE	08/01/07	260.64	260.64	0.00	260.64	0.79
00041330	10/15/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,280.20	1,280.20	0.00	1,280.20	3.64
00041344	10/18/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,546.94	1,546.94	0.00	1,546.94	3.58
00041356	10/19/99	6.4000	LACCAL MARINA DEL RE	08/01/07	597.50	597.50	0.00	597.50	1.27

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00041369	10/20/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,477.11	1,477.11	0.00	1,477.11	2.89
00041415	10/26/99	6.4000	LACCAL MARINA DEL RE	08/01/07	11,433.34	11,433.34	0.00	11,433.34	10.16
00041451	10/28/99	6.4000	LACCAL MARINA DEL RE	08/01/07	2,814.33	2,814.33	0.00	2,814.33	1.50
00041466	10/29/99	6.4000	LACCAL MARINA DEL RE	08/01/07	1,699.73	1,699.73	0.00	1,699.73	0.60
					27,047,072.13	27,047,072.13	0.00	27,047,072.13	430,281.33
	CPD - COMMERCIAL PAPER - DISCOUNT								
00041400	10/25/99	0.0000	SSB HLDGS INC CP	11/02/99	25,000,000.00	24,996,333.33	0.00	24,992,638.89	0.00
00041413	10/26/99	0.0000	CAFCO CP	11/03/99	25,000,000.00	24,992,708.33	0.00	24,988,958.33	0.00
00041414	10/26/99	0.0000	SSB HLDGS INC CP	11/02/99	25,000,000.00	24,996,354.17	0.00	24,992,638.89	0.00
00041417	10/26/99	0.0000	METLIFE FUNDING INC	11/12/99	25,063,000.00	25,022,641.61	0.00	25,018,722.03	0.00
00041428	10/27/99	0.0000	MERRILL LYNCH & CO C	11/04/99	50,000,000.00	49,978,083.34	0.00	49,970,555.56	0.00
00041431	10/27/99	0.0000	SSB HLDGS INC CP	11/10/99	32,000,000.00	31,957,840.00	0.00	31,952,888.89	0.00
00041432	10/27/99	0.0000	CAFCO CP	11/04/99	25,000,000.00	24,989,020.83	0.00	24,985,277.78	0.00
00041434	10/27/99	0.0000	METLIFE FUNDING INC	01/28/00	25,000,000.00	24,633,944.44	0.00	24,630,402.78	0.00
00041452	10/28/99	0.0000	MERRILL LYNCH & CO C	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
00041453	10/28/99	0.0000	CAFCO CP	11/02/99	40,000,000.00	39,994,088.89	0.00	39,988,222.22	0.00
00041457	10/28/99	0.0000	MERRILL LYNCH & CO C	11/02/99	7,250,000.00	7,248,926.60	0.00	7,247,865.28	0.00
00041458	10/28/99	0.0000	MERRILL LYNCH & CO C	11/02/99	4,827,000.00	4,826,285.34	0.00	4,825,578.72	0.00
00041449	10/29/99	0.0000	UBS FINANCE(DELAWARE	11/18/99	15,000,000.00	14,962,387.50	0.00	14,960,250.00	0.00
00041469	10/29/99	0.0000	MERRILL LYNCH & CO C	11/04/99	50,000,000.00	49,977,875.00	0.00	49,970,555.56	0.00
00041470	10/29/99	0.0000	MERRILL LYNCH & CO C	11/05/99	20,349,000.00	20,337,016.70	0.00	20,349,000.00	0.00
					419,489,000.00	418,913,506.08	0.00	418,873,554.93	0.00
	CPFR - COMMERCIAL PAPER FLOATING RATE								
00040913	08/27/99	5.6100	MS-DW-D FLOATING RAT	02/08/00	50,000,000.00	50,000,000.00	0.00	49,975,000.00	508,819.45
					50,000,000.00	50,000,000.00	0.00	49,975,000.00	508,819.45
	CPI - COMMERCIAL PAPER - INT. BEAR.								
00041368	10/20/99	5.2400	FORD MOTOR CREDIT CO	11/04/99	30,174,000.00	30,174,000.00	0.00	30,174,000.00	52,819.24
00041411	10/26/99	5.2600	FORD MOTOR CREDIT CO	11/12/99	30,000,000.00	30,000,000.00	0.00	30,000,000.00	26,365.49
00041412	10/26/99	5.2500	CHEVRON USA INC CP	11/05/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	43,813.90

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	CAP	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00041419	10/26/99	5.2600	FORD MOTOR CREDIT CO	11/1/99	6,050,000.00	6,050,000.00	0.00	6,050,000.00	5,317.04
00041460	10/29/99	5.3200	ASSOCIATES CORP OF N	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041461	10/29/99	5.3200	ASSOCIATES CORP OF N	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041462	10/29/99	5.3200	ASSOCIATES FIRST CAP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041463	10/29/99	5.3200	ASSOCIATES FIRST CAP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,176.50
00041464	10/29/99	5.3000	GE CAPITAL CORP CP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,093.09
00041465	10/29/99	5.3000	GE CAPITAL CORP CP	11/01/99	50,000,000.00	50,000,000.00	0.00	50,000,000.00	22,093.09
00041467	10/29/99	5.3200	PRUDENTIAL FUNDING C	11/01/99	16,900,000.00	16,900,000.00	0.00	16,900,000.00	7,495.66
00041468	10/29/99	5.3200	AMERICAN GEN FINANCE	11/01/99	481,124,000.00	483,124,000.00	0.00	483,124,000.00	290,880.01
			DEPN - DEPOSIT NOTE						
00040612	07/20/99	6.0000	WACHOVIA BANK DEPOSI	07/20/01	48,000,000.00	47,961,710.97	0.00	47,624,592.00	808,000.00
					48,000,000.00	47,961,710.97	0.00	47,624,592.00	808,000.00
			FCNT - FFCB MTN FRN MONTHLY						
00039353	03/10/99	5.2263	FFCB FRN	03/10/00	50,000,000.00	49,990,409.84	0.00	49,984,400.00	159,690.97
					50,000,000.00	49,990,409.84	0.00	49,984,400.00	159,690.97
			FFCB - FED FARM CREDIT BANK						
00036719	05/19/98	5.8400	FFCB 5.84 (CALLABLE)	05/19/00	17,200,000.00	17,197,647.06	0.00	17,205,383.60	452,016.00
00037963	09/24/98	5.3750	FFCB 5.375 (CALLABLE	03/24/00	25,000,000.00	24,997,943.33	0.00	24,968,750.00	138,107.64
00038252	10/27/98	5.0000	FFCB 5.00 (CALLABLE)	04/27/00	50,000,000.00	50,000,000.00	0.00	49,828,150.00	27,777.78
00038241	11/02/98	4.7000	FFCB 4.70 (CALLABLE)	11/02/00	50,000,000.00	50,000,000.00	0.00	49,359,400.00	1,168,472.22
00038501	12/01/98	4.7500	FFCB 4.75	12/01/99	50,000,000.00	49,996,424.66	0.00	49,984,400.00	989,583.33
00038521	12/01/98	4.7500	FFCB 4.75	12/01/99	50,000,000.00	49,994,041.10	0.00	49,984,400.00	989,583.33
00038598	12/04/98	4.7500	FFCB 4.75	12/01/99	20,000,000.00	20,000,232.04	7,916.67	19,993,760.00	395,833.33
00038601	12/11/98	5.0400	FFCB 5.04 (CALLABLE)	12/11/00	26,000,000.00	26,000,000.00	0.00	25,715,638.00	509,600.00
00038735	01/04/99	4.7600	FFCB 4.76	01/18/00	50,000,000.00	49,995,678.10	0.00	49,921,900.00	680,944.44
00038849	01/14/99	4.7600	FFCB 4.76	01/18/00	14,000,000.00	13,996,715.12	18,511.11	13,978,132.00	190,664.44
00038854	01/14/99	5.4000	FFCB 5.40 (CALLABLE)	01/14/02	50,000,000.00	49,988,523.61	0.00	49,078,150.00	802,500.00
00039018	01/27/99	5.2200	FFCB MTN 5.22 (CALLA	01/22/01	32,200,000.00	32,200,000.00	23,345.00	31,867,953.60	462,231.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	CAP	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00039029	02/04/99	5.3800	FFCB 5.38 (CALLABLE)	02/04/02	25,000,000.00	24,988,224.22	0.00	24,523,450.00	325,041.67
00039264	03/01/99	5.0200	FFCB 5.02	03/01/00	50,000,000.00	49,995,206.28	0.00	49,890,650.00	418,333.33
00039284	03/01/99	5.0200	FFCB 5.02	03/01/00	33,995,000.00	33,986,346.14	0.00	33,920,652.93	284,424.83
00039287	03/16/99	5.4800	FFCB 5.48 (CALLABLE)	03/16/01	48,000,000.00	47,979,439.12	0.00	47,580,000.00	328,800.00
00039298	03/16/99	5.5200	FFCB 5.52 (CALLABLE)	03/16/01	33,000,000.00	32,985,864.40	0.00	32,721,579.00	227,700.00
00039300	03/16/99	5.5200	FFCB 5.52	03/16/01	20,000,000.00	19,987,149.45	0.00	19,831,260.00	138,000.00
00039449	03/22/99	5.7700	FFCB 5.77 (CALLABLE)	03/22/02	33,815,000.00	33,806,592.53	0.00	33,360,627.85	211,371.93
00039836	04/20/99	5.5000	FFCB 5.50 (CALLABLE)	10/15/01	26,980,000.00	26,953,509.74	20,609.72	26,600,607.24	65,951.11
00039901	05/03/99	5.0000	FFCB 5.0	05/03/00	50,000,000.00	49,973,355.19	0.00	49,812,500.00	1,236,111.11
00039934	05/03/99	5.1250	FFCB 5.125	04/02/01	50,000,000.00	49,921,560.00	227,777.78	49,343,750.00	213,541.67
00039950	05/03/99	5.1250	FFCB 5.125	04/02/01	50,000,000.00	49,965,590.00	227,777.78	49,343,750.00	213,541.67
00040013	05/10/99	5.1250	FFCB 5.125	04/02/01	18,925,000.00	18,867,539.96	105,073.18	18,676,609.38	80,825.52
00040250	06/21/99	6.0000	FFCB 6.00 (CALLABLE)	06/21/01	26,000,000.00	25,986,706.57	0.00	25,870,000.00	563,333.33
00040251	06/21/99	6.0000	FFCB 6.00 (CALLABLE)	06/21/01	27,750,000.00	27,735,811.82	0.00	27,611,250.00	601,250.00
00040342	07/01/99	5.4000	FFCB 5.40	07/03/00	50,000,000.00	49,949,402.17	0.00	49,843,750.00	900,000.00
00040389	07/01/99	5.8750	FFCB 5.875	07/02/01	25,000,000.00	24,971,297.13	0.00	24,898,450.00	489,583.33
00040390	07/01/99	5.8750	FFCB 5.875	07/02/01	25,000,000.00	24,971,297.13	0.00	24,898,450.00	489,583.33
00040392	07/01/99	5.8750	FFCB 5.875	07/02/01	15,000,000.00	14,982,778.28	0.00	14,939,070.00	293,750.00
00040393	07/01/99	5.8750	FFCB 5.875	07/02/01	10,000,000.00	9,988,518.85	0.00	9,959,380.00	195,833.33
00040674	07/26/99	5.1250	FFCB 5.125 (CALLABLE	11/05/01	10,825,000.00	10,628,000.92	124,825.78	10,599,840.00	271,226.39
00040680	07/27/99	6.4900	FFCB 6.49 (CALLABLE)	07/03/02	13,695,000.00	13,690,889.58	61,722.60	13,647,930.28	293,799.60
00040668	08/02/99	5.4500	FFCB 5.45	08/02/00	50,000,000.00	49,956,796.45	0.00	49,828,150.00	673,680.56
00040968	09/01/99	5.3800	FFCB 5.38 (CALLABLE)	02/04/02	11,075,000.00	10,855,841.11	44,687.63	10,863,888.35	143,993.46
00040971	09/13/99	6.1000	FFCB 6.10	09/24/01	14,000,000.00	13,978,163.96	400,905.56	13,973,750.00	87,772.22
					1152,460,000.00	1151,473,086.02	1,263,152.81	1144,425,362.23	15,554,761.90
			FHFR - FHLB FLOATING RATE NOTE						
00041260	10/13/99	5.5800	FHLB FRN (CALLABLE)	10/13/00	25,000,000.00	25,000,000.00	0.00	24,992,200.00	72,118.06
					25,000,000.00	25,000,000.00	0.00	24,992,200.00	72,118.06
			FHLB - FED HOME LOAN BANK						
00038236	10/28/98	4.3950	FHLB 4.395	10/21/00	50,000,000.00	49,977,134.30	30,520.83	49,234,400.00	48,833.33
00038254	10/28/98	5.0000	FHLB 5.00 (CALLABLE)	04/28/00	50,000,000.00	50,000,000.00	0.00	49,812,500.00	20,833.33
00038357	11/06/98	5.8800	FHLB 5.88	11/26/99	18,700,000.00	18,713,660.71	488,693.33	18,700,000.00	473,421.67

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARE
AS OF 10/31/99
FUND: NIRP POSITION TRANS
ATTACHMENT 7

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESC	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038838	01/04/99	5.1000	FHLB 5.10 (CALLABLE	1/ /00	22,000,000.00	21,991,958.62	0.00	21,759,386.00	380,233.33
00038874	01/12/99	4.9550	FHLB 4.955	01/12/01	25,000,000.00	24,978,878.93	0.00	24,679,700.00	375,065.97
00038851	01/14/99	4.9000	FHLB 4.90	01/14/00	50,000,000.00	50,002,939.73	0.00	49,921,900.00	728,194.44
00038872	01/14/99	4.9000	FHLB 4.90	01/14/00	50,000,000.00	49,999,208.05	0.00	49,921,900.00	728,194.44
00038906	01/14/99	4.9000	FHLB 4.90	01/14/00	25,000,000.00	24,999,493.15	0.00	24,960,950.00	364,097.22
00038999	01/21/99	5.5000	FHLB 5.50	01/14/00	21,225,000.00	21,295,838.04	22,698.96	21,171,937.50	346,969.79
00038853	01/26/99	5.0000	FHLB 5.0 (CALLABLE)	01/30/00	36,100,000.00	36,098,027.75	0.00	35,998,486.80	155,430.56
00039000	01/26/99	5.2150	FHLB 5.215 (CALLABLE	01/26/01	19,450,000.00	19,446,241.70	0.00	19,243,343.75	267,667.12
00039145	02/05/99	5.5750	FHLB 5.575	04/22/00	50,000,000.00	50,164,683.90	332,951.39	49,921,900.00	998,854.17
00039146	02/10/99	4.8200	FHLB 4.82	02/10/00	25,000,000.00	24,991,352.74	0.00	24,937,500.00	271,125.00
00039164	02/17/99	4.9500	FHLB 4.95	02/17/00	25,000,000.00	24,996,042.47	0.00	24,945,325.00	254,375.00
00039201	02/17/99	4.9500	FHLB 4.95	02/17/00	25,000,000.00	24,996,042.47	0.00	24,945,325.00	254,375.00
00039242	03/01/99	5.0550	FHLB 5.055	03/01/00	50,000,000.00	50,000,661.20	0.00	49,890,650.00	421,250.00
00039265	03/01/99	5.1500	FHLB 5.15 (CALLABLE)	09/01/00	50,000,000.00	49,969,673.30	0.00	49,671,900.00	429,166.67
00039349	03/02/99	5.0000	FHLB 5.0 (CALLABLE)	08/21/00	25,000,000.00	24,922,916.67	31,250.00	24,812,500.00	236,111.11
00039285	03/03/99	5.0600	FHLB 5.06	03/03/00	50,000,000.00	49,990,254.10	0.00	49,890,650.00	407,611.11
00039327	03/08/99	5.1500	FHLB 5.15	03/08/00	25,000,000.00	24,996,633.88	0.00	24,953,125.00	189,548.61
00039368	03/08/99	5.1500	FHLB 5.15	03/08/00	25,000,000.00	24,991,606.56	0.00	24,953,125.00	189,548.61
00039354	03/15/99	5.2700	FHLB 5.27 (CALLABLE)	09/15/00	17,200,000.00	17,180,048.00	0.00	17,092,500.00	115,822.89
00039503	03/24/99	5.4250	FHLB 5.425 (CALLABLE	04/06/01	29,750,000.00	29,740,215.79	753,170.83	29,452,500.00	112,078.99
00039523	03/29/99	4.9800	FHLB 4.98	03/29/00	25,000,000.00	24,985,303.55	0.00	24,921,875.00	110,666.67
00039797	04/20/99	4.9700	FHLB 4.97	04/20/00	50,000,000.00	49,988,740.16	0.00	49,828,150.00	75,930.56
00039808	04/20/99	4.9700	FHLB 4.97	04/20/00	50,000,000.00	49,984,348.36	0.00	49,828,150.00	75,930.56
00040075	05/26/99	5.2050	FHLB 5.205	05/26/00	50,000,000.00	49,972,852.46	0.00	49,828,150.00	1,120,520.83
00040074	06/07/99	5.7100	FHLB 5.71 (CALLABLE)	12/07/01	24,845,000.00	24,838,484.65	0.00	24,565,493.75	567,459.80
00040083	06/07/99	5.7850	FHLB 5.785 (CALLABLE	12/07/01	25,000,000.00	25,000,000.00	0.00	24,750,000.00	578,500.00
00040098	06/07/99	5.7650	FHLB 5.765 (CALLABLE	12/07/01	25,000,000.00	24,986,887.99	0.00	24,734,375.00	576,500.00
00040309	06/17/99	5.5700	FHLB 5.57	08/17/00	5,000,000.00	5,002,173.30	92,833.33	4,985,940.00	57,247.22
00040182	06/28/99	6.0000	FHLB 6.00 (CALLABLE)	12/28/01	25,000,000.00	24,993,264.50	0.00	24,820,325.00	512,500.00
00040183	06/28/99	6.0000	FHLB 6.00 (CALLABLE)	12/28/01	25,000,000.00	24,989,223.19	0.00	24,820,325.00	512,500.00
00040296	06/28/99	6.1250	FHLB 6.125 (CALLABLE	12/28/01	13,500,000.00	13,492,725.66	0.00	13,424,062.50	282,515.62
00040367	07/01/99	6.1400	FHLB 6.14 (CALLABLE)	12/11/01	25,000,000.00	24,932,552.08	59,694.44	24,851,575.00	571,361.11
00040515	07/13/99	5.4800	FHLB 5.48	07/13/00	50,000,000.00	49,970,040.98	0.00	49,859,400.00	822,000.00
00040536	07/14/99	5.5600	FHLB 5.56	07/14/00	25,000,000.00	24,998,251.37	0.00	24,945,325.00	413,138.89
00040537	07/26/99	5.8200	FHLB 5.82 (CALLABLE)	01/26/01	25,000,000.00	24,990,369.32	0.00	24,890,625.00	383,958.33
00040821	08/13/99	5.6250	FHLB 5.625	02/15/01	7,155,000.00	7,111,026.56	23,477.34	7,112,520.77	110,678.91

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00041233	10/27/99	6.1250	FHLB 6.125 (CALLABLE	10/27/00	22,250,000.00	22,243,141.87	0.00	22,236,093.75	15,142.36
					1237,175,000.00	1236,922,898.06	1,835,290.45	1231,273,889.82	14,555,359.22
			FHLM - FHLMC						
00037914	09/11/98	5.8950	FHLMC 5.895 (CALLABL	08/03/01	32,075,000.00	32,123,044.83	199,586.69	31,864,523.85	462,200.75
00038636	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	50,000,000.00	49,994,391.24	0.00	49,468,750.00	957,666.67
00038658	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	11,000,000.00	10,992,287.96	0.00	10,883,125.00	210,686.67
00038659	12/15/98	5.0700	FHLMC 5.07 (CALLABLE	12/15/00	25,000,000.00	24,982,472.64	0.00	24,734,375.00	478,833.33
00038947	01/19/99	5.2500	FHLMC 5.25 (CALLABLE	01/19/01	25,000,000.00	25,000,000.00	0.00	24,750,000.00	371,875.00
00039028	01/26/99	5.1800	FHLMC 5.18 (CALLABLE	01/26/01	38,590,000.00	38,601,185.03	0.00	38,167,941.17	527,503.86
00039295	02/26/99	5.2500	FHLMC 5.25 (CALLABLE	02/16/01	50,000,000.00	49,848,804.83	72,916.67	49,468,750.00	546,875.00
00039489	03/19/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,982,959.33	85,850.69	24,757,825.00	223,958.33
00039595	03/30/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,974,384.62	126,909.72	24,757,825.00	223,958.33
00039712	04/08/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	50,000,000.00	49,978,084.42	313,541.67	49,515,650.00	447,916.67
00039713	04/08/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	25,000,000.00	24,989,042.21	156,770.83	24,757,825.00	223,958.33
00039849	04/26/99	5.3800	FHLMC 5.38 (CALLABLE	04/26/01	44,000,000.00	43,974,512.65	0.00	43,518,772.00	32,877.78
00039865	04/26/99	5.3750	FHLMC 5.375 (CALLABL	04/26/01	22,500,000.00	22,484,360.04	0.00	22,253,917.50	16,796.88
00039864	04/28/99	4.9800	FHLMC 4.98	04/28/00	27,440,000.00	27,431,008.53	0.00	27,337,100.00	11,387.60
00040037	05/12/99	5.4500	FHLMC 5.45 (CALLABLE	05/10/01	39,800,000.00	39,743,084.36	12,050.56	39,389,582.40	1,030,322.50
00040308	06/17/99	5.0400	FHLMC 5.04 (CALLABLE	10/29/01	12,000,000.00	11,775,919.08	80,640.00	11,741,256.00	3,360.00
00040297	06/28/99	6.0000	FHLMC 6.00 (CALLABLE	06/28/01	50,000,000.00	50,000,000.00	0.00	49,781,250.00	1,025,000.00
00040391	07/01/99	5.7500	FHLMC 5.75	06/15/01	20,000,000.00	19,941,876.36	63,888.89	19,900,000.00	447,222.22
00040559	07/09/99	5.8650	FHLMC 5.865 (CALLABL	07/16/01	19,100,000.00	19,024,420.10	538,325.54	18,974,665.80	326,729.38
00040572	07/13/99	6.0500	FHLMC 6.05 (CALLABLE	06/29/01	21,189,000.00	21,172,210.60	49,853.01	21,096,298.13	434,433.36
00040558	07/14/99	5.5050	FHLMC 5.505	07/14/00	25,000,000.00	24,981,464.48	0.00	24,937,500.00	409,052.08
00040604	07/15/99	5.5300	FHLMC 5.53 (CALLABLE	03/09/01	25,000,000.00	24,871,174.96	483,875.00	24,796,875.00	199,694.44
00040629	07/20/99	6.0000	FHLMC 6.00 (CALLABLE	07/20/01	25,000,000.00	25,000,000.00	0.00	24,882,825.00	420,833.33
00040634	07/20/99	6.0000	FHLMC 6.00 (CALLABLE	07/20/01	10,000,000.00	10,000,000.00	0.00	9,953,130.00	168,333.33
00040538	07/23/99	5.9300	FHLMC 5.93 (CALLABLE	01/23/01	50,000,000.00	50,000,000.00	0.00	49,828,150.00	807,138.89
00040667	07/23/99	5.3750	FHLMC 5.375 (CALLABL	03/01/01	13,200,000.00	13,107,651.72	289,712.50	13,072,131.60	118,250.00
00040850	08/24/99	6.3000	FHLMC 6.30 (CALLABLE	08/24/01	25,000,000.00	24,997,735.98	0.00	24,945,325.00	293,125.00
00041420	10/27/99	5.0000	FHLMC 5.00	02/15/01	25,000,000.00	24,650,452.83	250,000.00	24,671,875.00	263,888.89
					810,894,000.00	809,622,528.80	2,723,921.77	804,207,243.45	10,683,878.62

[illegible]	PURCHASE DATE	RATE	[illegible]	[illegible]	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
FHLB - FNMA FLOATING RATE COUPON								
00019980	05/05/99	5.1550	FNMA FLOAT RATE MTN	05/05/00	50,000,000.00	49,984,220.49	0.00	50,000,000.00	630,055.56
00040419	07/01/99	5.3338	FNMA FRN	09/06/00	37,010,000.00	36,980,164.64	126,161.69	36,963,737.50	307,069.91
					87,010,000.00	86,964,385.13	126,161.69	86,963,737.50	937,125.47
FNMA - FED NAT MORTG ASSOC.								
00037133	07/08/98	5.7500	FNMA 5.75 (CALLABLE)	07/07/00	9,000,000.00	9,000,000.00	0.00	8,994,375.00	163,875.00
00037869	09/09/98	5.6900	FNMA 5.69 (CALLABLE)	08/11/00	24,000,000.00	24,015,170.94	106,213.33	23,962,512.00	303,466.67
00037887	09/10/98	5.6100	FNMA 5.61 (CALLABLE)	08/16/00	15,500,000.00	15,505,948.34	62,800.83	15,466,101.50	181,156.25
00037923	09/11/98	5.6700	FNMA 5.67 (CALLABLE)	07/21/00	50,000,000.00	50,060,520.99	393,750.00	49,937,500.00	787,500.00
00037919	09/16/98	5.3100	FNMA 5.31 (CALLABLE)	09/15/00	31,240,000.00	31,240,000.00	0.00	31,074,053.12	211,963.40
00037983	09/24/98	5.4500	FNMA 5.45 (CALLABLE)	09/24/01	25,000,000.00	24,996,048.13	0.00	24,648,450.00	140,034.72
00037997	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	28,225,000.00	28,208,156.83	0.00	27,810,459.42	140,489.94
00037998	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	25,000,000.00	24,985,081.34	0.00	24,632,825.00	124,437.50
00037999	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	9,375,000.00	9,369,405.50	0.00	9,237,309.38	46,664.06
00038000	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	15,000,000.00	14,991,048.80	0.00	14,779,695.00	74,662.50
00038008	09/29/98	5.4300	FNMA MTN 5.43 (CALLA	09/28/01	25,000,000.00	24,985,081.34	0.00	24,632,825.00	124,437.50
00038103	10/13/98	5.2100	FNMA 5.21 (CALLABLE)	10/13/00	6,500,000.00	6,500,964.22	0.00	6,453,284.50	16,932.50
00038928	01/12/99	5.5600	FNMA 5.56	08/04/00	20,000,000.00	20,065,896.84	488,044.44	19,956,260.00	268,733.33
00038929	01/19/99	5.2400	FNMA 5.24 (CALLABLE)	01/19/01	25,000,000.00	25,000,000.00	0.00	24,757,825.00	371,166.67
00039110	02/03/99	5.4900	FNMA MTN 5.49	08/18/00	26,500,000.00	26,596,187.93	666,806.25	26,417,187.50	295,011.25
00039113	02/10/99	4.8600	FNMA 4.86	02/10/00	25,000,000.00	24,995,019.18	0.00	24,953,125.00	273,375.00
00039525	03/24/99	6.4100	FNMA 6.41	05/16/00	6,800,000.00	6,844,341.08	154,979.56	6,823,378.40	199,778.33
00039564	03/29/99	5.7200	FNMA 5.72 (CALLABLE)	03/28/02	35,190,000.00	35,190,000.00	0.00	34,618,162.50	184,512.90
00039691	04/12/99	4.9700	FNMA 4.97	04/12/00	50,000,000.00	49,985,303.28	0.00	49,843,750.00	131,152.78
00039778	04/14/99	4.9700	FNMA 4.97	04/12/00	21,500,000.00	21,497,198.33	5,936.39	21,432,812.50	56,395.69
00039779	04/20/99	4.9800	FNMA 4.98	04/20/00	50,000,000.00	49,987,829.10	0.00	49,828,150.00	76,083.33
00039862	04/22/99	4.9800	FNMA 4.98	04/20/00	34,600,000.00	34,589,042.98	9,572.67	34,481,079.80	52,649.67
00039819	04/26/99	5.0200	FNMA MTN 5.02	04/26/00	25,000,000.00	24,995,284.84	0.00	24,914,075.00	17,430.56
00039863	04/26/99	5.3800	FNMA 5.38 (CALLABLE)	04/26/01	10,000,000.00	9,996,524.45	0.00	9,890,630.00	7,472.22
00039886	04/26/99	5.5500	FNMA 5.55	08/10/00	12,700,000.00	12,738,453.82	148,801.67	12,668,250.00	158,591.25
00039902	04/28/99	5.3200	FNMA 5.32 (CALLABLE)	05/01/01	25,000,000.00	24,967,978.33	0.00	24,710,950.00	676,083.33
00039916	05/03/99	5.4300	FNMA 5.43 (CALLABLE)	05/03/01	10,000,000.00	9,994,132.61	0.00	9,893,750.00	268,483.33
00039961	05/03/99	5.2600	FNMA MTN 5.26 (CALLA	11/15/01	13,500,000.00	13,437,276.25	337,297.50	13,242,663.00	327,435.00

CUSIP ID	PURCHASE DATE	RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038014	05/10/99	5.2100	FNMA MTN 5.21 CALLABLE	11/ 1	1,000,000.00	12,508,516.00	1,823.50	12,355,875.00	641,872.00
00039977	05/12/99	5.1200	FNMA 5.12	05/ 1	25,000,000.00	24,998,681.69	0.00	24,921,875.00	600,888.89
00039978	05/12/99	5.0500	FNMA 5.05	05/ 1	25,000,000.00	24,988,530.74	0.00	24,906,250.00	592,673.61
00040035	05/18/99	5.6250	FNMA 5.625 (CALLABLE	05/03/0	50,000,000.00	49,834,773.69	70,312.50	49,031,250.00	1,390,625.00
00040038	05/18/99	5.3100	FNMA 5.31	05/18/01	50,000,000.00	49,952,781.40	0.00	49,390,650.00	1,202,125.00
00040411	07/01/99	4.8200	FNMA MTN 4.82	12/18/00	23,000,000.00	22,766,423.84	40,032.78	22,690,949.00	409,566.11
00040394	07/02/99	6.0000	FNMA 6.00	07/16/01	20,000,000.00	20,000,000.00	0.00	19,943,760.00	396,666.67
00040555	07/12/99	6.2500	FNMA 6.25 (CALLABLE)	07/12/02	25,000,000.00	24,985,971.72	0.00	24,765,625.00	473,090.28
00040513	07/13/99	6.0000	FNMA 6.00 (CALLABLE)	05/17/01	50,000,000.00	49,973,469.39	0.00	49,750,000.00	900,000.00
00040630	07/21/99	6.0000	FNMA 6.00 (CALLABLE)	07/24/01	11,155,000.00	11,453,461.32	0.00	11,401,310.42	190,916.67
00040653	07/22/99	5.3000	FNMA 5.30 (CALLABLE)	04/24/01	12,650,000.00	12,657,234.81	167,060.42	12,598,593.75	13,139.58
00040605	07/26/99	5.5000	FNMA MTN 5.50	07/26/06	25,000,000.00	24,987,734.97	0.00	24,937,500.00	362,847.22
00040787	08/11/99	5.8200	FNMA 5.82	07/19/01	50,000,000.00	49,608,307.91	177,833.33	49,718,750.00	824,500.00
00040822	08/13/99	5.1800	FNMA 5.18 (CALLABLE)	11/17/00	10,000,000.00	9,918,060.17	123,744.44	9,912,500.00	235,977.78
00040952	08/31/99	6.0700	FNMA MTN 6.07	08/27/01	50,000,000.00	49,949,233.15	50,583.33	49,906,250.00	556,416.67
00040936	09/07/99	5.6600	FNMA 5.66	09/07/00	25,000,000.00	24,961,337.43	0.00	24,945,325.00	212,250.00
					1119,435,000.00	1118,282,413.68	3,005,592.94	1111,237,901.79	14,683,530.16
			HLPC - FHLMC PARTICIPATION CERTIFICATES						
00005058	01/09/79	9.2500	FHLMC 9.250 16061	12/01/08	1,973,851.81	1,973,476.93	334,840.09	2,087,348.29	15,215.11
					1,973,851.81	1,973,476.93	334,840.09	2,087,348.29	15,215.11
			MMF - MONEY MARKET FUND						
00041471	10/29/99	0.0000	GOLDMAN SACHS MMF	11/12/99	2,478,414.00	2,478,414.00	0.00	2,478,414.00	0.00
					2,478,414.00	2,478,414.00	0.00	2,478,414.00	0.00
			NCDI - NEGOTIABLE CDS 1 YEAR OR LESS						
00040685	07/27/99	5.5700	MORGAN GTY TRUST CO	01/24/00	25,000,000.00	25,000,000.00	0.00	25,007,008.50	375,201.39
00041224	10/04/99	5.1900	RANIERS TRUST COMPAN	02/22/00	15,000,000.00	14,954,763.94	484,400.00	14,944,421.18	544,950.00
					40,000,000.00	39,954,763.94	484,400.00	39,951,429.68	920,151.39

CUSIP	PURCHASE DATE	RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00038926	01/12/99	5.3750	USTN 5.375	[illegible]	[illegible]	50,180,227.80	89,088.40	49,984,400.00	905,570.65
00039297	02/26/99	5.3750	USTN 5.375	06/30/00	50,000,000.00	50,087,779.02	423,169.89	49,984,400.00	905,570.65
00039324	01/01/99	5.3750	USTN 5.375	06/30/00	50,000,000.00	50,088,319.75	445,441.99	49,984,400.00	905,570.65
00040012	05/10/99	4.6250	USTN 4.625	11/30/00	50,000,000.00	49,750,959.43	1,022,836.54	49,468,750.00	973,019.13
					[illegible]	200,107,286.00	1,980,536.82	199,421,950.00	3,689,731.08
			PN - PROMISSORY NOTE						
00024486	11/21/94	5.3830	[illegible]	09/01/99	24,100.00	24,100.00	0.00	24,100.00	216.81
					24,100.00	24,100.00	0.00	24,100.00	216.81
			SLFQ - SLMA FLOATING RATE QUARTERLY						
00038766	12/30/98	5.8450	SLMA FRN	02/04/00	50,000,000.00	50,000,000.00	0.00	49,984,400.00	685,068.47
00040681	08/03/99	5.7860	SLMA FRN (QUARTERLY)	08/03/00	50,000,000.00	49,981,147.54	0.00	49,906,250.00	686,406.84
					100,000,000.00	99,981,147.54	0.00	99,890,650.00	1,371,475.31
			SLFS - SLMA FLOATING RATE ANNUALLY						
00040840	08/19/99	5.7750	SLMA FRMTN ANNUALLY	02/17/00	25,000,000.00	25,000,000.00	0.00	24,976,575.00	281,708.24
00040973	09/01/99	5.5750	SLMA FRN ANNUALLY	01/20/00	25,000,000.00	24,969,537.50	171,777.32	24,984,375.00	395,664.31
					50,000,000.00	49,969,537.50	171,777.32	49,960,950.00	677,372.55
			SLMA - SLMA						
00037918	09/16/98	5.5000	SLMA 5.50 (CALLABLE)	09/15/00	49,500,000.00	49,500,000.00	0.00	49,314,375.00	347,875.00
00038253	10/27/98	4.7400	SLMA 4.74 (CALLABLE)	10/27/00	15,525,000.00	15,513,020.42	0.00	15,335,796.82	8,176.50
00038295	10/29/98	5.8900	SLMA MTN 5.89	11/17/99	50,000,000.00	50,028,250.00	1,325,250.00	50,015,650.00	1,341,611.11
00038502	12/02/98	5.0000	SLMA 5.0 (CALLABLE)	06/02/00	48,720,000.00	48,894,032.50	0.00	48,686,062.50	1,011,958.33
00038503	12/02/98	5.0000	SLMA 5.0 (CALLABLE)	06/02/00	21,640,000.00	21,637,359.17	0.00	21,545,325.00	447,827.78
00038615	12/07/98	5.5700	SLMA 5.57	03/17/00	14,750,000.00	14,789,461.00	182,572.22	14,745,398.00	100,414.72

							PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	12/16/98	5.0950	SLMA 5.095 (CALLABLE	12/			19,995,612.16	0.00	49,484,400.00	962,388.89
	12/16/98	5.0000	SLMA 5.00 (CALLABLE	12/			49,991,224.32	0.00	49,437,500.00	944,444.44
	12/17/98	4.7500	SLMA 4.75	12/			21,452,391.12	17,001.04	21,179,718.75	396,690.97
	12/23/98	4.7500	SLMA 4.75	12/			49,364,995.12	78,375.00	48,819,375.00	914,375.00
	01/07/99	4.8000	SLMA 4.80	12/			24,938,427.57	63,333.33	24,656,250.00	443,333.33
	01/11/99	5.0000	SLMA 5.00 (CALLABLE)	07/14/00		11,695,000.00	11,693,084.33	0.00	11,629,215.63	173,800.69
	01/14/99	5.0000	SLMA 5.00 (CALLABLE)	07/14/00		32,025,000.00	32,013,759.05	0.00	31,844,859.38	475,927.08
	01/19/99	5.0000	SLMA 5.0 (CALLABLE)	07/19/00		32,935,000.00	32,920,267.31	0.00	32,739,464.90	466,579.17
	01/19/99	5.1250	SLMA 5.125 (CALLABLE	07/19/00		29,610,000.00	29,601,169.78	0.00	29,461,950.00	429,961.87
	01/19/99	5.1250	SLMA 5.125 (CALLABLE	07/19/00		25,000,000.00	24,992,544.56	0.00	24,875,000.00	363,020.83
	01/26/99	5.2400	SLMA 5.24 (CALLABLE)	01/26/01		24,700,000.00	24,704,772.74	0.00	24,453,000.00	341,546.11
	01/29/99	5.0000	SLMA 5.0 (CALLABLE)	07/19/00		28,400,000.00	28,297,850.82	39,305.56	28,131,982.90	400,916.67
00039131	02/08/99	4.9100	SLMA 4.91	02/08/00		50,000,000.00	50,000,000.00	0.00	49,921,900.00	568,319.44
00039162	02/10/99	4.9000	SLMA MTN 4.90	02/10/00		25,000,000.00	24,993,333.24	0.00	24,953,125.00	275,625.00
00039163	02/10/99	4.9000	SLMA MTN 4.90	02/10/00		33,315,000.00	33,306,115.87	0.00	33,252,534.38	367,297.88
00039348	03/02/99	5.5700	SLMA 5.57	03/17/00		50,000,000.00	50,062,512.99	1,276,458.33	49,984,400.00	340,388.89
00039351	03/08/99	5.4000	SLMA 5.40 (CALLABLE)	09/08/00		25,000,000.00	24,995,568.18	0.00	24,890,625.00	198,750.00
00039352	03/08/99	5.4000	SLMA 5.40 (CALLABLE)	09/08/00		25,000,000.00	24,995,568.18	0.00	24,890,625.00	198,750.00
00039274	03/10/99	5.0500	SLMA 5.05	03/10/00		50,000,000.00	49,991,439.89	0.00	49,906,250.00	357,708.33
00039286	03/10/99	5.0500	SLMA 5.05	03/10/00		45,000,000.00	44,990,729.51	0.00	44,915,625.00	321,937.50
00039469	03/18/99	5.0000	SLMA 5.0 (CALLABLE)	08/11/00		17,710,000.00	17,688,511.06	91,009.72	17,593,786.98	196,777.78
00039639	04/05/99	5.1550	SLMA 5.155 (CALLABLE	10/05/00		19,460,000.00	19,452,309.58	0.00	19,314,050.00	72,450.66
00039933	05/07/99	5.2000	SLMA 5.20	05/07/01		50,000,000.00	49,964,444.60	0.00	49,328,150.00	1,256,666.67
00039935	05/07/99	5.2000	SLMA 5.20	05/07/01		20,000,000.00	19,985,777.84	0.00	19,731,260.00	502,666.67
00040000	05/07/99	5.1960	SLMA 5.196	03/02/01		10,000,000.00	9,978,762.41	93,816.67	9,884,380.00	85,156.67
00040113	06/30/99	5.2500	SLMA MTN 5.25	06/30/00		50,000,000.00	49,974,543.72	0.00	49,780,000.00	882,291.67
00040114	06/30/99	5.2500	SLMA MTN 5.25	06/30/00		50,000,000.00	49,974,543.72	0.00	49,780,000.00	882,291.67
00040185	06/30/99	5.2500	SLMA 5.25	06/30/00		25,000,000.00	24,969,829.36	0.00	24,890,000.00	441,145.83
00040693	08/16/99	5.8500	SLMA 5.85 (CALLABLE)	02/16/01		25,000,000.00	25,000,000.00	0.00	24,890,625.00	304,687.50
00040829	08/16/99	5.8500	SLMA 5.85 (CALLABLE)	02/16/01		14,825,000.00	14,773,205.16	0.00	14,760,140.63	180,679.69
00040741	08/24/99	6.3000	SLMA MTN 6.30 (CALLA	08/24/01		10,000,000.00	10,000,000.00	0.00	9,987,500.00	117,250.00
00040791	09/03/99	6.5000	SLMA 6.50 (CALLABLE)	09/05/01		25,000,000.00	25,000,000.00	0.00	25,023,450.00	261,805.56
						1,2 ,9 ,000.00	1200,425,417.28	3,167,121.87	1194,033,750.87	17,383,495.90

TVPO - TENNESSE VALLEY [illegible]

00040142	10/19/98	5.0000	TVA 5.00 (CALLABLE	01/15/	1	50,000,000.00	49,991,551.49	0.00	50,718,750.00	83,333.33

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	TAP	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00038186	10/19/98	5.0000	TVA 5.0 (CALLABLE)	01/19/01	50,000,000.00	49,991,551.49	0.00	50,718,750.00	83,333.33
00039071	01/29/99	5.0000	TVA 5.0 (CALLABLE)	01/19/01	45,000,000.00	44,930,565.19	625,000.00	45,646,875.00	75,000.00
00039111	02/03/99	6.0000	TVA 6.0	11/01/00	25,000,000.00	25,235,860.28	383,333.33	24,656,250.00	750,000.00
00040649	07/22/99	5.0000	TVA 5.00 (CALLABLE)	01/19/01	14,865,000.00	13,767,657.31	179,089.58	14,064,309.38	23,108.33
					183,865,000.00	183,917,185.76	1,187,422.91	185,804,934.38	1,014,774.99
	YANK - YANKEE CDS								
00039690	04/08/99	5.0900	RABOBANK NY CD	04/10/00	50,000,000.00	49,991,501.23	0.00	49,726,463.64	1,463,375.00
00039708	04/08/99	5.2850	UBS AG STAMFORD CD	03/01/00	50,000,000.00	50,021,907.13	278,930.56	49,818,143.76	1,798,368.06
00039915	04/28/99	5.1200	RABOBANK NY CD	04/28/00	50,000,000.00	49,989,370.66	0.00	49,723,103.99	1,329,777.78
00039999	05/07/99	5.2000	UBS AG STAMFORD CD	05/08/00	25,000,000.00	24,993,770.89	0.00	24,865,018.05	642,777.78
00039998	05/10/99	5.2000	RABOBANK NY CD	05/10/00	25,000,000.00	24,994,962.79	0.00	24,863,983.30	631,944.44
00040184	06/04/99	5.1900	TORONTO DOMINION BK	12/06/99	50,000,000.00	50,000,710.28	0.00	49,985,311.27	1,081,250.00
00040440	07/02/99	5.7450	ABN AMRO BK NY CD	07/03/00	50,000,000.00	49,987,146.90	0.00	49,844,927.87	973,458.33
00040534	07/08/99	5.5000	NATWEST BK PLC NY CD	01/10/00	50,000,000.00	49,998,104.19	45,833.33	50,002,998.52	931,944.44
00040541	07/08/99	5.5300	BK OF NOVA SCOTIA PO	01/10/00	25,000,000.00	25,000,708.96	0.00	25,003,177.98	445,472.22
00040603	07/15/99	5.5100	BK OF NOVA SCOTIA NY	01/18/00	25,000,000.00	25,000,526.62	0.00	25,002,778.01	417,076.39
00040665	07/26/99	5.5200	BK OF NOVA SCOTIA PO	01/26/00	25,000,000.00	25,000,580.86	0.00	25,004,182.75	375,666.67
00040686	07/27/99	5.5500	BAYER HYPO-UND VEREI	01/24/00	25,000,000.00	24,998,053.70	19,270.83	24,949,899.50	393,125.00
00040730	08/03/99	5.6600	BK OF NOVA SCOTIA PO	02/03/00	25,000,000.00	25,000,634.45	0.00	24,961,945.97	353,750.00
00040788	08/11/99	5.8200	BK OF NOVA SCOTIA PO	02/11/00	25,000,000.00	25,000,000.00	0.00	24,970,431.87	331,416.67
00040789	08/12/99	5.8200	BK OF NOVA SCOTIA PO	02/14/00	50,000,000.00	50,001,415.83	0.00	49,939,316.02	654,750.00
00040838	08/17/99	5.8300	BK OF MONTREAL CHICA	02/17/00	25,000,000.00	25,000,728.34	0.00	24,969,918.55	307,694.44
00040898	08/25/99	5.8300	BK OF NOVA SCOTIA PO	01/25/00	25,000,000.00	25,000,576.03	0.00	25,023,688.56	275,305.56
00040919	08/27/99	5.4000	DRESDNER BK AG NY CD	11/29/99	50,000,000.00	50,000,383.49	0.00	49,999,103.37	495,000.00
00040972	09/01/99	5.8500	COMMERZBANK NY CD	03/01/00	50,000,000.00	50,003,264.88	0.00	49,938,577.62	495,625.00
00041225	10/04/99	5.2850	UBS AG BK STANFORD C	03/01/00	5,000,000.00	4,985,646.69	159,284.03	4,981,814.38	179,836.81
00041234	10/05/99	5.9300	UBS AG BK STANFORD C	10/02/00	50,000,000.00	49,923,496.63	32,944.44	49,848,231.50	255,319.44
00041276	10/08/99	6.0500	BAYER HYPO-UND VEREI	01/10/00	25,000,000.00	25,000,478.56	0.00	25,000,000.00	100,833.33
00041296	10/13/99	6.0600	BAYER HYPO UND VEREI	01/13/00	25,000,000.00	25,000,499.22	0.00	25,034,244.18	79,958.33
00041319	10/14/99	6.0500	DEUTSCHE BK AG NY CD	01/11/00	25,000,000.00	25,000,000.00	0.00	25,032,879.78	75,625.00
00041370	10/21/99	6.1400	CIBC NY CD	01/21/00	25,000,000.00	25,000,553.82	0.00	25,042,802.14	46,902.78
00041398	10/25/99	6.0800	BAYER HYPO-UND VEREI	01/25/00	25,000,000.00	25,000,581.26	0.00	25,041,544.84	29,555.56
00041408	10/26/99	6.0800	BAYER HYPO-UND VEREI	01/26/00	25,000,000.00	25,000,588.10	0.00	25,042,075.82	25,333.33
00041422	10/27/99	6.0900	DRESDNER BK AG NY CD	01/27/00	50,000,000.00	50,001,189.85	0.00	49,991,069.46	42,291.67
00041440	10/28/99	6.1400	BK OF MONTREAL CHICA	01/10/00	25,000,000.00	25,000,960.14	0.00	25,037,433.35	17,055.56

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: NTRD - PSI NON-TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00041450	10/28/99	6.0300	DRESDNER BK AG NY FD	01/28/00	25,000,000.00	25,001,002.30	0.00	24,986,570.71	16,750.00
					1005,000,000.00	1004,899,343.80	536,263.19	1003,631,636.76	14,267,239.59
			FUND TOTAL		8955,605,026.93	8950,400,933.16	18,887,214.14	8917,211,743.36	107447,419.00
			HISTORICAL COST			8950,279,380.37			

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: AST - ATTORNEY SETTLEMENT TRUST
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATUPITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010283	08/09/85	10.3750	UST BOND 10.375	11/15/12	250,000.00	245,217.87	71,406.78	311,250.00	11,982.00
					250,000.00	245,217.87	71,406.78	311,250.00	11,982.00
			FUND TOTAL		250,000.00	245,217.87	71,406.78	311,250.00	11,982.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CTDM - COLLATERALIZED TDS (MONTHLY)								
00038538	11/25/98	0.0000	S OF C LAIF	12/31/99	40.72	40.72	0.00	40.72	0.00
00038539	11/25/98	0.0000	S OF C LAIF	12/31/99	310.98	310.98	0.00	310.98	0.00
00038985	01/19/99	0.0000	S OF C LAIF	12/31/99	0.48	0.48	0.00	0.48	0.00
00038986	01/19/99	0.0000	S OF C LAIF	12/31/99	3.63	3.63	0.00	3.63	0.00
00039854	04/21/99	0.0000	S OF C LAIF	12/31/99	4.02	4.02	0.00	4.02	0.00
00039855	04/21/99	0.0000	S OF C LAIF	12/31/99	0.53	0.53	0.00	0.53	0.00
00040650	07/15/99	0.0000	S OF C LAIF	12/31/99	1.56	4.56	0.00	4.56	0.00
00041372	10/15/99	0.0000	S OF C LAIF	12/31/99	4.77	4.77	0.00	4.77	0.00
					369.69	-369.69	0.00	369.69	0.00
			FUND TOTAL		369.69	369.69	0.00	369.69	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: BLPSI - BLP SCHOOLS SELF INS AUTHORITY
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00029996	05/31/96	6.5000	USTN 6.50	05/31/01	750,000.00	749,353.01	0.00	757,968.75	20,512.30
00035229	12/01/97	5.6250	USTN 5.625	11/30/99	750,000.00	749,958.23	115.90	750,468.75	17,751.02
					1,500,000.00	1,499,311.24	115.90	1,508,437.50	38,263.32
	STRP - UST STRIPS-ZERO COUPON								
00037109	07/06/98	0.0000	UST STRIP	11/15/00	800,000.00	758,183.27	0.00	756,000.00	0.00
					800,000.00	758,183.27	0.00	756,000.00	0.00
	TBIL - U.S. TREASURY BILLS								
00041164	09/30/99	0.0000	UST BILL	12/30/99	750,000.00	744,198.34	0.00	743,906.25	0.00
					750,000.00	744,198.34	0.00	743,906.25	0.00
			FUND TOTAL		3,050,000.00	3,001,692.85	115.90	3,008,343.75	38,263.32

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: DMH - DEPARTMENT OF MENTAL HEALTH
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00025063	01/31/95	7.7500	USTN 7.75	01/31/00	1,227,000.00	1,226,788.43	0.00	1,235,052.80	24,031.53
					1,227,000.00	1,226,788.43	0.00	1,235,052.80	24,031.53
			FUND TOTAL		1,227,000.00	1,226,788.43	0.00	1,235,052.80	24,031.53

LOS ANGELES COUNTY TREASUPER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: GF - GENERAL FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	1TRD - FIRST TRUST DEEDS								
00014004	07/24/87	5.5000	FLYING TRIANGLE 1ST	08/01/12	85,039.07	85,039.07	0.00	85,039.07	389.76
00014688	11/30/87	5.5000	FLYING TRIANGLE 1ST	12/01/12	267,145.87	267,145.87	0.00	267,145.87	1,224.42
00015247	02/24/88	5.5000	FLYING TRIANGLE 1ST	03/01/13	104,724.60	104,724.60	0.00	104,724.60	479.99
00015821	06/01/88	5.5000	FLYING TRIANGLE 1ST	06/01/13	176,726.15	176,726.15	0.00	176,726.15	809.99
00015828	06/03/88	5.5000	FLYING TRIANGLE 1ST	06/01/13	211,907.32	211,907.32	91.67	211,907.32	971.24
00015858	06/13/88	5.5000	FLYING TRIANGLE 1ST	07/01/13	60,333.24	60,333.24	0.00	60,333.24	276.53
00016093	07/21/88	5.5000	FLYING TRIANGLE 1ST	08/01/13	71,229.79	71,229.79	0.00	71,229.79	326.47
00016506	10/19/88	6.4750	ABALONE COVE 1ST TD	10/15/03	52,979.87	52,979.87	0.00	52,979.87	152.46
00016864	12/29/88	5.5000	FLYING TRIANGLE 1ST	01/01/14	163,539.50	163,539.50	0.00	163,539.50	749.56
00017262	03/10/89	5.5000	FLYING TRIANGLE 1ST	04/01/14	162,113.38	162,113.38	0.00	162,113.38	743.02
00017270	03/13/89	5.5000	FLYING TRIANGLE 1ST	04/01/14	257,319.81	257,319.81	0.00	257,319.81	1,179.38
00017293	03/15/89	6.3250	ABALONE COVE TRUST D	04/01/04	83,258.98	83,258.98	0.00	83,258.98	438.84
00017567	04/25/89	6.7500	FLYING TRIANGLE-SLUS	04/24/14	262,500.00	262,500.00	0.00	262,500.00	344.53
00017795	05/26/89	5.5000	FLYING TRIANGLE 1ST	05/01/14	92,587.52	92,587.52	0.00	92,587.52	424.36
00001644	08/07/89	5.5000	FLYING TRIANGLE 1ST	08/07/14	74,607.78	74,607.78	0.00	74,607.78	273.56
00002581	12/06/89	5.5000	FLYING TRIANGLE LOAN	12/01/14	227,075.16	227,075.16	0.00	227,075.16	1,040.76
00002642	12/11/89	5.5000	FLYING TRIANGLE LOAN	12/01/14	189,228.76	189,228.76	0.00	189,228.76	867.30
00002822	12/28/89	5.5000	FLYING TRIANGLE LOAN	01/01/15	227,873.05	227,873.05	0.00	227,873.05	1,044.42
00003187	02/01/90	5.5000	FLYING TRIANGLE LOAN	02/01/15	76,170.63	76,170.63	0.00	76,170.63	349.12
00003463	02/28/90	5.5000	FLYING TRIANGLE	03/01/15	305,943.17	305,943.17	0.00	305,943.17	1,402.24
00004110	05/01/90	6.7500	FLYING TRIANGLE LOAN	05/01/15	587,500.00	587,500.00	0.00	587,500.00	3,304.69
00012057	04/01/92	5.5000	FLYING TRIANGLE LOAN	04/01/17	195,448.84	195,448.84	0.00	195,448.84	895.81
					3,935,252.49	3,935,252.49	91.67	3,935,252.49	17,688.45
	2TRD - SECOND TRUST DEEDS								
00001865	09/01/89	6.4150	ABALONE COVE LOAN	09/01/04	9,020.91	9,020.91	0.00	9,020.91	49.15
00002538	12/01/89	6.8250	ABALONE COVE LOAN	12/01/04	70,503.03	70,503.03	0.00	70,503.03	408.68
00002643	12/12/89	6.4150	ABALONE COVE LOAN	12/12/04	27,984.98	27,984.98	0.00	27,984.98	98.37
00024368	11/03/94	5.8750	ABALONE COVE LOAN	11/03/09	92,910.25	92,910.25	0.00	92,910.25	433.69
					200,419.17	200,419.17	0.00	200,419.17	989.89

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: GF - GENERAL FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	LTBD - LONG-TERM BONDS								
00007563	10/29/79	7.0000	CI BOND 2608 7.00	01/02/05	139,328.90	139,328.90	3,210.20	139,328.90	3,223.92
00035272	12/02/97	5.0000	RPV TAX ALLOCATION B	12/02/27	5,455,000.00	5,455,000.00	0.00	5,455,000.00	112,888.19
					5,594,328.90	5,594,328.90	3,210.20	5,594,328.90	116,112.11
			FUND TOTAL		9,730,000.56	9,730,000.56	3,301.87	9,730,000.56	134,790.45

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: GUSD - GLENDALE USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	YANK - YANKEE CDS								
00039389	03/08/99	5.3300	DEUTSCHE BK AG NY CD	03/09/00	7,500,000.00	7,499,617.71	0.00	7,472,283.33	264,279.17
					7,500,000.00	7,499,617.71	0.00	7,472,283.33	264,279.17
			FUND TOTAL		7,500,000.00	7,499,617.71	0.00	7,472,283.33	264,279.17

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: LACOE - LAC OFFICE OF EDUCATION
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	GIC - GUARANTEED INVESTMENT CONTRACT								
00040412	07/02/99	5.7300	NATWEST BK PLC NY SE	06/28/00	58,577,275.41	58,577,275.41	0.00	58,577,275.41	1,109,502.41
00040413	07/02/99	5.7300	NATWEST BK PLC NY SE	09/27/00	112,330,270.09	112,330,270.09	0.00	112,330,270.09	2,127,628.92
					170,907,545.50	170,907,545.50	0.00	170,907,545.50	3,237,131.33
			FUND TOTAL		170,907,545.50	170,907,545.50	0.00	170,907,545.50	3,237,131.33

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: LAUSD - LA UNIFIED SCHOOL DISTRICT
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00038585	12/03/98	5.8750	USTN 5.875	11/30/01	21,000,000.00	21,581,798.95	10,168.27	21,019,698.00	519,118.85
00038586	12/03/98	5.7500	USTN 5.75	11/30/02	4,000,000.00	4,140,817.90	1,895.60	3,981,252.00	96,775.96
00038587	12/03/98	4.6250	USTN 4.625	11/30/00	14,000,000.00	14,036,200.42	5,336.54	13,851,250.00	272,445.36
					39,000,000.00	39,758,817.27	17,400.41	38,852,200.00	888,340.17
			FUND TOTAL		39,000,000.00	39,758,617.27	17,400.41	38,852,200.00	888,340.17

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010524	10/01/85	10.3750	UST BOND 10.375	11/15/12	75,000.00	73,557.69	22,542.70	93,375.00	3,594.60
00018810	06/23/93	7.2500	USTB 7.25	05/15/16	85,000.00	88,568.69	653.09	91,614.10	2,846.81
					160,000.00	162,126.38	23,195.79	184,989.10	6,441.41
			FUND TOTAL		160,000.00	162,126.38	23,195.79	184,989.10	6,441.41

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	GIC - GUARANTEED INVESTMENT CONTRACT								
00040437	07/02/99	5.7900	NEW YORK LIFE ASSET	09/28/00	19,073,020.00	19,073,020.00	0.00	19,073,020.00	365,041.71
					19,073,020.00	19,073,020.00	0.00	19,073,020.00	365,041.71
			FUND TOTAL		19,073,020.00	19,073,020.00	0.00	19,073,020.00	365,041.71

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: PVUSD - PALOS VERDES PENINSULA USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00035065	11/04/97	6.0000	USTN 6.00	08/15/00	500,000.00	500,908.87	6,603.26	501,719.00	6,358.70
00036617	04/30/98	5.3750	USTN 5.375	02/15/01	500,000.00	498,087.70	5,493.78	497,812.50	5,696.33
00036618	04/30/98	5.6250	USTN 5.625	04/30/00	500,000.00	499,890.28	0.00	500,625.00	77.27
00038397	11/10/98	5.8750	USTN 5.875	11/30/01	700,000.00	715,194.89	18,315.23	700,656.60	17,303.96
					2,200,000.00	2,214,081.74	30,412.27	2,200,813.10	29,436.26
			FUND TOTAL		2,200,000.00	2,214,081.74	30,412.27	2,200,813.10	29,436.26

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: PW - PUBLIC WORKS
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	LTBD - LONG-TERM BONDS								
00023291	06/22/94	10.0000	SAN GABRIEL HYDROELE	09/09/16	4,497,563.97	4,497,563.97	179,588.28	4,497,563.97	63,715.49
					4,497,563.97	4,497,563.97	179,588.28	4,497,563.97	63,715.49
			FUND TOTAL		4,497,563.97	4,497,563.97	179,588.28	4,497,563.97	63,715.49

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00035169	11/20/97	5.7500	USTN 5.75	10/31/00	22,700,000.00	22,707,820.60	72,113.26	22,728,375.00	3,585.85
					22,700,000.00	22,707,820.60	72,113.26	22,728,375.00	3,585.85
			FUND TOTAL		22,700,000.00	22,707,820.60	72,113.26	22,728,375.00	3,585.85

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			FFCB - FED FARM CREDIT BANK						
00036971	06/22/98	6.2100	FFCB 6.21 (CALLABLE)	06/17/03	85,000.00	84,951.72	10,401.75	83,565.63	1,964.78
00038450	12/08/98	5.7700	FFCB 5.77 (CALLABLE)	12/08/03	70,000.00	70,000.00	0.00	67,790.66	1,604.38
					155,000.00	154,951.72	10,401.75	151,356.29	3,569.16
			FHLB - FED HOME LOAN BANK						
00037689	09/10/98	5.9800	FHLB 5.98 (CALLABLE)	09/10/03	170,000.00	170,000.00	0.00	166,068.75	1,440.18
00038447	12/01/98	5.8120	FHLB 5.812 (CALLABLE	12/01/03	250,000.00	250,000.00	0.00	242,656.25	6,054.17
00038449	12/01/98	5.8160	FHLB 5.816 (CALLABLE	12/01/03	295,000.00	295,000.00	0.00	286,426.71	7,148.83
00040321	07/12/99	6.7450	FHLB 6.745 (CALLABLE	07/12/04	95,000.00	95,000.00	0.00	94,109.38	1,940.12
00040322	07/12/99	6.7450	FHLB 6.745 (CALLABLE	07/12/04	155,000.00	155,000.00	0.00	153,546.88	3,165.47
					965,000.00	965,000.00	0.00	942,807.97	19,748.77
			FHLM - FHLMC						
00038968	01/28/99	5.6900	FHLMC 5.69 (CALLABLE	01/28/04	125,000.00	124,886.54	0.00	120,742.25	1,837.40
00038969	01/28/99	5.6900	FHLMC 5.69 (CALLABLE	01/28/04	105,000.00	104,904.69	0.00	101,423.49	1,543.41
00039558	04/05/99	6.0600	FHLMC 6.06 (CALLABLE	04/05/04	65,000.00	65,000.00	0.00	63,354.72	284.48
					295,000.00	294,791.23	0.00	285,520.46	3,665.29
			FNMA - FED NAT MORTG ASSOC.						
00033220	04/18/97	5.9100	FNMA 6.91	03/25/02	100,000.00	99,927.11	0.00	101,187.50	691.00
00037032	07/02/98	6.2200	FNMA 6.22 (CALLABLE)	07/02/03	245,000.00	244,719.28	0.00	240,865.63	5,037.34
00037033	07/02/98	6.2200	FNMA 6.22 (CALLABLE)	07/02/03	115,000.00	114,881.41	0.00	113,059.38	2,364.46
00037077	07/02/98	6.2000	FNMA 6.20 (CALLABLE)	06/24/03	265,000.00	265,000.00	45,335.78	260,445.45	5,796.14
00037851	09/08/98	5.6700	FNMA 5.67 (CALLABLE)	07/21/00	15,000,000.00	15,010,845.86	111,037.50	14,981,250.00	236,250.00
00037948	09/14/98	6.5000	FNMA 6.50 (CALLABLE)	07/29/02	75,000.00	75,572.42	81,250.00	74,625.00	1,245.83
					15,800,000.00	15,810,946.08	237,623.28	15,771,432.96	251,384.77

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00033085	04/07/97	5.6250	USTN 5.625	11/30/00	95,000.00	94,054.31	421,120.88	94,970.36	2,248.46
00033248	04/16/97	6.1250	USTN 6.125	12/31/01	100,000.00	98,710.17	448,377.07	100,500.00	2,063.86
00033249	04/16/97	6.3750	USTN 6.375	09/30/01	100,000.00	99,258.68	69,672.13	100,968.80	557.38
00033250	04/16/97	6.6250	USTN 6.625	06/30/01	100,000.00	99,728.31	484,979.28	101,281.30	2,232.34
00033584	05/28/97	7.7500	USTN 7.75	12/31/99	20,000.00	20,039.70	792,127.07	20,081.26	522.28
00033585	05/28/97	6.6250	USTN 6.625	03/31/02	20,000.00	19,997.66	262,465.85	20,331.26	115.85
00033586	05/28/97	5.5000	USTN 5.50	12/31/00	20,000.00	19,786.07	562,154.70	19,956.26	370.65
00033587	05/28/97	6.3750	USTN 6.375	03/31/01	20,000.00	19,951.15	252,561.48	20,162.50	111.48
00039527	03/24/99	5.1250	USTN 5.125	08/31/00	8,863,000.00	8,871,804.02	29,623.61	8,832,537.87	77,368.63
00039528	03/24/99	5.1250	USTN 5.125	08/31/00	10,584,000.00	10,594,513.57	35,375.87	10,547,622.79	92,391.92
00039529	03/24/99	5.1250	USTN 5.125	08/31/00	5,132,000.00	5,137,097.85	17,153.15	5,114,361.32	44,799.26
00039530	03/24/99	5.1250	USTN 5.125	08/31/00	421,000.00	421,418.20	1,407.15	419,553.02	3,675.08
00039531	03/24/99	6.6250	USTN 6.625	07/31/01	65,000.00	66,650.06	84,345.40	65,853.12	1,088.26
00039532	03/24/99	6.6250	USTN 6.625	07/31/01	85,000.00	87,157.77	100,723.43	86,115.63	1,423.11
00039533	03/24/99	6.6250	USTN 6.625	07/31/01	35,000.00	35,888.49	48,839.05	35,459.38	585.99
00039534	03/24/99	6.6250	USTN 6.625	07/31/01	5,000.00	5,126.93	4,006.48	5,065.63	83.71
00039535	03/24/99	6.2500	USTN 6.25	10/31/01	65,000.00	66,382.35	220,350.83	65,507.85	11.16
00039536	03/24/99	6.2500	USTN 6.25	10/31/01	80,000.00	81,701.35	263,138.12	80,625.04	13.74
00039537	03/24/99	6.2500	USTN 6.25	10/31/01	35,000.00	35,744.34	127,591.16	35,273.46	6.01
00039538	03/24/99	6.2500	USTN 6.25	10/31/01	5,000.00	5,106.33	10,466.85	5,039.07	0.86
00039539	03/24/99	5.8750	USTN 5.875	09/30/02	65,000.00	66,193.23	250,337.14	64,959.38	333.88
00039540	03/24/99	5.8750	USTN 5.875	09/30/02	80,000.00	81,468.58	298,947.12	79,950.00	410.93
00039541	03/24/99	5.8750	USTN 5.875	09/30/02	35,000.00	35,642.51	144,954.33	34,978.13	179.78
00039542	03/24/99	5.8750	USTN 5.875	09/30/02	5,000.00	5,091.79	11,891.22	4,996.88	25.68
00039543	03/24/99	5.5000	USTN 5.50	03/31/03	50,000.00	50,444.28	187,475.96	49,312.50	240.44
00039544	03/24/99	5.5000	USTN 5.50	03/31/03	65,000.00	65,577.56	223,913.46	64,106.25	312.57
00039545	03/24/99	5.5000	USTN 5.50	03/31/03	30,000.00	30,266.57	108,545.67	29,587.50	144.26
00039546	03/24/99	5.5000	USTN 5.50	03/31/03	5,000.00	5,044.43	8,911.06	4,931.25	24.04
00040884	08/24/99	6.0000	USTN 6.00	08/15/04	25,000,000.00	25,217,963.59	36,684.78	25,054,700.00	317,934.78
00040885	08/24/99	6.0000	USTN 6.00	08/15/04	25,000,000.00	25,217,963.59	36,684.78	25,054,700.00	317,934.78
					76,185,000.00	76,655,773.44	5,544,825.08	76,213,487.81	867,211.17
			FUND TOTAL		93,400,000.00	93,881,462.47	5,792,850.11	93,364,605.49	1,145,579.16

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CTDM - COLLATERALIZED TDS (MONTHLY)								
00027969	11/16/95	0.0000	S OF C LAIF	12/31/99	2,148,550.46	2,148,550.46	0.00	2,148,550.46	0.00
00028730	01/24/96	0.0000	S OF C LAIF	12/31/99	141,252.84	141,252.84	0.00	141,252.84	0.00
00029584	04/17/96	0.0000	S OF C LAIF	12/31/99	274,110.95	274,110.95	0.00	274,110.95	0.00
00030644	07/18/96	0.0000	S OF C LAIF	12/31/99	272,689.71	272,689.71	0.00	272,689.71	0.00
00031540	10/24/96	0.0000	S OF C LAIF	12/31/99	275,823.70	275,823.70	0.00	275,823.70	0.00
00032360	01/21/97	0.0000	S OF C LAIF	12/31/99	277,370.57	277,370.57	0.00	277,370.57	0.00
00033313	04/21/97	0.0000	S OF C LAIF	12/31/99	269,070.75	269,070.75	0.00	269,070.75	0.00
00034065	07/17/97	0.0000	S OF C LAIF	12/31/99	276,868.88	276,868.88	0.00	276,868.88	0.00
00034956	10/21/97	0.0000	S OF C LAIF	12/31/99	280,284.81	280,284.81	0.00	280,284.81	0.00
00035632	01/20/98	0.0000	S OF C LAIF	12/31/99	283,977.33	283,977.33	0.00	283,977.33	0.00
00036440	04/16/98	0.0000	S OF C LAIF	12/31/99	275,858.99	275,858.99	0.00	275,858.99	0.00
00037297	07/20/98	0.0000	S OF C LAIF	12/31/99	278,589.62	278,589.62	0.00	278,589.62	0.00
00038232	10/19/98	0.0000	S OF C LAIF	12/31/99	284,655.28	284,655.28	0.00	284,655.28	0.00
00038556	11/30/98	0.0000	S OF C LAIF	12/31/99	4,998,000.00	4,998,000.00	0.00	4,998,000.00	0.00
00038987	01/19/99	0.0000	S OF C LAIF	12/31/99	303,237.61	303,237.61	0.00	303,237.61	0.00
00039856	04/21/99	0.0000	S OF C LAIF	12/31/99	327,715.76	327,715.76	0.00	327,715.76	0.00
00040203	06/07/99	0.0000	S OF C LAIF	12/31/99	2,997,000.00	2,997,000.00	0.00	2,997,000.00	0.00
00040651	07/15/99	0.0000	S OF C LAIF	12/31/99	338,455.53	338,455.53	0.00	338,455.53	0.00
00041373	10/15/99	0.0000	S OF C LAIF	12/31/99	383,355.75	383,355.75	0.00	383,355.75	0.00
					14,686,868.54	14,686,868.54	0.00	14,686,868.54	0.00
			FUND-TOTAL		14,686,868.54	14,686,868.54	0.00	14,686,868.54	0.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FHLB - FED HOME LOAN BANK								
00041389	10/25/99	6.0000	FHLB 6.00	08/15/02	5,000,000.00	4,947,064.00	83,333.33	4,959,375.00	88,333.33
00041390	10/25/99	6.0000	FHLB 6.00	08/15/02	5,000,000.00	4,945,822.54	83,333.33	4,959,375.00	88,333.33
					10,000,000.00	9,892,886.54	166,666:66	9,918,750.00	176,666.66
			FUND TOTAL		10,000,000.00	9,892,886.54	166,666.66	9,918,750.00	176,666.66

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: SCP6F - SCAQMD-Mobile Source Air
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			FFCB - FED FARM CREDIT BANK						
00041396	10/25/99	5.2500	FFCB 5.25	05/17/02	5,000,000.00	4,869,980.75	115,208.33	4,881,250.00	119,583.33
					5,000,000.00	4,869,980.75	115,208.33	4,881,250.00	119,583.33
			FHLB - FED HOME LOAN BANK						
00041395	10/25/99	6.1250	FHLB 6.125	02/15/02	5,000,000.00	4,975,802.37	45,937.50	4,989,065.00	51,041.67
					5,000,000.00	4,975,802.37	45,937.50	4,989,065.00	51,041.67
			FUND TOTAL		10,000,000.00	9,845,783.12	161,145.83	9,870,315.00	170,625.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			CTDM - COLLATERALIZED TDS (MONTHLY)						
00022101	03/01/94	0.0000	S OF C LAIF	12/31/99	7,000,000.00	7,000,000.00	0.00	7,000,000.00	0.00
00023208	06/15/94	0.0000	S OF C LAIF	12/31/99	27,081.03	27,081.03	0.00	27,081.03	0.00
00023842	08/19/94	0.0000	S OF C LAIF	12/31/99	83,505.96	83,505.96	0.00	83,505.96	0.00
00024459	11/18/94	0.0000	S OF C LAIF	12/31/99	94,996.78	94,996.78	0.00	94,996.78	0.00
00025326	03/02/95	0.0000	S OF C LAIF	12/31/99	104,088.41	104,088.41	0.00	104,088.41	0.00
00026241	05/23/95	0.0000	S OF C LAIF	12/31/99	110,715.07	110,715.07	0.00	110,715.07	0.00
00027270	07/31/95	0.0000	S OF C LAIF	12/31/99	117,811.43	117,811.43	0.00	117,811.43	0.00
00028140	11/21/95	0.0000	S OF C LAIF	12/31/99	118,831.50	118,831.50	0.00	118,831.50	0.00
00028986	02/16/96	0.0000	S OF C LAIF	12/31/99	117,968.90	117,968.90	0.00	117,968.90	0.00
00029917	05/22/96	0.0000	S OF C LAIF	12/31/99	115,386.18	115,386.18	0.00	115,386.18	0.00
00031093	09/05/96	0.0000	S OF C LAIF	12/31/99	114,884.96	114,884.96	0.00	114,884.96	0.00
00031850	12/03/96	0.0000	S OF C LAIF	12/31/99	119,214.46	119,214.46	0.00	119,214.46	0.00
00032655	02/25/97	0.0000	S OF C LAIF	12/31/99	120,967.08	120,967.08	0.00	120,967.08	0.00
00033599	05/28/97	0.0000	S OF C LAIF	12/31/99	119,698.34	119,698.34	0.00	119,698.34	0.00
00034231	08/06/97	0.0000	S OF C LAIF	12/31/99	124,159.87	124,159.87	0.00	124,159.87	0.00
00035220	11/25/97	0.0000	S OF C LAIF	12/31/99	128,393.89	128,393.89	0.00	128,393.89	0.00
00035952	12/31/97	0.0000	S OF C LAIF	12/31/99	130,900.85	130,900.85	0.00	130,900.85	0.00
00036773	05/22/98	0.0000	S OF C LAIF	12/31/99	129,716.18	129,716.18	0.00	129,716.18	0.00
00037638	08/26/98	0.0000	S OF C LAIF	12/31/99	132,118.17	132,118.17	0.00	132,118.17	0.00
00038537	11/25/98	0.0000	S OF C LAIF	12/31/99	134,992.32	134,992.32	0.00	134,992.32	0.00
00039281	02/24/99	0.0000	S OF C LAIF	12/31/99	132,458.88	132,458.88	0.00	132,458.88	0.00
00040072	04/15/99	0.0000	S OF C LAIF	12/31/99	124,940.21	124,940.21	0.00	124,940.21	0.00
00040891	08/24/99	0.0000	S OF C LAIF	12/31/99	125,249.17	125,249.17	0.00	125,249.17	0.00
00041416	10/15/99	0.0000	S OF C LAIF	12/31/99	124,689.59	124,689.59	0.00	124,689.59	0.00
					9,652,769.23	9,652,769.23	0.00	9,652,769.23	0.00
			FUND TOTAL		9,652,769.23	9,652,769.23	0.00	9,652,769.23	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 10/31/99
FUND: SSTF - SILCOTT SETTLEMENT TRUST FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010242	06/27/85	11.2500	UST BOND 11.250	02/15/15	225,000.00	231,312.15	9,229.97	327,656.25	5,365.15
					225,000.00	231,312.15	9,229.97	327,656.25	5,365.15
			FUND TOTAL		225,000.00	231,312.15	9,229.97	327,656.25	5,365.15

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CTDM - COLLATERALIZED TDS (MONTHLY)								
00022460	04/06/94	0.0000	S OF C LAIF	12/31/99	7,000,000.00	7,000,000.00	0.00	7,000,000.00	0.00
00023844	08/19/94	0.0000	S OF C LAIF	12/31/99	73,432.18	73,432.18	0.00	73,432.18	0.00
00024460	11/18/94	0.0000	S OF C LAIF	12/31/99	88,299.86	88,299.86	0.00	88,299.86	0.00
00025245	02/23/95	0.0000	S OF C LAIF	12/31/99	96,741.95	96,741.95	0.00	96,741.95	0.00
00026250	05/23/95	0.0000	S OF C LAIF	12/31/99	102,900.92	102,900.92	0.00	102,900.92	0.00
00026945	07/18/95	0.0000	S OF C LAIF	12/31/99	109,496.42	109,496.42	0.00	109,496.42	0.00
00028143	11/21/95	0.0000	S OF C LAIF	12/31/99	110,444.50	110,444.50	0.00	110,444.50	0.00
00028732	01/24/96	0.0000	S OF C LAIF	12/31/99	109,642.78	109,642.78	0.00	109,642.78	0.00
00029586	04/17/96	0.0000	S OF C LAIF	12/31/99	107,242.35	107,242.35	0.00	107,242.35	0.00
00030647	07/18/96	0.0000	S OF C LAIF	12/31/99	106,776.50	106,776.50	0.00	106,776.50	0.00
00031539	10/24/96	0.0000	S OF C LAIF	12/31/99	110,800.43	110,800.43	0.00	110,800.43	0.00
00032361	01/21/97	0.0000	S OF C LAIF	12/31/99	112,429.36	112,429.36	0.00	112,429.36	0.00
00033315	04/21/97	0.0000	S OF C LAIF	12/31/99	111,250.16	111,250.16	0.00	111,250.16	0.00
00034059	07/17/97	0.0000	S OF C LAIF	12/31/99	115,396.80	115,396.80	0.00	115,396.80	0.00
00034957	10/21/97	0.0000	S OF C LAIF	12/31/99	119,331.99	119,331.99	0.00	119,331.99	0.00
00035633	01/20/98	0.0000	S OF C LAIF	12/31/99	121,662.01	121,662.01	0.00	121,662.01	0.00
00036439	04/16/98	0.0000	S OF C LAIF	12/31/99	120,560.95	120,560.95	0.00	120,560.95	0.00
00037287	07/17/98	0.0000	S OF C LAIF	12/31/99	122,793.41	122,793.41	0.00	122,793.41	0.00
00038231	10/19/98	0.0000	S OF C LAIF	12/31/99	125,464.71	125,464.71	0.00	125,464.71	0.00
00038988	01/19/99	0.0000	S OF C LAIF	12/31/99	123,110.08	123,110.08	0.00	123,110.08	0.00
00039857	04/21/99	0.0000	S OF C LAIF	12/31/99	116,122.07	116,122.07	0.00	116,122.07	0.00
00040652	07/15/99	0.0000	S OF C LAIF	12/31/99	116,409.22	116,409.22	0.00	116,409.22	0.00
00041374	10/15/99	0.0000	S OF C LAIF	12/31/99	121,913.10	121,913.10	0.00	121,913.10	0.00
					9,442,221.75	9,442,221.75	0.00	9,442,221.75	0.00
			FUND TOTAL		9,442,221.75	9,442,221.75	0.00	9,442,221.75	0.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00028113	12/01/95	5.6250	USTN	11/30/00	4,000,000.00	4,003,650.40	614.75	3,998,752.00	94,672.13
					4,000,000.00	4,003,650.40	614.75	3,998,752.00	94,672.13
			FUND TOTAL		4,000,000.00	4,003,650.40	614.75	3,998,752.00	94,672.13
			SPI GRAND TOTAL		431,702,359.24	432,661,616.77	6,528,041.88	431,463,745.06	6,659,946.79
			HISTORICAL COST			433,010,483.58			

LOS ANGELES COUNTY TREASURER
TRUSTEE & MANAGED FUNDS
AS OF 10/31/99
TRUSTEE BANKERS TRUST CORP
ATTACHMENT XI

ISSUE DATE	FUND TITLE	FUND BALANCE
1997	COUNTY OF LOS ANGELES - COMMERCIAL PAPER PROGRAM	$20,281,586.36
	BANKERS TRUST CORP - TRUSTEE TOTAL	$20,281,586.36

NOTE:

*** - Prior to October 1, 1999**

FUND TITLE	FUND BALANCE
ANDERSON GALLERY & JAPANESE PAV MUSEUM	$3,024,759.11
CFD # 2/2656 SERIES A & B	733,748.71
HIGH DESERT HOSPITAL	0.04
LANCASTER FIRE DEPARTMENT	4,047,875.59
LANCASTER LIBRARY	321,820.03
LANCASTER SHERIFF	2,080,885.63
LOS ANGELES COUNTY 88-A BOND FD	139,235.25
LOS ANGELES COUNTY FLOOD CONTROL REFUNDING	137,037.09
LOS ANGELES COUNTY PENSION OBLIGATION CERTIF.	28,909,358.54
LOS ANGELES COUNTY PENSION OBLIGATION REFUNDING	18,373,402.61
MULTIPLE CAP V SER A	2,647,297.39
MULTIPLE CAP V SER B	14,752,603.89
PITCHESS RANCHO CO-GENERATION PROJECT	-1,000.00
PUBLIC PROPERTY 1987 (LACERA)	27,694,756.54
BNY WESTERN TRUST - TRUSTEE SUBTOTAL	$102,863,780.42

FUND TITLE	FUND BALANCE
L.A. COUNTY SCHOOLS PFP 1998 SER A	$1,202.27
ROSEMEAD ELEM SD COP 1996	204,466.36
BNY WESTERN TRUST - SCHOOLS SUBTOTAL	$205,668.63
BNY WESTERN TRUST - TRUSTEE TOTAL	$103,069,449.05

ISSUE DATE	PROJECT TITLE	FUND BALANCE
	CITY OF CALABASAS 1999 COP	$477,719.32
	COMMUNITY FACILITIES DIST NO. 1	925.57
	COMMUNITY FACILITIES DIST NO 2	1,158,216.84
	COMMUNITY FACILITIES DIST NO 4 A-C	15,585,309.04
	COMMUNITY FACILITIES DIST NO 5	12,957,131.89
6/20/91	COUNTYWIDE INTEGRATED RADIO COMM SYSTEM	9,928,494.89
	DEPARTMENT OF SOCIAL SERVICES/WHITEFRONT	404.23
1981	EL MONTE HEALTH	0.00
1995	ENERGY SAVING EQUIPMENT PROJECT 1995	417,349.50
1996	LAC-CAL 1996, SERIES A	0.00
5/01/91	MASTER REFUNDING PROJECT 1991	(0.01)
	MASTER REFUNDING PROJECT 1996 SER A & B	346,713,418.35
	MASTER REFUNDING PROJECT 1997	106,182,439.46
3/01/90	MULTIPLE CAPITAL FACILITIES PROJECT II	0.00
1994	PENSION OBLIGATION BONDS 1994 SER A & D	196,270,796.87
	REGIONAL PARK - 1997	168,781,796.79
	U.S. BANK TRUST - TRUSTEE TOTAL	$858,474,002.74

ISSUE DATE	PROJECT TITLE	FUND BALANCE
	ACTON AGUA DULCE 1999A COP	$876,527.65
	ARCADIA USD 1993A GOB	0.00 *
	ALHAMBRA CITY ELEM 1999A GOB	0.00
	BEVERLY HILLS USD 1995A GOB	0.00
	CASTAIC UNION SD 1993A GOB	0.00
	CASTAIC UNION SD 1993B GOB	0.00
	CULVER CITY SD ELEC96 SER 1999	0.00
	DOWNEY USD 1996A GOB	0.00
	EL MONTE CITY SD COP 1992A	0.00
	EL RANCHO USD 1994A GOB	0.00
	GLENDALE USD 1988 GOB	0.00
	GLENDALE USD 1999C GOB	0.00
	INGLEWOOD USD 1998A GOB	0.00
	L.A. COUNTY SCHOOLS PFP 1999 COP SER A	3,064,003.66
	LANCASTER SD ELEC 1999 SER A	0.00
	LAS VIRGENES USD ELEC 1997 SER B	20,637,654.46
	LITTLE LAKE SD 1993	386,064.52
	LONG BEACH USD 1987A	0.00
	LONG BEACH COP 1992 SER A 1997	8,315,354.02
	LONG BEACH USD GOB ELEC 1999 SER A	0.00
	LYNWOOD USD 1989 SER A	0.00
	LYNWOOD USD 1997 SER C	1,385,284.03
	MANHATTAN BEACH USD 1999C GOB	0.00 *
	MONTEBELLO USD 1989 SER A	0.00 *
	MT. SAN ANTONIO COM COLLEGE DIST 1993	0.00
	PASADENA COM COLLEGE DIST 1993A	981,515.27
	U S. BANK SCHOOLS - SUB TOTAL	$35,646,403.61

ISSUE DATE	PROJECT TITLE	FUND BALANCE
	PASADENA USD-ELEC 1997 SER A	$0.00
	POMONA USD GOB 2000 SER A	0.00
	POMONA USD 1991	0.00
	POOLED CAP. PROJ CHARTER OAKS USD 1990 SER B	0.00
	POOLED CAP PROJ COMPTON 1988 SER C	0.00
	POOLED CAP PROJ LOCAL AGENCIES 1997 SER A	0.01
	POOLED CAP PROJ LOCAL AGENCIES 1997 SER C	0.00
	POOLED CAP PROJ LYNWOOD 1997 SER C	338.43
	POOLED CAP PROJ MONTEBELLO 1989 SER A	659.43
	POOLED SCHOOL DIST 1989A TORRANCE	0.00
	POOLED TRAN 1999-2000 COST OF DELIVERY	20,187.44
	REGIONALIZED BUSINESS SERVICES	0.00
	SANTA MONICA COM COLLEGE 1992 SER A	0.00
	SANTA MONICA/MALIBU USD SER 1999	0.00
	SAUGUS UNION HSD 1993 SER A	0.00
	SOUTH PASADENA USD ELEC 1995 SER C	1,150.00
	SUPERINTENDENT OF SCHOOLS 1998 SER A	3,673.63
	TORRANCE USD 1992	425,386.66
	WALNUT VALLEY USD	0.00
	WHITTIER UNION HSD ELEC 1999 SER A	0.00
	WISEBURN SD ELEC 1997 SER 1999 A	0.00
	U S BANK SCHOOLS - SUB TOTAL	$451,395.60
	U S BANK SCHOOLS - TOTAL	$36,097,799.21

FUND TITLE	FUND BALANCE
HORIZONS - DEFERRED COMPENSATION & THRIFT ACCOUNT	
Horizons - Stable Income Fund	$1,026,454,663.93
Horizons - State Street S&P 500 Index Fund	569,377,690.39
Horizons - Fidelity Growth Company Fund	10,267,852.11
Horizons - Great West Bank	48,025,640.53
Horizons - LACIF	0.00
Horizons - Small CAP Equity Fund	59,358,976.51
Horizons - High Yield Bond Fund	17,056,530.64
Horizons - International Equity Fund	36,953,281.54
Horizons - Growth Equity (DIA)	248,945,846.42
Horizons - Pre-assembled Portfolio A	7,788,641.01
Horizons - Pre-assembled Portfolio B	5,891,149.61
Horizons - Pre-assembled Portfolio C	14,821,857.04
Horizons - Pre-assembled Portfolio D	139,633,714.82
Horizons - Pre-assembled Portfolio E	14,753,436.52
	$2,199,329,281.07

ISSUE DATE	FUND TITLE	FUND BALANCE
	LOS ANGELES COMMUNITY COLLEGE (LACC)	$30,355.26
	LACOE - 1999-2000 TRAN	174,203,870.92
	PARAMOUNT USD - NEW YORK LIFE (1999)	19,073,020.00
	TREASURER TOTAL	$193,307,246.18

PROJECT TITLE	FUND BALANCE
ALLIANCE OF SCHOOLS COOPERATIVE INSURANCE PROGRAM	
INVESTMENTS	$41,855,581.47
CASH AND EQUIVALENTS	624,449.83
TOTAL MANAGED FUNDS	$42,480,031.30

ISSUE DATE	PROJECT TITLE	FUND BALANCE
6/01/92	CHILDREN'S COURT & MUSEUM PROJECT	$6,455,778.29
	DISNEY PROJECT (Partial Refund), 1998	54,897,944.74
2/09/93	DISNEY PROJECT, 1993	35,296,499.19
7/01/93	MARINA DEL REY FINANCING, SERIES A	22,258,087.03
	MASTER REFUNDING 1997, SERIES A	91,091,583.60
12/09/92	MASTER REFUNDING PROJECT, 1992	22,812,482.93
11/01/91	MULTIPLE CAPITAL FACILITIES PROJECT III	69,655,352.66
12/01/93	MULTIPLE CAPITAL FACILITIES PROJECT IV	38,292,771.91
	STATE STREET BANK - TRUSTEE TOTAL	$340,760,700.35

	PROJECT TITLE	FUND BALANCE
LOS ANGELES UNIFIED SCHOOL DISTRICT - Annuity Reserve Fund		
INVESTMENTS		$14,619,277.42
CASH EQUIVALENTS		987,870.62
PENDING ADJUSTED		52,989.32
TCW - TOTAL MANAGED FUNDS		$15,660,137.36

ISSUE DATE	PROJECT TITLE	FUND BALANCE
7/98	LA COUNTY POOLED SCHOOL TRAN 1998-99	
	COSTS	$15,661.98
	SERIES A (Matured 6-30-99)	40,268,340.44
	SERIES B (Matured 9-30-99)	116,779,646.81
	PENDING ADJUSTMENTS	(157,047,987.25)
	POOLED SCHOOL TRAN 98 99	$15,661.98 *
	LACOE POOLED CAPITAL PROJECTS	
	SERIES A.	0.00
	SERIES B	4,645,610.39
	POOLED CAPITAL PROJECTS	$4,645,610.39 *
	LOS ANGELES COUNTY LOCAL AGENCIES	
	LACLEA 97/98 PROCEEDS FUND SERIES A	6,104.49
	LACLEA 97/98 PROCEEDS FUND SERIES B	2,808.62
		$8,913.11 *
	U S TRUST TOTAL MANAGED FUNDS	$4,670,185.48

ANGELES COUNTY TREASURER
TRUSTEE & MANAGED FUNDS
AS OF 10/31/99
TRUSTEE UNION BANK
ATTACHMENT XI

ISSUE DATE	PROJECT TITLE	FUND BALANCE
	LAC-CAL 1998, SERIES A	$1,142,413.33
	LAC-CAL 1998, SERIES B	1,084,895.06
		$2,227,308.39

ISSUE DATE	PROJECT TITLE	FUND BALANCE
1/27/93	CONCERT HALL GIFT ASSIGNMENT	$14,808,380.54
	WELLS FARGO BANK - TRUSTEE TOTAL	$14,808,380.54

[illegible]
FLOATING RATE [illegible]
AS OF [illegible]
ATTACHMENT XII

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	ACCRUED INTEREST	RESET PROVISIONS
[illegible]								
[illegible]								
00039008 GE[illegible] FRN	5 [illegible]	08 24 [illegible]	[illegible]	[illegible]	[illegible]	19,989,881.52	206,616.67	Coupon rate=3 month LIBOR minus 9bp.
00040557 MERRILL LYNCH & CO MTN FRN	5 5025	08 29 [illegible]	08 11 [illegible]	[illegible]	[illegible],000,000 00	4,998,976 27	47,382.64	Coupon rate=3 month LIBOR plus 1bp.Long 1st coup.
00040953 WACHOVIA BK FR BANK NOTE	5 5225	09 14 00	09 11 [illegible]	[illegible]	25,000,000 00	24,995,709.52	184,083.33	Coupon rate=3 month US$LIBOR plus 1bp.BK Note
00040706 FNB CHICAGO FRN	6 2063	04 12 01	10-12 99	6 2063	12,000,000.00	11,997,129.32	41,375.00	Coupon rate=3 month US$LIBOR plus 3bp.BK Note
00040025 NATIONSBANK NA FRN	5 3625	05.03 01	08 03 99	5 3625	50,000,000 00	50,000,000.00	670,312.50	Coupon rate=3 month LIBOR plus 2bp.
SUBTOTAL					112,000,000.00	111,981,696.63	1,149,770.14	
CNFM - FLOATING RATE CORPORATE NOTE								
00039524 MERRILL LYNCH & CO MTN FRN	5 5663	09/25 00	09 27/99	5 5663	20,000,000 00	19,996,600.13	108,232.64	Coupon rate=3 month LIBOR minus 9bp.
SUBTOTAL					20,000,000 00	19,996,600.13	108,232.64	
CPFR - COMMERCIAL PAPER FLOATING RATE NOTE								
00040913 MS-DW-D FLOATING RATE CP	5.6100	02/08/00	10/29/99	5 6100	50,000,000.00	50,000,000.00	508,819.45	Daily rate = Effective Fed Funds plus 30bp. 1 day look back.
SUBTOTAL					50,000,000.00	50,000,000.00	508,819.45	
FCNT - FFCB MTN FRN MONTHLY								
00039353 FFCB FRN	5.2263	03/10/00	10/10/99	5.2263	50,000,000.00	49,990,409.84	159,690.97	Coupon rate=1 month T-Bill minus 19bp, resets monthly beginning 4/10/99.
SUBTOTAL					50,000,000.00	49,990,409.84	159,690.97	
FHFR - FHLB FLOATING RATE NOTE								
00041260 FHLB FRN (CALLABLE)	5.5800	10/13/00	10/29/99	5.5800	25,000,000.00	25,000,000.00	72,118.06	Coupon rate = Effective Fed Funds plus 27bp, daily reset/quarterly payment.
SUBTOTAL					25,000,000.00	25,000,000.00	72,118.06	
FNFR - FNMA FLOATING RATE COUPON								
00039980 FNMA FLOAT RATE MTN 4 77375	5.1550	05/05/00	08/05/99	5 1550	50,000,000 00	49,984,220.49	630,055.56	Coupon Rate=3 Month LIBOR minus 21.5bp.
00040439 FNMA FRN	5 3338	09/06/00	09/06 99	5 3338	37,010,000.00	36,980,164.64	307,069.91	Coupon Rate=3 Month LIBOR minus 18.5bp.
SUBTOTAL					87,010,000.00	86,964,385.13	937,125.47	
SLFQ - SLMA FLOATING RATE QUARTERLY								
00038766 SLMA FRN	5 8450	02/04 00	10 26 99	5 8450	50,000,000 00	50,000,000.00	685,068.47	Coupon rate=3 Month T-bill rate plus 70bp.Reset weekly.

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							ACCRUED INTEREST	RESET PROVISIONS
							486,406.84	Coupon rate=3 Month T-bill rate plus 65bp.Reset weekly.
							1,171,475.31	
SLFG	SLMA FLOATING RATE ANNUALLY							
00040971	SLMA FRN ANNUALLY	5.5750	01/29/97	10/26/99	5.5750	25,000,000.00	24,969,537.50	395,664.31	Coupon rate=3 Month T-bill rate plus 43bp.Pay @ maturit
00040840	SLMA FRN MTN ANNUALLY	5.7750	02/12/97	10/26/99	5.7750	25,000,000.00	25,000,000.00	281,708.24	Coupon rate=3 Month T-bill rate plus 63bp.Reset weekly.
	SUBTOTAL					50,000,000.00	49,969,537.50	677,372.55	
	SUBTOTAL CORP AGENCY					443,810,000.00	443,883,776.77	4,984,604.59	
	CORPORATE AND AGENCY ISSUED TOTAL					493,810,000.00	493,883,776.77	4,984,604.59	

LOS ANGELES COUNTY ISSUED - FLOATING RATE SECURITIES

BANS - LACCAL BANS

00038238	LACCAL BANS	5.5000	06/30/04	07/01/99	5.5000	5,000,000.00	5,000,000.00	104,843.06	6 month U.S.Treasury Bill+.50% at the time
00039119	LACCAL BANS	5.5000	06/30/05	07/01/99	5.5000	5,000,000.00	5,000,000.00	91,666.67	of draw. Interest adjusted on January 2 and July 1
00039684	LACCAL BANS	5.5000	06/30/05	07/01/99	5.5000	5,000,000.00	5,000,000.00	91,666.67	and interest accrued to that point will be payable.
00040167	LACCAL BANS	5.5000	06/30/06	07/01/99	5.5000	5,000,000.00	5,000,000.00	91,666.67	on that date. Reset to Bank of America prime rate
00040379	LACCAL BANS	5.5000	06/30/06	07/01/99	5.5000	5,000,000.00	5,000,000.00	91,666.67	on the 3rd reset date.
00041298	LACCAL BANS	5.6250	06/30/06	10/12/99	5.6250	5,000,000.00	5,000,000.00	14,843.75	
	SUBTOTAL					30,000,000.00	30,000,000.00	486,353.49	

COP1 - CERTIFICATE OF PARTICIPATION

00018535	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/01/99	6.4000	26,679,185.91	26,679,185.91	426,866.97	Annual reset based on current 10 year Treasury
00034257	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/01/99	6.4000	8,901.22	8,901.22	142.42	yield plus 50bp, or 3 month LIBOR plus 50bp
00034258	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/01/99	6.4000	95,304.74	95,304.74	1,524.88	with semi-annual payments.
00040731	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/02/99	6.4000	1,022.92	1,022.92	16.18	
00040736	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/03/99	6.4000	1,083.81	1,083.81	16.96	
00040747	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/05/99	6.4001	1,832.06	1,832.06	28.01	
00040759	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/06/99	6.4002	2,247.33	2,247.33	33.96	
00040762	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/09/99	6.4003	142.15	142.15	2.07	
00040785	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/10/99	6.4003	916.28	916.28	13.19	
00040798	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/11/99	6.4004	219.13	219.13	3.12	
00040809	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/12/99	6.4004	973.35	973.35	13.67	
00040855	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/18/99	6.4006	938.83	938.83	12.18	
00040870	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/23/99	6.4008	14.56	14.56	0.18	
00040879	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/23/99	6.4008	1,798.44	1,798.44	21.74	
00040890	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/24/99	6.4008	12,322.18	12,322.18	146.77	
00040901	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/25/99	6.4009	2,280.91	2,280.91	26.76	
00040920	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	08/27/99	6.4009	1,982.69	1,982.69	22.56	

								ACCRUED INTEREST	RESET PROVISIONS
[illegible]	LA [illegible] MARINA DEL REY [illegible]						[illegible]	16.66	
[illegible]	LA [illegible] MARINA DEL REY [illegible]						[illegible]	44.00	
00041084	LACCAL MARINA DEL REY SER C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,221.50	13.03	
00041038	LACCAL MARINA DEL REY SER C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	902.26	9.45	
00041029	LACCAL MARINA DEL REY SER C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1,768.68	16.98	
00041016	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	[illegible]	[illegible]	[illegible]	56.10	0.52	
00041057	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	[illegible]	[illegible]	[illegible]	831.00	7.68	
00041096	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/13/99	6.4013	32,284.64	32,284.64	292.71	
00041101	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/13/99	6.4013	1,965.33	1,965.33	33.84	
00041104	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/14/99	6.4013	1,661.65	1,661.65	13.00	
00041113	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/15/99	6.4014	652.49	652.49	5.45	
00041115	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/20/99	6.4016	3,070.28	3,070.28	25.11	
00041116	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/21/99	6.4016	2,394.92	2,394.92	17.46	
00041121	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/22/99	6.4016	512.15	512.15	3.64	
00041128	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/23/99	6.4016	1,649.44	1,649.44	11.44	
00041136	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/24/99	6.4016	968.41	968.41	6.54	
00041142	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/27/99	6.4016	30,399.38	30,399.38	199.96	
00041145	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/28/99	6.4017	76,292.88	76,292.88	461.15	
00041155	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	09/29/99	6.4017	1,710.21	1,710.21	10.03	
00041176	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/01/99	6.4018	2,927.61	2,927.61	16.65	
00041202	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/04/99	6.4018	2,688.67	2,688.67	14.34	
00041222	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/05/99	6.4018	2,638.46	2,638.46	12.66	
00041248	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/07/99	6.4018	650.51	650.51	3.01	
00041265	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/12/99	6.4019	718.91	718.91	3.07	
00041290	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/12/99	6.4019	3,968.03	3,968.03	13.40	
00041308	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/13/99	6.4019	4,774.46	4,774.46	16.13	
00041309	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/14/99	6.4019	30,425.87	30,425.87	97.36	
00041326	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/15/99	6.4019	260.64	260.64	0.79	
00041330	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/18/99	6.4020	1,280.20	1,280.20	3.64	
00041344	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/19/99	6.4020	1,546.94	1,546.94	3.58	
00041356	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/20/99	6.4020	597.50	597.50	1.27	
00041369	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/26/99	6.4020	1,477.11	1,477.11	2.89	
00041415	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/28/99	6.4020	11,433.34	11,433.34	10.16	
00041451	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	10/29/99	6.4020	2,814.33	2,814.33	1.50	
00041466	LACCAL MARINA DEL REY SER C	6.4000	08/01/07	[illegible]	[illegible]	1,699.73	1,699.73	0.60	
	SUBTOTAL					27,047,072.13	27,047,072.13	430,281.33	

PN - PROMISSORY NOTE

00024486	PASADENA GLEN CSD- PN	5.3810	09/01/09	09.01.99	5.3810	24,100.00	24,100.00	216.81	Annual reset based on yearly T-Bill Rate + 50bp.
	SUBTOTAL					24,100.00	24,100.00	216.81	
	L.A. COUNTY ISSUED TOTAL					57,071,172.13	57,071,172.13	916,851.63	
	GRAND TOTAL FLOATING RATE SECURITIES					57,071,172.13	57,071,172.13	916,851.63	

LOS ANGELES COUNTY TREASURER
BOND ANTICIPATION NOTES AND LACCAL
AS OF 10/31/99
ATTACHMENT XIII

SEC ID	DESCRIPTION	DRAW DATE	AMOUNT	OCT 99 RATE
BOND ANTICIPATION NOTES				
LACCAL				
38238	LACCAL	10/20/98	$5,000,000.00	5.500%
39119	LACCAL	02/03/99	5,000,000.00	5.500%
39684	LACCAL	04/06/99	5,000,000.00	5.500%
40167	LACCAL	06/02/99	5,000,000.00	5.500%
40379	LACCAL	06/24/99	5,000,000.00	5.500%
41298	LACCAL	10/12/99	5,000,000.00	5.625%
			$30,000,000.00	

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
SECURITY TYPE GROUPING - COST & WTD AVG DTM MATURITY
AS OF 10/31/99
ATTACHMENT XIV

	NON-TRADING		TRADING		LENDING	
SECURITY TYPE	COST	WTD AVG DTM	COST	WTD AVG DTM	COST	WTD AVG DTM
COLLATERALIZED CDS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
NEGOTIABLE CDS	1,044,854,107.74	118.7 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
EURO CDS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
BANKERS ACCEPTANCE	16,187,096.41	157.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
COMMERCIAL PAPER	952,037,506.08	10.7 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
GOVERNMENTS	200,107,286.00	281.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
AGENCIES	6,014,522,486.54	1.0 YEARS	0.00	0.0 DAYS	0.00	0.0 DAYS
MUNICIPALS	57,071,172.13	6.8 YEARS	0.00	0.0 DAYS	0.00	0.0 DAYS
CORP & DEPOSIT NOTES	663,142,864.26	211.8 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
REPURCHASE AGREEMENT	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
ASSET BACKED	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
OTHER	2,478,414.00	12.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
TOTAL	8,950,400,933.16	302.9 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
SECURITY TYPE GROUPING - COST & WTD AVG DAYS TO MATURITY
AS OF 10/31/99
ATTACHMENT XIV

SECURITY TYPE	POOLED COST	POOLED WTD AVG DTM	SPECIFIC PURPOSE COST	SPECIFIC PURPOSE WTD AVG DTM	SPECIAL PROGRAMS COST	SPECIAL PROGRAMS WTD AVG DTM	TOTALS COST	TOTALS WTD AVG DTM
COLLATERALIZED CDS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
NEGOTIABLE CDS	1,044,854,107.74	118.7 DAYS	7,499,617.71	130.0 DAYS	0.00	0.0 DAYS	1,052,353,725.45	118.8 DAYS
EURO CDS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
BANKERS ACCEPTANCE	16,187,096.41	157.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	16,187,096.41	157.0 DAYS
COMMERCIAL PAPER	952,037,506.08	10.7 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	952,037,506.08	10.7 DAYS
GOVERNMENTS	200,107,286.00	281.0 DAYS	150,207,281.13	2.5 YEARS	0.00	0.0 DAYS	350,314,567.13	1.5 YEARS
AGENCIES	6,014,522,486.54	1.0 YEARS	36,964,358.69	1.9 YEARS	0.00	0.0 DAYS	6,051,486,845.23	1.0 YEARS
MUNICIPALS	57,071,172.13	6.8 YEARS	10,091,892.87	22.7 YEARS	0.00	0.0 DAYS	67,163,065.00	9.2 YEARS
CORP & DEPOSIT NOTES	663,142,864.26	211.8 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	663,142,864.26	211.8 DAYS
REPURCHASE AGREEMENT	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
ASSET BACKED	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS	0.00	0.0 DAYS
OTHER	2,478,414.00	12.0 DAYS	227,898,466.37	355.1 DAYS	0.00	0.0 DAYS	230,376,880.37	351.4 DAYS
TOTAL	8,950,400,933.16	302.9 DAYS	432,661,616.77	763.5 DAYS	0.00	0.0 DAYS	9,383,062,549.93	324.2 DAYS

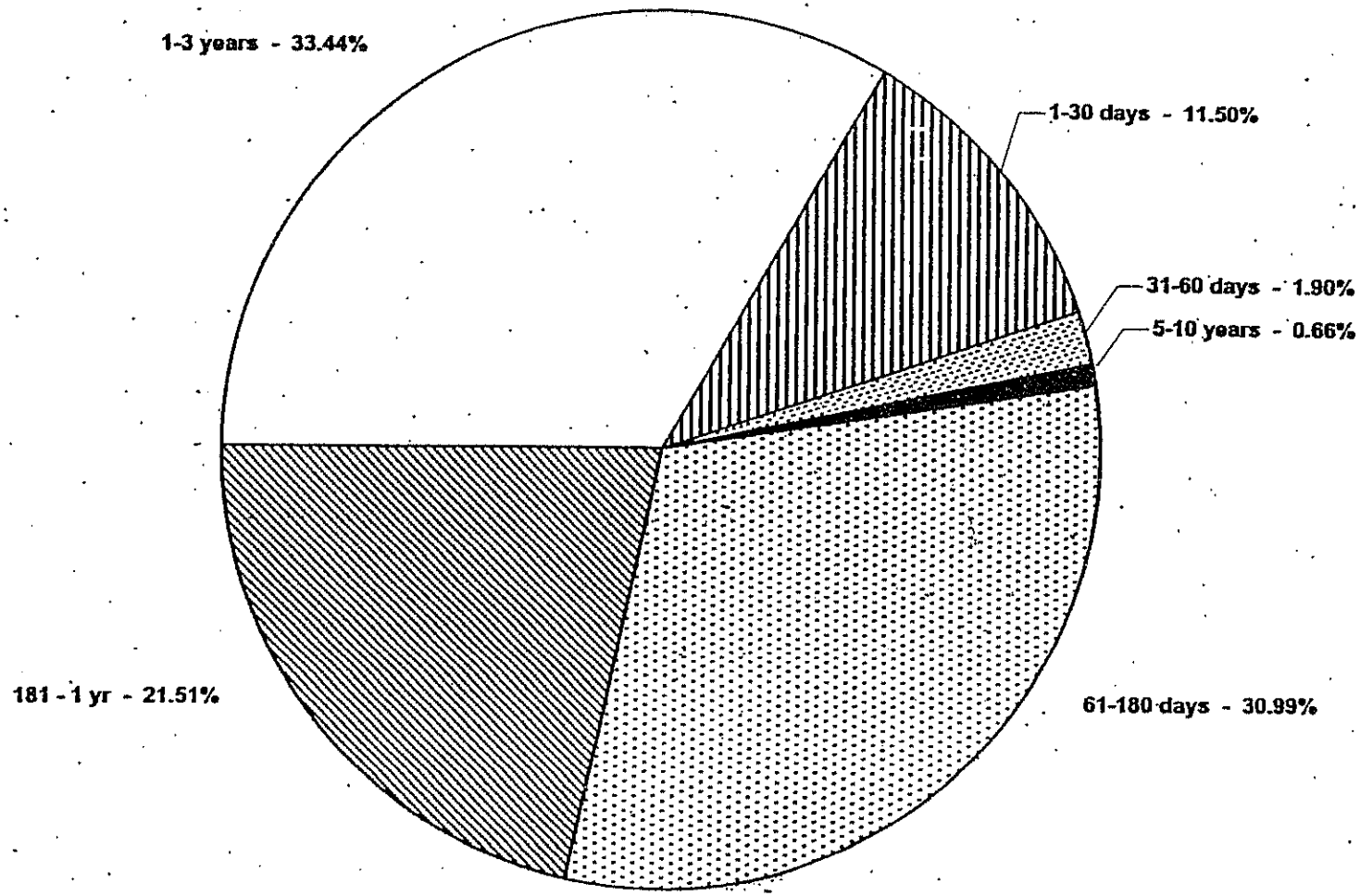
LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
MATURITY RANGE GROUPING: COST
AS OF 10/31/99
ATTACHMENT XV

MATURITY RANGE	NON TRADING COST	NON TRADING % OF COST	TRADING COST	TRADING % OF COST	LENDING COST	LENDING % OF COST
1 - 30 DAYS	1,029,628,572.12	11.50 *	0.00	0.00 *	0.00	0.00
31 - 60 DAYS	169,991,408.08	1.90 *	0.00	0.00 *	0.00	0.00
61 - 90 DAYS	777,605,652.47	8.69 *	0.00	0.00 *	0.00	0.00
91 - 120 DAYS	618,239,998.05	6.91 *	0.00	0.00 *	0.00	0.00
121 - 180 DAYS	1,377,694,350.56	15.39 *	0.00	0.00 *	0.00	0.00
181 - 270 DAYS	1,134,668,757.08	12.68 *	0.00	0.00 *	0.00	0.00
271 - 1 YEAR	790,122,657.36	8.83 *	0.00	0.00 *	0.00	0.00
1 - 1.5 YEARS	1,555,532,624.76	17.38 *	0.00	0.00 *	0.00	0.00
1.5 - 2 YEARS	994,724,515.92	11.11 *	0.00	0.00 *	0.00	0.00
2 - 3 YEARS	443,147,747.70	4.95 *	0.00	0.00 *	0.00	0.00
3 - 4 YEARS	0.00	0.00 *	0.00	0.00 *	0.00	0.00
4 - 5 YEARS	5,000,000.00	0.06 *	0.00	0.00 *	0.00	0.00
5 - 10 YEARS	54,044,649.06	0.60 *	0.00	0.00 *	0.00	0.00
10 + YEARS	0.00	0.00 *	0.00	0.00 *	0.00	0.00
TOTAL	8,950,400,933.16	100.00 *	0.00	0.00 *	0.00	0.00

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
MATURITY RANGE GROUPING - COST
AS OF 10/31/99
ATTACHMENT XV

MATURITY RANGE	POOLED COST	POOLED % OF COST	SPECIFIC PURPOSE COST	SPECIFIC PURPOSE % OF COST	SPECIAL PROGRAMS COST	SPECIAL PROGRAMS % OF COST	TOTALS COST	TOTALS % OF COST
1 - 30 DAYS	1,029,628,572.12	11.50 *	749,958.23	0.17 *	0.00	0.00 *	1,030,378,530.35	10.98
31 - 60 DAYS	169,991,408.08	1.90 *	744,198.34	0.17 *	0.00	0.00 *	170,735,606.42	1.82
61 - 90 DAYS	777,605,652.47	8.69 *	33,802,268.91	7.81 *	0.00	0.00 *	811,407,921.38	8.65
91 - 120 DAYS	618,239,998.05	6.91 *	1,226,788.43	0.28 *	0.00	0.00 *	619,466,786.48	6.60
121 - 180 DAYS	1,377,694,350.56	15.39 *	7,499,617.71	1.73 *	0.00	0.00 *	1,385,193,968.27	14.76
181 - 270 DAYS	1,134,668,757.08	12.68 *	74,088,011.55	17.12 *	0.00	0.00 *	1,208,756,768.63	12.88
271 - 1 YEAR	790,122,657.36	8.83 *	179,636,853.20	41.52 *	0.00	0.00 *	969,759,510.56	10.34
1 - 1.5 YEARS	1,555,532,624.76	17.38 *	19,429,913.32	4.49 *	0.00	0.00 *	1,574,962,538.08	16.79
1.5 - 2 YEARS	994,724,515.92	11.11 *	1,332,097.62	0.31 *	0.00	0.00 *	996,056,613.54	10.62
2 - 3 YEARS	443,147,747.70	4.95 *	42,518,266.97	9.83 *	0.00	0.00 *	485,666,014.67	5.18
3 - 4 YEARS	0.00	0.00 *	5,224,683.02	1.21 *	0.00	0.00 *	5,224,683.02	0.06
4 - 5 YEARS	5,000,000.00	0.06 *	51,687,998.30	11.95 *	0.00	0.00 *	56,687,998.30	0.60
5 - 10 YEARS	54,044,649.06	0.60 *	237,816.91	0.05 *	0.00	0.00 *	54,282,465.97	0.58
10 + YEARS	0.00	0.00 *	14,483,144.26	3.35 *	0.00	0.00 *	14,483,144.26	0.15
TOTAL	8,950,400,933.16	100.00 *	432,661,616.77	100.00 *	0.00	0.00 *	9,383,062,549.93	100.00

LOS ANGELES COUNTY TREASURER
COMPOSITION OF PSI PORTFOLIO BY MATURITY
AS OF OCTOBER, 1999
ATTACHMENT XVI



LOS ANGELES COUNTY TREASURER
LOCAL AGENCY INVESTMENT FUND
FOR SPECIFIC INVESTMENTS
AS OF 10/31/99
ATTACHMENT XVII

ISSUE DATE	FUND TITLE	FUND BALANCE
	ARCADIA UNIFIED SCHOOL DISTRICT (AUSD)	$369.69
	SOUTH COAST AIR QUALITY MGMT DISTRICT (SCAQMD)	14,686,868.54
	SCHOOLS LINKED FOR INSURANCE MANAGEMENT (SLIM)	9,652,769.23
	WHITTIER AREA SCHOOLS INSURANCE AUTHORITY (WASIA)	9,442,221.75
	LAIF TOTAL	$33,782,229.21

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA

A COMPARISON OF SEPTEMBER 1999 WITH SEPTEMBER 1998
(Dollars in Thousands)

	SEPTEMBER 1999	SEPTEMBER 1998	Change
Average Daily Portfolio	$32,879,155	$30,542,398	+$2,336,757
Accrued Earnings	$142,130	$141,571	+559
Effective Yield	5.274	5.639	-.365
Average Life--Month End (in days)	193	198	-5
Security Transactions			
Amount	$17,460,262	$18,915,783	-$1,455,521
Number	385	431	-46
Total Time Deposit Transactions			
Amount	$875,640	$689,600	+$186,040
Number	79	58	+21
Average Workday Investment Activity	$873,138	$933,590	-$60,452
Prescribed Demand Account Balances			
For Services	$208,462	$168,347	+$40,115
For Uncollected Funds	$178,339	$172,827	+$5,512

PHILIP ANGELIDES
STATE TREASURER
STATE OF CALIFORNIA

INVESTMENT DIVISION
SELECTED INVESTMENT DATA

ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO (000 OMITTED)

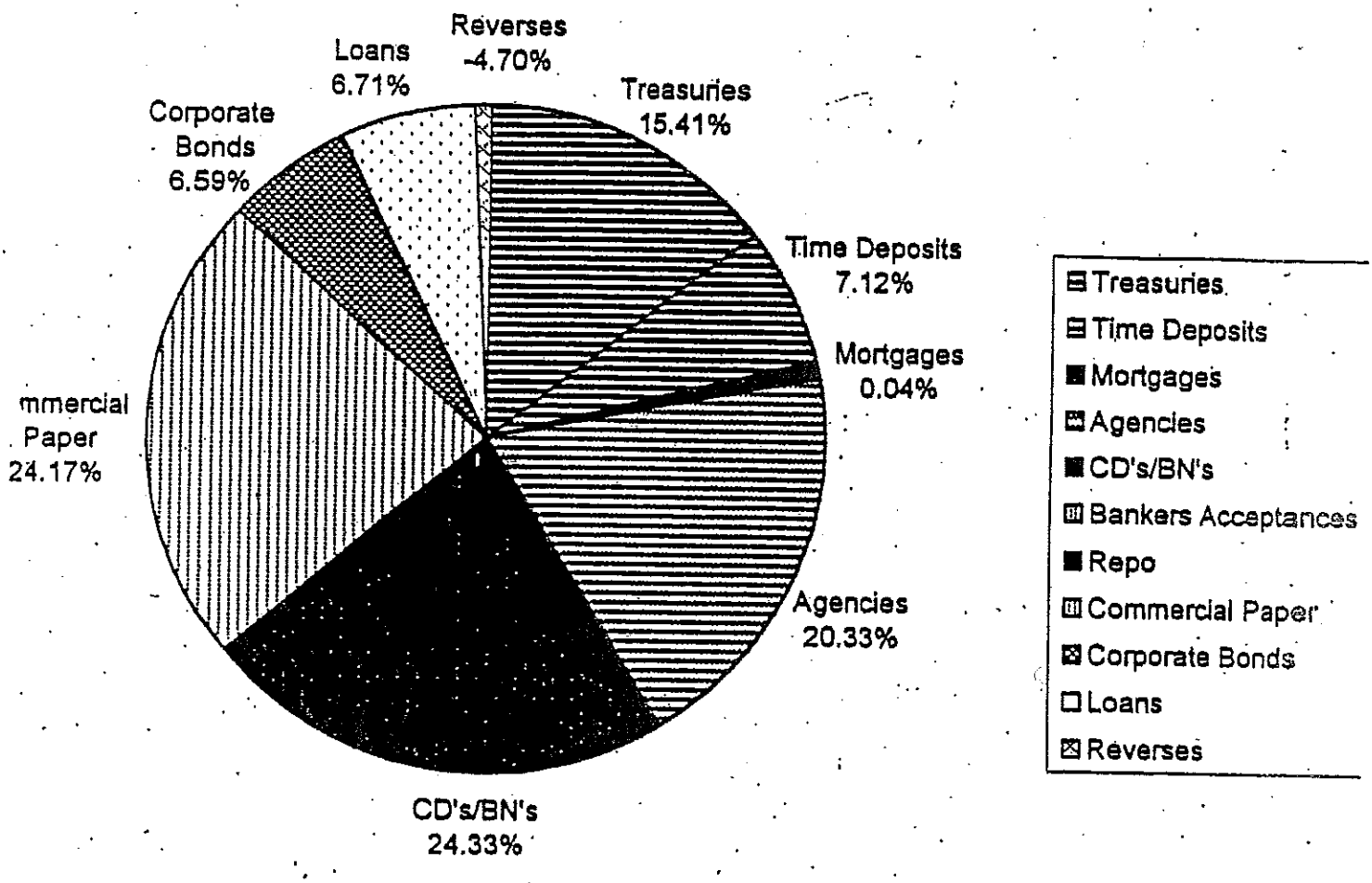
Type of Security	September 30, 1999 Amount	Percent	Change in Percent From Previous Month
Governments			
Bills	$2,355,125	6.78	- .36
Bonds	0	0	0
Notes	$2,997,164	8.63	- .47
Strips	0	0	0
Total Governments	$5,352,289	15.41	- .83
Federal Agency Coupons	$3,270,182	9.41	- 1.31
Certificates of Deposit	$6,488,964	18.69	+ 4.32
Bank Notes	$1,957,972	5.64	+ 1.17
Bankers Acceptances	0	0	0
Repurchases	0	0	- .15
Federal Agency Discount Notes	$3,793,257	10.92	- .43
Time Deposits	$2,474,490	7.12	- .18
GNMA's	$1,619	.00	0
Commercial Paper	$8,397,217	24.17	- .19
FHLMC	$15,521	.04	- .01
Corporate Bonds	$2,290,693	6.59	- .41
Pooled Loans	$2,331,955	6.71	- .57
SF Loans	0	0	0
Reversed Repurchases	<$1,632,103>	<4.70>	+ 1.41
Total, All Types	$34,742,056	100	

INVESTMENT ACTIVITY

	September 1999 Number	Amount	August 1999 Number	Amount
Pooled Money	385	$ 17,460,262	471	$ 21,692,158
Other	20	$ 11,409	13	$ 49,887
Time Deposits	79	$ 875,640	75	$ 1,219,700
TOTALS	484	$ 18,347,311	559	$ 22,961,745
PMIA Monthly Average Effective Yield	5.274		5.225	
Year to Date Yield for Last Day of Month	5.224		5.201	

Pooled Money Investment Account
Portfolio Composition
$34.7 Billion

9/30/99



DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
09/01/99	REDEMPTIONS								
CP	Baxter			09/01/99	5.650	$30,000	1	$4,708.33	5.729
CP	Baxter			09/01/99	5.650	50,000	1	7,847.22	5.729
CP	GMAC			09/01/99	5.600	50,000	1	7,777.78	5.678
CP	GMAC			09/01/99	5.600	50,000	1	7,777.78	5.678
CP	GMAC			09/01/99	5.600	50,000	1	7,777.78	5.678
CP	GMAC			09/01/99	5.600	50,000	1	7,777.78	5.678
CP	GE			09/01/99	5.270	50,000	5	36,597.22	5.347
CP	GE			09/01/99	5.270	50,000	5	36,597.22	5.347
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	GECC			09/01/99	5.150	50,000	9	64,375.00	5.228
CP	ConAgra			09/01/99	5.230	25,000	26	94,430.56	5.322
CP	ConAgra			09/01/99	5.210	5,000	28	20,261.11	5.303
CP	ConAgra			09/01/99	5.210	50,000	28	202,611.11	5.303
CP	SRAC			09/01/99	5.090	50,000	28	197,944.44	5.181
CP	U/B Calif			09/01/99	5.120	50,000	28	199,111.11	5.211
CP	U/B Calif			09/01/99	5.120	50,000	28	199,111.11	5.211
CP	JC Penney			09/01/99	5.320	20,000	29	85,711.11	5.417
CP	Heller			09/01/99	5.200	25,000	29	104,722.22	5.294
CP	ConAgra			09/01/99	5.250	50,000	30	218,750.00	5.346
CP	JP Morgan			09/01/99	4.820	50,000	121	810,027.78	4.967
CP	JP Morgan			09/01/99	4.820	50,000	121	810,027.78	4.967
CP	Amer Exp			09/01/99	4.780	50,000	134	889,611.11	4.934
CP	Amer Exp			09/01/99	4.780	50,000	134	889,611.11	4.934
CP	Amer Exp			09/01/99	4.780	50,000	138	916,166.67	4.936
CP	Amer Exp			09/01/99	4.780	50,000	138	916,166.67	4.936
MTN	Assoc	7.250%		09/01/99	6.030	15,000	651	1,636,375.00	6.030
	FFCB	5.500%		09/01/99	5.150	50,000	350	2,475,416.67	5.150
	FFCB	5.500%		09/01/99	5.160	50,000	350	2,479,766.67	5.160
	FFCB	5.500%		09/01/99	5.160	50,000	350	2,479,766.67	5.160
SALES a/									
	FHLB	5.750%		08/09/00	5.250	11,210	6	9,620.62	5.322
	FHLB	6.140%		07/09/02	5.250	14,750	6	12,716.37	5.322
	FHLB	5.890%		03/30/04	5.250	14,950	6	12,760.12	5.322
	FHLMC	6.440%		08/21/01	5.250	10,000	6	8,652.87	5.322
PURCHASES									
CP	Amer Exp			09/02/99	5.420	50,000			
CP	Amer Exp			09/02/99	5.420	50,000			
CP	Amer Exp			09/02/99	5.420	50,000			
CP	GMAC			09/02/99	5.420	50,000			
CP	GMAC			09/02/99	5.420	50,000			

DATE	TYPE	DESCRIPTION	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
09/01/99	PURCHASES (continued)							
	CP	GMAC	09/02/99	5.420	50,000			
	CP	Heller	09/27/99	5.380	30,000			
09/02/99	REDEMPTIONS							
	CP	Amer Exp	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	Amer Exp	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	Amer Exp	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	GMAC	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	GMAC	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	GMAC	09/02/99	5.420	50,000	1	7,527.78	5.496
	CP	Amer Exp	09/02/99	5.230	50,000	7	50,847.22	5.308
	CP	FMCC	09/02/99	5.160	50,000	13	93,166.67	5.241
	CP	FMCC	09/02/99	5.160	50,000	13	93,166.67	5.241
	CP	FMCC	09/02/99	5.160	50,000	13	93,166.67	5.241
	CP	FMCC	09/02/99	5.160	50,000	13	93,166.67	5.241
	CP	SRAC	09/02/99	5.090	50,000	29	205,013.89	5.161
	CP	Amer Exp	09/02/99	4.780	50,000	139	922,805.56	4.937
	CP	Amer Exp.	09/02/99	4.780	50,000	139	922,805.56	4.937
	PURCHASES							
	BN	FNB Chic 5.390%	11/30/99	5.390	50,000			
	CD	Nova Scot 5.420%	12/02/99	5.420	50,000			
	CD	Nova Scot 5.420%	12/02/99	5.420	50,000			
	CP	Amer Exp	09/09/99	5.270	50,000			
	CP	Amer Exp	09/09/99	5.270	50,000			
	CP	Amer Exp	09/09/99	5.270	50,000			
	CP	Amer Exp	09/09/99	5.270	50,000			
	CP	Hertz	09/28/99	5.280	25,000			
	CP	SRAC	09/28/99	5.280	50,000			
	CP	JC Penney	11/02/99	5.580	50,000			
	PURCHASES c/							
	Treas	Notes 5.125%	08/31/00	5.270	2,386			
	Treas	Notes 5.125%	08/31/00	5.270	50,000			
	Treas	Notes 5.125%	08/31/00	5.270	50,000			
9/03/99	REDEMPTIONS							
	CP	Pfizer	09/03/99	5.120	50,000	28	199,111.11	5.211
	CP	Text Fin	09/03/99	5.180	45,000	28	181,300.00	5.273
	CP	Text Fin	09/03/99	5.180	50,000	28	201,444.44	5.273
	CP	Heller	09/03/99	5.180	50,000	28	201,444.44	5.273
	SALES c/							
	Treas	Notes 5.125%	08/31/00	5.270	2,386	1	341.09	5.343
	Treas	Notes 5.125%	08/31/00	5.270	50,000	1	7,148.90	5.343

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
09/03/99	SALES c/ (continued)								
	Treas	Notes	5.125%	08/31/00	5.270	50,000	1	7,148.90	5.343
	PURCHASES								
	CD	Soc Gen	5.440%	12/29/99	5.400	13,000			
	CD	RB Canada	5.390%	12/29/99	5.380	44,000			
	CD	RB Canada	5.390%	12/29/99	5.380	50,000			
	CD	RB Canada	5.390%	12/29/99	5.380	50,000			
	CP	Text Fin		09/07/99	5.250	19,000			
	CP	GECC		09/07/99	5.180	50,000			
	CP	GECC		09/07/99	5.180	50,000			
	CP	GECC		09/07/99	5.180	50,000			
	CP	GECC		09/07/99	5.180	50,000			
9/07/99	REDEMPTIONS								
	CP	Text Fin		09/07/99	5.250	19,000	4	11,083.33	5.326
	CP	GECC		09/07/99	5.180	50,000	4	28,777.78	5.254
	CP	GECC		09/07/99	5.180	50,000	4	28,777.78	5.254
	CP	GECC		09/07/99	5.180	50,000	4	28,777.78	5.254
	CP	Heller		09/07/99	5.320	50,000	14	103,444.44	5.405
	CP	GMAC		09/07/99	5.230	50,000	15	108,958.33	5.314
	CP	GMAC		09/07/99	5.230	50,000	15	108,958.33	5.314
	CP	JC Penney		09/07/99	5.350	10,739	32	51,069.91	5.450
	PURCHASES								
	CD	Westdeut	5.400%	12/29/99	5.400	50,000			
	CD	RB Canada	5.410%	12/29/99	5.410	50,000			
	CD	RB Canada	5.410%	11/21/36	5.410	50,000			
	CP	GECC		09/08/99	5.340	50,000			
	CP	GECC		09/08/99	5.340	50,000			
	CP	GECC		09/08/99	5.340	50,000			
	CP	GECC		09/08/99	5.340	50,000			
08/99	REDEMPTIONS								
	CP	GECC		09/08/99	5.340	50,000	1	7,416.67	5.414
	CP	GECC		09/08/99	5.340	50,000	1	7,416.67	5.414
	CP	GECC		09/08/99	5.340	50,000	1	7,416.67	5.414
	CP	GECC		09/08/99	5.340	50,000	1	7,416.67	5.414
	CP	ConAgra		09/08/99	5.390	23,306	9	31,404.84	5.472
	CP	GMAC		09/08/99	5.230	50,000	16	116,222.22	5.314
	CP	GMAC		09/08/99	5.230	50,000	16	116,222.22	5.314
	CP	GECC		09/08/99	5.150	50,000	20	143,055.56	5.236
	CP	GECC		09/08/99	5.150	50,000	20	143,055.56	5.236
	CP	GECC		09/08/99	5.150	50,000	20	143,055.56	5.236

MONEY INVESTMENT ACCOUNT

	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
09/08/99	PURCHASES								
	CD	Soc Gen	5.440%	12/29/99	5.435	25,000			
	CD	Soc Gen	5.440%	12/29/99	5.435	50,000			
	CD	Westdeut	5.400%	12/29/99	5.400	25,000			
	CD	Westdeut	5.400%	12/29/99	5.400	50,000			
	CD	Westdeut	5.400%	12/29/99	5.400	50,000			
	CD	Bayer Ver	5.420%	12/29/99	5.415	50,000			
	CD	Bayer Ver	5.420%	12/29/99	5.415	50,000			
09/09/99	REDEMPTIONS								
	CD	Dresdner	5.120%	09/09/99	5.110	50,000	31	220,015.94	5.180
	CD	Dresdner	5.120%	09/09/99	5.110	50,000	31	220,015.94	5.180
	CP	Amer Exp		09/09/99	5.270	50,000	7	51,236.11	5.348
	CP	Amer Exp		09/09/99	5.270	50,000	7	51,236.11	5.348
	CP	Amer Exp		09/09/99	5.270	50,000	7	51,236.11	5.348
	CP	Amer Exp		09/09/99	5.270	50,000	7	51,236.11	5.348
	CP	GECC		09/09/99	5.230	40,000	17	98,788.89	5.315
		FHLB	6.085%	09/09/99	5.200	50,000	357	2,560,388.89	5.200
		FHLB	6.085%	09/09/99	5.200	50,000	357	2,560,388.89	5.200
	RRP								
	Treas	Bills		05/25/00	4.800	50,000	31	(190,232.36)	-4.663
	Treas	Bills		05/25/00	4.800	50,000	31	(190,232.36)	-4.663
	PURCHASES								
	CD	CIBC	5.405%	12/29/99	5.400	50,000			
	CD	CIBC	5.405%	12/29/99	5.400	50,000			
	CP	Rohm		09/10/99	5.320	50,000			
	CP	Rohm		09/10/99	5.320	50,000			
	PURCHASES c/								
		FHLB	5.750%	12/15/00	5.280	42,260			
		FHLB	5.570%	08/12/02	5.280	50,000			
09/10/99	REDEMPTIONS								
	BN	NationsBk	4.900%	09/10/99	4.900	50,000	150	1,020,833.33	4.968
	BN	NationsBk	4.900%	09/10/99	4.900	50,000	150	1,020,833.33	4.968
	CD	Bayer Ver	4.890%	09/10/99	4.880	50,000	150	1,016,708.18	4.947
	CD	Bayer Ver	4.890%	09/10/99	4.880	50,000	150	1,016,708.18	4.947
	CP	Rohm		09/10/99	5.320	50,000	1	7,388.89	5.394
	CP	Rohm		09/10/99	5.320	50,000	1	7,388.89	5.394
	CP	ConAgra		09/10/99	5.390	28,535	11	46,995.56	5.473
	CP	GMAC		09/10/99	5.230	50,000	18	130,750.00	5.316
	CP	GMAC		09/10/99	5.230	50,000	18	130,750.00	5.316

Agency Investment Fund

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	
09/10/99	SALES a/								
		FHLB	5.750%	12/15/00	5.280	42,260	1	6,136.39	5.353
		FHLB	5.570%	08/12/02	5.280	50,000	1	7,063.61	5.353
	PURCHASES								
	CP	GECC		09/13/99	5.170	25,000			
	CP	GECC		09/13/99	5.170	50,000			
	CP	GECC		09/13/99	5.170	50,000			
	CP	GECC		09/13/99	5.170	50,000			
9/13/99	SALES								
	CP	GECC		09/13/99	5.170	25,000	3	10,770.83	5.244
	CP	GECC		09/13/99	5.170	50,000	3	21,541.67	5.244
	CP	GECC		09/13/99	5.170	50,000	3	21,541.67	5.244
	CP	GECC		09/13/99	5.170	50,000	3	21,541.67	5.244
	CP	GMAC		09/13/99	5.170	50,000	32	229,777.78	5.266
	CP	GMAC		09/13/99	5.170	50,000	32	229,777.78	5.266
	RRP								
	Treas	Bills		12/09/99	4.800	50,000	32	(209,493.33)	-4.866
	Treas	Bills		12/09/99	4.800	50,000	32	(209,493.33)	-4.866
	PURCHASES								
	BN	Banc One	5.400%	12/08/99	5.400	25,000			
	BN	Banc One	5.400%	12/08/99	5.400	50,000			
	BN	Banc One	5.400%	12/08/99	5.400	50,000			
	CD	BNPans	5.400%	12/29/99	5.395	50,000			
	CD	BNPans	5.400%	12/29/99	5.395	50,000			
	CP	Heller		09/28/99	5.350	50,000			
	CP	ComnWealth		10/27/99	5.500	26,000			
14/99	NO SALES								
	PURCHASES								
	CD	BNPans	5.400%	12/29/99	5.390	50,000			
5/99	REDEMPTIONS								
	MTN	World	7.750%	09/15/99	5.000	5,500	275	211,146.53	5.001
	PURCHASES								
	CD	Bayer Ver	5.390%	12/29/99	5.385	50,000			
	CD	Bayer Ver	5.390%	12/29/99	5.385	50,000			
	CP	Heller		11/05/99	5.400	50,000			
	CP	Merrill		11/08/99	5.480	50,000			

DATE	TYPE	DESCRIPTION	RATE	MATURITY DATE	TERM	BOOK VALUE	AMOUNT EARNED
09/15/99	PURCHASES (continued)						
	CP	SRAC		11/09/99	5.340	50,000	
	CP	SRAC		11/10/99	5.340	50,000	
	CP	FMCC		12/27/99	5.280	50,000	
	CP	FMCC		12/27/99	5.280	50,000	
	CP	FMCC		12/29/99	5.280	50,000	
	CP	FMCC		12/29/99	5.280	50,000	
	CP	FMCC		12/29/99	5.280	50,000	
	CP	FMCC		12/29/99	5.280	50,000	
	CP	Assoc		02/08/00	5.730	50,000	
	CP	Salomon		02/10/00	5.760	50,000	
	CP	Assoc		02/11/00	5.730	50,000	
	CP	Salomon		02/11/00	5.760	50,000	
09/16/99	NO SALES						
	PURCHASES						
	CP	Assoc		11/09/99	5.280	50,000	
	CP	ConAgra		11/10/99	5.460	20,000	
	CP	Assoc		11/10/99	5.280	50,000	
	CP	Amer Exp		11/10/99	5.280	50,000	
	CP	U/B Cal		11/18/99	5.290	50,000	
	CP	U/B Cal		11/24/99	5.290	50,000	
	CP	Hertz		01/10/00	5.750	40,000	
	CP	Bear		01/27/00	5.840	50,000	
	CP	Bear		01/27/00	5.840	50,000	
	CP	GMAC		02/14/00	5.780	50,000	
	CP	GMAC		02/14/00	5.780	50,000	
	CP	GMAC		02/16/00	5.780	50,000	
	CP	GMAC		02/16/00	5.780	50,000	
09/17/99	NO SALES						
	PURCHASES						
	BN	B/A	5.850%	02/29/00	5.850	50,000	
	BN	B/A	5.850%	02/29/00	5.850	50,000	
	BN	B/A	5.850%	02/29/00	5.850	50,000	
	CP	GECC		11/24/99	5.320	50,000	
	CP	GECC		11/24/99	5.320	50,000	
	CP	GECC		11/30/99	5.320	50,000	
	CP	Salomon		02/01/00	5.790	50,000	
	CP	SRAC		02/16/00	5.800	50,000	
	CP	GMAC		02/29/00	5.750	50,000	
	CP	GMAC		02/29/00	5.750	50,000	
	CP	GMAC		02/29/00	5.750	50,000	
	CP	GMAC		02/29/00	5.750	50,000	

MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	RATE	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
9/20/99	REDEMPTIONS								
	MTN FR	GMAC	5.916%	09/20/99	5.687	12,000	558	1,159,073.95	6.316
	PURCHASES								
	BN	B/A	5.860%	01/27/00	5.860	50,000			
	BN	B/A	5.860%	01/27/00	5.860	50,000			
	CD	Nova Scot	5.840%	01/27/00	5.840	25,000			
	CD	Nova Scot	5.840%	01/27/00	5.840	50,000			
	CD	Bayer Ver	5.860%	01/27/00	5.850	50,000			
	CD	Bayer Ver	5.860%	01/27/00	5.850	50,000			
	CD	U/B Calif	5.910%	01/27/00	5.910	50,000			
	CD	U/B Calif	5.910%	01/27/00	5.910	50,000			
	CP	ConAgra		01/27/00	6.040	30,000			
	CP	SRAC		01/27/00	5.820	50,000			
	CP	ConAgra		02/08/00	6.050	29,547			
	CP	Salomon		02/29/00	5.760	50,000			
	CP	Salomon		02/29/00	5.760	50,000			
	CP	Bear		02/29/00	5.830	50,000			
	CP	Bear		02/29/00	5.830	50,000			
/21/99	NO SALES								
	PURCHASES								
	CP	FMCC		09/27/99	5.240	50,000			
	CP	FMCC		09/27/99	5.240	50,000			
	CP	ConAgra		09/28/99	5.250	15,000			
	CP	FMCC		09/28/99	5.240	50,000			
	CP	FMCC		09/28/99	5.240	50,000			
	CP	GMAC		09/28/99	5.240	50,000			
	CP	GMAC		09/28/99	5.240	50,000			
	CP	Amer Exp		09/30/99	5.230	10,000			
	CP	Amer Exp		09/30/99	5.230	50,000			
'22/99	RRS								
	Treas	Bills		12/09/99	4.645	50,000			
	Treas	Bills		12/09/99	4.645	50,000			
	PURCHASES g/								
	CD	Toronto	5.370%	12/09/99	5.370	50,000			
	CD	Toronto	5.370%	12/09/99	5.370	50,000			
	PURCHASES								
	BN	B/A	5.850%	02/29/00	5.850	50,000			
	BN	B/A	5.850%	02/29/00	5.850	50,000			
	CD	Dresdner	5.850%	01/27/00	5.845	20,000			
	CD	Dresdner	5.850%	01/01/00	5.845	50,000			

DATE	TYPE	DESCRIPTION	a/	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
06/	/99	PURCHASES (continued)							
	CD	BkBoston	5.910%	02/29/00	5.910	50,000			
	CP	Enron		09/24/99	5.270	35,000			
	CP	Amer Exp		09/30/99	5.200	50,000			
	CP	Amer Exp		09/30/99	5.200	50,000			
	CP	ConAgra		10/05/99	5.440	20,000			
	CP	Rohm		10/06/99	5.450	7,952			
	CP	ConAgra		02/08/00	6.050	20,000			
	CP	GMAC		02/16/00	5.780	50,000			
	CP	GMAC		02/16/00	5.780	50,000			
9/23/99	RRS								
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.670	50,000			
	Treas	Bills		12/09/99	4.670	50,000			
	PURCHASES g/								
	CD	Fst Union	5.370%	12/09/99	5.370	50,000			
	CD	Fst Union	5.370%	12/09/99	5.370	50,000			
	CP	Morg Stan		12/09/99	5.350	50,000			
	CP	Morg Stan		12/09/99	5.350	50,000			
	Disc Notes	FNMA		12/09/99	5.190	50,000			
	Disc Notes	FNMA		12/09/99	5.190	50,000			
	PURCHASES								
	BN	Banc One	5.830%	02/29/00	5.830	50,000			
	BN	Banc One	5.830%	02/29/00	5.830	50,000			
	CD	BkBoston	5.910%	01/27/00	5.910	50,000			
	CD	Dresdner	5.850%	01/27/00	5.845	50,000			
	CD	Dresdner	5.850%	01/27/00	5.845	50,000			
	CP	Merrill		10/05/99	5.300	30,000			
	CP	W/F		02/29/00	5.750	50,000			
	CP	W/F		02/29/00	5.750	50,000			
1/24/99	RRS								
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	REDEMPTIONS								
	CP	Enron		09/24/99	5.270	35,000	2	10,247.22	5.344

LAIF MONTHLY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	RATE	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
24/99	PURCHASES g/								
	CD	Montreal	5.380%	12/09/99	5.380	50,000			
	CD	Montreal	5.380%	12/09/99	5.380	50,000			
	CP	Lehman		12/09/99	5.400	50,000			
	CP	Lehman		12/09/99	5.400	50,000			
	PURCHASES								
	CB	W/F	6.500%	09/03/02	6.487	25,000			
	CP	FMCC		10/07/99	5.270	50,000			
	CP	FMCC		10/07/99	5.270	50,000			
	CP	FMCC		10/07/99	5.270	50,000			
	CP	FMCC		10/07/99	5.280	50,000			
	CP	FMCC		10/07/99	5.280	50,000			
	CP	FMCC		10/07/99	5.280	50,000			
27/99	REDEMPTIONS								
	CP	FMCC		09/27/99	5.240	50,000	6	43,666.67	5.317
	CP	FMCC		09/27/99	5.240	50,000	6	43,666.67	5.317
	CP	Heller		09/27/99	5.380	30,000	26	116,566.67	5.476
	CP	GECC		09/27/99	4.790	50,000	164	1,091,055.56	4.964
	CP	GECC		09/27/99	4.790	50,000	164	1,091,055.56	4.964
	PURCHASES								
	CP	GMAC		09/28/99	5.300	50,000			
	CP	GMAC		09/28/99	5.300	50,000			
	CP	W/F		02/29/00	5.750	50,000			
	CP	W/F		02/29/00	5.750	50,000			
28/99	REDEMPTIONS								
	CD	BNPans	4.870%	09/28/99	4.860	50,000	166	1,120,550.54	4.927
	CD	BNPans	4.870%	09/28/99	4.860	50,000	166	1,120,550.54	4.927
	CD	Bayer Lnds	4.900%	09/28/99	4.890	50,000	173	1,175,013.50	4.957
	CD	Bayer Lnds	4.900%	09/28/99	4.890	50,000	173	1,175,013.50	4.957
	CP	GMAC		09/28/99	5.300	50,000	1	7,361.11	5.374
	CP	GMAC		09/28/99	5.300	50,000	1	7,361.11	5.374
	CP	ConAgra		09/28/99	5.250	15,000	7	15,312.50	5.328
	CP	GMAC		09/28/99	5.240	50,000	7	50,944.44	5.318
	CP	GMAC		09/28/99	5.240	50,000	7	50,944.44	5.318
	CP	FMCC		09/28/99	5.240	50,000	7	50,944.44	5.318
	CP	FMCC		09/28/99	5.240	50,000	7	50,944.44	5.318
	CP	Heller		09/28/99	5.350	50,000	15	111,458.33	5.436
	CP	Hertz		09/28/99	5.280	25,000	26	95,333.33	5.373
	CP	Hertz		09/28/99	5.280	50,000	26	190,666.67	5.373
	CP	FMCC		09/28/99	5.160	50,000	56	401,333.33	5.273
	CP	FMCC		09/28/99	5.160	50,000	56	401,333.33	5.273
	CP	Lehman		09/28/99	5.240	50,000	95	691,388.89	5.387
	CP	Lehman		09/28/99	5.240	50,000	95	691,388.89	5.387

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
28/99	REDEMPTIONS (continued)								
	CP	Bear		09/28/99	4.830	50,000	152	1,019,666.67	4.999
	CP	Bear		09/28/99	4.830	50,000	152	1,019,666.67	4.999
	CP	Bear		09/28/99	4.830	50,000	152	1,019,666.67	4.999
	CP	GECC		09/28/99	4.790	15,000	159	317,337.50	4.961
	CP	GECC		09/28/99	4.790	50,000	159	1,057,791.67	4.961
	CP	GECC		09/28/99	4.790	50,000	159	1,057,791.67	4.961
	CP	GECC		09/28/99	4.790	50,000	159	1,057,791.67	4.961
	CP	Amer Exp		09/28/99	4.780	50,000	159	1,055,583.33	4.950
	CP	Amer Exp		09/28/99	4.780	50,000	159	1,055,583.33	4.950
	CP	GECC		09/28/99	4.790	50,000	165	1,097,708.33	4.965
	CP	GECC		09/28/99	4.790	50,000	165	1,097,708.33	4.965
	CP	GECC		09/28/99	4.800	50,000	172	1,146,666.67	4.980
	CP	GECC		09/28/99	4.800	50,000	172	1,146,666.67	4.980
	PURCHASES								
	CD	Dresdner	5.850%	01/27/00	5.845	50,000			
	CD	Dresdner	5.850%	01/27/00	5.845	50,000			
	CP	Heller		10/05/99	5.400	50,000			
	CP	Bear		02/29/00	5.800	50,000			
	CP	Bear		02/29/00	5.800	50,000			
/99	RRS								
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	Treas	Bills		12/09/99	4.660	50,000			
	PURCHASES g/								
	CD	Montreal	5.330%	12/09/99	5.330	50,000			
	Disc Notes	FNMA		12/09/99	5.150	50,000			
	Disc Notes	FNMA		12/09/99	5.150	50,000			
	PURCHASES								
	CD	ANZ	5.950%	01/10/00	5.920	50,000			
	CD	ANZ	5.950%	01/10/00	5.920	50,000			
	CP	Assoc		09/30/99	5.400	50,000			
	CP	Assoc		09/30/99	5.400	50,000			
	CP	Amer Exp		09/30/99	5.400	50,000			
	CP	Amer Exp		09/30/99	5.400	50,000			
	CP	Merrill		09/30/99	5.400	50,000			
	CP	ConAgra		10/08/99	5.600	14,200			
	CP	Country		10/12/99	5.410	33,000			
	CP	Text Fin		10/18/99	5.400	15,450			
	CP	Heller		10/18/99	5.400	50,000			
	CP	GECC		10/18/99	5.310	50,000			
	CP	GECC		10/18/99	5.310	50,000			
	CP	GECC		10/21/99	5.310	50,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	RATE	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
09/29/99	**PURCHASES (continued)**								
	CP	GECC		10/21/99	5.310	50,000			
	CP	GECC		10/27/99	5.310	25,000			
	CP	GECC		10/27/99	5.310	50,000			
	CP	Household		10/27/99	5.310	50,000			
	CP	Household		10/27/99	5.310	50,000			
	CP	Bear		02/16/00	5.820	50,000			
	CP	Bear		02/16/00	5.820	50,000			
9/30/99	**REDEMPTIONS**								
	CP	Amer Exp		09/30/99	5.400	50,000	1	7,500.00	5.475
	CP	Amer Exp		09/30/99	5.400	50,000	1	7,500.00	5.475
	CP	Amer Exp		09/30/99	5.400	50,000	1	7,500.00	5.475
	CP	Amer Exp		09/30/99	5.400	50,000	1	7,500.00	5.475
	CP	Merrill		09/30/99	5.400	50,000	1	7,500.00	5.475
	CP	Amer Exp		09/30/99	5.200	50,000	8	57,777.78	5.278
	CP	Amer Exp		09/30/99	5.200	50,000	8	57,777.78	5.278
	CP	Amer Exp		09/30/99	5.230	10,000	9	13,075.00	5.309
	CP	Amer Exp		09/30/99	5.230	50,000	9	65,375.00	5.309
	CP	Amer Exp		09/30/99	4.780	50,000	161	1,068,861.11	4.952
	CP	Amer Exp		09/30/99	4.780	50,000	161	1,068,861.11	4.952
	Disc Notes	FHLMC		09/30/99	5.030	50,000	98	684,638.89	5.170
	Disc Notes	FHLMC		09/30/99	5.030	50,000	98	684,638.89	5.170
	Disc Notes	FHLMC		09/30/99	5.010	50,000	99	688,875.00	5.150
	MTN	Bkrs Trst	6.000%	09/30/99	6.088	15,000	680	1,701,500.00	6.098
	PURCHASES								
	CP	GECC		10/01/99	5.550	50,000			
	CP	GECC		10/01/99	5.550	50,000			
	CP	GECC		10/01/99	5.550	50,000			
	CP	GECC		10/01/99	5.550	50,000			
	CP	ComnWealth		10/05/99	5.650	10,000			
	CP	GECC		02/29/00	5.760	40,000			
	CP	GECC		02/29/00	5.760	50,000			
	CP	GECC		02/29/00	5.760	50,000			

a/ The abbreviations indicate the type of security purchased or sold; i.e., (U.S.) Bills, Bonds, Notes, Debentures, Discount Notes, and Participation Certificates: Federal National Mortgage Association (**FNMA**), Farmers Home Administration Notes (**FHA**), Student Loan Marketing Association (**SLMA**), Small Business Association (**SBA**), Negotiable Certificates of Deposit (**CD**), Negotiable Certificates of Deposit Floating Rate (**CD FR**), Export Import Notes (**EXIM**), Bankers Acceptances (**BA**), Commercial Paper (**CP**), Government National Mortgage Association (**GNMA**), Federal Home Loan Bank Notes (**FHLB**), Federal Land Bank Bonds (**FLB**), Federal Home Loan Mortgage Corporation Obligation (**FHLMC PC**) & (**FHLMC GMC**), Federal Farm Credit Bank Bonds (**FFCB**), Federal Farm Credit Discount Notes (**FFC**), Corporate Securities (**CB**), U.S. Ship Financing Bonds (**TITLE XI'S**), International Bank of Redevelopment (**IBRD**), Tennessee Valley Authority (TVA) Medium Term Notes (**MTN**).

b/ Purchase or sale yield based on 360 day calculation for discount obligations and Repurchase Agreements.

c/ Repurchase Agreement.

d/ Par amount of securites purchased, sold, or redeemed.

e/ Securities were purchased and sold as of the same date.

f/ Repurchase Agreement against Reverse Repurchase Agreement.

g/ Outright purchase against Reverse Repurchase Agreement.

h/ Security "SWAP" transactions.

i/ Buy back agreement.

RRS Reverse Repurchase Agreement.

RRP Termination of Reverse Repurchase Agreement.

TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
ALHAMBRA				
East West Bank	07/06/99	4.720	35,000,000.00	10/07/99
East West Bank	07/12/99	4.700	8,000,000.00	10/14/99
East West Bank	08/17/99	4.740	38,000,000.00	11/15/99
East West Bank	07/16/99	4.710	27,000,000.00	01/21/00
Grand National Bank	10/15/98	4.180	1,000,000.00	10/15/99
Grand National Bank	09/08/99	4.910	3,000,000.00	12/07/99
Grand National Bank	07/16/99	4.730	2,000,000.00	01/14/00
Grand National Bank	09/20/99	4.830	3,095,000.00	01/20/00
Grand National Bank	08/13/99	5.140	3,000,000.00	02/07/00
BEVERLY HILLS				
City National Bank	05/19/99	4.820	20,000,000.00	02/28/00
City National Bank	03/31/99	4.740	50,000,000.00	03/31/00
City National Bank	05/04/99	4.820	25,000,000.00	05/03/00
City National Bank	07/27/99	5.040	10,000,000.00	07/26/00
City National Bank	09/15/99	5.280	20,000,000.00	09/15/00
CAMERON PARK				
Roseville First National Bank	07/26/99	4.740	1,000,000.00	01/24/00
Western Sierra National Bank	08/04/99	4.970	3,000,000.00	11/05/99
CHICO				
North State National Bank	04/05/99	4.530	1,000,000.00	10/04/99
North State National Bank	04/06/99	4.730	1,000,000.00	04/06/00
North State National Bank	08/24/99	5.210	1,000,000.00	08/24/00
North State National Bank	09/07/99	5.240	500,000.00	09/01/00
North State National Bank	08/30/99	5.160	1,000,000.00	09/01/00
Tri Counties Bank	09/09/99	4.920	10,000,000.00	12/09/99
Tri Counties Bank	09/16/99	4.860	10,000,000.00	12/16/99
Tri Counties Bank	09/21/99	4.730	10,000,000.00	12/21/99
Tri Counties Bank	07/14/99	4.740	10,000,000.00	01/11/00
CITY OF INDUSTRY				
EverTrust Bank	09/14/99	4.760	1,000,000.00	12/13/99
EverTrust Bank	09/22/99	4.670	2,000,000.00	12/21/99
EL CENTRO				
Valley Independent Bank	08/11/99	5.150	3,750,000.00	02/07/00
Valley Independent Bank	08/11/99	5.250	3,750,000.00	08/11/00
FRESNO				
United Security Bank	08/20/99	5.090	10,000,000.00	02/16/00

State ...
Agency Investment Fund
September 1999
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TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
INGLEWOOD				
Imperial Bank	04/15/99	4.550	20,000,000.00	10/14/99
Imperial Bank	05/25/99	4.750	25,000,000.00	10/21/99
Imperial Bank	06/14/99	4.900	20,000,000.00	10/28/99
Imperial Bank	05/19/99	4.860	25,000,000.00	11/18/99
Imperial Bank	06/28/99	5.100	25,000,000.00	12/22/99
Imperial Bank	09/16/99	4.970	25,000,000.00	01/27/00
Imperial Bank	07/15/99	4.800	50,000,000.00	02/03/00
Imperial Bank	09/23/99	5.050	18,000,000.00	02/24/00
Imperial Bank	08/23/99	5.040	25,000,000.00	03/02/00
Imperial Bank	09/09/99	5.220	25,000,000.00	03/09/00
Imperial Bank	07/29/99	4.840	18,000,000.00	03/30/00
Imperial Bank	08/12/99	5.100	26,000,000.00	04/27/00
LODI				
Bank of Lodi	09/16/99	4.860	1,000,000.00	12/15/99
LOS ANGELES				
Broadway Federal Bank	07/01/99	5.160	1,250,000.00	12/28/99
Broadway Federal Bank	07/01/99	5.200	1,250,000.00	06/30/00
Broadway Federal Bank	09/29/99	5.230	2,500,000.00	10/02/00
Community Bank	04/28/99	4.600	5,000,000.00	10/25/99
Community Bank	06/10/99	5.000	5,000,000.00	12/07/99
Community Bank	06/14/99	5.070	10,000,000.00	12/13/99
Community Bank	07/13/99	4.750	20,000,000.00	01/10/00
Community Bank	06/22/99	5.030	5,000,000.00	06/22/00
Community Bank	08/11/99	5.230	15,000,000.00	08/11/00
Founders National Bank of L.A.	06/17/99	5.020	95,000.00	12/14/99
General Bank	09/09/99	4.280	10,000,000.00	10/12/99
General Bank	09/20/99	4.450	28,000,000.00	10/25/99
General Bank	07/20/99	4.680	7,000,000.00	01/21/00
General Bank	07/27/99	4.730	15,000,000.00	02/02/00
General Bank	08/03/99	4.900	15,000,000.00	02/14/00
General Bank	08/13/99	5.110	25,000,000.00	03/10/00
Manufacturers Bank	08/11/99	4.900	10,000,000.00	11/09/99
Manufacturers Bank	09/07/99	4.970	10,000,000.00	12/06/99
Preferred Bank	08/18/99	4.840	4,000,000.00	11/16/99
Preferred Bank	08/26/99	4.970	2,000,000.00	11/30/99
Preferred Bank	09/03/99	4.940	5,000,000.00	12/03/99
Preferred Bank	09/16/99	4.820	9,000,000.00	12/15/99
Preferred Bank	09/20/99	4.710	9,000,000.00	12/20/99
Preferred Bank	09/28/99	4.820	3,000,000.00	01/04/00
Preferred Bank	07/16/99	4.700	3,000,000.00	01/18/00
Wilshire State Bank	08/31/99	5.290	4,000,000.00	08/31/00

TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
OAKDALE				
Oak Valley Community Bank	03/30/99	4.630	1,000,000.00	01/31/00
Oak Valley Community Bank	09/20/99	5.070	1,000,000.00	03/24/00
Oak Valley Community Bank	03/30/99	4.750	1,000,000.00	03/31/00
Oak Valley Community Bank	05/06/99	4.830	500,000.00	05/22/00
Oak Valley Community Bank	08/10/99	5.220	500,000.00	08/09/00
Oak Valley Community Bank	09/27/99	5.190	500,000.00	09/29/00
ONTARIO				
Citizens Business Bank	03/09/99	4.850	5,000,000.00	03/08/00
Citizens Business Bank	03/23/99	4.780	10,000,000.00	03/22/00
Citizens Business Bank	04/07/99	4.720	10,000,000.00	04/06/00
Citizens Business Bank	08/23/99	4.970	20,000,000.00	05/25/00
Citizens Business Bank	06/16/99	5.150	10,000,000.00	06/15/00
Citizens Business Bank	07/07/99	5.100	5,000,000.00	07/06/00
Citizens Business Bank	08/10/99	5.220	10,000,000.00	08/09/00
PALO ALTO				
Cupertino National Bank	07/22/99	4.660	10,000,000.00	10/19/99
Cupertino National Bank	08/06/99	4.980	10,000,000.00	02/04/00
Cupertino National Bank	08/30/99	5.120	10,000,000.00	02/25/00
Mid-Peninsula Bank	08/06/99	4.980	15,000,000.00	02/04/00
Mid-Peninsula Bank	08/30/99	5.120	10,000,000.00	02/25/00
Mid-Peninsula Bank	03/10/99	5.180	10,000,000.00	03/08/00
POMONA				
PFF Bank and Trust	05/25/99	4.900	8,000,000.00	11/30/99
PFF Bank and Trust	09/08/99	5.600	10,000,000.00	03/10/00
PETALUMA				
Bank of Petaluma	08/10/99	5.140	1,000,000.00	02/07/00
REDDING				
North Valley Bank	03/23/99	4.780	3,000,000.00	03/22/00
RICHMOND				
Mechanics Bank	03/08/99	4.840	10,000,000.00	03/07/00
Mechanics Bank	04/05/99	4.740	10,000,000.00	04/04/00
Mechanics Bank	05/06/99	4.810	10,000,000.00	05/05/00
Mechanics Bank	06/11/99	5.150	10,000,000.00	06/12/00
Mechanics Bank	08/12/99	5.250	10,000,000.00	08/11/00

TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
SACRAMENTO				
American River Bank	09/29/99	4.990	1,000,000.00	04/03/00
Bank of Sacramento	09/02/99	5.060	500,000.00	12/03/99
River City Bank	07/13/99	4.780	5,000,000.00	01/10/00
River City Bank	07/30/99	4.870	5,000,000.00	01/31/00
River City Bank	08/18/99	5.210	5,000,000.00	08/18/00
Sanwa Bank of California	08/03/99	4.900	7,000,000.00	02/07/00
Sanwa Bank of California	07/15/99	5.000	10,000,000.00	07/14/00
Sanwa Bank of California	07/27/99	5.010	5,000,000.00	07/26/00
Sanwa Bank of California	08/16/99	5.190	50,000,000.00	08/15/00
Sanwa Bank of California	08/23/99	5.180	10,000,000.00	08/22/00
Union Bank of California	07/28/99	4.720	50,000,000.00	10/27/99
Union Bank of California	08/03/99	4.740	100,000,000.00	11/02/99
Union Bank of California	08/17/99	4.730	50,000,000.00	11/16/99
Union Bank of California	08/26/99	5.160	100,000,000.00	02/23/00
Union Bank of California	09/28/99	5.040	100,000,000.00	03/28/00
SALINAS				
Bank of Salinas	07/22/99	4.680	8,000,000.00	01/26/00
Bank of Salinas	09/16/99	4.930	12,000,000.00	01/27/00
SAN DIEGO				
San Diego First Bank	06/01/99	4.840	1,500,000.00	11/30/99
San Diego First Bank	06/22/99	5.030	1,500,000.00	06/21/00
San Diego First Bank	08/04/99	5.150	1,000,000.00	08/07/00
SAN FRANCISCO				
Bank of Canton California	05/06/99	4.810	5,000,000.00	05/05/00
Bank of Canton California	05/13/99	4.780	5,000,000.00	05/12/00
Bank of Canton California	06/01/99	5.000	5,000,000.00	05/31/00
Bank of Canton California	06/02/99	5.000	5,000,000.00	05/31/00
Bank of Canton California	07/21/99	4.950	5,000,000.00	07/21/00
Bank of Canton California	09/01/99	5.280	5,000,000.00	09/01/00
Bank of Canton California	09/13/99	5.290	5,000,000.00	09/13/00
Bank of the West	07/07/99	4.990	34,000,000.00	01/05/00
Bank of the West	07/13/99	4.770	25,000,000.00	01/12/00
Bank of the West	07/13/99	4.770	25,000,000.00	01/12/00
Bank of the West	07/21/99	4.680	25,000,000.00	01/31/00
Bank of the West	06/08/99	4.820	25,000,000.00	02/16/00
Bank of the West	04/29/99	4.760	51,500,000.00	04/29/00
Bank of the West	08/27/99	4.960	25,000,000.00	05/25/00
Bank of the West	05/19/99	4.890	30,000,000.00	05/25/00
Bank of the West	05/26/99	4.860	87,000,000.00	05/25/00
California Federal Bank	04/06/99	4.480	5,000,000.00	10/04/99
California Federal Bank	09/27/99	4.840	3,000,000.00	01/05/00
California Federal Bank	07/16/99	4.720	100,000,000.00	01/18/00

State Treasurer's Local
Agency Investment Fund
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TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
SAN FRANCISCO				
Millennium Bank	07/29/99	4.760	2,000,000.00	10/27/99
Oceanic Bank	03/05/99	4.920	2,000,000.00	03/07/00
Oceanic Bank	03/12/99	4.780	2,000,000.00	03/15/00
Trans Pacific National Bank	09/13/99	5.260	800,000.00	03/17/00
United Commercial Bank	07/06/99	4.730	20,000,000.00	10/04/99
United Commercial Bank	08/13/99	5.150	20,000,000.00	02/11/00
United Commercial Bank	09/20/99	5.100	20,000,000.00	04/27/00
United Commercial Bank	09/03/99	5.310	20,000,000.00	09/01/00
SAN JOSE				
San Jose National Bank	07/12/99	5.010	5,000,000.00	07/11/00
SAN LEANDRO				
Bay Bank of Commerce	04/07/99	4.53	5,000,000.00	4/29/00
SAN LUIS OBISPO				
First Bank of San Luis Obispo	07/06/99	4.730	1,000,000.00	10/04/99
First Bank of San Luis Obispo	07/30/99	4.750	1,000,000.00	10/27/99
First Bank of San Luis Obispo	08/02/99	4.750	3,600,000.00	11/03/99
First Bank of San Luis Obispo	08/10/99	4.880	2,000,000.00	11/08/99
First Bank of San Luis Obispo	08/24/99	4.930	2,500,000.00	11/22/99
San Luis Trust Bank	07/28/99	4.710	1,000,000.00	10/27/99
San Luis Trust Bank	09/23/99	4.850	350,000.00	01/13/00
SAN RAFAEL				
Westamerica Bank	08/13/99	4.860	50,000,000.00	11/15/99
Westamerica Bank	07/13/99	4.770	25,000,000.00	01/12/00
Westamerica Bank	07/21/99	4.680	25,000,000.00	01/27/00
Westamerica Bank	07/20/99	4.680	25,000,000.00	01/31/00
Westamerica Bank	07/27/99	4.770	25,000,000.00	01/31/00
SANTA BARBARA				
First Bank Of Central California	08/11/99	5.140	5,000,000.00	02/07/00
Santa Barbara Bank & Trust	07/06/99	4.730	5,000,000.00	10/04/99
Santa Barbara Bank & Trust	07/08/99	4.670	5,000,000.00	10/08/99
Santa Barbara Bank & Trust	07/08/99	4.760	5,000,000.00	01/07/00
Santa Barbara Bank & Trust	07/16/99	4.740	5,000,000.00	01/14/00
Santa Barbara Bank & Trust	07/19/99	4.740	5,000,000.00	01/21/00
Santa Barbara Bank & Trust	08/13/99	5.150	5,000,000.00	02/11/00
Santa Barbara Bank & Trust	08/31/99	5.200	5,000,000.00	03/03/00
Santa Barbara Bank & Trust	09/13/99	5.180	5,000,000.00	03/17/00

TIME DEPOSIT

NAME	DEPOSIT DATE	YIELD	PAR AMOUNT ($)	MATURITY DATE
SANTA CLARITA				
Valencia Bank & Trust	9/23/99	5.28	1,000,000.00	9/22/00
SANTA CRUZ				
Coast Commercial Bank	09/15/99	4.820	20,000,000.00	12/14/99
SARATOGA				
Saratoga National Bank	04/01/99	4.610	5,000,000.00	10/01/99
Saratoga National Bank	06/22/99	5.100	1,750,000.00	06/30/00
STOCKTON				
Union Safe Deposit Bank	08/16/99	5.140	10,000,000.00	02/15/00
Washington Mutual Bank	09/17/99	5.260	15,000,000.00	09/15/00
TORRANCE				
China Trust Bank (USA)	07/27/99	4.690	15,000,000.00	10/25/99
China Trust Bank (USA)	08/16/99	4.810	5,000,000.00	11/15/99
China Trust Bank (USA)	09/07/99	4.950	10,000,000.00	12/06/99
China Trust Bank (USA)	09/15/99	4.860	10,000,000.00	12/10/99
China Trust Bank (USA)	09/20/99	4.730	5,000,000.00	12/17/99
China Trust Bank (USA)	09/27/99	4.840	10,000,000.00	01/05/00
South Bay Bank	05/06/99	4.780	2,000,000.00	11/02/99
South Bay Bank	06/15/99	5.140	2,000,000.00	12/13/99
South Bay Bank	07/21/99	4.750	1,000,000.00	01/31/00
TUSTIN				
First Fidelity Thrift and Loan	07/27/99	4.690	4,000,000.00	10/25/99
Sunwest Bank	07/06/99	4.720	3,300,000.00	10/07/99
Sunwest Bank	07/12/99	4.700	3,500,000.00	10/12/99
Sunwest Bank	07/20/99	4.680	1,000,000.00	01/21/00
Sunwest Bank	09/10/99	5.170	1,000,000.00	03/08/00
TOTAL TIME DEPOSITS AS OF SEPTEMBER 30,1999			**2,474,490,000.00**	

DEMAND BANK DEPOSITS

(000 omitted)

DAILY BALANCES

SEPTEMBER	PER BANKS	WARRANTS OUTSTANDING
1.	$ 490,770	$1,544,410
2.	586,419	1,541,089
3.	387,760	1,683,946
4.	387,760	1,683,946
5.	387,760	1,683,946
6.	387,760	1,683,946
7.	242,773	1,493,450
8.	466,740	1,597,162
9.	232,141	1,316,018
10.	458,904	1,514,623
11.	458,904	1,514,623
12.	458,904	1,514,623
13.	289,276	1,234,994
14.	401,539	1,162,357
15.	425,378	952,099
16.	441,162	1,077,923
17.	567,732	1,400,256
18.	567,732	1,400,256
19.	567,732	1,400,256
20.	472,659	1,206,057
21.	546,195	1,014,089
22.	245,242	808,823
23.	273,849	947,418
24.	399,152	1,234,313
25.	399,152	1,234,313
26.	399,152	1,234,313
27.	460,234	1,054,802
28.	718,500	1,140,620
29.	29,596	989,840
30.	355,051	2,143,723
AVERAGE DOLLAR DAYS	$416,864 a/	

a/ The prescribed bank balance for SEPTEMBER was $386,800. This consisted of $195,876 in compensating balances for services, $184,631 uncollected funds and a deduction of $6,293 for AUGUST delayed deposit credit.

State Treasurer's Local
Agency Investment Fund
September 1999
Attachment XVII

DESIGNATION BY POOLED ... ESTMENT BO
OF TREASURY POOLED MONEY INVESTMENTS AND DEPOSITS

No. 1603

In accordance with sections 16480 through 16480.8 of the Government Code, the Pooled Money Investment Board, at its meeting on September 15, 1999, has determined and designated the amount of money available for deposit and investment under said sections. In accordance with sections 16480.1 and 16480.2 of the Government Code, it is the intent that the money available for deposit or investment be deposited in bank accounts and savings and loan associations or invested in securities in such a manner so as to realize the maximum return consistent with safe and prudent treasury management, and the Board does hereby designate the amount of money available for deposit in bank accounts, savings and loan associations, and for investment in securities and the type of such deposits and investments as follows:

1. In accordance with law, for deposit in demand bank accounts as Compensating Balance for Services $ 217,406,000

The active noninterest-bearing bank accounts designation constitutes a calendar month average balance. For purposes of computing the compensating balances, the Treasurer shall exclude from the daily balances any amounts contained therein as a result of nondelivery of securities purchased for "cash" for the Pooled Money Investment Account and shall adjust for any deposits not credited by the bank as of the date of deposit. The balances in such accounts may fall below the above amount provided that the balances computed by dividing the sum of daily balances of that calendar month by the number of days in the calendar month reasonably approximates that amount. The balances may exceed this amount during heavy collection periods or in anticipation of large impending warrant presentations to the Treasury, but the balances are to be maintained in such a manner as to realize the maximum return consistent with safe and prudent treasury management.

2. In accordance with law, for investment in securities authorized by section 16430, Government Code, or in term interest-bearing deposits in banks and savings and loan associations as follows:

	From	To	Transactions	In Securities (section 16430)*	Time Deposits in various Financial Institutions (sections 16503a and 16602)*	Estimated Total
(1)	09/13/99	09/17/99	$ 3,085,600,000	$ 31,934,560,000	$ 2,454,140,000	$ 34,388,700,000
(2)	09/20/99	09/24/99	$ 2,563,200,000	$ 34,497,760,000	$ 2,454,140,000	$ 36,951,900,000
(3)	09/27/99	10/01/99	$ (2,585,800,000)	$ 31,911,960,000	$ 2,454,140,000	$ 34,366,100,000
(4)	10/04/99	10/08/99	$ 389,600,000	$ 32,301,560,000	$ 2,454,140,000	$ 34,755,700,000
(5)	10/11/99	10/15/99	$ 675,800,000	$ 32,977,360,000	$ 2,454,140,000	$ 35,431,500,000
(6)	10/18/99	10/22/99	$ 830,100,000	$ 33,807,460,000	$ 2,454,140,000	$ 36,261,600,000

From any of the amounts specifically designated above, not more than 30 percent in the aggregate may be invested in prime commercial paper under section 16430(e), Government Code.

Additional amounts available in treasury trust account and in the Treasury from time to time, in excess of the amounts and for the same types of investments as specifically designated above.

Provided, that the availability of the amounts shown under paragraph 2 is subject to reduction in the amount by which the bank accounts under paragraph 1 would otherwise be reduced below the calendar month average balance of $ 217,406,000.

POOLED MONEY INVESTMENT BOARD:

Chairperson

Member

Member

Dated September 15, 1999
*Government Code

ROBERT L. "BOB" CITRON
COUNTY TREASURER—TAX COLLECTOR

ADMINISTRATION
FINANCE BUILDING
RM. 209, 630 N. BROADWAY
P.O. BOX 4515
SANTA ANA, CALIFORNIA 92702

(714) 834-2911

COUNTY OF ORANGE

OFFICE OF THE TREASURER—TAX COLLECTOR

August 28, 1992

Board of Supervisors
10 Civic Center Plaza
Santa Ana, CA 92701

SUBJECT: Annual 1991-92 Financial Statement

The Orange County Treasury manages money for 185 different and separate governmental agencies. Seventeen percent of the total monies that we manage is controlled directly by the Board of Supervisors (County General Fund, Environmental Management Agency and the John Wayne Airport, etc.). The remaining 83% that we manage is for governmental agencies that are not under the control of the Board of Supervisors. Of the remaining agencies, 35 are invested in our Local Agency Investment Pool. These are agencies that have their own treasurers and are not required by law to invest with the County Treasurer. Five of the agencies are situated in other counties. Therefore, this financial report is intended for all governmental agencies for which the County Treasury manages their funds.

HIGHLIGHTS OF THE FINANCIAL STATEMENT: The Orange County Treasury has had an exceptionally profitable year, particularly in light of rapidly declining interest rates. We have earned yields that we believe are by far one of the largest in the country for a very large size portfolio with a short average maturity of only one year, four months. There may be large portfolios that have higher yields because they are invested in the high end of the yield curve of more than five years average maturity, such as retirement portfolios.

We earned an average yield for the fiscal year of 8.824% based upon an average monthly balance of $3.271 Billion, a $353 Million increase average over the previous fiscal year. (The June 1992 balance was $3.9 Billion.) The State of California Treasury, with an average monthly balance of $21.358 Billion had an average yield of 6.22%. This is a minus difference to the Orange County yield of 2.60%. (See attached graph.) The following is a comparison of yields and average monthly balances of other California treasurers. City of Anaheim, 8.65%, $350 Million (Anaheim has $60 Million invested with the Orange County Treasurer). City of Los Angeles, 6.75%, $2 Billion; County of Los Angeles, 5.42%, $4.75 Billion; Riverside County 5.96%, $700 Million; San Bernardino County, 6.89%, $1.2 Billion; San Diego City, 7.83%, $1 Billion; San Diego County, 8.43%, $2.8 Billion; Santa Clara County, 5.99%, $2 Billion.

The total interest earnings received and paid out from investments was by far an all time high of $282,104,000. This was a 14.9% increase of $36,592,000 over interest earnings for 1990-91. The total interest earnings are prorated amongst our various governmental clients based upon the average daily balances that they have on deposit in the Treasury. The actual net amounts of receipts that we received was $5,445,499,000. This is accounted for as follows:

	AMOUNT	% OF TOTAL
TAX COLLECTIONS	$2,014,321,000	37.00%
SHORT TERM LOANS	211,008,000	3.87%
BONDS (NOTES)	27,533,000	0.51%
STATE SUBVENTION	1,814,054,000	33.30%
INTEREST RECEIVED	277,765,000	5.10%
OTHER (Court Fines/Fees, Recorder Fees, Licenses & Permits, etc.)	1,100,818,000	20.22%
TOTAL	$5,445,499,000	100.00%

The total receipts (cash flow) from all sources including the rollover or reinvestment of investments was $172.144 Billion, an increase of $37.496 Billion over the previous fiscal year.

INVESTMENT POLICY: Our comparative very high interest yields, as in previous years, are realized from doing Reverse Repurchase Agreements. This is an investment where we take government securities that we own, lend them to a securities dealer and receive back a sum of money in which we pay the dealer an interest rate cost. We then take that sum of money and reinvest it in another security which pays a higher interest rate than what we are paying the securities dealer. The difference between the two interest rates is called "arbitrage," which the dictionary defines as the simultaneous buying and selling of the same thing, in different markets, in order to profit by the difference between the prices in such markets. In the fiscal year just ended, we earned an additional $61,652,291 on Reverse Repurchase Agreements investments. This was the equal of adding 1.67% yield to our portfolio from doing this type of investments. These earnings were at an all time high compared to the previous fiscal year's all time high of $16,650,870. In doing this type of investment, we do not take losses as the typical treasury investing operation may, by trading or buying and selling securities.

Ninety-two percent of all our investments are in securities rated AAA or AA by Moodys or Standard and Poors Investment Services. The remaining 8% are rated A by these rating agencies. The very high interest returns from investing in Reverse Repurchase Agreements was enhanced by investing in AAA and AA rated securities that had a floating rate coupon in which the indices was based upon the difference between high European interest rates and much lower U.S. interest rates. We recently reset $150 Million of these quarterly floating rate coupons in which the coupon interest rate was 13.73%. We use these instruments in part as the reinvestment of the monies we received back from a securities dealer from the lending of securities to that dealer. The interest rate paid to the dealer was 3.65%. If you receive money at a cost of 3.65% and reinvest it at 13.73%, this is an "arbitrage" of 10.08%. As I stated previously, these very high interest returns are mainly in AAA rated government securities and AAA and AA rated financial institutions.

THE FUTURE: United States interest rates are low and could become lower. On July 1, 1991, the two year maturity treasury note was yielding 6.97%. The one year maturity treasury bill was yielding 6.35%. On July 1, 1992 the two year maturity treasury note was yielding 4.56% and the one year treasury bill was yielding 3.71%; a respective yield drop of 2.41% and 2.64% on the treasury bill. We expect interest rates to stay in or near these levels for at least the next two or three years. We do not expect them to rise because of the very slow growth out of the current recession. Interest rates can be affected by the laws of supply and demand. There is not a great demand for monies. Financial institutions are continually lowering their deposit rates not only on Certificates of Deposit which rates reflect current market conditions, but on the interest rates they pay on savings deposits and checking accounts. Current checking account posted interest rates are between 2 and 2 1/2%. There has been a prediction made that banks will in the near future stop paying interest on all types of checking accounts. As you know, it has only been approximately in the last seven years that financial institutions began paying interest on all types of checking account transactions. If you do not need the money to lend, why pay interest on it? Particularly checking accounts that will not leave the bank. The majority of financial institutions in this country have posted unusually good profits in the first and second quarters; particularly compared to the losses that they posted last year. A part of these profits was through transaction charges made for doing various services for their customers. The banks have also paid very low interest rates for their deposits and have reorganized their business operations that has materially reduced their cost of operations.

We expect to earn gross yields this fiscal year of 7.75% compared to the 8.82% that we earned in the 1991-92 fiscal year. Even though interest rates are very low overall, we have and will be structuring our investment portfolio by acquiring AAA and AA securities that have a potential high rate of return of the same type we have previously invested in. We will vigorously continue with our Reverse Repurchase Agreement investment policies. In the months of July and August 1992, we have already earned an additional $46,431,103 through our Reverse Repurchase Agreement program.

We are exulted that we are continually able to earn high interest earnings way above the current "market" for our 185 different governmental clients. We are even more pleased when these earnings come from highly liquid and secure investments. We recognize that these results would not have been achieved without the support of the Board of Supervisors and the assistance of the many departments and other governmental agencies with our cash flow projections. We look forward to these continuing relationships.

Robert L. Citron
Treasurer-Tax Collector

RLC:jg

COMPARISON: POOLED INVESTMENT YIELD

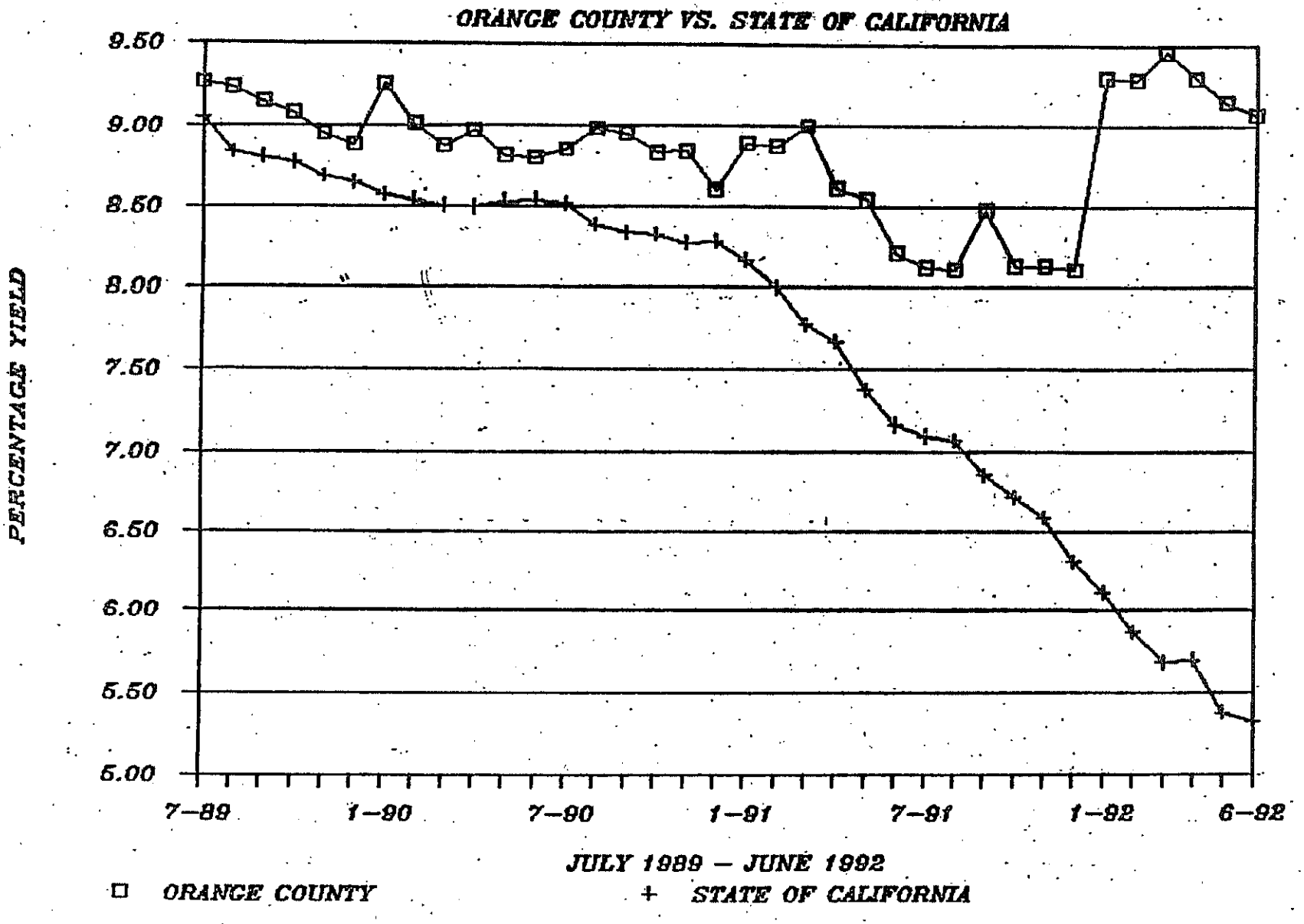

EXHIBIT A

ACCOUNTABILITY
INDICATED DATES
(000 Omitted)

	Fiscal Years Ended June 30, 1992	June 30, 1991	June 30, 1990
CASH AND BANK ACCOUNTS (COMMINGLED)			
Checking Accounts and Cash (Exhibit B)	$ 60,984	$ 39,933	$ 53,545
Time Deposits	118,562	64,000	114,017
Total Cash, Checking Accounts and Time Deposits	$ 179,546	$ 103,933	$ 167,562
COMMINGLED FUNDS INVESTED (EXHIBIT C) Negotiable Securities (Cost)	$3,476,015	$2,694,000	$2,400,859
SPECIFIC FUNDS INVESTED (EXHIBIT D)			
Negotiable Securities and Time Deposits:			
Deferred Compensation	$ 42,924	$ 52,795	$ 47,269
Foothill Circulation Phasing Plan	4,055	0	16,451
Eastern Foothill/Transportation	654	0	0
Miscellaneous Districts & Funds	295	100	3,686
Special District Bond Funds	88,273	136,457	177,317
Total Specific Funds Invested	$ 136,201	$ 189,352	$ 244,722
RETIREMENT SYSTEM INVESTMENTS (A)			
Long Term	$1,462,650	$1,371,199	$1,227,309
Short Term	219,772	137,875	87,479
Total Retirement System Investments (Excludes Commingled Funds)	$1,682,422	$1,509,074	$1,314,788
TREASURER'S TOTAL ACCOUNTABILITY	$5,474,184	$4,496,359	$4,127,931
OUTSTANDING CHECKS - ESTIMATED (B)	$ 96,000	$ ---	$ ---
OUTSTANDING CHECKS - ACTUAL (B)	$ ---	$ 106,221	$ 158,612

(A) - Details of financial activities of Orange County Employees Retirement System are shown in separate reports issued on a calendar year basis.

(B) - County and Special District Checks	$ 29,800	$ 41,230	$ 44,343
School District Checks	61,600	62,552	109,985
Trust Fund Checks	4,600	2,439	4,284
	$ 96,000	$ 106,221	$ 158,612

ORANGE COUNTY TREASURER-TAX COLLECTOR

EXHIBIT b

CASH ACTIVITY
INDICATED YEARS
(000 Omitted)

	Fiscal Years Ended		
	June 30, 1992	June 30, 1991	June 30, 1990
CHECKING ACCOUNTS AND CASH BEGINNING OF YEARS (EXHIBIT A)	$ 39,933	$ 53,545	$ 24,763
RECEIPTS			
Investment Proceeds (Commingled)	$164,786,368	$128,506,948	$101,650,229
Investment Proceeds (Specific)	1,882,237	795,488	819,824
Taxes (Deposited by Tax Collector)	2,014,321	1,862,781	1,704,346
Short Term Loans (Fifteen Months or less)	211,008	145,242	121,270
Bond (Note) Sales	27,533	73,535	29,597
State of California	1,814,054	1,766,161	1,706,666
Interest Received from Investments	277,765	243,212	228,679
Other Sources	1,100,818	1,254,732	1,073,292
Total Receipts-Fiscal Years	$172,114,104	$134,648,099	$107,333,903
Sub-Totals	$172,154,037	$134,701,644	$107,358,666
DISBURSEMENTS			
Investments Placed (Commingled)	$165,622,945	$128,750,072	$101,955,201
Investments Placed (Specific)	1,829,086	740,118	659,597
Regular Disbursements	4,641,022	5,171,521	4,690,323
Total Disbursements-Fiscal Years	$172,093,053	$134,661,711	$107,305,121
CHECKING ACCOUNTS AND CASH ENDS OF YEARS (EXHIBIT A)	$ 60,984	$ 39,933	$ 53,545

ORANGE COUNTY TREASURER-TAX COLLECTOR

EXHIBIT C

COMMINGLED FUNDS INVESTED
INDICATED YEARS
(000 Omitted)

	Fiscal Years Ended		
	June 30, 1992	June 30, 1991	June 30, 1990
INVESTMENT ACTIVITY BEGINNING OF YEARS			
Time Deposits	$ 64,000	$ 114,017	$ 158,650
Negotiable Securities	2,694,000	2,400,859	2,051,254
Totals	$ 2,758,000	$ 2,514,876	$ 2,209,904
INVESTMENTS PLACED DURING YEARS	165,622,945	128,750,072	101,955,201
Sub-Totals	$168,380,945	$131,264,948	$104,165,105
INVESTMENTS MATURED & SOLD DURING YEARS	164,786,368	128,506,948	101,650,229
END OF YEARS			
Time Deposits	$ 118,562	$ 64,000	$ 114,017
Negotiable Securities	3,476,015	2,694,000	2,400,859
Totals	3,594,577	$ 2,758,000	$ 2,514,876
INTEREST DISTRIBUTIONS			
County General Fund	$ 12,051	$ 14,620	$ 14,832
Deferred Compensation Fund	239	86	218
Employees Retirement System	5,353	4,067	2,908
Escrow Accounts	2,520	851	320
Fire Protection	2,550	1,483	1,512
Flood Control	12,422	13,029	12,539
Foothill Circulation Phasing Plan	5,038	5,540	0
Foothill/Eastern Transportation	1,973	878	510
Harbors Beaches & Parks	3,665	4,191	857
Housing Authority	1,052	940	3,452
Impounded Taxes Trust	1,118	1,544	1,305
John Wayne Airport	2,256	3,116	10,969
Local Transportation Fund	1,473	968	679
Outside Agencies	29,363	10,715	8,491
Road Fund	4,951	5,445	5,662
Sanitation Districts	20,248	15,606	18,075
School Districts	53,925	6,468	5,406
Self Insurance Funds	6,884	56,106	54,012
Special District Bond Funds	11,584	9,991	1,407
Taxes Collected - Awaiting Distribution*			
Secured	7,738	6,794	7,598
Unsecured	1,698	1,781	1,542
State Redemption	1,681	1,585	1,587
Supplemental	1,540	1,402	1,191
Other	469	471	509
Thoroughfare & Bridge Program	1,884	2,416	1,733
Transit District	9,546	10,734	11,136
Transportation Commission	11,218	15,692	15,638
Waste Management Enterprise Fund	5,299	3,920	2,345
Water District	5,010	5,542	5,430
Miscellaneous Districts & Funds	20,099	20,360	20,432
Totals	$244,847	$ 226,341	$ 212,295

*Includes interest distributed to the County General Fund in amounts of $2,013,000, $2,229,000 and $1,653,000 during the fiscal years ending June 30, 1992

ORANGE COUNTY TREASURER-TAX COLLECTOR

EXH.

SPECIFIC FUNDS INVESTED
INDICATED YEARS
(000 Omitted)

	Fiscal Years Ended		
	June 30, 1992	June 30, 1991	June 30, 1990
INVESTMENT ACTIVITY			
BEGINNING OF YEARS			
Time Deposits	$ 2,900	$ 0	$ 10,287
Negotiable Securities	186,452	244,722	394,662
Totals	$ 189,352	$ 244,722	$ 404,949
INVESTMENTS PLACED DURING YEARS	1,829,086	740,118	659,597
Sub-Totals	$2,018,438	$ 984,840	$ 1,064,546
INVESTMENTS MATURED AND SOLD DURING YEARS	1,882,237	795,488	819,824
END OF YEARS			
Time Deposits	$ 0	$ 2,900	$ 0
Negotiable Securities	136,201	186,452	244,722
Totals	$ 136,201	$ 189,352	$ 244,722
INTEREST DISTRIBUTIONS			
County General Fund	$ 26,228	$ 0	$ 361
Deferred Compensation Fund	4,817	5,102	3,788
Foothill Circulation Phasing Plan	90	1,375	0
Foothill/Eastern Transportation	14	0	0
John Wayne Airport	0	0	149
Sanitation Districts	0	0	1,318
Special District Bond Funds	6,089	12,651	27,067
Miscellaneous Districts & Fund	19	43	424
Totals	$ 37,257	$ 19,171	$ 33,107

The earnings from commingled investments is shown on Exhibit C and the earnings from specific investments is shown above.

Hearing Date: November 20, 1997
File Number: CSM-96-358-02
Staff: Commission Staff
f:\mandates\sfz\9635802\pgcover3.doc

ITEM 3

Proposed Parameters and Guidelines

Government Code Section 53646, Subdivisions (a), (b), and (e)
Chapter 783, Statutes of 1995
Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Investment Reports

Executive Summary

Summary of the Mandate

On March 27, 1997, the Commission on State Mandates adopted its Statement of Decision on the state mandated program found in Government Code section 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapter 156, Statutes of 1996, and Chapter 749, Statutes of 1996. That program requires the treasurer or chief fiscal officer to do the following:

1. Render an annual statement of investment policy to the legislative body of the local agency and any oversight committee.
2. Render a quarterly report of investments containing information specified in subdivision (b) and subdivision (e) to the legislative body of the local agency.

State Agency Comments on Claimant's Proposed Parameters and Guidelines

The Department of Finance recommended that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments, as the use of such ledgers is authorized, but not required, by the language in Government Code section 53646, subdivision (b)(4).

The State Controller's Office did not comment on the claimant's proposed parameters and guidelines.

Staff Analysis and Recommendation

The Commission staff issued its Proposed Parameters and Guidelines last spring. The claimants and interested parties filed written comments on that draft. A pre-hearing conference was held on September 25, 1997 to discuss the issues in contention. Based on that conference, Commission staff has prepared this revised draft. Significant changes from claimants' original proposal and staff's original draft are as follows:

Section III. Eligible Claimants - School districts are expressly included as eligible claimants under this state mandated program.

Section IV. Period of Reimbursement. Staff's proposed amendment references the three different effective dates for the test claim statutes.

Section V. Reimburseable Costs. In section V.B., Reimbursable Activities, staff has reformatted reimbursable activities into two components for clarity and referenced periods of reimbursement. The revised draft omits any reference to subsidiary ledgers. It is staff's contention that the test claim statute authorizes, but does not require the use of subsidiary ledgers of investments. However, to the extent that subsidiary ledgers are necessary to accumulate and compile the data necessary to prepare a quarterly report under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e), it is reimbursable.

Other non controversial and technical clarifying edits made throughout the parameters and guidelines are not displayed in the following side-by-side comparison tables.

Staff Recommendation

Staff recommends that the Commission adopt the claimant's parameters and guidelines, as amended. (See Bates page 0009.)

Claimant

County of Santa Clara
City of Newport Beach
Sweetwater Union High School District (added July 14, 1997)

Chronology

12-23-96	Test Claim received by Commission on State Mandates (Commission).
3-27-97	Commission approves test claim and adopts Statement of Decision.
4-14-97	County of Santa Clara submits proposed parameters and guidelines (Attachment A).
5-08-97	Comments received from City of Newport Beach.
5-14-97	Comments received from Department of Finance.
7-14-97	Comments received from Sweetwater Union High School District.
7-18-97	Comments received from City of Newport Beach.
9-25-97	Informal conference held at the Commission office.

Commission on State Mandates Decision

On March 27, 1996, the Commission determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIIIB of the California

Constitution and Government Code section 17514 by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).[1]

Departmental Recommendations

The Department of Finance recommends that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments. The statute authorizes, but does not require, them in Government Code section 53646, subdivision (b)(4). With this change, the Department of Finance concludes that the proposal generally reflects the Commission's Statement of Decision.

The State Controller's Office did not comment on the claimant's proposed parameters and guidelines.

Responses from Claimants

The City of Newport Beach and the County of Santa Clara filed this test claim. The Sweetwater Union High School District was added as a co-claimant on July 14, 1997. Sweetwater Union High School District and the City of Newport Beach (representing both the City and the County of Santa Clara) commented on the staff's original proposed parameters and guidelines. The County of Santa Clara filed no rebuttal comments.

Sweetwater Union High School District commented on three areas of concern. These are:

- The inclusion of school districts and county superintendents of schools among eligible claimants.
- The interpretation of the term "render."
- The use of subdivision (b), rather than subdivision (b)(1), with respect to the required contents of quarterly reports.

Staff modified the proposed parameters and guidelines to include school districts, to change the subdivision reference as noted, and to remove the distinctions over the term "render."

The City of Newport Beach raised two concerns about deletions of:

- Preparation of the statement of investment policy.
- Preparation of a subsidiary ledger of investments to support the quarterly investment reports.

Staff's proposed parameters and guidelines have been modified to address the concerns raised by claimants. However, staff has not expressly included the language "preparation of a subsidiary ledger of investments to support the quarterly investment reports" as a reimbursable

[1] The requirements of subdivision (b)(2) and (b)(3) must be in every quarterly report, whether it contains items specified under subdivision (b)(1), or (e).

activity. Government Code section 53646, subdivision (b)(4) authorizes but does not require the use of subsidiary ledgers. Staff notes that subsidiary ledgers would be reimbursable, to the extent they are necessary in order to "accumulate and compile data necessary to prepare the quarterly report of investments" as required under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e).

Pre-hearing Conference

A pre-hearing conference was held at the Commission office, at 1300 I Street, Sacramento, on September 25, 1997. After discussing the concerns of claimants and the Department of Finance, staff revised its original draft.

Staff Analysis

Staff modified the claimants' proposed parameters and guidelines[1], conform to the Commission's Statement of Decision, and the effective dates of the subject statutes. The table, below, displays staff's amendments to claimants' proposed parameters and guidelines.

Section III. Eligible Claimants

The Commission found that "local agency" as defined in Government Code section 53630, subdivision (a), is to be used for the purposes of this test claim. Under this section, "local agency" means "...county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state." Since this definition includes school districts as eligible claimants, staff has amended this section to include school districts as defined in Government Code section 17519.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
III. Eligible Claimants The eligible claimants are counties, cities, city and county, community college districts, or other public agency or corporation.	III. Eligible Claimants ***<u>The eligible claimants are any county, city, city and county, or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.</u>

[1] County of Santa Clara, April 11, 1997, Proposed Parameters and Guidelines

IV. Period of Reimbursement

The test claim includes three statutes with three different effective dates. Therefore, staff amended this section to include this information.

Claimant's Proposed Ps & Gs	Staff's Proposed Ps and Gs
IV. Period of reimbursement "Government code Section 17557 states that the test claim must be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The County of Santa Clara and the City of Newport Beach filed the test claim for this mandate on December 23, 1996. Therefore, reimbursement claims may be filed for costs incurred in the 1995-96 fiscal year. Chapter 783, Statutes of 1995 became effective January 1, 1996.	IV. Period of Reimbursement Government Code section 17557 states that a test claim must be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The County of Santa Clara and the City of Newport Beach filed the test claim for this mandate on December 23, 1996, establishing eligibility for Fiscal Year 1995-96. However, the test claim statutes were not in effect on July 1, 1995. Therefore, reimbursement claims may be filed for costs incurred *** as follows: Costs incurred pursuant to Chapter 783, Statutes of 1995, are reimbursable on or after January 1, 1996. Costs incurred pursuant to Chapter 156, Statutes of 1996, an urgency statute, are reimbursable on or after July 12, 1996. Costs incurred pursuant to Chapter 749, Statutes of 1996, are reimbursable on or after January 1, 1997.

V.B. Reimbursable Activities

Statement of Investment Policy

Staff's original draft parameters and guidelines proposed to delete all language relating to preparation of the statement of investment policy because of a related provision in a different test claim on county treasury oversight committees. Since eligible claimants for this test claim include other local entities and school districts which are not subject to the provisions of the county treasury oversight committees, staff modified its original proposal and includes "preparation of the annual statement of investment policy and changes," as a reimbursable activity.

Quarterly Reports of Investments

The Commission found that Government Code section 53646 offers local agencies two levels of detail in making the required quarterly reports. Subdivision (b)(1) specifies the content of the more detailed quarterly report. A simpler method of reporting is prescribed in subdivision (e) for investments which have been placed in the Local Agency Investment Fund or in Federal Deposit Insurance Corporation --insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of those investment vehicles. The Commission recognized that the number of local entities eligible to report exclusively under subdivision (e) will be limited. Regardless of the complexity of the report, all local entities are required to comply with subdivisions (b)(2) and (3). These provisions require the quarterly report to "state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance," and "to include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available."

Staff's original proposal has been modified to conform to the Commission's Statement of Decision and to address concerns of claimants.

There is disagreement on the issue of whether local entities are entitled to reimbursement for use of "subsidiary ledgers of investments." Government Code section 53646, subdivision (b)(4), states: "In the quarterly report, a subsidiary ledger may be used in accordance with accepted accounting practices." The Department of Finance recommended deletion of claimant's proposed language regarding subsidiary ledgers. Government Code section 53646, subdivision (b)(4) authorizes but does not require the use of subsidiary ledgers. Therefore, it is not a mandated activity. However, staff concludes that if "subsidiary ledgers" are necessary to "accumulate and compile data necessary to prepare the quarterly report of investments" under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e), it is reimbursable.

Claimant's Proposed Parameters and Guidelines and Staff's recommended changes are displayed below:

Claimant's Proposed Ps & Gs	Staff's Proposed Ps & Gs
V. Reimbursement Costs	V. Reimbursable Costs
A. Scope of Mandate Local agencies shall be reimbursed for the increased mandated costs of rendering an annual statement of investment policy and a quarterly report of investments in relation to that policy.	A. Scope of Mandate *** Eligible claimants shall be reimbursed for the costs incurred to render an annual statement of investment policy and *** quarterly investment reports, *** as specified in Section V.B. Reimbursable Activities.
B. Reimbursable Activities	

Policies & Procedures – cost to develop and maintain policies and procedures for accumulating and compiling data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1, (2), (3) & (4). **Automated System** - cost to acquire specialized software or modify existing software to accumulate and compile data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) (4). **Investment policy** – cost to prepare and submit an annual statement of investment policy to the legislative body of the local agency and any oversight committee.	B. Reimbursable Activities *** For each eligible claimant, the direct and indirect costs of labor, supplies, and services incurred for the following mandate components are reimbursable, as follows: 1. Statement of Investment Policy Prepare and submit the annual statement of investment policy, and changes to: a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996. b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.
Quarterly report of investments – the costs to prepare data necessary to render a quarterly report of investments which includes: • Types of investments • Issuers • Dates of maturity • Par and dollar amount invested on all securities • Investments and moneys held by the local agency • Description of local agency funds, investments, or programs that are under the management of contracted parties, including lending programs. • A statement of relationship to the statement of investment policy and analysis of policy compliance - cost to analyze investments for compliance with terms specified in the investment. • Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation why sufficient money will not be available. • Subsidiary ledger of investments – cost to input transactions for compilation of various	2. Quarterly Report of Investments a. Implementation Costs Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as specified in Government Code section 53646, subdivisions (b)(1), (2), (3) and/or (e). b. Ongoing Costs (1) Accumulate and compile data necessary to prepare a quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), (3), and/or (e) *** (2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in section 53646, subdivision (b)(1) ***.

reports to be included in the investment report. Costs to reconcile the subsidiary ledger to the control accounts, cost to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process, and cost to adjust the subsidiary ledger to market value.	

Staff Recommendation

The claimant's proposed parameters and guidelines, as amended, reflect the Commission's adopted Statement of Decision.

Therefore, staff recommends that the Commission adopt the claimant's proposed parameters and guidelines, as amended. (See following pages for complete text.)

Hearing Date: November 20, 1997
File Number: CSM-96-358-02
Staff: Commission Staff
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CLAIMANT'S Proposed Parameters and Guidelines, AS AMENDED BY STAFF

Government Code Section 53646, Subdivisions (a), (b), and (e)
Chapter 783, Statutes of 1995
Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Investment Reports

I. Summary of the Source of the Mandates

***

Chapter 783, Statutes of 1995, repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Chapter 156, Statutes of 1996, an urgency bill, and Chapter 749, Statutes of 1996, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

II. Commission On State Mandates Decision

***

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIIIB of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

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III. Eligible Claimants

***The eligible claimants are any county, city, city and county, or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

IV. Period Of Reimbursement

Government Code section 17557 states that a test claim must be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The County of Santa Clara and the City of Newport Beach filed the test claim for this state mandated program on December 23, 1996, establishing eligibility for fiscal year 1995-96. However, the test claim statutes were not in effect on July 1, 1995. Therefore, reimbursement claims may be filed for costs incurred *** as follows:

Costs incurred pursuant to Chapter 783, Statutes of 1995, are reimbursable on or after January 1, 1996.

Costs incurred pursuant to Chapter 156, Statutes of 1996, an urgency statute, are reimbursable on or after July 12, 1996.

Costs incurred pursuant to Chapter 749, Statutes of 1996, are reimbursable on or after January 1, 1997.

***

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code ~~(GC)~~, all claims for reimbursement of costs shall be submitted within 120 days from the date on which the State Controller issues claiming instructions.

If the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed, except as otherwise allowed by ~~GC~~ Government Code Section 17564.

V. Reimbursable Costs

A. Scope of Mandate

***Eligible claimants shall be reimbursed for the costs incurred to render an annual statement of investment policy and *** quarterly investment reports, *** as specified in Section V.B. Reimbursable Activities.

B. Reimbursable Activities

For each eligible claimant, the direct and indirect costs of labor, supplies, and services incurred for the following mandate components are reimbursable, as follows:

1. Statement of Investment Policy

Prepare and submit the annual statement of investment policy[1], and changes to:

a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[2]

b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

2. Quarterly Report of Investments

a. Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), (3) and/or (e).

b. Ongoing Costs

(1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1), (2), and (3) and/or (e).

(2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code section 53646, subdivision (b)(1).[3]

VI. Claim Preparation

Each claim for reimbursement pursuant to this mandate must be timely filed and ***set forth a listing of each item for which reimbursement is claimed under this mandate.

[1] In counties with Treasury Oversight Committees, costs to prepare annual statements of investment policy are allowable administrative costs, payable from proceeds of the investments as provided in Government Code section 27135.

[2] For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

[3] Chapter 156, Statutes of 1996, an urgency statute, amended subdivision (e), effective July 12, 1996. The amendment permitted the use of a statement, in lieu of the report, for any investment in an insured account. This resulted in two reimbursement beginning dates: from January 1, 1996 if the agency placed all of its investment in insured accounts; from July 12, 1996, if less than all of an agency's investments were placed in insured accounts.

Claim detail should include the following:

A. Salaries and Benefits

Claimed reimbursement for employee costs should be supported by name, position, productive hourly rate, hours worked, fringe benefits amount, and a brief description of assigned unit and function relative to the mandate.

The source documents required to be maintained by the *** claimant may include, but are not limited to, employee time cards and/or cost allocation reports.

B. Services and Supplies

The *** claimant should identify all direct costs for materials, services and supplies which have been purchased, leased, consumed or expended for purposes of compliance with the mandate.

Source documents required to be maintained by the *** claimant may include, but are not limited to, invoices, lease documentation and other documents evidencing the validity of the expenditure.

C. Contract Services

List costs incurred for contract services and/or legal counsel for the development and operation of the mandated program. Contracting costs are reimbursable to the extent that the function performed requires special skills or knowledge that is not readily available from *** claimant's staff. Use of contract services must be justified by the claimant.

D. Training

Include the costs of training of personnel. Specialized training must be justified by the claimant.

E. Fixed Assets

List the cost of fixed assets that have been acquired specifically for the purposes of this mandate. If a fixed asset is acquired for the investment reports program but is utilized in some way not directly related to the program, only the pro-rata portion of the asset which is used for purposes of the mandated program is reimbursable.

The source documents to be maintained by the *** claimant may include, but are not limited to, contracts, charges, invoices and statements.

F. Allowable Overhead Costs

***Government Code section 17564, subdivision (b), provides that claims for indirect costs shall be filed in the manner prescribed by the State Controller's Office.

VII. Supporting Data

For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets,

calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the mandate. All documentation *** in support of claimed costs shall be made available to the State Controller or his/her agent, as may be requested, *** and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

VIII. Offsetting Savings and Other Reimbursement

Any offsetting savings that the *** claimant experiences as a direct result of this statute must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source (e.g., service fees collected, federal funds, other state funds, etc.) shall be *** identified and deducted from this claim.

IX. Required Certification

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained therein.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:	No. CSM –96-358-02 *Investment Reports* ADOPTION OF STATEWIDE COST ESTIMATE UNDER GOVERNMENT CODE SECTION 17557 AND CALIFORNIA CODE OF REGULATIONS, TITLE 2, SECTION 1183.3
Government Code Section 53646, Subdivisions (a), (b), and (e), as added and amended by Statutes of 1995, Chapter 783; Statutes of 1996, Chapter 156; Statutes of 1996, Chapter 749 Filed by County of Santa Clara, Claimant.	

DECISION

On November 30, 1998, the attached Statewide Cost Estimate was adopted by the Commission on State Mandates as its Decision in the above-entitled matter. The total estimate is $15,339,000 (r) for fiscal years 1995/1996 through 1999/2000, inclusive.

Date: 12/3/1998

Paula Higashi
PAULA HIGASHI, Executive Director

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Hearing: November 30, 1998
Claim: CSM-9635802
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Item 5

Proposed Statewide Cost Estimate

Government Code Section 53646, Subdivisions (a), (b), and (e)
Statutes of 1995, Chapter 783
Statutes of 1996, Chapter 156
Statutes of 1996, Chapter 749

Investment Reports (revised November 20, 1998)

Executive Summary

The Commission adopted the parameters and guidelines for this claim on September 25, 1997.

Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes of 1995, Chapter 783, and amended by Statutes of 1996, Chapters 156 and 749, require local agencies to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee, and quarterly reports of investments, as specified.

The reimbursement period for Statutes of 1995, Chapter 783 began January 1, 1996. The reimbursement period for Statutes of 1996, Chapters 156 and 749, began January 1, 1997.

Summary of the Reimbursement Process

Not less than 60 days after receiving the Commission's adopted parameters and guidelines, the Controller must issue claiming instructions for each reimbursable state mandate. (Gov. Code, § 17558.)

Each eligible local agency or school district must submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions. The Controller must pay any eligible claim within 60 days after the filing deadline for reimbursement claims or 15 days after the date the appropriation is effective (i.e., the subsequent claims bill), whichever is later. Any initial reimbursement claim filed after the filing deadline will be reduced by 10 percent of the amount allowed for a timely filed claim, not to exceed one thousand dollars ($1000). The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available after payment of all timely filed claims. Reimbursement claims submitted more than one year after the filing deadline will not be paid. (Gov. Code, § 17560.)

Interested Party Comments

Sweetwater Union High School District agrees with the staff recommendation and proposes the item be placed on consent. Department of Finance also agrees, with the understanding the Implicit Price Deflator is used for calculating future years. Staff therefore modified the statewide cost estimate. A summary of the reimbursement process was added to clarify the new procedure.

The State Controller's Office did not file a response, nor has staff received any comments from other interested parties.

Methodology

To arrive at the total statewide cost estimate, staff:

- Used unaudited actual or estimated claimed totals filed with the State Controller for prior fiscal years for which claims were filed,[1]
- Calculated separate estimates for school districts and other local government agencies, [2]
- Projected school district current and future fiscal year totals using the following formula:

  Prior year claim total ($) x Implicit Price Deflator, [3] and
- Projected local government agencies current and future fiscal year totals using the following formula:

  1996-97 fiscal year claims total x Implicit Price Deflator

Recommendation

Staff recommends that the Commission adopt this proposed statewide cost estimate in the amount of $15,339,000 for costs incurred in complying with the provisions set forth in Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes of 1995, Chapter 783, and amended by Statutes of 1996, Chapters 156 and 749.

Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	**Totals**
School Districts:	
1995-96	$106,176
1996-97	$294,033
1997-98	$208,776
1998-99	$212,743
1999-00	$217,636
Total for School Districts	**$1,039,364**

[1] Current data as of October 26, 1998.

[2] For State budgeting purposes only.

[3] As projected by the Department of Finance.

Other Local Government:	
1995-96	$1,627,955
1996-97	$3,078,253
1997-98	$3,133,662
1998-99	$3,193,201
1999-00	$3,266,645
Total for Other Local Govt.	**$14,299,716**
Statewide Cost Estimate Total	**$15,339,000**

Because the reported costs are prior to audit and partially based on estimates, the statewide cost estimate of $15,339,080 has been rounded to $15,339,000.

Statewide Cost Estimate Calculation

Government Code Section 53646, Subdivisions (a), (b), and (e)
Statutes of 1995, Chapter 783
Statutes of 1996, Chapter 156
Statutes of 1996, Chapter 749

Investment Reports

Mandate Background

The Commission adopted the parameters and guidelines for this claim on September 25, 1997.

Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes of 1995, Chapter 783, and amended by Statutes of 1996, Chapters 156 and 749, requires local agencies to perform the following activities:

- Render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a). Subdivision (a), requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee.
- Render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e). Specifically, the treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b)(1) or subdivision (e) regarding investments to the legislative body of the local agency. However, the more complex reporting requirements contained in subdivision (b)(1) apply only to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Thus, no reimbursement may be claimed for complying with the reporting requirements under subdivision (b)(1) where claimants can use the investments specified in subdivision (e), but instead choose other investments options which must then be reported under subdivision (b)(1). The requirements of subdivisions (b)(2) and (b)(3) apply whether the information specified in subdivision (b)(1) or subdivision (e) is being reported. (Subdivision (b)(4) contains an authorization, rather than a requirement, and in consequence is not a required activity.)

The reimbursement period for Statues of 1995, Chapter 783 begins on January 1, 1996. The reimbursement period for Statutes of 1996, Chapters 156 and 749, begins on January 1, 1997.

Interested Party Comments

Sweetwater Union High School District agrees with the staff recommendation and proposes the item be placed on consent. Department of Finance also agrees, with the understanding the Implicit Price Deflator is used for calculating future years. Staff therefore modified the statewide cost estimate. A summary of the reimbursement process was added to clarify the new procedure.

The State Controller's Office did not file a response, nor has staff received any comments from other interested parties.

Eligible Claimants

The eligible claimants are any county, city, city and county, community college district, or other public agency or corporation (includes school districts as defined in Government Code section 17519).

Reimbursable Activities

For each eligible claimant, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

1) Policies and Procedures

Establish and update the policies and procedures for accumulating and compiling data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b)(1) or (e), as applicable, and subdivisions (b)(2) and (b)(3).

2) Data Acquisition and Compilation

Accumulate and compile data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b)(1) or (e), as applicable, and subdivisions (b)(2) and (b)(3).

3) Quarterly Report of Investments

Prepare and render [submit] the quarterly report of investments as required in Government Code section 53646, subdivision (b)(1) or (e), as applicable, and subdivisions (b)(2) and (b)(3), containing the information required in either subdivision (b)(1) or subdivision (e), as applicable, and subdivisions (b)(2) and (b)(3).

4) Rendering Statement of Investment Policy

Render [submit] the annual statement of investment policy to the legislative body of the local agency.

Methodology

To arrive at the total statewide cost estimate, staff:

- Used unaudited actual or estimated claimed totals filed with the State Controller for prior fiscal years for which claims were filed,[4]
- Calculated separate estimates for school districts and other local government agencies,[5]
- Projected school district current and future fiscal year totals using the following formula:

  Prior year claim total ($) x Implicit Price Deflator,[6] and

[4] Current data as of October 26, 1998.

[5] For State budgeting purposes only.

[6] As projected by the Department of Finance.

- Projected local government agencies current and future fiscal year totals to account for late claims in 1997-98 fiscal year using the following formula:

1996-97 fiscal year claims total x Implicit Price Deflator

Assumptions

Staff made the following assumptions:

- The claiming data is accurate, although unaudited.
- Estimated claims filed with the SCO accurately reflect the amount claimants will file in actual claims.
- Since the number of claims filed each fiscal year is fairly consistent, there will not be a significant number of late claims filed, nor will there be a significant change in the number of claimants for current or future fiscal years.

Recommendation

Staff recommends that the Commission adopt this proposed statewide cost estimate in the amount of $15,339,000 for the costs incurred in complying with the provisions set forth in Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes of 1995, Chapter 783, and amended by Statutes of 1996, Chapters 156 and 749.

Following is a breakdown of estimated total costs per fiscal year:

Total Claimed Amounts and Projections by Fiscal Year*

FISCAL YEAR	NUMBER OF CLAIMS FILED	TOTAL ESTIMATE (ACTUAL & PROJECTED)
School Districts:		
1995-96	80	$ 106,176
1996-97	172	$ 294,033
1997-98	173	$ 208,776
1998-99 Projection (1.9%)**		$ 212,743
1999-00 Projection (2.3%)		$ 217,636
Total for School Districts		*$ 1,039,364*
Other Local Government**:		
1995-96	246	$ 1,627,955
1996-97	292	$ 3,078,253
1997-98 Projection (1.8%)***	274	$ 3,133,662
1998-99 Projection (1.9%)		$ 3,193,201
1999-00 Projection (2.3%)		$ 3,266,645
Total for Other Local Government		*$14,299,716*
Statewide Cost Estimate Total****		$ 15,339,000

*As reported by the State Controller 10-26-98

**1996-97 is the used as a base for other local government costs to account for late claims during 1997-98 fiscal year.

***Implicit Price Deflator, as forecasted by Department of Finance.

****The total is rounded because reported costs are prior to audit and partially based on estimates.

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
AO1	1,245,297.13	454,206.46	633,208.80	.00	.00	454,206.46	1,424,299.47
BA1	29,602.30	10,797.07	9,188.76	.00	.00	10,797.07	27,993.99
BA2	.01	.00	.00	.00	.00	.00	.01
BR4	3,900.96	1,422.83	1,680.62	.00	.00	1,422.83	4,158.75
BR6	1,659.83	605.40	.00	.00	.00	605.40	1,054.43
BR8	17,585.68	6,414.16	9,451.21	.00	.00	6,414.16	20,622.73
BS2	.01	.00	.00	.00	.00	.00	.01
BT5	12,929.43	4,715.85	5,137.16	.00	.00	4,715.85	13,350.74
BT6	7,806.98	2,847.50	3,468.80	.00	.00	2,847.50	8,428.28
BT9	13,200.83	4,814.84	5,607.38	.00	.00	4,814.84	13,993.37
BU1	965.25	352.06	372.98	.00	.00	352.06	986.17
BW1	4,768.10	1,739.10	1,927.90	.00	.00	1,739.10	4,956.90
BW2	3,016.06	1,100.07	1,182.88	.00	.00	1,100.07	3,098.87
BW3	93.48	34.10	40.41	.00	.00	34.10	99.79
BW4	1,065.11	388.49	454.22	.00	.00	388.49	1,130.84
BW5	1,263.65	460.90	82.97	.00	.00	460.90	885.72
B12	125,912.90	45,925.15	51,146.59	.00	.00	45,925.15	131,134.34
B13	205,706.17	75,028.74	89,383.49	.00	.00	75,028.74	220,060.92
B14	1,227.20	447.61	587.19	.00	.00	447.61	1,366.78
B15	4,762.25	1,736.97	1,920.41	.00	.00	1,736.97	4,945.69
B19	33,698.62	12,291.15	11,354.17	.00	.00	12,291.15	32,761.64
DM1	1,933.69	705.29	518.65	.00	.00	705.29	1,747.05
DN3	2,679.97	977.49	856.81	.00	.00	977.49	2,559.29
DN4	1,074.35	391.86	.00	.00	.00	391.86	682.49
DN5	1,896.74	692.54	1,073.13	.00	.00	692.54	2,279.33
DN8	3,975.89	1,450.01	1,701.65	.00	.00	1,450.01	4,227.13
GQ1	23,843.15	8,696.49	9,636.67	.00	.00	8,696.49	24,783.33
GQ3	4,898.76	1,786.76	2,012.02	.00	.00	1,786.76	5,124.02
GQ5	23,127.69	8,435.53	10,329.95	.00	.00	8,435.53	25,022.11
GQ6	125.39	45.73	57.50	.00	.00	45.73	137.16
GQ7	8,029.61	2,928.70	3,261.15	.00	.00	2,928.70	8,362.06
GR1	940,522.80	343,043.86	405,550.22	.00	.00	343,043.86	1,003,029.16
GR2	31,381.66	11,446.07	.00	.00	.00	11,446.07	19,935.59
GR3	2,017.33	735.80	.00	.00	.00	735.80	1,281.53
JO4	34.41	12.55	14.23	.00	.00	12.55	36.09
J15	1,590.95	580.28	.00	.00	.00	580.28	1,010.67
LO4	271.96	99.19	138.19	.00	.00	99.19	310.96
P90	.00	.00	.00	.00	.00	.00	.00
RA3	.00	.00	.00	.00	.00	.00	.00
RA4	.04	.01	.00	.00	.00	.01	.03
RA5	1.57	.57	.00	.00	.00	.57	1.00
RA6	.00	.00	.00	.00	.00	.00	.00
RA7	.00	.00	.00	.00	.00	.00	.00
RA8	.00	.00	.00	.00	.00	.00	.00
RB1	.00	.00	.00	.00	.00	.00	.00

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
RB2	.00	.00	.00	.00	.00	.00	.00
RB3	.00	.00	.00	.00	.00	.00	.00
RB4	.00	.00	.00	.00	.00	.00	.00
RB5	.17	.06	.43	.00	.00	.06	.54
RB6	.00	.00	.00	.00	.00	.00	.00
RB7	2.44	.89	.00	.00	.00	.89	1.55
RB8	.01	.00	.00	.00	.00	.00	.01
RB9	38.55	14.06	.00	.00	.00	14.06	24.49
RC2	.00	.00	.00	.00	.00	.00	.00
RC3	.00	.00	.00	.00	.00	.00	.00
RC4	.00	.00	.00	.00	.00	.00	.00
RC5	.01	.00	.00	.00	.00	.00	.01
RC6	.01	.00	.00	.00	.00	.00	.01
RC7	.02	.01	.00	.00	.00	.01	.01
RC8	.04	.01	.00	.00	.00	.01	.03
RC9	.80	.29	.00	.00	.00	.29	.51
RD1	.00	.00	.00	.00	.00	.00	.00
RD2	2.88	1.05	.00	.00	.00	1.05	1.83
RD3	.01	.00	.00	.00	.00	.00	.01
RD4	2.41	.88	.00	.00	.00	.88	1.53
RD5	6.28	2.29	.00	.00	.00	2.29	3.99
RD6	.00	.00	.00	.00	.00	.00	.00
RD7	.00	.00	.00	.00	.00	.00	.00
RD8	.00	.00	.00	.00	.00	.00	.00
RD9	85,427.70	31,158.68	984.72	.00	.00	31,158.68	55,253.74
RO1	.00	.00	.00	.00	.00	.00	.00
RO2	.00	.00	.00	.00	.00	.00	.00
RO3	.01	.00	.00	.00	.00	.00	.01
RO6	.00	.00	.00	.00	.00	.00	.00
RO7	.00	.00	.00	.00	.00	.00	.00
RO8	.00	.00	.00	.00	.00	.00	.00
RO9	.01	.00	.00	.00	.00	.00	.01
R10	.01	.00	3.45	.00	.00	.00	3.46
R11	.01	.00	.00	.00	.00	.00	.01
R12	.00	.00	.00	.00	.00	.00	.00
R13	.01	.00	.00	.00	.00	.00	.01
R14	.01	.00	.00	.00	.00	.00	.01
R15	29.35	10.71	.00	.00	.00	10.71	18.64
R16	.01	.00	.00	.00	.00	.00	.01
R17	.01	.00	.00	.00	.00	.00	.01
R18	.01	.00	.00	.00	.00	.00	.01
R19	.04	.01	.00	.00	.00	.01	.03
R20	182.97	66.74	77.72	.00	.00	66.74	193.95
R21	.02	.01	.00	.00	.00	.01	.01
R22	.01	.00	.00	.00	.00	.00	.01

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
R23	.01	.00	.00	.00	.00	.00	.01
R24	4.87	1.78	3.70	.00	.00	1.78	6.79
R25	.01	.00	.00	.00	.00	.00	.01
R26	.05	.02	.00	.00	.00	.02	.03
R27	.01	.00	.00	.00	.00	.00	.01
R28	.00	.00	.00	.00	.00	.00	.00
R29	.01	.00	.00	.00	.00	.00	.01
R30	.01	.00	.00	.00	.00	.00	.01
R31	.07	.03	.00	.00	.00	.03	.04
R32	.03	.01	.00	.00	.00	.01	.02
R33	.01	.00	.00	.00	.00	.00	.01
R34	.01	.00	.00	.00	.00	.00	.01
R35	.03	.01	.00	.00	.00	.01	.02
R36	.01	.00	.00	.00	.00	.00	.01
R37	48.64	17.74	4.84	.00	.00	17.74	35.74
R38	65.70	23.96	.00	.00	.00	23.96	41.74
R39	.01	.00	.00	.00	.00	.00	.01
R40	.00	.00	.00	.00	.00	.00	.00
R41	.02	.01	.00	.00	.00	.01	.01
R42	.00	.00	.00	.00	.00	.00	.00
R43	.03	.01	.00	.00	.00	.01	.02
R44	.00	.00	.00	.00	.00	.00	.00
R45	.01	.00	.00	.00	.00	.00	.01
R46	.01	.00	.00	.00	.00	.00	.01
R47	.00	.00	.00	.00	.00	.00	.00
R48	.00	.00	.00	.00	.00	.00	.00
R49	299.79	109.34	.00	.00	.00	109.34	190.45
R50	.00	.00	.00	.00	.00	.00	.00
R51	.01	.00	.00	.00	.00	.00	.01
R52	.00	.00	.00	.00	.00	.00	.00
R53	.01	.00	.00	.00	.00	.00	.01
R54	833.69	304.08	.00	.00	.00	304.08	529.61
R55	3.36	1.23	.00	.00	.00	1.23	2.13
R56	.01	.00	.00	.00	.00	.00	.01
R57	.01	.00	.00	.00	.00	.00	.01
R58	.18	.07	.00	.00	.00	.07	.11
R59	271.54	99.04	130.07	.00	.00	99.04	302.57
R60	.02	.01	.00	.00	.00	.01	.01
R61	.02	.01	.00	.00	.00	.01	.01
R62	.01	.00	.00	.00	.00	.00	.01
R63	325.76	118.82	.00	.00	.00	118.82	206.94
R64	.01	.00	.00	.00	.00	.00	.01
R65	.00	.00	.00	.00	.00	.00	.00
R66	.04	.01	.00	.00	.00	.01	.03
R67	1.21	.44	.00	.00	.00	.44	.7

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
R68	.02	.01	.00	.00	.00	.01	.01
R69	.01	.00	.00	.00	.00	.00	.01
R70	.02	.01	.00	.00	.00	.01	.01
R71	.22	.08	.00	.00	.00	.08	.14
R72	.01	.00	.00	.00	.00	.00	.01
R73	.00	.00	.00	.00	.00	.00	.00
R74	.01	.00	.00	.00	.00	.00	.01
R75	.01	.00	.00	.00	.00	.00	.01
R76	.01	.00	.00	.00	.00	.00	.01
R77	.01	.00	.00	.00	.00	.00	.01
R78	.02	.01	.00	.00	.00	.01	.01
R79	.02	.01	.00	.00	.00	.01	.01
R80	.01	.00	.00	.00	.00	.00	.01
R81	.00	.00	.00	.00	.00	.00	.00
R82	.00	.00	.00	.00	.00	.00	.00
R83	.01	.00	.00	.00	.00	.00	.01
R84	.01	.00	.00	.00	.00	.00	.01
R85	.01	.00	.00	.00	.00	.00	.01
R86	.04	.01	.00	.00	.00	.01	.03
R87	92.56	33.76	.00	.00	.00	33.76	58.80
R88	.02	.01	.00	.00	.00	.01	.01
R89	.07	.03	.00	.00	.00	.03	.04
R91	.01	.00	.00	.00	.00	.00	.01
R92	.02	.01	.00	.00	.00	.01	.01
SF5	.13	.05	.06	.00	.00	.05	.14
SG3	449,983.02	164,125.64	248,510.08	.00	.00	164,125.64	534,367.46
SH1	63.43	23.14	25.69	.00	.00	23.14	65.98
SH2	854,032.33	311,497.55	498,753.98	.00	.00	311,497.55	1,041,288.76
SH4	130,520.81	47,605.82	30,600.60	.00	.00	47,605.82	113,515.59
SH5	12.25	4.47	4.88	.00	.00	4.47	12.66
SH6	.38	.14	.02	.00	.00	.14	.26
SJ2	16,932.69	6,175.99	2,855.98	.00	.00	6,175.99	13,612.68
SJ5	58.82	21.45	25.57	.00	.00	21.45	62.94
SJ7	5,407.17	1,972.20	2,189.94	.00	.00	1,972.20	5,624.91
SK3	10,428.52	3,803.67	4,227.41	.00	.00	3,803.67	10,852.26
SK9	5,467.16	1,994.08	1,788.56	.00	.00	1,994.08	5,261.64
SL3	93.09	33.95	48.11	.00	.00	33.95	107.25
SL6	15,833.62	5,775.11	1,263.83	.00	.00	5,775.11	11,322.34
SN1	6,540.84	2,385.69	2,601.84	.00	.00	2,385.69	6,756.99
SN2	553.69	201.95	165.35	.00	.00	201.95	517.09
SN3	5,085.16	1,854.75	2,149.53	.00	.00	1,854.75	5,379.94
SN5	880.09	321.00	360.11	.00	.00	321.00	919.20
SN6	35.06	12.79	14.33	.00	.00	12.79	36.60
SN7	680.70	248.28	291.83	.00	.00	248.28	724.25
SN8	433.73	158.20	124.96	.00	.00	158.20	400.49

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SP1	2,652.31	967.40	612.74	.00	.00	967.40	2,297.65
SP3	151.31	55.19	61.89	.00	.00	55.19	158.01
SP4	9,872.60	3,600.91	4,583.01	.00	.00	3,600.91	10,854.70
SR2	1.22	.44	.86	.00	.00	.44	1.64
SS1	3,995.18	1,457.19	1,595.05	.00	.00	1,457.19	4,133.04
SS3	.01	.00	.00	.00	.00	.00	.01
SS6	6,074.96	2,215.77	.00	.00	.00	2,215.77	3,859.19
ST2	.01	.00	.00	.00	.00	.00	.01
ST3	.01	.00	.00	.00	.00	.00	.01
ST4	.01	.00	.00	.00	.00	.00	.01
ST5	36.67	13.37	.00	.00	.00	13.37	23.30
ST6	.00	.00	.00	.00	.00	.00	.00
ST7	322.17	117.51	.00	.00	.00	117.51	204.66
ST8	541.74	197.59	191.15	.00	.00	197.59	535.30
ST9	.00	.00	.00	.00	.00	.00	.00
SU1	4.89	1.78	.00	.00	.00	1.78	3.11
SU2	.29	.11	.05	.00	.00	.11	.23
SU8	.17	.06	.00	.00	.00	.06	.11
SV1	17.97	6.55	.00	.00	.00	6.55	11.42
SV2	.01	.00	.00	.00	.00	.00	.01
SV3	.45	.16	.00	.00	.00	.16	.29
SV4	.09	.03	.00	.00	.00	.03	.06
SV6	41.81	15.25	28.97	.00	.00	15.25	55.53
SV8	.00	.00	.00	.00	.00	.00	.00
SV9	.30	.11	.00	.00	.00	.11	.19
SW1	22.46	8.19	.00	.00	.00	8.19	14.27
SW3	.04	.01	.00	.00	.00	.01	.03
SW6	.04	.01	.00	.00	.00	.01	.03
SW9	.01	.00	.00	.00	.00	.00	.01
SX2	.56	.20	.00	.00	.00	.20	.36
SX9	1.17	.43	.00	.00	.00	.43	.74
SY7	8.18	2.98	.00	.00	.00	2.98	5.20
SY9	19.24	7.02	.03	.00	.00	7.02	12.25
SZ6	14.29	5.21	.00	.00	.00	5.21	9.08
SZ7	.30	.11	.00	.00	.00	.11	.19
SO6	2,229,615.80	813,224.31	643,061.84	.00	.00	813,224.31	2,059,453.33
SO7	894,267.77	326,172.92	341,275.80	.00	.00	326,172.92	909,370.65
SO8	19,006.59	6,932.41	5,453.10	.00	.00	6,932.41	17,527.28
S10	2,941.17	1,072.75	1,068.58	.00	.00	1,072.75	2,937.00
S27	71.83	26.20	29.99	.00	.00	26.20	75.62
S3C	230,359.33	84,020.67	98,493.98	.00	.00	84,020.67	244,832.64
S3D	241,410.74	88,051.53	92,870.10	.00	.00	88,051.53	246,229.31
S3E	.01	.00	.00	.00	.00	.00	.01
S3N	.01	.00	.00	.00	.00	.00	.01
S3S	2.22	.81	.00	.00	.00	.81	1.

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
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FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S30	.00	.00	.00	.00	.00	.00	.00
S31	1,681.00	613.12	.00	.00	.00	613.12	1,067.88
S32	467.11	170.37	.00	.00	.00	170.37	296.74
S4A	683,939.85	249,458.45	288,929.48	.00	.00	249,458.45	723,410.88
S4B	12.77	4.66	5.17	.00	.00	4.66	13.28
S4D	1,365.55	498.07	664.52	.00	.00	498.07	1,532.00
S4E	5.85	2.13	.00	.00	.00	2.13	3.72
S4G	91,126.92	33,237.40	28,016.20	.00	.00	33,237.40	85,905.72
S4H	22,371.74	8,159.81	8,921.04	.00	.00	8,159.81	23,132.97
S4K	1,788.29	652.26	700.40	.00	.00	652.26	1,836.43
S4N	5,015.51	1,829.34	2,552.10	.00	.00	1,829.34	5,738.27
S5A	1,168.59	426.23	508.93	.00	.00	426.23	1,251.29
S5F	2,148.64	783.69	.00	.00	.00	783.69	1,364.95
S5R	1,043.26	380.52	427.86	.00	.00	380.52	1,090.60
S5S	135.82	49.54	34.61	.00	.00	49.54	120.89
S6B	71.47	26.07	.00	.00	.00	26.07	45.40
S6G	1,593.57	581.23	665.82	.00	.00	581.23	1,678.16
S6L	9,974.71	3,638.15	7,799.58	.00	.00	3,638.15	14,136.14
S6Y	539.53	196.79	213.23	.00	.00	196.79	555.97
S7H	183.35	66.87	729.81	.00	.00	66.87	846.29
TA4	5.14	1.87	.00	.00	.00	1.87	3.27
TA6	1.02	.37	.00	.00	.00	.37	.65
TA8	.60	.22	.00	.00	.00	.22	.38
TB1	.07	.03	.00	.00	.00	.03	.04
TB2	.50	.18	.00	.00	.00	.18	.32
TB4	.23	.08	.00	.00	.00	.08	.15
TB5	2.24	.82	.00	.00	.00	.82	1.42
TB7	.54	.20	.00	.00	.00	.20	.34
TB8	.27	.10	.00	.00	.00	.10	.17
TC4	.01	.00	.00	.00	.00	.00	.01
TC5	.78	.28	.00	.00	.00	.28	.50
TC6	248.34	90.58	.00	.00	.00	90.58	157.76
TC7	.01	.00	.00	.00	.00	.00	.01
TC8	.02	.01	.00	.00	.00	.01	.01
TC9	.00	.00	.00	.00	.00	.00	.00
TD6	7.19	2.62	.00	.00	.00	2.62	4.57
TE1	4,545.55	1,657.93	.00	.00	.00	1,657.93	2,887.62
TE2	.03	.01	.00	.00	.00	.01	.02
TE5	.00	.00	.00	.00	.00	.00	.00
TE6	2.60	.95	.00	.00	.00	.95	1.65
TE7	4,215.10	1,537.40	.00	.00	.00	1,537.40	2,677.70
TE8	44.84	16.35	.00	.00	.00	16.35	28.49
TE9	64,848.96	23,652.84	26,893.21	.00	.00	23,652.84	68,089.33
TG5	423.86	154.60	165.26	.00	.00	154.60	434.52
TH2	1,613,219.35	588,401.46	.00	.00	.00	588,401.46	1,024,817.89

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

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NON-RESTRICTED FUNDS = 05.2411315 %

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T19	.00	.00	.00	.00	.00	.00	.00
T25	986.55	359.83	321.78	.00	.00	359.83	948.50
T26	81.24	29.63	57.33	.00	.00	29.63	108.94
T27	.75	.27	.00	.00	.00	.27	.48
T39	1,681.05	613.14	545.43	.00	.00	613.14	1,613.34
T43	.01	.00	.00	.00	.00	.00	.01
T44	37.74	13.77	16.57	.00	.00	13.77	40.54
T45	.01	.00	.00	.00	.00	.00	.01
T50	.11	.04	.00	.00	.00	.04	.07
T62	1.50	.55	.00	.00	.00	.55	.95
T69	.31	.11	.00	.00	.00	.11	.20
T75	.01	.00	.00	.00	.00	.00	.01
T76	.36	.13	.00	.00	.00	.13	.23
T79	.31	.11	.00	.00	.00	.11	.20
T88	160.61	58.58	163.15	.00	.00	58.58	265.18
T93	5,333.41	1,945.29	1,719.31	.00	.00	1,945.29	5,107.43
T94	3.11	1.13	.00	.00	.00	1.13	1.98
T95	28.84	10.52	.00	.00	.00	10.52	18.32
UB4	213.90	78.02	87.21	.00	.00	78.02	223.09
UB7	1.71	.62	.00	.00	.00	.62	1.09
UC5	49,531.54	18,066.01	20,884.51	.00	.00	18,066.01	52,350.04
UH1	6,254.19	2,281.14	3,509.77	.00	.00	2,281.14	7,482.82
UJ4	33,436.83	12,195.66	11,371.01	.00	.00	12,195.66	32,612.18
UW1	5,163.14	1,883.19	1,688.61	.00	.00	1,883.19	4,968.56
U68	835.67	304.80	332.49	.00	.00	304.80	863.36
V41	739.24	269.63	487.78	.00	.00	269.63	957.39
V43	21,720.78	7,922.38	3,942.38	.00	.00	7,922.38	17,740.78
V44	1.15	.42	.00	.00	.00	.42	.73
V70	4,211.27	1,536.01	1,286.47	.00	.00	1,536.01	3,961.73
V90	3,534.24	1,289.07	1,465.40	.00	.00	1,289.07	3,710.57
V96	1.19	.43	.00	.00	.00	.43	.76
V97	.59	.22	.00	.00	.00	.22	.37
**TOTAL	18,448,154.58	6,728,732.04	5,862,535.11	.00	.00	6,728,732.04	17,581,957.65

LOS ANGELES COUNTY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
TH3	29.05	10.60	.00	.00	.00	10.60	18.45
TH4	1,912.73	697.64	.00	.00	.00	697.64	1,215.09
TH5	2.89	1.05	.00	.00	.00	1.05	1.84
TH6	2,663,503.03	971,479.22	.00	.00	.00	971,479.22	1,692,023.81
TH7	112.52	41.04	45.38	.00	.00	41.04	116.86
TH9	.01	.00	.00	.00	.00	.00	.01
TJ4	717.54	261.71	664.73	.00	.00	261.71	1,120.56
TJ7	13.35	4.87	.00	.00	.00	4.87	8.48
TJ8	121.16	44.19	49.42	.00	.00	44.19	126.39
TJ9	1,947,061.64	710,166.23	880,589.13	.00	.00	710,166.23	2,117,484.54
TK1	4,766.32	1,738.46	2,920.20	.00	.00	1,738.46	5,948.06
TK3	2,166.08	790.05	873.76	.00	.00	790.05	2,249.79
TK4	4.71	1.72	.00	.00	.00	1.72	2.99
TK5	964.58	351.82	.00	.00	.00	351.82	612.76
TK6	.00	.00	.00	.00	.00	.00	.00
TK7	2,697,589.65	983,911.88	1,142,169.49	.00	.00	983,911.88	2,855,847.26
TL2	.00	.00	.00	.00	.00	.00	.00
TL3	208,006.47	75,867.74	75,351.18	.00	.00	75,867.74	207,489.91
TL4	32.78	11.96	.00	.00	.00	11.96	20.82
TM4	63,875.74	23,297.87	26,815.29	.00	.00	23,297.87	67,393.16
TN6	213.87	78.01	79.66	.00	.00	78.01	215.52
TN7	103.93	37.91	31.67	.00	.00	37.91	97.69
TN8	5,066.20	1,847.83	2,126.58	.00	.00	1,847.83	5,344.95
TP3	.01	.00	.00	.00	.00	.00	.01
TP8	30.06	10.96	12.18	.00	.00	10.96	31.28
TQ2	2,346.57	855.88	804.87	.00	.00	855.88	2,295.56
TQ6	1,616.82	589.71	662.99	.00	.00	589.71	1,690.10
TQ7	.53	.19	.22	.00	.00	.19	.56
TQ9	27.34	9.97	11.23	.00	.00	9.97	28.60
TR2	112.89	41.18	.00	.00	.00	41.18	71.71
TR7	1,471.06	536.55	731.21	.00	.00	536.55	1,665.72
TS3	20,280.32	7,396.99	.00	.00	.00	7,396.99	12,883.33
TS6	.10	.04	.00	.00	.00	.04	.06
TS8	261.44	95.36	.00	.00	.00	95.36	166.08
TT6	135,591.25	49,455.20	55,795.07	.00	.00	49,455.20	141,931.12
TT7	5,289.98	1,929.45	.00	.00	.00	1,929.45	3,360.53
TT8	9,281.55	3,385.33	2,341.88	.00	.00	3,385.33	8,238.10
TT9	21,677.36	7,906.54	2,150.15	.00	.00	7,906.54	15,920.97
TU3	243.75	88.90	112.85	.00	.00	88.90	267.70
TW7	11,323.51	4,130.11	4,330.10	.00	.00	4,130.11	11,523.50
TW9	766.47	279.56	240.55	.00	.00	279.56	727.46
TO3	7.47	2.72	.00	.00	.00	2.72	4.75
TO4	.01	.00	.00	.00	.00	.00	.01
TO6	130.91	47.75	.00	.00	.00	47.75	83.16
T11	1,258.50	459.02	638.06	.00	.00	459.02	1,437.54

COMMUNITY IMPROVEMENT DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BA3	10.36	3.78	4.32	.00	.00	3.78	10.90
BD6	.85	.31	.36	.00	.00	.31	.90
BD7	5.33	1.94	2.22	.00	.00	1.94	5.61
BD8	10.85	3.96	4.53	.00	.00	3.96	11.42
BE5	3.33	1.21	1.39	.00	.00	1.21	3.51
BE6	43.50	15.87	17.98	.00	.00	15.87	45.61
BE7	105.61	38.52	44.08	.00	.00	38.52	111.17
BE8	19.97	7.28	8.33	.00	.00	7.28	21.02
BF3	.18	.07	.07	.00	.00	.07	.18
BF5	107.99	39.39	45.07	.00	.00	39.39	113.67
BF7	.91	.33	.38	.00	.00	.33	.96
BF9	88.40	32.24	36.89	.00	.00	32.24	93.05
SD1	216.11	78.82	110.05	.00	.00	78.82	247.34
SE7	38.17	13.92	15.78	.00	.00	13.92	40.03
SF2	116.01	42.31	48.51	.00	.00	42.31	122.21
SF3	.07	.03	.00	.00	.00	.03	.04
SF4	1,728.32	630.38	721.33	.00	.00	630.38	1,819.27
SG4	1,150.37	419.58	480.12	.00	.00	419.58	1,210.91
SG5	218.13	79.56	34.79	.00	.00	79.56	173.36
SG6	424.05	154.67	458.87	.00	.00	154.67	728.25
SG7	196.53	71.68	79.94	.00	.00	71.68	204.79
SM6	47.52	17.33	32.47	.00	.00	17.33	62.66
SM7	154.44	56.33	64.46	.00	.00	56.33	162.57
SM8	.07	.03	.03	.00	.00	.03	.07
S2K	19,074.92	6,957.34	7,879.83	.00	.00	6,957.34	19,997.41
S2L	18,598.17	6,783.45	7,836.80	.00	.00	6,783.45	19,651.52
S3Q	174.33	63.58	70.73	.00	.00	63.58	181.48
S35	253.15	92.33	105.65	.00	.00	92.33	266.47
S57	674.35	245.96	281.76	.00	.00	245.96	710.15
TO1	97.51	35.57	.00	.00	.00	35.57	61.94
TO2	.00	.00	.00	.00	.00	.00	.00
TO5	.00	.00	.00	.00	.00	.00	.00
UD4	12,782.66	4,662.31	3,574.16	.00	.00	4,662.31	11,694.51
UD5	383.82	139.99	18.25	.00	.00	139.99	262.08
UD6	1.52	.55	.00	.00	.00	.55	.97
UD7	11,415.59	4,163.69	4,759.38	.00	.00	4,163.69	12,011.28
UD9	268.05	97.77	114.85	.00	.00	97.77	285.13
UE2	184.50	67.29	.00	.00	.00	67.29	117.21
UE4	2,142.08	781.30	934.69	.00	.00	781.30	2,295.47
UM8	774.24	282.39	550.44	.00	.00	282.39	1,042.29
UX2	43.75	15.96	.00	.00	.00	15.96	27.79
UX3	253.45	92.44	85.49	.00	.00	92.44	246.50
UX4	5.61	2.05	2.34	.00	.00	2.05	5.90
UY3	1,835.13	669.34	765.14	.00	.00	669.34	1,930.93
UY5	8,365.91	3,051.36	1,370.62	.00	.00	3,051.36	6,685.1

COMMUNITY IMPROVEMENT DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
UY9	1,023.58	373.34	417.34	.00	.00	373.34	1,067.58
U50	.28	.10	.00	.00	.00	.10	.18
U51	.13	.05	.00	.00	.00	.05	.08
U53	14.81	5.40	6.12	.00	.00	5.40	15.53
U82	297.75	108.60	126.16	.00	.00	108.60	315.31
U90	12.19	4.45	5.09	.00	.00	4.45	12.83
U91	55.07	20.09	53.30	.00	.00	20.09	88.28
U97	478.83	174.65	197.96	.00	.00	174.65	502.14
**TOTAL	83,898.45	30,600.89	31,368.07	.00	.00	30,600.89	84,665.63

LOS ANGELES SERVICES AUTHORITY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SJ4	9,828.62	3,584.87	4,061.28	.00	.00	3,584.87	10,305.03
**TOTAL	9,828.62	3,584.87	4,061.28	.00	.00	3,584.87	10,305.03

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P6B	14,342.19	5,231.13	5,674.06	.00	.00	5,231.13	14,785.12
P6D	8,332.97	3,039.35	3,435.87	.00	.00	3,039.35	8,729.49
P6E	17,727.92	6,466.04	10,620.66	.00	.00	6,466.04	21,882.54
P6F	361,259.63	131,764.90	150,266.17	.00	.00	131,764.90	379,760.90
P6G	23,971.53	8,743.31	9,843.82	.00	.00	8,743.31	25,072.04
P6H	1.25	.46	.00	.00	.00	.46	.79
P61	318,901.87	116,315.44	113,667.88	.00	.00	116,315.44	316,254.31
P62	2,400.81	875.67	998.31	.00	.00	875.67	2,523.45
P91	472.20	172.23	195.65	.00	.00	172.23	495.62
P99	1,031.30	376.15	427.30	.00	.00	376.15	1,082.45
U5B	9.90	3.61	.00	.00	.00	3.61	6.29
U5F	7,596.86	2,770.86	34,188.78	.00	.00	2,770.86	39,014.78
**TOTAL	756,048.43	275,759.15	329,318.50	.00	.00	275,759.15	809,607.78

ARTESIA CEMETERY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P63	129.76	47.33	66.00	.00	.00	47.33	148.43
P64	860.12	313.72	452.71	.00	.00	313.72	999.11
P98	12.52	4.57	5.14	.00	.00	4.57	13.09
**TOTAL	1,002.40	365.62	523.85	.00	.00	365.62	1,160.63

DOWNEY CEMETERY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P65	1,872.66	683.03	670.08	.00	.00	683.03	1,859.71
**TOTAL	1,872.66	683.03	670.08	.00	.00	683.03	1,859.71

LANCASTER CEMETERY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P67	588.28	214.57	201.67	.00	.00	214.57	575.38
**TOTAL	588.28	214.57	201.67	.00	.00	214.57	575.38

LITTLE LAKE CEMETERY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P69	111.22	40.57	3.00	.00	.00	40.57	73.65
P70	1,475.85	538.30	605.73	.00	.00	538.30	1,543.28
**TOTAL	1,587.07	578.87	608.73	.00	.00	578.87	1,616.93

WILMINGTON CEMETERY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P71	219.33	80.00	25.82	.00	.00	80.00	165.15
**TOTAL	219.33	80.00	25.82	.00	.00	80.00	165.15

LACERA
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
Z02	69.36	25.30	259.21	.00	.00	25.30	303.27
Z03	98,073.39	35,771.03	29,910.85	.00	.00	35,771.03	92,213.21
**TOTAL	98,142.75	35,796.33	30,170.06	.00	.00	35,796.33	92,516.48

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SQ7	7,146.05	2,606.43	3,234.93	.00	.00	2,606.43	7,774.55
SR8	3,144.19	1,146.80	2,323.49	.00	.00	1,146.80	4,320.88
S5H	27,413.51	9,998.73	11,218.91	.00	.00	9,998.73	28,633.69
**TOTAL	37,703.75	13,751.96	16,777.33	.00	.00	13,751.96	40,729.12

PUBLIC LIBRARY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BM1	16,069.57	5,861.17	7,548.37	.00	.00	5,861.17	17,756.77
BM2	197.04	71.87	107.06	.00	.00	71.87	232.23
BM3	299.05	109.07	149.91	.00	.00	109.07	339.89
BM4	507.31	185.03	240.71	.00	.00	185.03	562.99
BM5	121.34	44.26	80.61	.00	.00	44.26	157.69
BM6	33.76	12.31	15.51	.00	.00	12.31	36.96
BM7	144.12	52.57	64.64	.00	.00	52.57	156.19
BO6	49,465.67	18,041.98	.00	.00	.00	18,041.98	31,423.69
J12	5,277.38	1,924.86	865.34	.00	.00	1,924.86	4,217.86
KO4	2,696.74	983.60	1,121.77	.00	.00	983.60	2,834.91
K10	1,590.61	580.15	707.38	.00	.00	580.15	1,717.84
K11	1,060.53	386.81	470.21	.00	.00	386.81	1,143.93
SF6	2,349.99	857.13	973.54	.00	.00	857.13	2,466.40
V22	5,449.02	1,987.46	2,236.97	.00	.00	1,987.46	5,698.53
**TOTAL	85,262.13	31,098.27	14,582.02	.00	.00	31,098.27	68,745.88

ALTADENA LIBRARY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
-MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P74	4,980.49	1,816.57	1,302.12	.00	.00	1,816.57	4,466.04
**TOTAL	4,980.49	1,816.57	1,302.12	.00	.00	1,816.57	4,466.04

PALOS VERDES LIBRARY DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PW3	5,191.38	1,893.49	787.18	.00	.00	1,893.49	4,085.07
P73	4,943.56	1,803.10	3,098.17	.00	.00	1,803.10	6,238.63
P75	908.23	331.27	376.31	.00	.00	331.27	953.27
P76	21,669.05	7,903.51	6,567.52	.00	.00	7,903.51	20,333.06
P77	4,300.67	1,568.62	2,136.11	.00	.00	1,568.62	4,868.16
UPX	1,844.82	672.87	196.83	.00	.00	672.87	1,368.78
UPY	999.49	364.55	397.53	.00	.00	364.55	1,032.47
UP3	2,594.22	946.21	499.92	.00	.00	946.21	2,147.93
UP8	.01	.00	.00	.00	.00	.00	.01
**TOTAL	42,451.43	15,483.62	14,059.57	.00	.00	15,483.62	41,027.38

DRAINAGE MAINTENANCE DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P08	811.52	295.99	338.07	.00	.00	295.99	853.60
P0C	109.73	40.02	46.14	.00	.00	40.02	115.85
P0D	666.92	243.25	277.66	.00	.00	243.25	701.33
P04	261.08	95.23	108.17	.00	.00	95.23	274.02
P06	666.13	242.96	275.56	.00	.00	242.96	698.73
P09	21.36	7.79	4.46	.00	.00	7.79	18.03
P10	489.17	178.42	204.36	.00	.00	178.42	515.11
P11	19.92	7.27	8.25	.00	.00	7.27	20.90
P87	54.16	19.75	22.44	.00	.00	19.75	56.85
P89	110.65	40.36	58.97	.00	.00	40.36	129.26
**TOTAL	3,210.64	1,171.04	1,344.08	.00	.00	1,171.04	3,383.68

FIRE PROTECTION DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BR5	26,278.00	9,584.57	14,917.84	.00	.00	9,584.57	31,611.27
DA1	213,108.44	77,728.62	.00	.00	.00	77,728.62	135,379.82
DA7	6,046.64	2,205.44	.00	.00	.00	2,205.44	3,841.20
DA8	26,777.73	9,766.84	.00	.00	.00	9,766.84	17,010.89
DA9	9,046.40	3,299.56	.00	.00	.00	3,299.56	5,746.84
J13	142,847.78	52,101.93	70,453.29	.00	.00	52,101.93	161,199.14
S2X	274.55	100.14	.00	.00	.00	100.14	174.41
UE9	649.81	237.01	.00	.00	.00	237.01	412.80
**TOTAL	425,029.35	155,024.11	85,371.13	.00	.00	155,024.11	355,376.37

FLOOD CONTROL DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS		TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BO7	1,028,068.43	374,975.02	286,512.30	.00	.00		374,975.02	939,605.71
HA3	15,153.18	5,526.93	6,333.92	.00	.00		5,526.93	15,960.17
HA4	38,109.62	13,900.00	16,063.88	.00	.00		13,900.00	40,273.50
JN1	1,065.70	388.70	440.57	.00	.00		388.70	1,117.57
JN2	13.78	5.03	5.70	.00	.00		5.03	14.45
SP7	32,537.76	11,867.74	13,354.12	.00	.00		11,867.74	34,024.14
SP8	116,401.77	42,456.08	52,189.76	.00	.00		42,456.08	126,135.45
V42	19,203.27	7,004.15	7,985.48	.00	.00		7,004.15	20,184.60
**TOTAL	1,250,553.51	456,123.65	382,885.73	.00	.00		456,123.65	1,177,315.59

GARBAGE DISPOSAL DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
GA1	43,059.58	15,705.44	17,441.93	.00	.00	15,705.44	44,796.07
GA2	53,159.41	19,389.23	19,251.66	.00	.00	19,389.23	53,021.84
GA4	35,388.71	12,907.59	13,473.27	.00	.00	12,907.59	35,954.39
GA5	21,098.11	7,695.27	8,478.00	.00	.00	7,695.27	21,880.84
GA6	17,327.89	6,320.13	6,833.99	.00	.00	6,320.13	17,841.75
GA7	4,943.77	1,803.18	1,837.86	.00	.00	1,803.18	4,978.45
**TOTAL	174,977.47	63,820.84	67,316.71	.00	.00	63,820.84	178,473.34

VARIOUS AUTHORITIES
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
R04	.00	.00	.00	.00	.00	.00	.00
R05	.00	.00	.00	.00	.00	.00	.00
R90	.04	.01	.00	.00	.00	.01	.03
SS5	254.41	92.79	.00	.00	.00	92.79	161.62
ZA7	157.87	57.58	104.26	.00	.00	57.58	204.55
ZA8	1,365.31	497.98	228.18	.00	.00	497.98	1,095.51
ZA9	3,438.21	1,254.04	16.40	.00	.00	1,254.04	2,200.57
ZB1	14.31	5.22	6.39	.00	.00	5.22	15.48
ZG1	250.81	91.48	330.14	.00	.00	91.48	489.47
ZG2	2,093.37	763.53	2,695.45	.00	.00	763.53	4,025.29
ZG3	4,246.34	1,548.80	149.35	.00	.00	1,548.80	2,846.89
ZG4	9.07	3.31	4.11	.00	.00	3.31	9.87
ZG5	16,199.66	5,908.62	5,566.46	.00	.00	5,908.62	15,857.50
ZG6	1,892.03	690.09	789.65	.00	.00	690.09	1,991.59
ZT2	6,093.37	2,222.48	2,543.10	.00	.00	2,222.48	6,413.99
**TOTAL	36,014.80	13,135.93	12,433.49	.00	.00	13,135.93	35,312.36

LANDSCAPE MAINTENANCE DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PA1	1,909.86	696.60	155.56	.00	.00	696.60	1,368.82
PA4	1,082.56	394.85	406.67	.00	.00	394.85	1,094.38
PA5	1,128.82	411.72	444.78	.00	.00	411.72	1,161.88
PA7	591.82	215.86	221.82	.00	.00	215.86	597.78
PA9	1,031.23	376.13	421.65	.00	.00	376.13	1,076.75
PB4	9,614.17	3,506.65	4,109.71	.00	.00	3,506.65	10,217.23
PB5	175.55	64.03	74.27	.00	.00	64.03	185.79
PB6	107.68	39.27	44.43	.00	.00	39.27	112.84
PB7	1,231.98	449.35	526.57	.00	.00	449.35	1,309.20
PB8	4,767.76	1,738.98	1,863.34	.00	.00	1,738.98	4,892.12
PB9	56.04	20.44	25.48	.00	.00	20.44	61.08
PC1	1,144.64	417.49	492.74	.00	.00	417.49	1,219.89
PC2	30.47	11.11	12.43	.00	.00	11.11	31.79
P3A	.35	.13	.00	.00	.00	.13	.22
P3B	5,042.46	1,839.17	2,084.93	.00	.00	1,839.17	5,288.22
P3C	10,237.86	3,734.13	4,276.51	.00	.00	3,734.13	10,780.24
P3D	415.90	151.69	184.42	.00	.00	151.69	448.63
P3E	172.05	62.75	77.25	.00	.00	62.75	186.55
P3F	28.21	10.29	10.60	.00	.00	10.29	28.52
P3G	246.94	90.07	107.51	.00	.00	90.07	264.38
P3H	30.56	11.15	11.97	.00	.00	11.15	31.38
P34	.04	.01	.00	.00	.00	.01	.03
P38	12,742.87	4,647.80	5,425.19	.00	.00	4,647.80	13,520.26
P40	16.68	6.08	6.88	.00	.00	6.08	17.48
P43	872.01	318.05	306.32	.00	.00	318.05	860.28
P49	422.67	154.16	172.63	.00	.00	154.16	441.14
P50	2,376.58	866.83	990.83	.00	.00	866.83	2,500.58
P51	806.78	294.26	269.04	.00	.00	294.26	781.56
P53	8,595.36	3,135.05	3,053.55	.00	.00	3,135.05	8,513.86
P54	247.03	90.10	132.13	.00	.00	90.10	289.06
P55	529.74	193.22	200.37	.00	.00	193.22	536.89
P56	29.04	10.59	13.11	.00	.00	10.59	31.56
P59	4,146.21	1,512.28	1,705.97	.00	.00	1,512.28	4,339.90
P60	7,556.91	2,756.29	3,180.18	.00	.00	2,756.29	7,980.80
P97	598.19	218.18	230.07	.00	.00	218.18	610.08
**TOTAL	77,987.02	28,444.76	31,238.91	.00	.00	28,444.76	80,781.17

DEPARTMENT OF PUBLIC WORKS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
B03	551,151.82	201,025.69	263,585.44	.00	.00	201,025.69	613,711.57
B04	501,261.36	182,828.77	165,643.67	.00	.00	182,828.77	484,076.26
B10	47,745.88	17,414.71	20,050.12	.00	.00	17,414.71	50,381.29
CM9	2,657.44	969.27	1,112.94	.00	.00	969.27	2,801.11
CN1	6,874.47	2,507.38	2,733.35	.00	.00	2,507.38	7,100.44
CN6	6,869.96	2,505.73	2,858.84	.00	.00	2,505.73	7,223.07
CN8	54,049.53	19,713.89	22,522.32	.00	.00	19,713.89	56,857.96
CN9	224,409.19	81,850.43	91,314.26	.00	.00	81,850.43	233,873.02
CP1	1,026.34	374.34	.00	.00	.00	374.34	652.00
CP2	594.46	216.82	132.12	.00	.00	216.82	509.76
CP3	430.13	156.88	120.97	.00	.00	156.88	394.22
CP4	2,072.66	755.98	833.40	.00	.00	755.98	2,150.08
CP5	4,105.63	1,497.48	799.18	.00	.00	1,497.48	3,407.33
CP6	234,512.61	85,535.52	99,876.60	.00	.00	85,535.52	248,853.69
CP9	47,062.10	17,165.31	20,007.89	.00	.00	17,165.31	49,904.68
EA1	38.43	14.02	10.28	.00	.00	14.02	34.69
EA2	47.53	17.34	19.84	.00	.00	17.34	50.03
EK1	3,802.75	1,387.01	1,171.48	.00	.00	1,387.01	3,587.22
EK2	29.04	10.59	11.00	.00	.00	10.59	29.45
EK3	47.29	17.25	16.90	.00	.00	17.25	46.94
EK4	83.49	30.45	15.82	.00	.00	30.45	68.86
EK6	40.14	14.64	15.00	.00	.00	14.64	40.50
EK7	108.21	39.47	44.85	.00	.00	39.47	113.59
EK8	501.62	182.96	92.41	.00	.00	182.96	411.07
EK9	40.34	14.71	14.82	.00	.00	14.71	40.45
EL2	56.11	20.47	22.56	.00	.00	20.47	58.20
EL3	36.71	13.39	13.63	.00	.00	13.39	36.95
EL4	165.46	60.35	41.89	.00	.00	60.35	147.00
EL5	1,245.67	454.34	188.46	.00	.00	454.34	979.79
EL6	264.12	96.33	77.16	.00	.00	96.33	244.95
EM1	17.18	6.27	5.26	.00	.00	6.27	16.17
EM2	22.03	8.04	9.13	.00	.00	8.04	23.12
EM3	120.36	43.90	25.35	.00	.00	43.90	101.81
EM6	388.30	141.63	54.25	.00	.00	141.63	300.92
EM7	73.05	26.64	28.99	.00	.00	26.64	75.40
EO1	567.27	206.90	66.39	.00	.00	206.90	426.76
EO2	3,064.50	1,117.74	1,235.40	.00	.00	1,117.74	3,182.16
EO6	1,326.69	483.89	436.96	.00	.00	483.89	1,279.76
EO7	5,308.92	1,936.36	2,060.57	.00	.00	1,936.36	5,433.13
E41	18,972.81	6,920.09	7,784.19	.00	.00	6,920.09	19,836.91
E44	176.77	64.47	52.90	.00	.00	64.47	165.20
FB8	4,256.35	1,552.45	1,721.75	.00	.00	1,552.45	4,425.65
FC6	5,968.78	2,177.04	2,658.93	.00	.00	2,177.04	6,450.67
FF9	6,100.66	2,225.14	2,320.18	.00	.00	2,225.14	6,195.70
FJ5	10,149.85	3,702.03	4,084.94	.00	.00	3,702.03	10,532

DEPARTMENT OF PUBLIC WORKS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
FK1	631.43	230.31	217.66	.00	.00	230.31	618.78
FK6	5,602.88	2,043.58	2,154.02	.00	.00	2,043.58	5,713.32
FL1	4,254.33	1,551.71	1,756.29	.00	.00	1,551.71	4,458.91
FL7	61.41	22.40	67.54	.00	.00	22.40	106.55
FN5	10,408.33	3,796.31	3,892.42	.00	.00	3,796.31	10,504.44
FP3	1,663.33	606.68	667.69	.00	.00	606.68	1,724.34
FP4	136.74	49.87	103.59	.00	.00	49.87	190.46
F24	1,167.08	425.68	417.73	.00	.00	425.68	1,159.13
F28	2,663.67	971.54	1,066.15	.00	.00	971.54	2,758.28
F33	3,376.04	1,231.37	686.66	.00	.00	1,231.37	2,831.33
F46	231,456.96	84,421.01	90,829.32	.00	.00	84,421.01	237,865.27
F59	29,204.26	10,651.89	11,734.09	.00	.00	10,651.89	30,286.46
F80	31,217.74	11,386.28	12,916.06	.00	.00	11,386.28	32,747.52
GD1	148,279.36	54,083.03	58,076.38	.00	.00	54,083.03	152,272.71
GD2	10.87	3.96	4.14	.00	.00	3.96	11.05
J17	214.35	78.18	.00	.00	.00	78.18	136.17
MO1	2,594.97	946.48	.00	.00	.00	946.48	1,648.49
MO2	15,868.98	5,788.01	7,072.01	.00	.00	5,788.01	17,152.98
S5V	8,553.78	3,119.88	2,722.00	.00	.00	3,119.88	8,155.90
TF2	210,056.08	76,615.31	85,102.76	.00	.00	76,615.31	218,543.53
TF3	32,350.80	11,799.55	13,232.31	.00	.00	11,799.55	33,783.56
TK9	704.24	256.86	287.98	.00	.00	256.86	735.36
UH5	1,138.46	415.24	470.65	.00	.00	415.24	1,193.87
UV8	4,751.68	1,733.12	1,870.60	.00	.00	1,733.12	4,889.16
U06	8,436.91	3,077.26	3,258.94	.00	.00	3,077.26	8,618.59
V09	116,400.73	42,455.70	50,709.24	.00	.00	42,455.70	124,654.27
V11	23,449.96	8,553.08	9,945.87	.00	.00	8,553.08	24,842.75
V13	132.79	48.43	55.42	.00	.00	48.43	139.78
V50	5,241.73	1,911.86	2,145.85	.00	.00	1,911.86	5,475.72
V68	23,406.93	8,537.38	10,431.63	.00	.00	8,537.38	25,301.18
**TOTAL	2,671,280.83	974,316.07	1,087,787.39	.00	.00	974,316.07	2,784,752.15

ANTELOPE VALLEY RESOURCE CONSERVATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SO3	166.59	60.76	28.57	.00	.00	60.76	134.40
**TOTAL	166.59	60.76	28.57	.00	.00	60.76	134.40

TOPANGA RESOURCE CONSERVATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S04	753.36	274.78	238.17	.00	.00	274.78	716.75
V01	7.91	2.89	3.28	.00	.00	2.89	8.30
**TOTAL	761.27	277.67	241.45	.00	.00	277.67	725.05

ANTELOPE MOSQUITO ABATEMENT DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P79	2,429.01	885.95	744.32	.00	.00	885.95	2,287.38
**TOTAL	2,429.01	885.95	744.32	.00	.00	885.95	2,287.38

COMPTON CREEK MOSQUITO ABATEMENT DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P80	1,447.49	527.95	519.82	.00	.00	527.95	1,439.36
**TOTAL	1,447.49	527.95	519.82	.00	.00	527.95	1,439.36

LOS ANGELES COUNTY WEST VECTOR CONTROL DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P81	2,877.10	1,049.39	1,836.20	.00	.00	1,049.39	3,663.91
P82	10,628.09	3,876.46	2,368.72	.00	.00	3,876.46	9,120.35
**TOTAL	13,505.19	4,925.85	4,204.92	.00	.00	4,925.85	12,784.26

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P83	2,425.38	884.63	924.76	.00	.00	884.63	2,465.51
**TOTAL	2,425.38	884.63	924.76	.00	.00	884.63	2,465.51

SEWER MAINTENANCE DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
GA9	40,513.92	14,776.94	7,668.71	.00	.00	14,776.94	33,405.69
GB1	4,702.96	1,715.35	1,953.88	.00	.00	1,715.35	4,941.49
GB2	845.31	308.32	226.40	.00	.00	308.32	763.39
GB4	724.77	264.35	288.95	.00	.00	264.35	749.37
GB8	2,970.57	1,083.48	1,035.66	.00	.00	1,083.48	2,922.75
GB9	36.93	13.47	15.64	.00	.00	13.47	39.10
GC2	117.53	42.87	47.10	.00	.00	42.87	121.76
GC3	928.92	338.81	336.28	.00	.00	338.81	926.39
GC4	676.16	246.62	81.12	.00	.00	246.62	510.66
GC5	4,794.80	1,748.84	1,662.36	.00	.00	1,748.84	4,708.32
GC6	68,199.48	24,874.90	28,192.40	.00	.00	24,874.90	71,516.98
GC9	515.68	188.09	156.72	.00	.00	188.09	484.31
J14	17,133.74	6,249.32	4,600.15	.00	.00	6,249.32	15,484.57
**TOTAL	142,160.77	51,851.36	46,265.37	.00	.00	51,851.36	136,574.78

SANITATION DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PD1	50,703.44	18,493.44	1,143.83	.00	.00	18,493.44	33,353.83
PD2	64,585.60	23,556.78	22,155.06	.00	.00	23,556.78	63,183.88
PD3	12,321.80	4,494.22	77.87	.00	.00	4,494.22	7,905.45
PD4	.00	.00	.00	.00	.00	.00	.00
PD5	12.13	4.42	25.32	.00	.00	4.42	33.03
PD6	2.04	.74	5.05	.00	.00	.74	6.35
PD7	189,921.79	69,271.58	1,129.79	.00	.00	69,271.58	121,780.00
PD8	1,813.43	661.43	29.21	.00	.00	661.43	1,181.21
PD9	21,448.21	7,822.96	183.71	.00	.00	7,822.96	13,808.96
PE1	5,198.04	1,895.92	522.16	.00	.00	1,895.92	3,824.28
PE2	3,770.80	1,375.35	16.53	.00	.00	1,375.35	2,411.98
PE3	.00	.00	.00	.00	.00	.00	.00
PF3	21.14	7.71	643.66	.00	.00	7.71	657.09
PF4	12.67	4.62	385.60	.00	.00	4.62	393.65
PH1	94,728.83	34,551.15	36,737.72	.00	.00	34,551.15	96,915.40
PH3	133,358.35	48,640.78	58,961.58	.00	.00	48,640.78	143,679.15
PH5	7,873.63	2,871.81	3,675.70	.00	.00	2,871.81	8,677.52
PH6	177,883.16	64,880.64	71,005.24	.00	.00	64,880.64	184,007.76
PH8	73,779.57	26,910.17	32,219.84	.00	.00	26,910.17	79,089.24
PH9	89,513.84	32,649.05	37,600.57	.00	.00	32,649.05	94,465.36
PJ1	11,635.70	4,243.98	5,329.30	.00	.00	4,243.98	12,721.02
PJ2	150,810.36	55,006.18	42,473.81	.00	.00	55,006.18	138,277.99
PJ3	75,304.74	27,466.46	30,072.81	.00	.00	27,466.46	77,911.09
PJ4	135,244.54	49,328.74	51,315.75	.00	.00	49,328.74	137,231.55
PJ7	8,653.17	3,156.13	3,782.70	.00	.00	3,156.13	9,279.74
PJ8	16,327.99	5,955.43	3,944.05	.00	.00	5,955.43	14,316.61
PJ9	1,090.32	397.68	186.76	.00	.00	397.68	879.40
PK1	3,216.13	1,173.04	1,451.33	.00	.00	1,173.04	3,494.42
PK2	174,073.05	63,490.95	53,939.05	.00	.00	63,490.95	164,521.15
PK4	16,077.01	5,863.89	7,230.23	.00	.00	5,863.89	17,443.35
PK5	88,414.45	32,248.06	36,609.75	.00	.00	32,248.06	92,776.14
PK7	14,835.53	5,411.07	6,915.51	.00	.00	5,411.07	16,339.97
PK8	4,601.68	1,678.40	1,767.17	.00	.00	1,678.40	4,690.45
PK9	506.78	184.84	218.06	.00	.00	184.84	540.00
PL3	59,598.79	21,737.91	23,093.16	.00	.00	21,737.91	60,954.04
PL5	19,487.22	7,107.72	13,570.00	.00	.00	7,107.72	25,949.50
PL6	153,309.82	55,917.83	57,978.15	.00	.00	55,917.83	155,370.14
PL7	2,239.51	816.83	931.52	.00	.00	816.83	2,354.20
PL8	7,545.35	2,752.07	3,473.34	.00	.00	2,752.07	8,266.62
PL9	86,564.72	31,573.39	31,878.04	.00	.00	31,573.39	86,869.37
PM1	1,725.29	629.28	761.55	.00	.00	629.28	1,857.56
PM2	17,283.11	6,303.80	6,772.17	.00	.00	6,303.80	17,751.48
PM4	1,416.43	516.63	609.48	.00	.00	516.63	1,509.28
PM5	98,041.85	35,759.53	37,810.02	.00	.00	35,759.53	100,092.34
PM7	9,517.32	3,471.32	4,284.24	.00	.00	3,471.32	10,330.24

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SANITATION DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PM8	27,223.84	9,929.55	9,945.03	.00	.00	9,929.55	27,239.32
PN3	2,593.93	946.10	1,148.88	.00	.00	946.10	2,796.71
PN4	35,659.80	13,006.46	13,214.52	.00	.00	13,006.46	35,867.86
PN7	19,794.78	7,219.90	6,429.00	.00	.00	7,219.90	19,003.88
PN8	119,692.31	43,656.26	45,127.88	.00	.00	43,656.26	121,163.93
PP2	12,439.42	4,537.12	5,682.80	.00	.00	4,537.12	13,585.10
PP3	109,856.85	40,068.90	43,433.86	.00	.00	40,068.90	113,221.81
PP6	4,523.30	1,649.82	2,147.81	.00	.00	1,649.82	5,021.29
PP7	43,470.34	15,855.26	19,010.03	.00	.00	15,855.26	46,625.11
PP8	.00	.00	.00	.00	.00	.00	.00
PQ1	29,336.03	10,699.95	7,492.13	.00	.00	10,699.95	26,128.21
PQ2	777.02	283.41	155.18	.00	.00	283.41	648.79
PQ4	9,726.47	3,547.61	4,529.86	.00	.00	3,547.61	10,708.72
PQ5	4,957.89	1,808.33	1,781.32	.00	.00	1,808.33	4,930.88
PQ6	120.43	43.93	50.09	.00	.00	43.93	126.59
PQ7	8,462.75	3,086.68	3,409.31	.00	.00	3,086.68	8,785.38
PQ9	6,726.00	2,453.22	1,480.28	.00	.00	2,453.22	5,753.06
PR1	114.83	41.88	43.38	.00	.00	41.88	116.33
PR2	177.58	64.77	74.31	.00	.00	64.77	187.12
PR3	58,615.99	21,379.44	21,076.71	.00	.00	21,379.44	58,313.26
PR4	495.68	180.79	138.94	.00	.00	180.79	453.83
PR5	.04	.01	.00	.00	.00	.01	.03
PR6	17,680.31	6,448.67	8,153.16	.00	.00	6,448.67	19,384.80
PR9	5.78	2.11	2.20	.00	.00	2.11	5.87
PS1	119.44	43.56	61.33	.00	.00	43.56	137.21
PS2	56,791.05	20,713.82	21,882.82	.00	.00	20,713.82	57,960.05
PS4	2,584.66	942.72	1,182.08	.00	.00	942.72	2,824.02
PS5	100,247.47	36,564.00	40,350.72	.00	.00	36,564.00	104,034.19
PS8	8,043.38	2,933.72	3,345.65	.00	.00	2,933.72	8,455.31
PS9	9,695.04	3,536.14	1,292.60	.00	.00	3,536.14	7,451.50
PT1	25,069.38	9,143.74	10,226.70	.00	.00	9,143.74	26,152.34
PT2	25,773.58	9,400.59	6,613.47	.00	.00	9,400.59	22,986.46
PT3	460,434.49	167,937.69	93,528.63	.00	.00	167,937.69	386,025.43
PT4	50,115.54	18,279.01	15,407.90	.00	.00	18,279.01	47,244.43
PT5	2,650.00	966.55	528.88	.00	.00	966.55	2,212.33
PT6	61,658.66	22,489.22	34,018.98	.00	.00	22,489.22	73,188.42
PT7	803.20	292.96	721.04	.00	.00	292.96	1,231.28
PT8	1,789.29	652.62	602.63	.00	.00	652.62	1,739.30
PT9	31,318.65	11,423.08	5,698.29	.00	.00	11,423.08	25,593.86
PU1	464,737.66	169,507.21	144,028.94	.00	.00	169,507.21	439,259.39
PU2	4,990.12	1,820.08	2,390.28	.00	.00	1,820.08	5,560.32
PU3	59,600.64	21,738.58	26,558.93	.00	.00	21,738.58	64,420.99
PU5	6,437.27	2,347.91	1,950.71	.00	.00	2,347.91	6,040.07
PU6	68,012.13	24,806.57	62,411.14	.00	.00	24,806.57	105,616.70
PU7	21,422.20	7,813.48	8,982.95	.00	.00	7,813.48	22,591

SANITATION DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PU8	2,819.67	1,028.44	1,419.51	.00	.00	1,028.44	3,210.74
PV1	1,858.67	677.93	414.27	.00	.00	677.93	1,595.01
PV2	1,825.89	665.97	544.94	.00	.00	665.97	1,704.86
PV3	6,351.32	2,316.56	3,137.42	.00	.00	2,316.56	7,172.18
PV4	22,436.56	8,183.45	10,483.61	.00	.00	8,183.45	24,736.72
PV5	19,376.42	7,067.31	10,509.23	.00	.00	7,067.31	22,818.34
PV6	96,303.05	35,125.33	28,947.45	.00	.00	35,125.33	90,125.17
PV7	74,810.14	27,286.06	19,031.74	.00	.00	27,286.06	66,555.82
PV8	27,301.27	9,957.79	1,936.18	.00	.00	9,957.79	19,279.66
PV9	254.82	92.94	108.33	.00	.00	92.94	270.21
PW2	2,737.45	998.45	1,141.40	.00	.00	998.45	2,880.40
P1A	20,710.73	7,553.98	9,804.27	.00	.00	7,553.98	22,961.02
P1B	33,433.45	12,194.43	15,811.23	.00	.00	12,194.43	37,050.25
P1C	17,123.05	6,245.42	8,307.32	.00	.00	6,245.42	19,184.95
P1D	17.46	6.37	7.32	.00	.00	6.37	18.41
P1E	144,621.43	52,748.85	70,535.80	.00	.00	52,748.85	162,408.38
P1F	26,802.80	9,775.98	12,966.87	.00	.00	9,775.98	29,993.69
P1J	24,912.94	9,086.68	11,805.49	.00	.00	9,086.68	27,631.75
P1K	16,512.23	6,022.63	7,931.83	.00	.00	6,022.63	18,421.43
P1L	2,117.65	772.39	1,006.93	.00	.00	772.39	2,352.19
P1M	20,315.41	7,409.79	9,684.34	.00	.00	7,409.79	22,589.96
P1N	3,559.79	1,298.39	1,658.13	.00	.00	1,298.39	3,919.53
P1Q	49,225.66	17,954.44	23,884.32	.00	.00	17,954.44	55,155.54
P1R	11,249.05	4,102.95	5,197.00	.00	.00	4,102.95	12,343.10
P1S	4,898.36	1,786.62	2,297.52	.00	.00	1,786.62	5,409.26
P1T	52,843.77	19,274.10	25,623.39	.00	.00	19,274.10	59,193.06
P1W	5,120.23	1,867.54	2,401.91	.00	.00	1,867.54	5,654.60
P1X	37,966.62	13,847.85	18,531.40	.00	.00	13,847.85	42,650.17
P2A	5,761.80	2,101.54	2,426.14	.00	.00	2,101.54	6,086.40
P2B	8,900.88	3,246.48	3,747.92	.00	.00	3,246.48	9,402.32
P2C	6,673.34	2,434.02	2,809.96	.00	.00	2,434.02	7,049.28
P2D	734.46	267.89	308.20	.00	.00	267.89	774.77
P2E	13,604.46	4,962.06	5,728.47	.00	.00	4,962.06	14,370.87
P2F	4,264.12	1,555.28	1,795.50	.00	.00	1,555.28	4,504.34
P2G	142.92	52.13	59.97	.00	.00	52.13	150.76
P2H	1,255.63	457.98	526.90	.00	.00	457.98	1,324.55
P2J	6,807.73	2,483.03	2,866.55	.00	.00	2,483.03	7,191.25
P2K	4,488.53	1,637.13	1,890.00	.00	.00	1,637.13	4,741.40
P2L	510.75	186.29	214.33	.00	.00	186.29	538.79
P2M	4,685.25	1,708.89	1,972.84	.00	.00	1,708.89	4,949.20
P2N	1,221.56	445.55	512.60	.00	.00	445.55	1,288.61
P2P	1,295.64	472.57	543.69	.00	.00	472.57	1,366.76
P2Q	6,953.97	2,536.37	2,928.13	.00	.00	2,536.37	7,345.73
P2R	4,685.25	1,708.89	1,972.84	.00	.00	1,708.89	4,949.20
P2S	1,372.03	500.43	575.75	.00	.00	500.43	1,447.35

SANITATION DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P2T	3,479.70	1,269.18	1,465.20	.00	.00	1,269.18	3,675.72
P2U	332.03	121.10	139.33	.00	.00	121.10	350.26
P2V	305.75	111.52	128.30	.00	.00	111.52	322.53
P2W	1,624.44	592.49	681.66	.00	.00	592.49	1,713.61
P2X	2,639.42	962.70	1,107.59	.00	.00	962.70	2,784.31
S3L	3,241.08	1,182.14	1,335.41	.00	.00	1,182.14	3,394.35
TF6	16,064.05	5,859.16	6,802.24	.00	.00	5,859.16	17,007.13
TF7	176,045.07	64,210.22	54,248.06	.00	.00	64,210.22	166,082.91
**TOTAL	5,063,810.30	1,846,961.03	1,771,144.47	.00	.00	1,846,961.03	4,987,993.74

WATERWORKS DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
NJ6	549.66	200.48	227.24	.00	.00	200.48	576.42
NJ7	379.71	138.49	156.98	.00	.00	138.49	398.20
NJ9	10.59	3.86	4.38	.00	.00	3.86	11.11
N01	4,581.21	1,670.94	2,012.68	.00	.00	1,670.94	4,922.95
N03	1,540.23	561.78	645.92	.00	.00	561.78	1,624.37
N04	7.82	2.85	.00	.00	.00	2.85	4.97
N08	9.96	3.63	3.32	.00	.00	3.63	9.65
N11	2,064.03	752.83	851.14	.00	.00	752.83	2,162.34
N18	361.66	131.91	85.24	.00	.00	131.91	314.99
N19	1,477.59	538.93	659.63	.00	.00	538.93	1,598.29
N32	14,783.74	5,392.18	7,437.23	.00	.00	5,392.18	16,828.79
N33	42,875.33	15,638.24	16,897.60	.00	.00	15,638.24	44,134.69
N34	614.98	224.31	164.13	.00	.00	224.31	554.80
N37	70.85	25.84	26.81	.00	.00	25.84	71.82
N38	12.92	4.71	4.19	.00	.00	4.71	12.40
N41	40.04	14.60	1.26	.00	.00	14.60	26.70
N44	140.40	51.21	56.54	.00	.00	51.21	145.73
N45	319.66	116.59	133.41	.00	.00	116.59	336.48
N46	1,551.73	565.97	536.95	.00	.00	565.97	1,522.71
N47	1,134.21	413.69	528.13	.00	.00	413.69	1,248.65
N48	.00	.00	.00	.00	.00	.00	.00
N49	2,139.31	780.29	919.72	.00	.00	780.29	2,278.74
N50	6,369.21	2,323.09	2,946.83	.00	.00	2,323.09	6,992.95
N51	252.48	92.09	109.08	.00	.00	92.09	269.47
N56	114.95	41.93	43.14	.00	.00	41.93	116.16
N57	40.07	14.62	21.14	.00	.00	14.62	46.59
N58	3,889.27	1,418.56	917.27	.00	.00	1,418.56	3,387.98
N59	34,675.99	12,647.63	14,921.72	.00	.00	12,647.63	36,950.08
N60	96.68	35.26	41.66	.00	.00	35.26	103.08
N61	107.69	39.28	44.52	.00	.00	39.28	112.93
N62	71.30	26.01	31.87	.00	.00	26.01	77.16
N63	44,685.61	16,298.51	15,646.92	.00	.00	16,298.51	44,034.02
N64	126,021.03	45,964.58	52,378.71	.00	.00	45,964.58	132,435.16
TM8	18,081.70	6,595.07	9,879.35	.00	.00	6,595.07	21,365.98
**TOTAL	309,071.61	112,729.96	128,334.71	.00	.00	112,729.96	324,676.36

CONSOLIDATED SCHOOLS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
QA1	48,278,687.19	17,609,043.66	20,154,744.05	.00	.00	17,609,043.66	50,824,387.58
QA2	2.29	.84	.00	.00	.00	.84	1.45
QA5	5,322.90	1,941.46	463.22	.00	.00	1,941.46	3,844.66
QA6	1,001.96	365.45	272.39	.00	.00	365.45	908.90
QA7	35.66	13.01	.00	.00	.00	13.01	22.65
QA8	7,354.25	2,682.37	3,238.23	.00	.00	2,682.37	7,910.11
QA9	22,769.31	8,304.82	9,352.13	.00	.00	8,304.82	23,816.62
QB2	1,836.73	669.92	919.34	.00	.00	669.92	2,086.15
QB3	3,531.55	1,288.09	1,629.80	.00	.00	1,288.09	3,873.26
QB5	3,147.19	1,147.90	1,276.21	.00	.00	1,147.90	3,275.50
QB6	2,210.37	806.20	486.27	.00	.00	806.20	1,890.44
QB7	7,339.10	2,676.84	2,695.31	.00	.00	2,676.84	7,357.57
QB8	375.35	136.90	171.80	.00	.00	136.90	410.25
QB9	47.29	17.25	28.54	.00	.00	17.25	58.58
QC1	261.34	95.32	.00	.00	.00	95.32	166.02
QC2	568.99	207.53	.00	.00	.00	207.53	361.46
QC3	973.37	355.02	178.16	.00	.00	355.02	796.51
QC4	1,615.05	589.07	526.46	.00	.00	589.07	1,552.44
QC5	393.86	143.66	.00	.00	.00	143.66	250.20
QD1	2,232.73	814.36	390.31	.00	.00	814.36	1,808.68
QD2	1,250.61	456.14	306.72	.00	.00	456.14	1,101.19
QD5	1,501.35	547.60	236.88	.00	.00	547.60	1,190.63
QD6	5.67	2.07	2.43	.00	.00	2.07	6.03
QE1	26.18	9.55	10.97	.00	.00	9.55	27.60
QE2	6,121.30	2,232.67	2,614.29	.00	.00	2,232.67	6,502.92
QE3	100.20	36.55	2.29	.00	.00	36.55	65.94
QE4	40,647.03	14,825.49	4,048.92	.00	.00	14,825.49	29,870.46
QE5	8,971.90	3,272.39	828.79	.00	.00	3,272.39	6,528.30
QE6	.00	.00	154.40	.00	.00	.00	154.40
QF1	12,879.36	4,697.58	5,707.30	.00	.00	4,697.58	13,889.08
QF2	2.45	.89	1.02	.00	.00	.89	2.58
QF5	3,549.44	1,294.61	575.50	.00	.00	1,294.61	2,830.33
QF6	98.21	35.82	46.72	.00	.00	35.82	109.11
QF7	.00	.00	.00	.00	.00	.00	.00
QG3	54,142.60	19,747.83	17,135.78	.00	.00	19,747.83	51,530.55
QG4	57,617.21	21,015.15	17,694.68	.00	.00	21,015.15	54,296.74
QG5	3,377.03	1,231.73	1,988.37	.00	.00	1,231.73	4,133.67
QG6	9,668.16	3,526.34	1,186.56	.00	.00	3,526.34	7,328.38
QG8	.00	.00	14.92	.00	.00	.00	14.92
QH1	2,575.20	939.27	2.23	.00	.00	939.27	1,638.16
QH2	306.03	111.62	126.51	.00	.00	111.62	320.92
QH3	612.05	223.24	253.03	.00	.00	223.24	641.84
QH4	1.76	.64	.00	.00	.00	.64	1.12
QH5	3,495.65	1,274.99	713.60	.00	.00	1,274.99	2,934.26
QH8	25.70	9.37	2.30	.00	.00	9.37	1

CONSOLIDATED SCHOOLS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
QJ1	1,466.56	534.91	186.96	.00	.00	534.91	1,118.61
QJ2	2,027.52	739.51	522.06	.00	.00	739.51	1,810.07
QJ9	1,814.35	661.76	152.50	.00	.00	661.76	1,305.09
QK6	2,885.69	1,052.52	394.48	.00	.00	1,052.52	2,227.65
QL1	1,464.05	533.99	401.33	.00	.00	533.99	1,331.39
QL5	9,000.08	3,282.67	.00	.00	.00	3,282.67	5,717.41
QL6	13.46	4.91	4.98	.00	.00	4.91	13.53
QL7	.63	.23	.01	.00	.00	.23	.41
QL8	451.10	164.53	240.82	.00	.00	164.53	527.39
QL9	.01	.00	.00	.00	.00	.00	.01
QM1	16,166.44	5,896.51	6,857.81	.00	.00	5,896.51	17,127.74
QM2	.27	.10	.00	.00	.00	.10	.17
QM4	2,245.98	819.19	501.06	.00	.00	819.19	1,927.85
QM5	15.21	5.55	6.52	.00	.00	5.55	16.18
QM6	687.38	250.71	65.97	.00	.00	250.71	502.64
QM7	.11	.04	.00	.00	.00	.04	.07
QM8	112.21	40.93	13.68	.00	.00	40.93	84.96
QN1	1.73	.63	.00	.00	.00	.63	1.10
QN2	5,496.72	2,004.86	951.36	.00	.00	2,004.86	4,443.22
QN3	.00	.00	.00	.00	.00	.00	.00
QN4	.07	.03	.00	.00	.00	.03	.04
QN5	24.53	8.95	20.96	.00	.00	8.95	36.54
QN6	2,187.03	797.69	747.39	.00	.00	797.69	2,136.73
QN7	78.30	28.56	32.64	.00	.00	28.56	82.38
QN8	1,756.14	640.53	362.46	.00	.00	640.53	1,478.07
QN9	3,261.25	1,189.50	1,046.72	.00	.00	1,189.50	3,118.47
QP1	5,327.78	1,943.24	591.14	.00	.00	1,943.24	3,975.68
QP2	.00	.00	.00	.00	.00	.00	.00
QP3	.01	.00	.00	.00	.00	.00	.01
QP4	.00	.00	.00	.00	.00	.00	.00
QP5	.00	.00	.00	.00	.00	.00	.00
QP6	298.14	108.74	132.04	.00	.00	108.74	321.44
QP7	11,554.40	4,214.32	2,754.05	.00	.00	4,214.32	10,094.13
QP8	2,616.90	954.48	549.81	.00	.00	954.48	2,212.23
QP9	1,692.13	617.18	290.30	.00	.00	617.18	1,365.25
QQ1	1,521.34	554.89	311.03	.00	.00	554.89	1,277.48
QQ2	4,289.35	1,564.49	1,637.52	.00	.00	1,564.49	4,362.38
QR1	441.77	161.13	.00	.00	.00	161.13	280.64
QR2	2,528.33	922.18	.00	.00	.00	922.18	1,606.15
QR3	33,744.09	12,307.73	10,576.82	.00	.00	12,307.73	32,013.18
QR4	266.70	97.28	130.72	.00	.00	97.28	300.14
QR6	3,758.49	1,370.86	1,585.52	.00	.00	1,370.86	3,973.15
QR7	3,944.32	1,438.64	1,668.47	.00	.00	1,438.64	4,174.15
QR8	3.83	1.40	2.72	.00	.00	1.40	5.15
QT1	1,710.20	623.77	166.70	.00	.00	623.77	1,253.13

CONSOLIDATED SCHOOLS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
QT2	2,346.19	855.74	787.55	.00	.00	855.74	2,278.00
QT3	36.98	13.49	15.85	.00	.00	13.49	39.34
QT6	1,923.33	701.51	343.92	.00	.00	701.51	1,565.74
QU1	7,300.65	2,662.82	3,217.19	.00	.00	2,662.82	7,855.02
QU6	812.94	296.51	155.35	.00	.00	296.51	671.78
QV1	.15	.05	.00	.00	.00	.05	.10
QV2	.19	.07	.00	.00	.00	.07	.12
QV3	.25	.09	.00	.00	.00	.09	.16
QV4	10,493.71	3,827.45	2,600.97	.00	.00	3,827.45	9,267.23
QW1	3,139.46	1,145.08	530.86	.00	.00	1,145.08	2,525.24
QW5	8,231.07	3,002.18	357.34	.00	.00	3,002.18	5,586.23
QW6	21.77	7.94	13.07	.00	.00	7.94	26.90
QW7	5,544.04	2,022.12	5,607.82	.00	.00	2,022.12	9,129.74
QX4	1,829.36	667.24	517.23	.00	.00	667.24	1,679.35
QX5	303.04	110.53	151.61	.00	.00	110.53	344.12
QY1	2,730.12	995.78	886.54	.00	.00	995.78	2,620.88
QY2	16.88	6.16	17.23	.00	.00	6.16	27.95
QY6	50.72	18.50	23.74	.00	.00	18.50	55.96
QO1	.00	.00	111.98	.00	.00	.00	111.98
Q46	.00	.00	101.14	.00	.00	.00	101.14
Q56	151.54	55.27	72.56	.00	.00	55.27	168.83
Q57	334.85	122.13	204.37	.00	.00	122.13	417.09
U65	.00	.00	.00	.00	.00	.00	.00
6A4	.00	.00	.00	.00	.00	.00	.00
6A5	.00	.00	.00	.00	.00	.00	.00
6A6	.00	.00	.00	.00	.00	.00	.00
6B1	.00	.00	.00	.00	.00	.00	.00
6B3	.00	.00	.00	.00	.00	.00	.00
6B4	.00	.00	.00	.00	.00	.00	.00
6B8	.45	.16	.00	.00	.00	.16	.29
6B9	314.23	114.61	.00	.00	.00	114.61	199.62
6C1	.00	.00	.00	.00	.00	.00	.00
6C2	.00	.00	.00	.00	.00	.00	.00
6C3	.00	.00	.00	.00	.00	.00	.00
6D2	.00	.00	.00	.00	.00	.00	.00
6D3	.00	.00	.00	.00	.00	.00	.00
6D6	.00	.00	.00	.00	.00	.00	.00
6D7	.00	.00	.00	.00	.00	.00	.00
6D8	.00	.00	.00	.00	.00	.00	.00
6F5	.00	.00	.00	.00	.00	.00	.00
6F6	.00	.00	.00	.00	.00	.00	.00
6H1	.00	.00	.00	.00	.00	.00	.00
6H6	.00	.00	.00	.00	.00	.00	.00
6H7	.00	.00	.00	.00	.00	.00	.00
6H8	.00	.00	.00	.00	.00	.00	

CONSOLIDATED SCHOOLS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
6H9	1,200,432.55	437,842.67	.00	.00	.00	437,842.67	762,589.88
6J1	.00	.00	.00	.00	.00	.00	.00
6K3	3,997.87	1,458.17	.00	.00	.00	1,458.17	2,539.70
6K4	.00	.00	.00	.00	.00	.00	.00
6K5	.00	.00	.00	.00	.00	.00	.00
6L4	.00	.00	.00	.00	.00	.00	.00
6L5	.00	.00	.00	.00	.00	.00	.00
6L6	.00	.00	.00	.00	.00	.00	.00
6L7	.00	.00	.00	.00	.00	.00	.00
6L8	.00	.00	.00	.00	.00	.00	.00
6L9	.00	.00	.00	.00	.00	.00	.00
6M4	4,908.73	1,790.40	.00	.00	.00	1,790.40	3,118.33
**TOTAL	49,926,457.24	18,210,047.02	20,278,649.30	.00	.00	18,210,047.02	51,995,059.52

METROPOLITAN TRANSPORTATION AUTHORITY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SS7	3,708.39	1,352.59	1,045.60	.00	.00	1,352.59	3,401.40
S16	1,342,316.35	489,593.00	530,637.39	.00	.00	489,593.00	1,383,360.74
S17	75,689.45	27,606.77	31,548.06	.00	.00	27,606.77	79,630.74
S19	98,959.05	36,094.07	43,620.62	.00	.00	36,094.07	106,485.60
V59	122,353.11	44,626.76	57,152.55	.00	.00	44,626.76	134,878.90
**TOTAL	1,643,026.35	599,273.19	664,004.22	.00	.00	599,273.19	1,707,757.38

LOS ANGELES COMMUNITY COLLEGE DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
QG2	560,257.77	204,346.97	221,297.35	.00	.00	204,346.97	577,208.15
6L1	.00	.00	.00	.00	.00	.00	.00
**TOTAL	560,257.77	204,346.97	221,297.35	.00	.00	204,346.97	577,208.15

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MTA CLOSED FUNDS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
UM3	.01	.00	.00	.00	.00	.00	.01
**TOTAL	.01	.00	.00	.00	.00	.00	.01

ENTERPRISE FUNDS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
MN1	13,688.41	4,992.68	.00	.00	.00	4,992.68	8,695.73
MN2	2,191.00	799.14	.00	.00	.00	799.14	1,391.86
MN3	2,292.54	836.18	.00	.00	.00	836.18	1,456.36
MN4	1,549.82	565.28	43,869.13	.00	.00	565.28	44,853.67
MN5	9,798.81	3,573.99	.00	.00	.00	3,573.99	6,224.82
MN6	25,436.09	9,277.49	5,450.41	.00	.00	9,277.49	21,609.01
MN7	6,803.53	2,481.50	.00	.00	.00	2,481.50	4,322.03
**TOTAL	61,760.20	22,526.26	49,319.54	.00	.00	22,526.26	88,553.48

BEACHES AND HARBORS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
HO2	59,541.26	21,716.93	26,651.38	.00	.00	21,716.93	64,475.71
MA3	923.22	336.73	385.31	.00	.00	336.73	971.80
U94	3,061.11	1,116.50	1,277.57	.00	.00	1,116.50	3,222.18
**TOTAL	63,525.59	23,170.16	28,314.26	.00	.00	23,170.16	68,669.69

LAC+USC MEDICAL CENTER
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
KO6	2,025.12	738.64	907.04	.00	.00	738.64	2,193.52
KO7	3,224.20	1,175.99	1,320.13	.00	.00	1,175.99	3,368.34
KO8	15,992.75	5,833.15	6,639.29	.00	.00	5,833.15	16,798.89
S3G	44.24	16.14	17.97	.00	.00	16.14	46.07
S3H	76.49	27.90	15.74	.00	.00	27.90	64.33
TF8	57.04	20.80	9.59	.00	.00	20.80	45.83
TG2	1.65	.60	.00	.00	.00	.60	1.05
TJ3	331.68	120.98	141.73	.00	.00	120.98	352.43
UG8	2,705.01	986.62	34.57	.00	.00	986.62	1,752.96
U03	136.87	49.92	39.45	.00	.00	49.92	126.40
V25	1,909.32	696.40	796.03	.00	.00	696.40	2,008.95
**TOTAL	26,504.37	9,667.14	9,921.54	.00	.00	9,667.14	26,758.77

HIGH DESERT HOSPITAL
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S6J	1.39	.51	.56	.00	.00	.51	1.44
TN3	16.06	5.86	6.89	.00	.00	5.86	17.09
UNH	3.69	1.35	.89	.00	.00	1.35	3.23
US8	.15	.05	.00	.00	.00	.05	.10
UT3	16.32	5.95	7.01	.00	.00	5.95	17.38
UT9	15.41	5.62	4.72	.00	.00	5.62	14.51
**TOTAL	53.02	19.34	20.07	.00	.00	19.34	53.75

HEALTH SERVICES
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BT7	19,593.30	7,146.41	6,168.22	.00	.00	7,146.41	18,615.11
BW7	174,094.22	63,498.68	66,521.84	.00	.00	63,498.68	177,117.38
BW8	226,936.54	82,772.25	90,660.89	.00	.00	82,772.25	234,825.18
SF8	5,824.41	2,124.38	2,430.84	.00	.00	2,124.38	6,130.87
S4P	12.78	4.66	1.24	.00	.00	4.66	9.36
S4Q	3.34	1.22	.32	.00	.00	1.22	2.44
S5G	25,586.84	9,332.48	12,062.41	.00	.00	9,332.48	28,316.77
S5N	615.33	224.43	60.32	.00	.00	224.43	451.22
S5P	177.53	64.75	17.41	.00	.00	64.75	130.19
S5U	6,032.60	2,200.31	2,218.11	.00	.00	2,200.31	6,050.40
S6M	20,614.43	7,518.85	859.72	.00	.00	7,518.85	13,955.30
S6N	9,348.45	3,409.73	225.87	.00	.00	3,409.73	6,164.59
TG1	96.99	35.38	40.43	.00	.00	35.38	102.04
UF9	94,045.81	34,302.03	41,566.41	.00	.00	34,302.03	101,310.19
UR3	12,465.79	4,546.74	3,575.55	.00	.00	4,546.74	11,494.60
U2A	.01	.00	.00	.00	.00	.00	.01
U2B	.01	.00	.00	.00	.00	.00	.01
U2C	.00	.00	.00	.00	.00	.00	.00
U2E	.01	.00	.00	.00	.00	.00	.01
U2F	.00	.00	.00	.00	.00	.00	.00
U3A	.01	.00	.00	.00	.00	.00	.01
U3B	.02	.01	.00	.00	.00	.01	.01
U9K	.00	.00	.00	.00	.00	.00	.00
U9L	.00	.00	.00	.00	.00	.00	.00
U9N	.01	.00	.00	.00	.00	.00	.01
U9P	.00	.00	.00	.00	.00	.00	.00
V93	344,504.94	125,653.84	175,545.79	.00	.00	125,653.84	394,396.89
V95	.04	.01	.02	.00	.00	.01	.05
**TOTAL	939,953.41	342,836.16	401,955.39	.00	.00	342,836.16	999,072.64

PARKS AND RECREATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BR1	2,322.93	847.26	971.64	.00	.00	847.26	2,447.31
CA2	6,998.06	2,552.45	2,653.29	.00	.00	2,552.45	7,098.90
CA3	5,719.83	2,086.24	2,662.93	.00	.00	2,086.24	6,296.52
CA5	3,806.47	1,388.36	1,502.54	.00	.00	1,388.36	3,920.65
CA6	3,921.85	1,430.45	1,689.13	.00	.00	1,430.45	4,180.53
CA7	1,502.61	548.06	259.80	.00	.00	548.06	1,214.35
CA8	1,630.34	594.65	278.95	.00	.00	594.65	1,314.64
CA9	135.73	49.51	56.24	.00	.00	49.51	142.46
CN7	5,818.60	2,122.26	2,401.50	.00	.00	2,122.26	6,097.84
HB1	29,878.92	10,897.96	5,198.42	.00	.00	10,897.96	24,179.38
HB2	59,022.60	21,527.75	23,259.76	.00	.00	21,527.75	60,754.61
HB3	420,844.01	153,497.56	175,407.65	.00	.00	153,497.56	442,754.10
HB4	704,330.09	256,895.54	302,865.16	.00	.00	256,895.54	750,299.71
HB5	346,504.15	126,383.03	3,193.34	.00	.00	126,383.03	223,314.46
HB6	2,258,286.13	823,681.45	873,940.99	.00	.00	823,681.45	2,308,545.67
HB7	19,621.01	7,156.52	7,977.83	.00	.00	7,156.52	20,442.32
HB8	22,278.45	8,125.78	8,909.68	.00	.00	8,125.78	23,062.35
HC1	2,608.29	951.34	30,412.74	.00	.00	951.34	32,069.69
HC4	13,416.77	4,893.60	6,247.30	.00	.00	4,893.60	14,770.47
HC6	6,598.08	2,406.57	2,744.04	.00	.00	2,406.57	6,935.55
HC7	5.48	2.00	.00	.00	.00	2.00	3.48
HC9	23.67	8.63	.00	.00	.00	8.63	15.04
HD1	813.06	296.55	6,622.09	.00	.00	296.55	7,138.60
HD2	.11	.04	.00	.00	.00	.04	.07
HD4	270,334.34	98,601.05	122,284.35	.00	.00	98,601.05	294,017.64
JO6	79,979.86	29,171.65	31,703.48	.00	.00	29,171.65	82,511.69
KO9	6,476.91	2,362.37	2,678.16	.00	.00	2,362.37	6,792.70
LO9	1,174.33	428.32	454.66	.00	.00	428.32	1,200.67
SH8	8,045.88	2,934.63	3,541.66	.00	.00	2,934.63	8,652.91
S2M	1,743.16	635.80	831.94	.00	.00	635.80	1,939.30
S2P	444.99	162.30	184.37	.00	.00	162.30	467.06
S2V	1,210.18	441.40	622.45	.00	.00	441.40	1,391.23
S4R	57.08	20.82	25.49	.00	.00	20.82	61.75
S5M	683.35	249.24	187.08	.00	.00	249.24	621.19
TG4	13,490.88	4,920.63	5,691.02	.00	.00	4,920.63	14,261.27
TG6	146.12	53.30	60.59	.00	.00	53.30	153.41
TL5	908.15	331.24	409.57	.00	.00	331.24	986.48
TL6	2,511.67	916.10	1,112.63	.00	.00	916.10	2,708.20
TL7	924.66	337.26	189.76	.00	.00	337.26	777.16
TP1	734.24	267.80	306.44	.00	.00	267.80	772.88
TP2	1,296.35	472.83	541.04	.00	.00	472.83	1,364.56
TP9	205.63	75.00	89.80	.00	.00	75.00	220.43
TQ3	585.27	213.47	242.50	.00	.00	213.47	614.30
TR8	13,369.58	4,876.39	5,672.17	.00	.00	4,876.39	14,165.36
TS1	3,174.13	1,157.72	1,102.16	.00	.00	1,157.72	3,118

PARKS AND RECREATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
TS2	11,437.21	4,171.58	4,889.97	.00	.00	4,171.58	12,155.60
TS4	1,097.35	400.24	462.53	.00	.00	400.24	1,159.64
TS9	137.56	50.17	58.13	.00	.00	50.17	145.52
TT1	824.16	300.60	343.97	.00	.00	300.60	867.53
TT3	11,087.07	4,043.87	4,745.66	.00	.00	4,043.87	11,788.86
TU8	9,651.44	3,520.24	4,261.67	.00	.00	3,520.24	10,392.87
TV2	5,423.43	1,978.13	2,518.59	.00	.00	1,978.13	5,963.89
TW5	2,616.85	954.46	1,092.15	.00	.00	954.46	2,754.54
TY7	92.03	33.57	38.05	.00	.00	33.57	96.51
UA3	197.40	72.00	81.61	.00	.00	72.00	207.01
UA4	218.11	79.55	90.17	.00	.00	79.55	228.73
UA7	20.46	7.46	8.46	.00	.00	7.46	21.46
UH9	1,996.43	728.17	827.19	.00	.00	728.17	2,095.45
UJ5	1,180.03	430.40	484.31	.00	.00	430.40	1,233.94
UR2	1,603.78	584.96	644.13	.00	.00	584.96	1,662.95
U04	10,835.02	3,951.94	4,704.29	.00	.00	3,951.94	11,587.37
U10	141.50	51.61	58.50	.00	.00	51.61	148.39
U11	75.32	27.47	.00	.00	.00	27.47	47.85
U18	110.33	40.24	45.61	.00	.00	40.24	115.70
U19	16.35	5.96	6.76	.00	.00	5.96	17.15
U24	254.42	92.80	105.18	.00	.00	92.80	266.80
U30	8.62	3.14	3.56	.00	.00	3.14	9.04
U33	367.54	134.06	151.95	.00	.00	134.06	385.43
U34	36.86	13.44	15.24	.00	.00	13.44	38.66
U79	10,752.62	3,921.88	4,674.24	.00	.00	3,921.88	11,504.98
U81	1,668.05	608.40	61.03	.00	.00	608.40	1,120.68
U85	521.37	190.16	217.59	.00	.00	190.16	548.80
V17	1,626.57	593.27	765.05	.00	.00	593.27	1,798.35
V21	124.38	45.37	59.02	.00	.00	45.37	138.03
V40	8,628.94	3,147.30	3,577.76	.00	.00	3,147.30	9,059.40
ZT4	.10	.04	.00	.00	.00	.04	.06
ZT8	39,546.29	14,424.01	.00	.00	.00	14,424.01	25,122.28
**TOTAL	4,445,881.59	1,621,579.37	1,672,178.71	.00	.00	1,621,579.37	4,496,480.93

MIRALESTE PARKS AND RECREATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
R93	.00	.00	.00	.00	.00	.00	.00
**TOTAL	.00	.00	.00	.00	.00	.00	.00

RIDGECREST RANCHOS PARKS AND RECREATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
R95	.00	.00	.00	.00	.00	.00	.00
**TOTAL	.00	.00	.00	.00	.00	.00	.00

WESTFIELD PARKS AND RECREATION DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
P84	161.75	59.00	56.89	.00	.00	59.00	159.64
**TOTAL	161.75	59.00	56.89	.00	.00	59.00	159.64

SHERIFF
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BR7	16,894.36	6,162.01	7,828.26	.00	.00	6,162.01	18,560.61
BS1	69,998.16	25,530.95	27,214.10	.00	.00	25,530.95	71,681.31
DN1	3,719.88	1,356.78	2,067.22	.00	.00	1,356.78	4,430.32
DN2	130,108.64	47,455.49	58,303.42	.00	.00	47,455.49	140,956.57
DN6	229,435.26	83,683.62	87,901.93	.00	.00	83,683.62	233,653.57
KO2	462,601.53	168,728.09	152,366.74	.00	.00	168,728.09	446,240.18
SJ6	8,301.28	3,027.79	3,932.32	.00	.00	3,027.79	9,205.81
SJ9	80,580.05	29,390.56	40,564.76	.00	.00	29,390.56	91,754.25
S5C	78,726.06	28,714.34	85,330.51	.00	.00	28,714.34	135,342.23
V83	2.10	.77	.88	.00	.00	.77	2.21
**TOTAL	1,080,367.32	394,050.40	465,510.14	.00	.00	394,050.40	1,151,827.06

BANS FUNDS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
VF6	157.61	57.49	.00	.00	.00	57.49	100.12
**TOTAL	157.61	57.49	.00	.00	.00	57.49	100.12

PENSION SAVINGS PLAN-CLOSED
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S29	9,630.33	3,512.54	2,079.04	.00	.00	3,512.54	8,196.83
**TOTAL	9,630.33	3,512.54	2,079.04	.00	.00	3,512.54	8,196.83

CORONER
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S6T	132.91	48.48	71.09	.00	.00	48.48	155.52
TX8	2,094.18	763.83	953.11	.00	.00	763.83	2,283.46
UF7	27.84	10.15	11.55	.00	.00	10.15	29.24
**TOTAL	2,254.93	822.46	1,035.75	.00	.00	822.46	2,468.22

CAPTITAL PROJECT - CAO
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
B08	961,513.73	350,700.03	403,358.63	.00	.00	350,700.03	1,014,172.33
B09	206,510.01	75,321.93	84,074.02	.00	.00	75,321.93	215,262.10
**TOTAL	1,168,023.74	426,021.96	487,432.65	.00	.00	426,021.96	1,229,434.43

LAW LIBRARY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S11	7,813.69	2,849.95	3,285.35	.00	.00	2,849.95	8,249.09
S12	5,470.04	1,995.13	2,765.07	.00	.00	1,995.13	6,239.98
**TOTAL	13,283.73	4,845.08	6,050.42	.00	.00	4,845.08	14,489.07

TREASURER - TAX COLLECTOR
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
RU9	162.95	59.43	68.01	.00	.00	59.43	171.53
SF1	.01	.00	.00	.00	.00	.00	.01
SF9	96.36	35.15	40.22	.00	.00	35.15	101.43
S6D	16.70	6.09	6.97	.00	.00	6.09	17.58
S6E	41.95	15.30	17.51	.00	.00	15.30	44.16
S6U	45.89	16.74	19.25	.00	.00	16.74	48.40
S6V	82.57	30.12	34.63	.00	.00	30.12	87.08
S6Z	31.36	11.44	13.81	.00	.00	11.44	33.73
WA2	5,150.79	1,878.69	2,088.88	.00	.00	1,878.69	5,360.98
WA3	233.36	85.12	21.32	.00	.00	85.12	169.56
WA6	2,827.26	1,031.21	35.08	.00	.00	1,031.21	1,831.13
WA7	1,376.25	501.97	672.95	.00	.00	501.97	1,547.23
WA8	9,410.64	3,432.41	-3,929.97	.00	.00	3,432.41	9,908.20
**TOTAL	19,476.09	7,103.67	6,948.60	.00	.00	7,103.67	19,321.02

DISTRICT ATTORNEY
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
DP1	64,810.24	23,638.72	29,513.79	.00	.00	23,638.72	70,685.31
DP2	114.34	41.70	47.71	.00	.00	41.70	120.35
S3W	108,740.45	39,661.71	45,707.06	.00	.00	39,661.71	114,785.80
S6H	15,796.60	5,761.61	6,593.27	.00	.00	5,761.61	16,628.26
TU1	13.94	5.08	.00	.00	.00	5.08	8.86
UF6	511,368.75	186,515.32	258,714.54	.00	.00	186,515.32	583,567.97
**TOTAL	700,844.32	255,624.14	340,576.37	.00	.00	255,624.14	785,796.55

PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S2Y	10,606.67	3,868.65	4,328.39	.00	.00	3,868.65	11,066.41
S4Y	43.56	15.89	18.18	.00	.00	15.89	45.85
S6W	65.15	23.76	26.78	.00	.00	23.76	68.17
S6X	.00	.00	.00	.00	.00	.00	.00
TT5	832,686.82	303,712.04	346,013.77	.00	.00	303,712.04	874,988.55
**TOTAL	843,402.20	307,620.34	350,387.12	.00	.00	307,620.34	886,168.98

CHILDREN AND FAMILY SERVICES
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S3X	723.05	263.72	353.15	.00	.00	263.72	812.48
S4S	836.94	305.26	376.34	.00	.00	305.26	908.02
S5J	76.89	28.04	31.88	.00	.00	28.04	80.73
S5K	18.14	6.62	7.44	.00	.00	6.62	18.96
S6S	19,244.44	7,019.17	5,925.83	.00	.00	7,019.17	18,151.10
UH6	1.61	.59	.67	.00	.00	.59	1.69
UH7	59.09	21.55	24.50	.00	.00	21.55	62.04
UPC	39.76	14.50	16.48	.00	.00	14.50	41.74
**TOTAL	20,999.92	7,659.45	6,736.29	.00	.00	7,659.45	20,076.76

COUNTY COUNSEL
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
SJ8	10,772.29	3,929.06	3,586.47	.00	.00	3,929.06	10,429.70
**TOTAL	10,772.29	3,929.06	3,586.47	.00	.00	3,929.06	10,429.70

REGIONAL PLANNING
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S3R	560.08	204.28	238.08	.00	.00	204.28	593.88
S3V	503.68	183.71	208.61	.00	.00	183.71	528.58
S4F	50.18	18.30	20.81	.00	.00	18.30	52.69
S4T	5,559.14	2,027.63	2,343.96	.00	.00	2,027.63	5,875.47
S4U	5,911.37	2,156.10	2,419.99	.00	.00	2,156.10	6,175.26
S4V	386.09	140.82	160.10	.00	.00	140.82	405.37
S4W	318.63	116.22	160.89	.00	.00	116.22	363.30
S5Z	202.25	73.77	95.35	.00	.00	73.77	223.83
S6F	61.83	22.55	17.90	.00	.00	22.55	57.18
S6K	1,207.04	440.25	682.03	.00	.00	440.25	1,448.82
S6R	163.30	59.56	100.16	.00	.00	59.56	203.90
**TOTAL	14,923.59	5,443.19	6,447.88	.00	.00	5,443.19	15,928.28

LAS VIRGENES UNIFIED SCHOOL DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
UB1	.00	.00	.00	.00	.00	.00	.00
UB2	1,265.10	461.43	517.92	.00	.00	461.43	1,321.59
**TOTAL	1,265.10	461.43	517.92	.00	.00	461.43	1,321.59

SAN GABRIEL VALLEY MOSQUITO ABATEMENT DISTRICT
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
PB1	5,106.70	1,862.60	424.56	.00	.00	1,862.60	3,668.66
**TOTAL	5,106.70	1,862.60	424.56	.00	.00	1,862.60	3,668.66

SAVINGS PLAN/DEFERRED EARN/HORIZONS-CLOSED
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
RT1	76.25	27.81	.00	.00	.00	27.81	48.44
RT2	42.59	15.53	.00	.00	.00	15.53	27.06
RU2	21.15	7.71	.00	.00	.00	7.71	13.44
RU4	54,773.91	19,978.09	16,159.86	.00	.00	19,978.09	50,955.68
RU5	8.83	3.22	.00	.00	.00	3.22	5.61
RU6	61.72	22.51	.00	.00	.00	22.51	39.21
RU7	22.68	8.27	.00	.00	.00	8.27	14.41
RU8	218.14	79.56	.00	.00	.00	79.56	138.58
RX1	.03	.01	.00	.00	.00	.01	.02
RX2	.01	.00	.00	.00	.00	.00	.01
RX3	.01	.00	.00	.00	.00	.00	.01
RX4	111.72	40.75	.00	.00	.00	40.75	70.97
RX5	10.94	3.99	.00	.00	.00	3.99	6.95
RX6	2.10	.77	.00	.00	.00	.77	1.33
**TOTAL	55,350.08	20,188.22	16,159.86	.00	.00	20,188.22	51,321.72

COMMUNITY FACILITIES DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
5A1	480.32	175.19	9.73	.00	.00	175.19	314.86
5A2	6.01	2.19	.02	.00	.00	2.19	3.84
5A5	13.68	4.99	20.58	.00	.00	4.99	29.27
5A6	3,138.10	1,144.58	497.94	.00	.00	1,144.58	2,491.46
5A7	923.57	336.86	.00	.00	.00	336.86	586.71
5A8	6.14	2.24	.00	.00	.00	2.24	3.90
5A9	27.65	10.08	.00	.00	.00	10.08	17.57
5B1	.25	.09	.00	.00	.00	.09	.16
5B2	.66	.24	.00	.00	.00	.24	.42
5B3	158.90	57.96	18.22	.00	.00	57.96	119.16
5B5	5,269.28	1,921.90	2,494.72	.00	.00	1,921.90	5,842.10
5B6	816.19	297.70	288.89	.00	.00	297.70	807.38
5E3	8,305.53	3,029.34	901.23	.00	.00	3,029.34	6,177.42
5E4	6,893.03	2,514.15	2,872.66	.00	.00	2,514.15	7,251.54
5E5	191.94	70.01	.59	.00	.00	70.01	122.52
5E7	.00	.00	.00	.00	.00	.00	.00
5E8	391.40	142.76	163.36	.00	.00	142.76	412.00
5E9	338.38	123.42	69.33	.00	.00	123.42	284.29
5H3	4,104.08	1,496.91	3.38	.00	.00	1,496.91	2,610.55
5H4	27,669.48	10,092.09	8,992.54	.00	.00	10,092.09	26,569.93
5H5	.00	.00	.00	.00	.00	.00	.00
5H6	948.46	345.94	26.51	.00	.00	345.94	629.03
5J3	2,217.87	808.94	788.81	.00	.00	808.94	2,197.74
5J4	1,068.09	389.57	445.58	.00	.00	389.57	1,124.10
5J5	.25	.09	.00	.00	.00	.09	.16
5J6	51.65	18.84	7.87	.00	.00	18.84	40.68
5K2	240.01	87.54	100.16	.00	.00	87.54	252.63
5K3	594.87	216.97	248.12	.00	.00	216.97	626.02
5K5	2,261.14	824.72	971.02	.00	.00	824.72	2,407.44
5L1	2,402.84	876.41	993.36	.00	.00	876.41	2,519.79
5L4	2,454.58	895.28	467.62	.00	.00	895.28	2,026.92
5L5	4,523.54	1,649.90	1,870.08	.00	.00	1,649.90	4,743.72
5L6	.20	.07	.00	.00	.00	.07	.13
5L7	143.70	52.41	11.17	.00	.00	52.41	102.46
5M3	979.58	357.29	.00	.00	.00	357.29	622.29
5M4	301.54	109.98	.00	.00	.00	109.98	191.56
5M5	9.16	3.34	5.82	.00	.00	3.34	11.64
5M6	47.38	17.28	5.54	.00	.00	17.28	35.64
5M9	2.00	.73	1.29	.00	.00	.73	2.56
5N1	200.81	73.24	130.23	.00	.00	73.24	257.80
5P1	17,429.22	6,357.09	7,205.41	.00	.00	6,357.09	18,277.54
5P2	.01	.00	.00	.00	.00	.00	.01
5P4	12,719.38	4,639.23	5,258.31	.00	.00	4,639.23	13,338.46
5P5	322.17	117.51	.00	.00	.00	117.51	204.66
5P6	.04	.01	.00	.00	.00	.01	.03

COMMUNITY FACILITIES DISTRICTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
5P8	7,575.91	2,763.22	3,280.78	.00	.00	2,763.22	8,093.47
5P9	512.22	186.83	214.86	.00	.00	186.83	540.25
5Q2	93.48	34.10	39.01	.00	.00	34.10	98.39
5Q3	101.37	36.97	42.31	.00	.00	36.97	106.71
5R1	141.05	51.45	56.40	.00	.00	51.45	146.00
5R2	5,080.90	1,853.19	668.39	.00	.00	1,853.19	3,896.10
5R3	1.88	.69	.00	.00	.00	.69	1.19
5R4	.01	.00	.00	.00	.00	.00	.01
5R5	.01	.00	.00	.00	.00	.00	.01
5R7	5.06	1.85	2.06	.00	.00	1.85	5.27
5T2	13,846.47	5,050.33	3,807.86	.00	.00	5,050.33	12,604.00
5T3	12,723.99	4,640.92	5,305.13	.00	.00	4,640.92	13,388.20
5T4	.02	.01	.00	.00	.00	.01	.01
5T5	1,373.14	500.84	.10	.00	.00	500.84	872.40
5U1	.01	.00	.00	.00	.00	.00	.01
5U2	8,539.77	3,114.77	796.10	.00	.00	3,114.77	6,221.10
5U3	17,998.55	6,564.74	7,440.78	.00	.00	6,564.74	18,874.59
5U4	533.36	194.54	.00	.00	.00	194.54	338.82
5U5	.20	.07	.00	.00	.00	.07	.13
5U6	915.47	333.91	431.51	.00	.00	333.91	1,013.07
5U7	2,141.44	781.06	964.74	.00	.00	781.06	2,325.12
5V1	582.19	212.35	240.05	.00	.00	212.35	609.89
5V2	10,276.66	3,748.28	4,289.04	.00	.00	3,748.28	10,817.42
5V3	288.29	105.15	.83	.00	.00	105.15	183.97
5V4	.93	.34	.32	.00	.00	.34	.91
5W1	43,876.41	16,003.37	35,625.81	.00	.00	16,003.37	63,498.85
5W2	796.55	290.53	606.43	.00	.00	290.53	1,112.45
5W4	3,645.15	1,329.52	2,957.64	.00	.00	1,329.52	5,273.27
5W5	136.17	49.67	110.57	.00	.00	49.67	197.07
5W8	.00	.00	2.53	.00	.00	.00	2.53
**TOTAL	238,839.74	87,113.78	101,753.34	.00	.00	87,113.78	253,479.30

LAC CAL FUNDS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
4A7	143.32	52.27	16.56	.00	.00	52.27	107.61
4A9	1,627.80	593.72	672.95	.00	.00	593.72	1,707.03
4B1	98.16	35.80	44.86	.00	.00	35.80	107.22
4D9	.00	.00	.00	.00	.00	.00	.00
4G8	.01	.00	.00	.00	.00	.00	.01
4G9	.00	.00	.00	.00	.00	.00	.00
4J7	.00	.00	.00	.00	.00	.00	.00
4K6	.00	.00	.00	.00	.00	.00	.00
4K7	5.29	1.93	.00	.00	.00	1.93	3.36
4K9	.02	.01	.00	.00	.00	.01	.01
4L4	.00	.00	.00	.00	.00	.00	.00
4L5	.00	.00	.00	.00	.00	.00	.00
4L6	.00	.00	.00	.00	.00	.00	.00
4L7	2.48	.90	.00	.00	.00	.90	1.58
4L8	.01	.00	.00	.00	.00	.00	.01
4L9	1.07	.39	.00	.00	.00	.39	.68
4M1	.49	.18	.00	.00	.00	.18	.31
4M5	.04	.01	.00	.00	.00	.01	.03
4M6	.01	.00	.00	.00	.00	.00	.01
4M7	7,999.37	2,917.67	499.58	.00	.00	2,917.67	5,581.28
4M9	40.88	14.91	1.60	.00	.00	14.91	27.57
4N5	.01	.00	.00	.00	.00	.00	.01
4N6	49.24	17.96	20.36	.00	.00	17.96	51.64
4N7	.00	.00	.00	.00	.00	.00	.00
4P2	.00	.00	.00	.00	.00	.00	.00
4P3	.01	.00	.00	.00	.00	.00	.01
4P5	.00	.00	.00	.00	.00	.00	.00
4P6	.01	.00	.00	.00	.00	.00	.01
4P7	13.71	5.00	.54	.00	.00	5.00	9.25
4P9	.70	.26	.03	.00	.00	.26	.47
4R2	.00	.00	.00	.00	.00	.00	.00
4S3	.00	.00	.00	.00	.00	.00	.00
4S7	.06	.02	.00	.00	.00	.02	.04
4S9	.01	.00	.00	.00	.00	.00	.01
4T3	.00	.00	.00	.00	.00	.00	.00
4T5	.00	.00	.00	.00	.00	.00	.00
4T7	.19	.07	.00	.00	.00	.07	.12
4T9	.07	.03	.00	.00	.00	.03	.04
4U3	10.95	3.99	.00	.00	.00	3.99	6.96
4U5	5.99	2.18	.00	.00	.00	2.18	3.81
4U6	.01	.00	.00	.00	.00	.00	.01
4U7	13,856.65	5,054.04	6,449.48	.00	.00	5,054.04	15,252.09
4U9	113.80	41.51	47.57	.00	.00	41.51	119.86
4V3	4.93	1.80	.00	.00	.00	1.80	3.13
4V5	6.30	2.30	.00	.00	.00	2.30	

LAC CAL FUNDS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
4V6	.01	.00	.00	.00	.00	.00	.01
4V7	283.29	103.33	118.14	.00	.00	103.33	298.10
4V9	381.27	139.06	156.79	.00	.00	139.06	399.00
4W2	1.45	.53	.00	.00	.00	.53	.92
4W3	12.41	4.53	.00	.00	.00	4.53	7.88
4W5	102.25	37.29	.00	.00	.00	37.29	64.96
4W7	8,908.75	3,249.35	4,103.99	.00	.00	3,249.35	9,763.39
4W9	1,183.37	431.62	490.99	.00	.00	431.62	1,242.74
4X1	2,408.34	878.41	.00	.00	.00	878.41	1,529.93
4Y2	115.80	42.24	.00	.00	.00	42.24	73.56
4Y3	969.73	353.70	.00	.00	.00	353.70	616.03
4Y5	16,685.42	6,085.80	.00	.00	.00	6,085.80	10,599.62
4Y7	24,214.26	8,831.85	11,388.16	.00	.00	8,831.85	26,770.57
4Y9	384.67	140.30	257.68	.00	.00	140.30	502.05
4Z5	.00	.00	.00	.00	.00	.00	.00
4Z9	.00	.00	.00	.00	.00	.00	.00
**TOTAL	79,632.61	29,044.96	24,269.28	.00	.00	29,044.96	74,856.93

POOLED INVESTMENT FUND PARTICIPANTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

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NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
T1L	28,948.47	10,558.59	953.09	.00	.00	10,558.59	19,342.97
T1Q	258,030.45	94,113.36	78,738.85	.00	.00	94,113.36	242,655.94
T1R	404,226.18	147,436.41	166,523.80	.00	.00	147,436.41	423,313.57
T1S	34,597.41	12,618.97	14,439.39	.00	.00	12,618.97	36,417.83
T1T	389,565.82	142,089.23	477,992.15	.00	.00	142,089.23	725,468.74
T1U	169,181.65	61,706.88	35,836.02	.00	.00	61,706.88	143,310.79
T1V	55,182.13	20,126.99	23,282.77	.00	.00	20,126.99	58,337.91
T1X	18,862.79	6,879.97	3,666.81	.00	.00	6,879.97	15,649.63
T1Y	1,294.61	472.19	540.31	.00	.00	472.19	1,362.73
T2C	42,389.28	15,460.96	17,691.37	.00	.00	15,460.96	44,619.69
T2L	4,587.51	1,673.24	47.56	.00	.00	1,673.24	2,961.83
T2S	907.95	331.16	378.94	.00	.00	331.16	955.73
T2X	25,894.91	9,444.84	9,969.56	.00	.00	9,444.84	26,419.63
T3A	472.21	172.23	197.08	.00	.00	172.23	497.06
T3B	1,032.53	376.60	430.93	.00	.00	376.60	1,086.86
T3C	578.64	211.05	241.50	.00	.00	211.05	609.09
T3E	11,338.47	4,135.56	4,733.41	.00	.00	4,135.56	11,936.32
T3F	13,122.29	4,786.19	4,885.09	.00	.00	4,786.19	13,221.19
T3G	20,843.33	7,602.34	8,663.53	.00	.00	7,602.34	21,904.52
T3H	40,035.80	14,602.55	16,634.48	.00	.00	14,602.55	42,067.73
T3K	74,571.00	27,198.83	32,121.24	.00	.00	27,198.83	79,493.41
T3L	6,378.42	2,326.45	2,607.87	.00	.00	2,326.45	6,659.84
T3M	2,250.55	820.86	939.28	.00	.00	820.86	2,368.97
T3N	6,704.93	2,445.54	85.22	.00	.00	2,445.54	4,344.61
T3P	189,498.53	69,117.20	79,412.50	.00	.00	69,117.20	199,793.83
T3Q	29,802.42	10,870.06	12,367.84	.00	.00	10,870.06	31,300.20
T3R	8,358.68	3,048.72	1,103.24	.00	.00	3,048.72	6,413.20
T3S	18,663.37	6,807.23	9,654.20	.00	.00	6,807.23	21,510.34
T3T	10,658.66	3,887.61	3,185.83	.00	.00	3,887.61	9,956.88
T3U	38,810.72	14,155.72	6,792.77	.00	.00	14,155.72	31,447.77
**TOTAL	1,906,789.71	695,477.53	1,014,116.63	.00	.00	695,477.53	2,225,428.81

OTHER AGENCIES AND DEPARTMENTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

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NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
BR3	27,200.21	9,920.93	11,603.37	.00	.00	9,920.93	28,882.65
BS3	100,552.42	36,675.23	49,221.97	.00	.00	36,675.23	113,099.16
BO2	145,623.98	53,114.51	61,502.24	.00	.00	53,114.51	154,011.71
B16	90,868.54	33,143.16	36,517.52	.00	.00	33,143.16	94,242.90
CA4	906.19	330.52	393.33	.00	.00	330.52	969.00
DN7	4,754.85	1,734.27	803.13	.00	.00	1,734.27	3,823.71
DN9	3,154.37	1,150.52	1,338.77	.00	.00	1,150.52	3,342.62
GQ4	29,478.70	10,751.98	11,587.54	.00	.00	10,751.98	30,314.26
HA9	4,549.56	1,659.39	1,898.78	.00	.00	1,659.39	4,788.95
HO8	50,805.11	18,530.52	20,457.67	.00	.00	18,530.52	52,732.26
KO1	63.50	23.16	21.34	.00	.00	23.16	61.68
LO1	1,064.25	388.17	448.44	.00	.00	388.17	1,124.52
LO2	1,227.81	447.83	514.55	.00	.00	447.83	1,294.53
LO3	9.65	3.52	4.00	.00	.00	3.52	10.13
LO5	2,921.35	1,065.53	1,199.90	.00	.00	1,065.53	3,055.72
LO6	319.36	116.48	132.43	.00	.00	116.48	335.31
LO7	670.79	244.66	278.15	.00	.00	244.66	704.28
LO8	81.92	29.88	33.97	.00	.00	29.88	86.01
L10	4,498.28	1,640.69	5,814.87	.00	.00	1,640.69	8,672.46
L11	263.57	96.13	12.31	.00	.00	96.13	179.75
MA2	25,715.40	9,379.37	3,298.41	.00	.00	9,379.37	19,634.44
P6A	10,616.25	3,872.14	5,115.34	.00	.00	3,872.14	11,859.45
QO3	6,676.78	2,435.27	2,474.35	.00	.00	2,435.27	6,715.86
SK1	80,669.04	29,423.02	32,632.97	.00	.00	29,423.02	83,878.99
SK2	174.45	63.63	88.65	.00	.00	63.63	199.47
SK4	977,023.39	356,356.99	342,215.89	.00	.00	356,356.99	962,882.29
SK5	232,100.44	84,655.71	96,718.08	.00	.00	84,655.71	244,162.81
SK6	3,429.94	1,251.03	1,341.78	.00	.00	1,251.03	3,520.69
SK7	3,466.69	1,264.43	1,458.64	.00	.00	1,264.43	3,660.90
SP2	48,657.33	17,747.15	20,850.97	.00	.00	17,747.15	51,761.15
SP5	15,800.15	5,762.91	19,618.83	.00	.00	5,762.91	29,656.07
SP6	57,549.82	20,990.57	24,890.87	.00	.00	20,990.57	61,450.12
SR1	667.34	243.40	342.70	.00	.00	243.40	766.64
SR5	3,075.14	1,121.62	1,539.67	.00	.00	1,121.62	3,493.19
SO1	19,746.49	7,202.28	7,960.37	.00	.00	7,202.28	20,504.58
S2W	54.72	19.96	22.83	.00	.00	19.96	57.59
S2O	117.27	42.77	48.63	.00	.00	42.77	123.13
S4X	174.47	63.64	72.82	.00	.00	63.64	183.65
S5D	390.26	142.34	18.51	.00	.00	142.34	266.43
S5E	272.60	99.43	27.07	.00	.00	99.43	200.24
S5W	166.98	60.90	48.56	.00	.00	60.90	154.64
S5X	330.16	120.42	137.80	.00	.00	120.42	347.54
S5Y	648.11	236.39	49.91	.00	.00	236.39	461.63
S6A	35,895.58	13,092.46	12,111.13	.00	.00	13,092.46	34,914.25
S6C	39.05	14.24	16.19	.00	.00	14.24	41.00

OTHER AGENCIES AND DEPARTMENTS
POOLED SURPLUS INVESTMENT FUND
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S6P	23,444.25	8,551.00	9,796.70	.00	.00	8,551.00	24,689.95
S7B	61,353.58	22,377.95	44,255.77	.00	.00	22,377.95	83,231.40
S7E	1,351,206.82	492,835.69	694,435.10	.00	.00	492,835.69	1,552,806.23
S7G	11,922.10	4,348.44	8,004.26	.00	.00	4,348.44	15,577.92
TJ1	70,820.75	25,830.98	27,402.41	.00	.00	25,830.98	72,392.18
TM1	17,586.30	6,414.38	7,553.40	.00	.00	6,414.38	18,725.32
TN4	10,204.10	3,721.82	5,257.94	.00	.00	3,721.82	11,740.22
TQ1	2,079.43	758.45	894.51	.00	.00	758.45	2,215.49
UD0	66.75	24.35	27.86	.00	.00	24.35	70.26
UF1	210.05	76.61	8.25	.00	.00	76.61	141.69
UH8	8.00	2.92	3.34	.00	.00	2.92	8.42
UJ3	30,629.99	11,171.90	19,284.22	.00	.00	11,171.90	38,742.31
UV2	3.16	1.15	2.08	.00	.00	1.15	4.09
UV3	.28	.10	.12	.00	.00	.10	.30
UV9	1.52	.55	.63	.00	.00	.55	1.60
UW4	8,580.96	3,129.80	3,581.30	.00	.00	3,129.80	9,032.46
UW7	63.97	23.33	26.70	.00	.00	23.33	67.34
U47	5,506.29	2,008.35	2,297.74	.00	.00	2,008.35	5,795.68
U5C	59.55	21.72	22.43	.00	.00	21.72	60.26
U5D	562.55	205.18	236.10	.00	.00	205.18	593.47
U62	61.80	22.54	25.37	.00	.00	22.54	64.63
U83	111.68	40.73	46.21	.00	.00	40.73	117.16
U96	3,276.91	1,195.21	1,653.76	.00	.00	1,195.21	3,735.46
VO2	388.18	141.58	160.06	.00	.00	141.58	406.66
VO5	27,092.49	9,881.64	11,182.71	.00	.00	9,881.64	28,393.56
V57	605.69	220.92	252.77	.00	.00	220.92	637.54
V98	1,028.93	375.29	429.43	.00	.00	375.29	1,083.07
**TOTAL	3,619,348.34	1,320,111.73	1,613,726.42	.00	.00	1,320,111.73	3,912,963.03

FUNDS CLOSED TO GENERAL FUND
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

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FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
EL7	.01	.00	.00	.00	.00	.00	.01
EL8	.11	.04	.00	.00	.00	.04	.07
FG4	.01	.00	.00	.00	.00	.00	.01
FG5	.50	.18	.00	.00	.00	.18	.32
FJ7	.04	.01	.00	.00	.00	.01	.03
GB3	.07	.03	.00	.00	.00	.03	.04
GB6	.02	.01	.00	.00	.00	.01	.01
GC1	.31	.11	.00	.00	.00	.11	.20
GC7	.03	.01	.00	.00	.00	.01	.02
PA6	1.50	.55	.00	.00	.00	.55	.95
PO1	.31	.11	.00	.00	.00	.11	.20
P13	23.10	8.43	.00	.00	.00	8.43	14.67
P17	418.57	152.67	.00	.00	.00	152.67	265.90
P28	6.64	2.42	.00	.00	.00	2.42	4.22
P29	1.70	.62	.00	.00	.00	.62	1.08
P30	.98	.36	.00	.00	.00	.36	.62
P31	1.97	.72	.00	.00	.00	.72	1.25
P35	18.00	6.57	.00	.00	.00	6.57	11.43
P36	20.40	7.44	.00	.00	.00	7.44	12.96
P39	5,335.81	1,946.17	1,674.21	.00	.00	1,946.17	5,063.85
P46	111.17	40.55	.00	.00	.00	40.55	70.62
P47	.93	.34	.00	.00	.00	.34	.59
P48	9.17	3.34	.00	.00	.00	3.34	5.83
P52	5.70	2.08	.00	.00	.00	2.08	3.62
P86	43.24	15.77	.00	.00	.00	15.77	27.47
P94	6.44	2.35	.00	.00	.00	2.35	4.09
P95	12.04	4.39	.00	.00	.00	4.39	7.65
SR4	23.80	8.68	.00	.00	.00	8.68	15.12
S2Q	.00	.00	.00	.00	.00	.00	.00
TH1	5,173.78	1,887.07	.00	.00	.00	1,887.07	3,286.71
TJ2	31.79	11.60	.00	.00	.00	11.60	20.19
TW6	.05	.02	.00	.00	.00	.02	.03
T1M	764,395.93	278,803.80	.00	.00	.00	278,803.80	485,592.13
T1W	574.18	209.42	3.52	.00	.00	209.42	368.28
T1Z	.01	.00	.00	.00	.00	.00	.01
T2M	1.70	.62	.00	.00	.00	.62	1.08
T2Y	1,426.47	520.29	2.92	.00	.00	520.29	909.10
UC7	.01	.00	.00	.00	.00	.00	.01
UD1	.79	.29	.00	.00	.00	.29	.50
UE1	19.26	7.02	.00	.00	.00	7.02	12.24
UF8	.01	.00	.00	.00	.00	.00	.01
UPA	.02	.01	.01	.00	.00	.01	.02
UPB	.02	.01	.01	.00	.00	.01	.02
UY4	.71	.26	.00	.00	.00	.26	.45
VO6	.01	.00	.00	.00	.00	.00	.01

FUNDS CLOSED TO GENERAL FUND
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V14	.01	.00	.00	.00	.00	.00	.01
V55	.01	.00	.00	.00	.00	.00	.01
ZD6	.03	.01	.00	.00	.00	.01	.02
ZD8	.01	.00	.00	.00	.00	.00	.01
ZE3	.02	.01	.00	.00	.00	.01	.01
ZE5	.01	.00	.00	.00	.00	.00	.01
ZE9	.04	.01	.00	.00	.00	.01	.03
ZF2	.01	.00	.00	.00	.00	.00	.01
ZF6	.01	.00	.00	.00	.00	.00	.01
ZF7	.28	.10	.00	.00	.00	.10	.18
ZF8	.01	.00	.00	.00	.00	.00	.01
ZQ7	.10	.04	.00	.00	.00	.04	.06
ZQ8	.01	.00	.00	.00	.00	.00	.01
ZR1	414.75	151.27	168.02	.00	.00	151.27	431.50
5D4	.01	.00	.00	.00	.00	.00	.01
5G3	3,906.23	1,424.75	.00	.00	.00	1,424.75	2,481.48
5G4	459.20	167.49	.00	.00	.00	167.49	291.71
5G5	.06	.02	.00	.00	.00	.02	.04
5G6	266.84	97.33	.00	.00	.00	97.33	169.51
5G8	.08	.03	.00	.00	.00	.03	.05
5G9	.01	.00	.00	.00	.00	.00	.01
**TOTAL	782,715.04	285,485.42	1,848.69	.00	.00	285,485.42	499,078.31

TRIAL COURTS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

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C11	159,570.74	58,201.42	64,588.64	.00	.00	58,201.42	165,957.96
C12	2,185.90	797.28	899.38	.00	.00	797.28	2,288.00
C13	4,748.94	1,732.12	2,334.54	.00	.00	1,732.12	5,351.36
C14	5,459.74	1,991.37	1,973.44	.00	.00	1,991.37	5,441.81
C15	2,543.72	927.79	715.58	.00	.00	927.79	2,331.51
C16	15,171.92	5,533.77	6,370.66	.00	.00	5,533.77	16,008.81
C17	9,205.34	3,357.53	3,154.16	.00	.00	3,357.53	9,001.97
C18	3,842.87	1,401.64	1,621.82	.00	.00	1,401.64	4,063.05
C19	6,365.12	2,321.60	2,719.54	.00	.00	2,321.60	6,763.06
C20	3,478.97	1,268.91	985.20	.00	.00	1,268.91	3,195.26
C21	1,894.88	691.13	540.97	.00	.00	691.13	1,744.72
C22	5,286.24	1,928.09	2,027.61	.00	.00	1,928.09	5,385.76
C23	12,632.89	4,607.69	4,561.26	.00	.00	4,607.69	12,586.46
C24	103,398.95	37,713.47	39,585.20	.00	.00	37,713.47	105,270.68
C25	11,884.68	4,334.79	5,466.56	.00	.00	4,334.79	13,016.45
C26	3,599.30	1,312.80	1,590.07	.00	.00	1,312.80	3,876.57
C27	6,321.08	2,305.53	2,990.50	.00	.00	2,305.53	7,006.05
C28	5,979.40	2,180.91	1,809.70	.00	.00	2,180.91	5,608.19
C29	20,774.58	7,577.27	8,838.37	.00	.00	7,577.27	22,035.68
C30	9,293.67	3,389.75	3,894.93	.00	.00	3,389.75	9,798.85
C31	4,256.66	1,552.56	1,876.43	.00	.00	1,552.56	4,580.53
C32	7,480.56	2,728.44	2,882.97	.00	.00	2,728.44	7,635.09
C33	12,331.66	4,497.82	5,327.16	.00	.00	4,497.82	13,161.00
C34	6,557.82	2,391.88	2,961.79	.00	.00	2,391.88	7,127.73
C35	6,191.11	2,258.13	2,734.50	.00	.00	2,258.13	6,667.48
C36	789.46	287.95	85.01	.00	.00	287.95	586.52
C37	195,355.67	71,253.52	75,184.30	.00	.00	71,253.52	199,286.45
C38	65,492.98	23,887.74	26,110.10	.00	.00	23,887.74	67,715.34
C39	1,538.77	561.25	9,058.30	.00	.00	561.25	10,035.82
**TOTAL	693,633.62	252,994.15	282,888.69	.00	.00	252,994.15	723,528.16

DEPARTMENT OF PUBLIC SOCIAL SERVICES
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
S3K	19,681.17	7,178.46	8,160.59	.00	.00	7,178.46	20,663.30
**TOTAL	19,681.17	7,178.46	8,160.59	.00	.00	7,178.46	20,663.30

POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES: RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
B20	21,096.06	7,694.52	203,991.51	.00	.00	7,694.52	217,393.05
**TOTAL	21,096.06	7,694.52	203,991.51	.00	.00	7,694.52	217,393.05

CONTROL TOTALS
POOLED SURPLUS INVESTMENT FUND
INTEREST EARNINGS AND DISTRIBUTION STATEMENT
MONTH ENDING OCTOBER 31, 1999

CURRENT PERIOD ANNUAL ACCRUED EARNING RATES:
RESTRICTED FUNDS = 05.2823070 %
NON-RESTRICTED FUNDS = 05.2411315 %

FUND CODE	PRIOR UNDISTRIBUTED EARNINGS	DISTRIBUTION OF PRIOR EARNINGS	CURRENT ACCRUED EARNINGS	DISTRIBUTION OF CURR EARNINGS	ADJUSTMENTS	TOTAL INTEREST DISTRIBUTION	UNDISTRIBUTED EARNINGS 11/1/99
CLTOTAL	98,721,747.14	36,007,514.54	38,197,355.53	.00	.00	36,007,514.54	100,911,588.13

State of California

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only

(19) Program Number 00
(20) Date Filed / /
(21) LRS Input / /

LABEL HERE

(01) Claimant Identification Number
9919

(02) Mailing Address

Claimant Name
Auditor-Controller

County of Location
County of Los Angeles

Street Address or P.O. Box
500 West Temple Street, Room 603

City
Los Angeles

State
CA

Zip Code
90012

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement X
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06) 19	(12) 01/01/95 – 06/30/96 19 95/96
Total Claimed Amount	(07)	(13) 2,201
Less: 10% Late Penalty, but not to exceed $1000 (if applicable)		(14)
Less: Estimate Payment Received		(15)
Net Claimed Amount		(16) 2,201
Due from State	(08)	(17) 2,201
Due to State		(18)

Reimbursement Claim Data

(22)	INR-1, (03)	6
(23)	INR-1, (04)(1)(f)	1,697
(24)	INR-1, (04)(2)(f)	0
(25)	INR-1, (06)	30
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)		
(34)		
(35)		
(36)		
(37)		

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996; set forth on the attached statements.

Signature of Authorized Representative — Date 4/9/98

Alan Sasaki — Auditor-Controller

Type or Print Name — Title

(39) Name of Contact Person for Claim
Leonard Kaye

Telephone Number
(213) 974-8564 Ext.

Form FAM-27 (New 1/96)

Chapter 783/95, 156/96 and 749/96

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR–1

(01) Claimant: Los Angeles County	(02) Type of Claim Reimbursement [X] Estimated [ ]	Fiscal Year: 19 95 / 96

Claim Statistics

(03) (a) Number of investment reports during the fiscal year	6

Direct Costs — Object Accounts

(04) Reimbursable Components:	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy	1,323	374				1,697
2. Quarterly Report of Investments						
(05) Total Direct Costs	1,323	374				1,697

Indirect Costs

(06) Indirect Cost Rate [From ICRP] Please see Schedule B	29.70%
(07) Total Indirect Costs [Line (06) x (line (05)(f) – {line (05)(d) + line(05)(e)})]	504
(08) Total Direct and Indirect Costs: [Line (05)(f) + line (07)]	2,201

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount {Line (08) – [Line (09) + line (10)]}	2,201

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR–2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
Los Angeles County Treasurer and Tax Collector	January 1, 1996–June 30, 1996

(03) Reimbursable Components: Statement of Investment Policy

(04) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
Accounting Officer III – Research Government Codes, analyze and review updated policy.	$34.17 28.244%	16	$546.72	$154.42			
Fiscal Officer I – Research Government Codes, analyze and update existing policy.	$32.36 28.244%	24	$776.64	$219.35			
(05) Total Page 1 of 1			$1,323.36	$373.77	$0.00	$0.00	$0.00

mvl
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/96

SCHEDULE A

PRODUCTIVE HOURLY RATE CALCULATION
FOR SB90 Form INR–2
As of FY 1995–96 and 1996–97

Position	Salary Schedule	Annual Salary	Adjustment for 5th Step Variance (*)	Adjusted Salary	Productive Work Hours	Productive Hourly Rate	Estimated % of Time for Invstmt Rptg & System Maint
1995–96:							
Asst. Operations Chief	89B	$69,930.60	99.434%	$69,534.51	1786	$38.93	25%
Accounting Officer III	84D	$61,370.16	99.434%	$61,022.56	1786	$34.17	40%
Fiscal Officer I	82D	$58,128.00	99.434%	$57,798.76	1786	$32.36	25%
Accounting Officer I	71D	$43,190.16	99.434%	$42,945.53	1786	$24.05	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.434%	$41,006.10	1786	$22.96	75%
Accountant III	69F	$41,140.32	99.434%	$40,907.30	1786	$22.90	100%
Account Clerk II	51L	$25,640.76	99.434%	$25,495.53	1786	$14.28	0%
Account Clerk I	49A	$23,676.00	99.434%	$23,541.90	1786	$13.18	80%
1996–97:							
Asst. Operations Chief	89B	$69,930.60	99.521%	$69,595.63	1786	$38.97	25%
Accounting Officer III	84D	$61,370.16	99.521%	$61,076.20	1786	$34.20	40%
Fiscal Officer I	82D	$58,128.00	99.521%	$57,849.57	1786	$32.39	25%
Accounting Officer I	71D	$43,190.16	99.521%	$42,983.28	1786	$24.07	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.521%	$41,042.14	1786	$22.98	75%
Accountant III	69F	$41,140.32	99.521%	$40,943.26	1786	$22.92	100%
Account Clerk II	51L	$25,640.76	99.521%	$25,517.94	1786	$14.29	0%
Account Clerk I	49A	$23,676.00	99.521%	$23,562.59	1786	$13.19	80%

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* – Adjustment for 5th Step Variance provided by Rick Vandenberg of Auditor–Controller.

SCHEDULE B

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 440
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2108
TELECOPIER
(213) 687-4857

4/7/95

March 30, 1995

TO: Michael L. Galindo
Assistant Auditor-Controller
Auditor-Controller

FROM: Joanne Iwasaki
Administrative Deputy

SUBJECT: **CERTIFICATION FOR THE 1995-96 INDIRECT COST PROPOSAL**

I hereby certify as the responsible official of the Department of Treasurer and Tax Collector that the information contained in the attached Indirect Cost Proposal for the fiscal year ending June 30, 1996 is correct and prepared in conformance with Federal OMB Circular A-87 (dated 1/15/81) and the implementing instructions contained in the guide OASC-10 (1976) published by the Department of Health, Education and Welfare.

I further certify that: (1) no costs other than those incurred by the Department or allocated to the Department via an approved central service cost allocation plan were included in the indirect cost pool as finally accepted, and that such incurred costs are legal obligations of the Department and allowable under the governing cost principles; (2) the same costs that have been treated as indirect costs have not been claimed as direct costs; (3) similar types of costs have been accorded consistent accounting treatment; and (4) the information provided by the Department which was used as a basis for acceptance of the rate agreed to herein is not subsequently found to be materially inaccurate.

If you have any questions, please call me at 974-2108.

JI:JT:dj
wp\ujv:2:IndrnCst

Attachments

PREPARED : 3-29-95
44:"ICP16"

TREASURER AND TAX COLLECTOR
1995-96 RATE CALCULATIONS
EMPLOYEE BENEFITS CALCULATION

ICP DESCRIPTION	AMOUNT		
GROSS SALARIES	23,040,515.00		
SALARY INCREASE	0.00		
OVERTIME	153,231.00		
SHIFT DIFFERENTIAL	40,976.00		
SICK LEAVE BUY BACK	52,350.00		
BILINGUAL BONUS	60,000.00		
PBP ACT SAL DIFF	57,536.00		
ESP	311,319.00		
BONUS	0.00		
TRANSPORTATION ALLOWANCE	3,400.00		
LABOR MANAGEMENT SAVINGS	0.00		
LESS: SALARY SAVINGS	(1,135,048.00)		
ADJUST SALARIES	22,589,779.00		
B ITEMS	0.00		
E ITEMS	(216,880.00)		
F ITEMS	(309,126.00)		
H ITEMS	(306,634.00)		
NET SALARY BASE	21,757,139.00		
EMPLOYEE BENEFITS			
COUNTY RETIREMNET	728,755.00	21,757,139.00 (1)	3.35%
RETIRE DEBT SERVICE	282,161.00	21,757,139.00 (1)	1.30%
PENSION SAVINGS PLAN	1,148.00	832,640.00 (3)	0.14%
CHOICES PLAN	0.00	21,757,139.00 (1)	0.00%
SAVINGS PLAN	284,768.00	21,757,139.00 (1)	1.31%
FLEXIBLE BENEFIT PLAN	157,255.00	21,757,139.00 (1)	0.72%
UNEMPLOYMENT INSURANCE	241,675.00	21,757,139.00 (1)	1.11%
RETIREE INSURANCE	948,123.00	21,757,139.00 (1)	4.36%
LONG TERM DISABILITY INS	75,401.00	22,589,779.00 (2)	0.33%
OASDI/MEDICARE	89,433.00	22,589,779.00 (2)	0.40%
HEALTH INS	0.00	21,757,139.00 (1)	0.00%
DENTAL INS	0.00	21,757,139.00 (1)	0.00%
LIFE INS	17,381.00	21,757,139.00 (1)	0.08%
WORKERS COMP	622,746.00	22,589,779.00 (2)	2.76%
THRIFT PLAN	0.00	21,757,139.00 (1)	0.00%
HORIZONS	78,254.00	21,757,139.00 (1)	0.36%
OPTIONS	1,943,854.00	21,757,139.00 (1)	8.93%
MEGAFLEX	833,267.00	21,757,139.00 (1)	3.83%
UNBILLED SERVICES (AUD/CONT) *	(158,987.00)	21,757,139.00 (1)	-0.73%
TOTAL	6,145,234.00 *		28.244%

(1) INCLUDES A AND L ITEMS (EXCLUDES TEMP SAL)
(2) INCLUDES, A, E, F, H, AND L ITEMS (INCLUDES TEMP SAL)
(3) BENEFITS FOR TEMPORARY EMPLOYEES ONLY

* TOTAL DOES NOT BALANCE TO SPREADSHEET AS UNBILLED SERVICES EB INCLUDED IN ICP PER A/C (R VANDENBERG)
* DO NOT INCLUDE UNBILLED SERVICES EB FOR RATE CALCULATIONS

	COST INCUR BY OTHER DEP	DEPARTMENT INDIRECT	DIRECT	TOTAL	[illegible]E INDIREC	[illegible]IRECT	ADMIN. SERVICES INDIRECT	DIRECT	CONTRACTS INDIRECT	DIRECT	FINANCE INDIRECT	DIRECT	[illegible]MENTS IN[illegible]	DIRECT
SALARIES														
EXEC OFFICE		3,865,940	0	3,865,940	3,865,940	0								
ADMIN SERV		1,496,540	0	1,496,540			1,496,540	0						
CONTRACTS		266,960	0	266,960					266,960	0				
FINANCE		0	0	0							0	0		
INVESTMENTS		0	293,681	293,681									137,886	155,795
CASH MANAGEMENT		0	918,941	918,941										
INTERNAL CONT		0	1,199,926	1,199,926										
TAX & LICENSE		0	1,726,199	1,726,199										
COLLECTIONS ACCTG		0	1,215,796	1,215,796										
SYSTEMS		0	1,894,749	1,894,749										
COLLECTIONS SERVICES		0	2,199,282	2,199,282										
SECURED PROPERTY		0	5,173,685	5,173,685										
BANK & REMIT		0	4,522,282	4,522,282										
PUBLIC ADMINISTRATOR		0	4,108,763	4,108,763										
TOTAL SALARIES		5,629,440	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	137,886	155,795
OTHER INDIR. COSTS														
SERVICES & SUPPLIES		5,240,674												
EMPLOYEE BENEFITS	28.24%	1,589,979												
DEPARTMENTAL O/H	53.58%													
COUNTYWIDE O/H	1.19%													
UNBILLED SERV. FURN.														
INSURANCE	134,871													
OUTSIDE AUDIT EXPENSES	0													
RENTAL	326,330													
BUILDING USE	221,672													
EQUIPMENT USE	407,627													
UTILITY	(765,930)													
AFFIRMATIVE ACTION	7,417													
AUDITOR CONTROLLER	153,743													
BOARD OF SUPERVISORS	5,133													
CHIEF ADMIN OFFICER	112,441													
CIVIL SERVICE COMMISSION	0													
COUNTY COUNSEL	(340,291)													
DATA PROCESSING	0													
EMPLOY RELATIONS COMM	3,036													
ISD-GENERAL	167,444													
PURCHASING & STORES	0													
TREASURER AND TAX COLLECTOR	69,086													
EMPLOYEE BENEFITS	(158,987)													
TOTAL SALARIES & INDIRECT	343,592	12,460,093	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	252,356	155,795
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
DEPART O/H [B/C]	53.58%													
CTYWD O/H [A/D]	1.19%													
DIV O/H [INDIR/DIR]											0.00%		161.98%	

3 29-95
44."ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

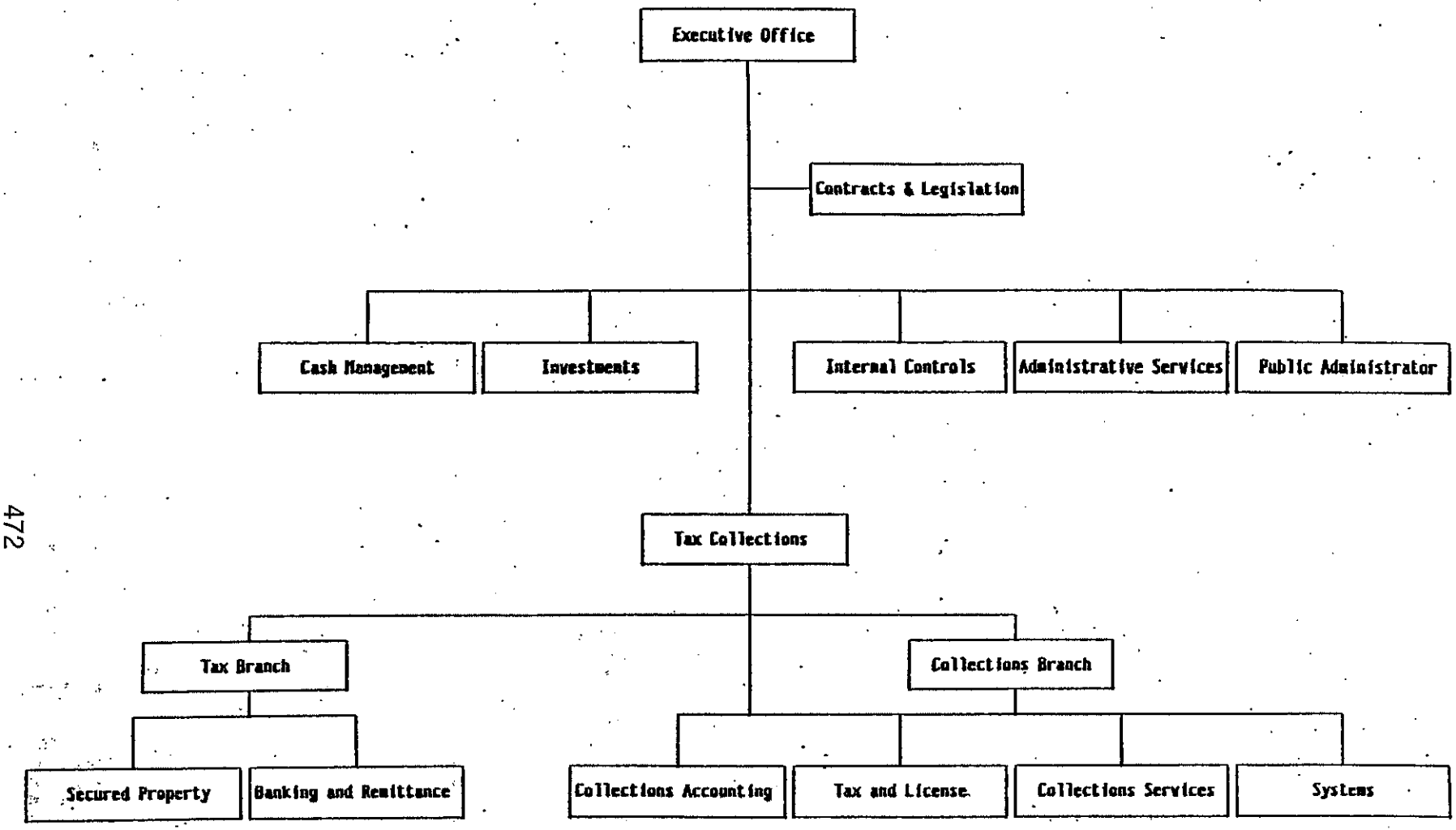
	CASH MANAGEMENT		INTERNAL CONTROL		TAX & LICENSE		COLLECTION ACCOUNTING		SYSTEMS		COLLECTION SERVICES		SECURED PROPERTY	
	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT
SALARIES														
EXEC OFFICE														
ADMIN SERV														
CONTRACTS														
FINANCE														
INVESTMENTS														
CASH MANAGEMENT	240,742	678,199												
INTERNAL CONT			167,556	1,032,370										
TAX & LICENSE					202,131	1,524,068								
COLLECTIONS ACCTG							142,482	1,073,314						
SYSTEMS									195,789	1,698,960				
COLLECTIONS SERVICES											188,729	2,010,553		
SECURED PROPERTY													348,253	4,825,432
BANK & REMIT														
PUBLIC ADMINISTRATOR														
TOTAL SALARIES	240,742	678,199	167,556	1,032,370	202,131	1,524,068	142,482	1,073,314	195,789	1,698,960	188,729	2,010,553	348,253	4,825,432
OTHER INDIR. COSTS														
SERVICES & SUPPLIES														
EMPLOYEE BENEFITS	67,995		47,325		57,090		40,243		55,299		53,305		98,361	
DEPARTMENTAL O/H	129,000		89,784		108,310		76,348		104,912		101,129		186,609	
COUNTYWIDE O/H	2,864		1,993		2,405		1,695		2,329		2,245		4,143	
UNBILLED SERV. FURN.														
INSURANCE														
OUTSIDE AUDIT EXPENSES														
RENTAL														
BUILDING USE														
EQUIPMENT USE														
UTILITY														
AFFIRMATIVE ACTION														
AUDITOR CONTROLLER														
BOARD OF SUPERVISORS														
CHIEF ADMIN OFFICER														
CIVIL SERVICE COMMISSION														
COUNTY COUNSEL														
DATA PROCESSING														
EMPLOY RELATIONS COMM														
ISD-GENERAL														
PURCHASING & STORES														
TREASURER AND TAX COLLECTOR														
EMPLOYEE BENEFITS														
TOTAL SALARIES & INDIRECT	440,601	678,199	306,657	1,032,370	369,936	1,524,068	260,767	1,073,314	358,329	1,698,960	345,408	2,010,553	637,365	4,825,432
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(Y)	(Z)	(AA)	(AB)	(AC)	(AD)
DEPART O/H [B/C]														
CTYWD O/H [A/D]														
DIV O/H [INDIR/DIR]	64.97%		29.70%		24.27%		24.30%		21.09%		17.18%		13.21%	

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	BANKING & REMITTANCE INDIRECT	BANKING & REMITTANCE DIRECT	PUBLIC ADMINISTRATOR INDIRECT	PUBLIC ADMINISTRATOR DIRECT
SALARIES				
EXEC OFFICE				
ADMIN SERV				
CONTRACTS				
FINANCE				
INVESTMENTS				
CASH MANAGEMENT				
INTERNAL CONT				
TAX & LICENSE				
COLLECTIONS ACCTG				
SYSTEMS				
COLLECTIONS SERVICES				
SECURED PROPERTY				
BANK & REMIT	298,854	4,223,328		
PUBLIC ADMINISTRATOR			151,015	3,957,748
TOTAL SALARIES	298,954	4,223,328	151,015	3,957,748
OTHER INDIR. COSTS				
SERVICES & SUPPLIES				
EMPLOYEE BENEFITS	84,437		42,653	
DEPARTMENTAL O/H	160,192		80,920	
COUNTYWIDE O/H	3,556		1,796	
UNBILLED SERV. FURN.				
INSURANCE				
OUTSIDE AUDIT EXPENSES				
RENTAL				
BUILDING USE				
EQUIPMENT USE				
UTILITY				
AFFIRMATIVE ACTION				
AUDITOR CONTROLLER				
BOARD OF SUPERVISORS				
CHIEF ADMIN OFFICER				
CIVIL SERVICE COMMISSION				
COUNTY COUNSEL				
DATA PROCESSING				
EMPLOY RELATIONS COMM				
ISD-GENERAL				
PURCHASING & STORES				
TREASURER AND TAX COLLECTOR				
EMPLOYEE BENEFITS				
TOTAL SALARIES & INDIRECT	547,139	4,223,328	276,384	3,957,748
	(AE)	(AF)	(AG)	(AH)
DEPART O/H [B/C]				
CTYWD O/H [A/D]				

Treasurer and Tax Collector



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State of California

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only
(19) Program Number 00
(20) Date Filed / /
(21) LRS Input / /

LABEL HERE

(01) Claimant Identification Number: 9919
(02) Mailing Address
Claimant Name: Auditor–Controller
County of Location: County of Los Angeles
Street Address or P.O. Box: 500 West Temple Street, Room 603
City: Los Angeles
State: CA
Zip Code: 90012

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated [ ]	(09) Reimbursement [X]
	(04) Combined [ ]	(10) Combined [ ]
	(05) Amended [X]	(11) Amended [ ]
Fiscal Year of Cost	(06) 19 97/98	(12) 19 96/97
Total Claimed Amount	(07) 300,000	(13) 308,252
Less: 10% Late Penalty, but not to exceed $1000 (if applicable)		(14)
Less: Estimate Payment Received		(15)
Net Claimed Amount	300,000	(16) 308,252
Due from State	(08) 300,000	(17) 308,252
Due to State		(18)

Reimbursement Claim Data

(22)	INR–1, (03)	12
(23)	INR–1, (04)(1)(f)	351
(24)	INR–1, (04)(2)(f)	243,674
(25)	INR–1, (06)	30
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)		
(34)		
(35)		
(36)		
(37)		

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995; Chapter 156 and 749, Statutes of 1996.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996; set forth on the attached statements.

Signature of Authorized Representative: for Alan Sasaki
Date: 4/9/98
Type or Print Name: Alan Sasaki
Title: Auditor–Controller

(39) Name of Contact Person for Claim: Leonard Kaye
Telephone Number: (213) 974–8564 Ext.

Form FAM–27 (New 1/96)

Chapter 783/95, 156/96 and 749/96

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR-1

(01) Claimant: Los Angeles County	(02) Type of Claim Reimbursement [X] Estimated [ ]	Fiscal Year: 19 96 / 97

Claim Statistics

(03) (a) Number of investment reports during the fiscal year:	12

Direct Costs — Object Accounts

(04) Reimbursable Components:	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy	274	77				351
2. Quarterly Report of Investments	168,352	47,549	27,773			243,674
(05) Total Direct Costs	168,626	47,626	27,773			244,025

Indirect Costs

(06) Indirect Cost Rate [From ICRP] Please see Schedule B	29.70%
(07) Total Indirect Costs [Line (06) x (line (05)(f) – {line (05)(d) + line(05)(e)})]	64,227
(08) Total Direct and Indirect Costs: [Line (05)(f) + line (07)]	308,252

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount {Line (08) – [Line (09) + line (10)]}	308,252

MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR–2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
Los Angeles County Treasurer and Tax Collector	1996–1997

(03) Reimbursable Components: Statement of Investment Policy

(04) Description of Expenses: Columns (a) through (h)			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
Accounting Officer III -- Research Government Codes, analyze and update policy.	$34.20 28.244%	8	$273.60	$77.28			
(05) Total Page 1 of 1			$273.60	$77.28	$0.00	$0.00	$0.00

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MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL	FORM INR-2

(01) Claimant:	(02) Fiscal Year Costs Were Incurred:
Los Angeles County Treasurer and Tax Collector	Fiscal Year 1996-97

(03) Reimbursable Components: Quarterly Report of Investments

(04) Description of Expenses: Columns (a) through (h)

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked	Object Accounts (d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
Assistant Operations Chief – System maintenance and daily data download.	$38.97 28.244%	446.5	$17,400.11	$4,914.49			
Accounting Officer III – Section Head, supervisorial review of staff, work product, Report of Investments.	$34.20 28.244%	714.4	$24,432.48	$6,900.71			
Fiscal Officer I – Assistant Section Head, review compliance of investment Policy, reconciliations, Report of Investments.	$32.39 28.244%	446.5	$14,462.14	$4,084.69			
Accounting Officer I – Supervisor, monitors daily compliance with Investment Policy, performs reconciliations, compiles monthly Report of Investments.	$24.07 28.244%	893	$21,494.51	$6,070.91			
Assistant Data Systems Analyst – Staff member, performs system monitoring, schedule preparations for Report of Investments, daily market pricing.	$22.98 28.244%	1339.5	$30,781.71	$8,693.99			
Accountant III – Supervisor, responsible for daily trade ticket input, generates daily reports, accounting records, data backup.	$22.92 28.244%	1786	$40,935.12	$11,561.72			
Account Clerk I – Staff member, daily trade ticket input, creation of various accounting records.	$13.19 28.244%	1428.8	$18,845.87	$5,322.83			
ADS Associates – Interactive Data Corp systems support and market pricing.					$27,772.63		
(05) Total Page 1 of 1			$168,351.93	$47,549.32	$27,772.63	$0.00	$0.00

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SCHEDULE A

PRODUCTIVE HOURLY RATE CALCULATION
FOR SB90 Form INR–2
As of FY 1995–96 and 1996–97

Position	Salary Schedule	Annual Salary	Adjustment for 5th Step Variance (*)	Adjusted Salary	Productive Work Hours	Productive Hourly Rate	Estimated % of Time for Invstmt Rptg & System Maint
1995–96:							
Asst. Operations Chief	89B	$69,930.60	99.434%	$69,534.51	1786	$38.93	25%
Accounting Officer III	84D	$61,370.16	99.434%	$61,022.56	1786	$34.17	40%
Fiscal Officer I	82D	$58,128.00	99.434%	$57,798.76	1786	$32.36	25%
Accounting Officer I	71D	$43,190.16	99.434%	$42,945.53	1786	$24.05	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.434%	$41,006.10	1786	$22.96	75%
Accountant III	69F	$41,140.32	99.434%	$40,907.30	1786	$22.90	100%
Account Clerk II	51L	$25,640.76	99.434%	$25,495.53	1786	$14.28	0%
Account Clerk I	49A	$23,676.00	99.434%	$23,541.90	1786	$13.18	80%
1996–97:							
Asst. Operations Chief	89B	$69,930.60	99.521%	$69,595.63	1786	$38.97	25%
Accounting Officer III	84D	$61,370.16	99.521%	$61,076.20	1786	$34.20	40%
Fiscal Officer I	82D	$58,128.00	99.521%	$57,849.57	1786	$32.39	25%
Accounting Officer I	71D	$43,190.16	99.521%	$42,983.28	1786	$24.07	50%
Assistant Data Systems Analyst	69G	$41,239.68	99.521%	$41,042.14	1786	$22.98	75%
Accountant III	69F	$41,140.32	99.521%	$40,943.26	1786	$22.92	100%
Account Clerk II	51L	$25,640.76	99.521%	$25,517.94	1786	$14.29	0%
Account Clerk I	49A	$23,676.00	99.521%	$23,562.59	1786	$13.19	80%

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* – Adjustment for 5th Step Variance provided by Rick Vandenberg of Auditor–Controller.

SCHEDULE B

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2108
TELECOPIER
(213) 687-4857

March 30, 1995

TO: Michael L. Galindo
Assistant Auditor-Controller
Auditor-Controller

FROM: Joanne Iwasaki
Administrative Deputy

SUBJECT: **CERTIFICATION FOR THE 1995-96 INDIRECT COST PROPOSAL**

I hereby certify as the responsible official of the Department of Treasurer and Tax Collector that the information contained in the attached Indirect Cost Proposal for the fiscal year ending June 30, 1996 is correct and prepared in conformance with Federal OMB Circular A-87 (dated 1/15/81) and the implementing instructions contained in the guide OASC-10 (1976) published by the Department of Health, Education and Welfare.

I further certify that: (1) no costs other than those incurred by the Department or allocated to the Department via an approved central service cost allocation plan were included in the indirect cost pool as finally accepted, and that such incurred costs are legal obligations of the Department and allowable under the governing cost principles; (2) the same costs that have been treated as indirect costs have not been claimed as direct costs; (3) similar types of costs have been accorded consistent accounting treatment; and (4) the information provided by the Department which was used as a basis for acceptance of the rate agreed to herein is not subsequently found to be materially inaccurate.

If you have any questions, please call me at 974-2108.

JI:JT:dj
wp\ujv:2:IndirCst

Attachments

PREPARED : 3-29-95
44:"ICP16"

TREASURER AND TAX COLLECTOR
1995-96 RATE CALCULATIONS
EMPLOYEE BENEFITS CALCULATION

I C P DESCRIPTION	AMOUNT
GROSS SALARIES	23,040,515.00
SALARY INCREASE	0.00
OVERTIME	153,231.00
SHIFT DIFFERENTIAL	40,976.00
SICK LEAVE BUY BACK	52,350.00
BILINGUAL BONUS	60,000.00
PBP ACT SAL DIFF	57,536.00
ESP	311,819.00
BONUS	0.00
TRANSPORTATION ALLOWANCE	3,400.00
LABOR MANAGEMENT SAVINGS	0.00
LESS: SALARY SAVINGS	(1,135,048.00)
ADJUST SALARIES	22,589,779.00
B ITEMS	0.00
E ITEMS	(216,880.00)
F ITEMS	(309,126.00)
H ITEMS	(306,634.00)
NET SALARY BASE	21,757,139.00

EMPLOYEE BENEFITS				
COUNTY RETIREMNET	728,755.00	21,757,139.00	(1)	3.35%
RETIRE DEBT SERVICE	282,161.00	21,757,139.00	(1)	1.30%
PENSION SAVINGS PLAN	1,148.00	832,640.00	(3)	0.14%
CHOICES PLAN	0.00	21,757,139.00	(1)	0.00%
SAVINGS PLAN	284,768.00	21,757,139.00	(1)	1.31%
FLEXIBLE BENEFIT PLAN	157,255.00	21,757,139.00	(1)	0.72%
UNEMPLOYMENT INSURANCE	241,675.00	21,757,139.00	(1)	1.11%
RETIREE INSURANCE	948,123.00	21,757,139.00	(1)	4.36%
LONG TERM DISABILITY INS	75,401.00	22,589,779.00	(2)	0.33%
OASDI/MEDICARE	89,433.00	22,589,779.00	(2)	0.40%
HEALTH INS	0.00	21,757,139.00	(1)	0.00%
DENTAL INS	0.00	21,757,139.00	(1)	0.00%
LIFE INS	17,381.00	21,757,139.00	(1)	0.08%
WORKERS COMP	622,746.00	22,589,779.00	(2)	2.76%
THRIFT PLAN	0.00	21,757,139.00	(1)	0.00%
HORIZONS	78,254.00	21,757,139.00	(1)	0.36%
OPTIONS	1,943,854.00	21,757,139.00	(1)	8.93%
MEGAFLEX	833,267.00	21,757,139.00	(1)	3.83%
UNBILLED SERVICES (AUD/CONT) *	(158,987.00)	21,757,139.00	(1)	-0.73%
TOTAL	6,145,234.00 *			28.244%

(1) INCLUDES A AND L ITEMS (EXCLUDES TEMP SAL)
(2) INCLUDES A, E, F, H, AND L ITEMS (INCLUDES TEMP SAL)
(3) BENEFITS FOR TEMPORARY EMPLOYEES ONLY

* TOTAL DOES NOT BALANCE TO SPREADSHEET AS UNBILLED SERVICES EB INCLUDED IN ICP PER A/C (R VANDENBERG)
* DO NOT INCLUDE UNBILLED SERVICES EB FOR RATE CALCULATIONS

3-20-95
44."ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	COST INCUR BY OTHER DEP	DEPARTMENT INDIRECT	DEPARTMENT DIRECT	DEPARTMENT TOTAL	EXECUTIVE INDIRECT	EXECUTIVE DIRECT	ADMIN. SERVICES INDIRECT	ADMIN. SERVICES DIRECT	CONTRACTS INDIRECT	CONTRACTS DIRECT	FINANCE INDIRECT	FINANCE DIRECT	INVESTMENTS INDIRECT	INVESTMENTS DIRECT
SALARIES														
EXEC OFFICE		3,865,940	0	3,865,940	3,865,940	0								
ADMIN SERV		1,496,540	0	1,496,540			1,496,540	0						
CONTRACTS		266,960	0	266,960					266,960	0				
FINANCE		0	0	0							0	0		
INVESTMENTS		0	293,681	293,681									137,886	155,795
CASH MANAGEMENT		0	918,941	918,941										
INTERNAL CONT		0	1,199,926	1,199,926										
TAX & LICENSE		0	1,726,199	1,726,199										
COLLECTIONS ACCTG		0	1,215,796	1,215,796										
SYSTEMS		0	1,894,749	1,894,749										
COLLECTIONS SERVICES		0	2,199,282	2,199,282										
SECURED PROPERTY		0	5,173,685	5,173,685										
BANK & REMIT		0	4,522,282	4,522,282										
PUBLIC ADMINISTRATOR		0	4,108,763	4,108,763										
TOTAL SALARIES		5,629,440	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	137,886	155,795
OTHER INDIR. COSTS														
SERVICES & SUPPLIES		5,240,674												
EMPLOYEE BENEFITS	28.24%	1,589,978									0		38,945	
DEPARTMENTAL O/H	53.58%										0		73,885	
COUNTYWIDE O/H	1.19%										0		1,640	
UNBILLED SERV. FURN.														
INSURANCE	134,871													
OUTSIDE AUDIT EXPENSES	0													
RENTAL	326,330													
BUILDING USE	221,672													
EQUIPMENT USE	407,627													
UTILITY	(765,930)													
AFFIRMATIVE ACTION	7,417													
AUDITOR CONTROLLER	153,743													
BOARD OF SUPERVISORS	5,133													
CHIEF ADMIN OFFICER	112,441													
CIVIL SERVICE COMMISSION	0													
COUNTY COUNSEL	(340,291)													
DATA PROCESSING	0													
EMPLOY RELATIONS COMM	3,036													
ISD-GENERAL	167,444													
PURCHASING & STORES	0													
TREASURER AND TAX COLLECTOR	69,086													
EMPLOYEE BENEFITS	(158,987)													
TOTAL SALARIES & INDIRECT	343,592	12,460,093	23,253,304	28,882,744	3,865,940	0	1,496,540	0	266,960	0	0	0	252,356	155,795
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
DEPART O/H [B/C]	53.584%													
CTYWD O/H [A/D]	1.190%													
DIV O/H [INDIR/DIR]											0.00%		161.98%	

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TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

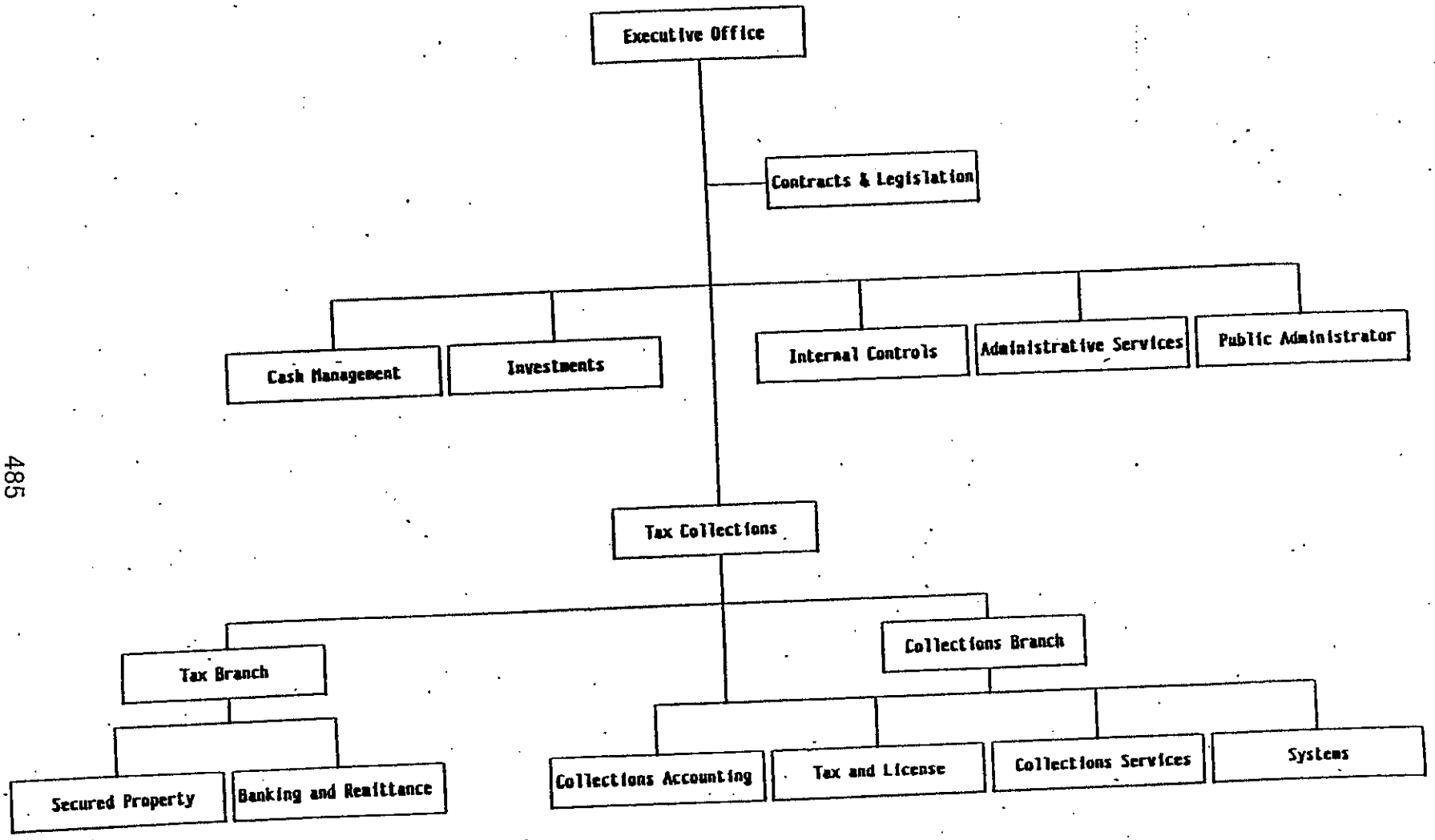
	CASH MANAGEMENT		INTERNAL CONTROL		TAX & LICENSE		COLLECTION ACCOUNTING		SYSTEMS		COLLECTION SERVICES		SECURED PROPERTY	
	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT	INDIRECT	DIRECT
SALARIES														
EXEC OFFICE														
ADMIN SERV														
CONTRACTS														
FINANCE														
INVESTMENTS														
CASH MANAGEMENT	240,742	678,199												
INTERNAL CONT			167,556	1,032,370										
TAX & LICENSE					202,131	1,524,068								
COLLECTIONS ACCTG							142,482	1,073,314						
SYSTEMS									195,789	1,698,960				
COLLECTIONS SERVICES											188,729	2,010,553		
SECURED PROPERTY													348,253	4,825,432
BANK & REMIT														
PUBLIC ADMINISTRATOR														
TOTAL SALARIES	240,742	678,199	167,556	1,032,370	202,131	1,524,068	142,482	1,073,314	195,789	1,698,960	188,729	2,010,553	348,253	4,825,432
OTHER INDIR. COSTS														
SERVICES & SUPPLIES														
EMPLOYEE BENEFITS	67,395		47,325		57,090		40,243		55,299		53,305		98,361	
DEPARTMENTAL O/H	129,000		89,784		108,318		76,348		104,912		101,129		186,609	
COUNTYWIDE O/H	2,864		1,993		2,405		1,695		2,329		2,245		4,143	
UNBILLED SERV. FURN.														
INSURANCE														
OUTSIDE AUDIT EXPENSES														
RENTAL														
BUILDING USE														
EQUIPMENT USE														
UTILITY														
AFFIRMATIVE ACTION														
AUDITOR CONTROLLER														
BOARD OF SUPERVISORS														
CHIEF ADMIN OFFICER														
CIVIL SERVICE COMMISSION														
COUNTY COUNSEL														
DATA PROCESSING														
EMPLOY RELATIONS COMM														
ISD-GENERAL														
PURCHASING & STORES														
TREASURER AND TAX COLLECTOR														
EMPLOYEE BENEFITS														
TOTAL SALARIES & INDIRECT	440,601	678,199	306,657	1,032,370	369,936	1,524,068	260,767	1,073,314	358,329	1,698,960	345,408	2,010,553	637,365	4,825,432
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(Y)	(Z)	(AA)	(AB)	(AC)	(AD)
DEPART O/H [B/C]														
CTYWD O/H [A/D]														
DIV O/H [INDIR/DIR]	64.97%		29.70%		24.27%		24.30%		21.09%		17.18%		13.21%	

3-29-95
44:"ICP17"

TREASURER TAX COLLECTOR
INDIRECT COST PROPOSAL 1995-96

	BANKING & REMITTANCE INDIRECT	BANKING & REMITTANCE DIRECT	PUBLIC ADMINSTRATOR INDIRECT	PUBLIC ADMINSTRATOR DIRECT
SALARIES				
EXEC OFFICE				
ADMIN SERV				
CONTRACTS				
FINANCE				
INVESTMENTS				
CASH MANAGEMENT				
INTERNAL CONT				
TAX & LICENSE				
COLLECTIONS ACCTG				
SYSTEMS				
COLLECTIONS SERVICES				
SECURED PROPERTY				
BANK & REMIT	298,954	4,223,328		
PUBLIC ADMINISTRATOR			151,015	3,957,748
TOTAL SALARIES	298,954	4,223,328	151,015	3,957,748
OTHER INDIR. COSTS				
SERVICES & SUPPLIES				
EMPLOYEE BENEFITS	84,437		42,653	
DEPARTMENTAL O/H	160,192		80,920	
COUNTYWIDE O/H	3,556		1,796	
UNBILLED SERV. FURN.				
INSURANCE				
OUTSIDE AUDIT EXPENSES				
RENTAL:				
BUILDING USE				
EQUIPMENT USE				
UTILITY				
AFFIRMATIVE ACTION				
AUDITOR CONTROLLER				
BOARD OF SUPERVISORS				
CHIEF ADMIN OFFICER				
CIVIL SERVICE COMMISSION				
COUNTY COUNSEL				
DATA PROCESSING				
EMPLOY RELATIONS COMM				
ISD-GENERAL				
PURCHASING & STORES				
TREASURER AND TAX COLLECTOR				
EMPLOYEE BENEFITS				
TOTAL SALARIES & INDIRECT	547,139	4,223,328	276,384	3,957,748
	(AE)	(AF)	(AG)	(AH)
DEPART O/H [B/C]				
CTYWD O/H [A/D]				

Treasurer and Tax Collector



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101
TELECOPIER
(213) 626-1812

January 16, 1997

EXECUTIVE SUMMARY

DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF TREASURER AND TAX COLLECTOR INVESTMENT POLICY (3-VOTES)

Request

Delegate the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury, to the Treasurer and adopt the attached Treasurer and Tax Collector Investment Policy.

Fiscal Impact

No fiscal impact.

Issues

In accordance with Government Code 53646, the Treasurer and Tax Collector hereby submits the Annual Investment Policy for adoption by your Board.

Recent legislative changes also require that the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury be annually delegated to the Treasurer by your Board.

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101
TELECOPIER
(213) 626-1812

January 16, 1997

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#46 FEB 04 1997

JOANNE STURGES
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

DELEGATION OF AUTHORITY TO INVEST AND ANNUAL ADOPTION OF TREASURER AND TAX COLLECTOR INVESTMENT POLICY (3-VOTES)

On January 20, 1996 your Board delegated the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury, to the Treasurer. Recent legislative changes requires that your Board annually delegate such authority.

The attached Investment Policy reflects minor modifications to the existing Investment Policy adopted by your Board March 5, 1996 as follows:

- Credit standards for purchasing commercial paper have been revised requiring the use of long-term debt ratings, if any, are available. This change has been made to be consistent with California Government Code Section 53601(g),

- Attachment I of the Investment Policy has been revised to clarify that the International Banking Credit Analysis (IBCA) ratings are to be used solely for establishing investment limits on Certificates of Deposits issued by foreign banks.

- Maximum investments in money market mutual funds has been revised to limit such investments to 10% of the portfolio in any one fund.

These changes are consistent with our policy and objectives to provide safety and liquidity for the funds deposited in the County Treasury.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

1.) Delegate the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury, to the Treasurer.

2.) Adopt the attached Treasurer and Tax Collector Investment Policy.

Respectfully submitted,

L J Monteilh

LARRY J. MONTEILH
Treasurer and Tax Collector

LJM JHS CTR
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Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Treasury Oversight Committee

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer and Tax Collector the authority to invest and reinvest the funds of the County and the funds of the depositors in the County treasury.

Fundamental Investment Policy

The Treasurer and Tax Collector is a trustee and therefore a fiduciary subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the California Government Code and comply with the specific limitations set forth within this policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer and Tax Collector is permitted to give written approval to operate outside the limitations set forth in the Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer and Tax Collector SHALL establish a Pooled Surplus Investment (PSI) Portfolio. The PSI Portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County treasury.

It SHALL be the investment policy to make PSI investments where the primary objective is to ensure the safety of principal. The secondary objective is to meet the liquidity needs of the PSI participants. The third objective is to achieve a return on funds invested.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed $150 million without specific approval of the Treasurer and Tax Collector.

In the event that a decision is made to transfer a given security from one partition to another; it MAY be transferred at cost; however, the difference between the market value, exclusive of interest, at the time of transfer and the purchase price, exclusive of interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, and III.

The weighted average maturity of the PSI portfolio SHALL NOT exceed 1.5 years. For purposes of maturity classification, the maturity date shall be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last three years' average minimum total cash and investments, after adjustments, as indicated in Attachment II. Short term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer term commitments, within ninety days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next ninety days plus projected PSI deposits for ninety days, divided by the projected PSI withdrawals for ninety days plus discretionary PSI deposits is equal to or greater than one. The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one, however, investments SHALL be limited to a maximum maturity of thirty days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of PSI investments purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer and Tax Collector SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer and Tax Collector. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made.

Investments SHALL be limited to the short-term category, as defined for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer and Tax Collector, a longer term investment MAY be specifically made and held in the SPI portfolio provided that they are in accordance with the limitations imposed in Attachments I, II, and III.

The sale of investments purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer and Tax Collector SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer and Tax Collector or financial advisor, consultant or manager acting on behalf of the Treasurer and Tax Collector, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer and Tax Collector or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Treasurer and Tax Collector or the Chief Deputy Treasurer and Tax Collector or the Compliance Auditor, AND the Internal Controls Office to assure compliance with the Investment Policy.

Reporting Requirements

The Treasurer and Tax Collector SHALL provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, market value except for investments made in the State of California Local Agency Investment Fund, the source of the market valuation and historical cost.
- Month-end bank balances for accounts under the control of the Treasurer and Tax Collector.

- A description of funds, investments, or programs, that are under the management of contracted parties, including lending programs for the Treasurer and Tax Collector.

- A description of all investment exceptions, if any, to the Investment Policy.

- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.

Discretionary Treasury Deposits

At the sole direction of the Treasurer and Tax Collector, PSI deposits may be accepted from local agencies, not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the depositing entity SHALL provide the Treasurer and Tax Collector with annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Such projections SHALL be adjusted periodically as prescribed by the Treasurer and Tax Collector but in no event less than semi-annually.

In accordance with Government Code Sections 27133 and 27136, all requests for withdrawal of such funds made after January 1, 1996, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, such withdrawals will be delayed until the impact can be mitigated.

Broker/Dealer Selection

Broker/Dealer SHALL be limited to primary government securities dealers, in good standing with the Treasurer and Tax Collector, reporting to the Reports Division of the Federal Reserve Bank of New York. Exceptions are permitted for a minority or woman owned Broker/Dealer who have met quality criteria and are participants in the Treasurer and Tax Collector's Minority/Women Owned Broker/Dealer program.

Any broker, brokerage, dealer, or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding $280 to any member of the Board of Supervisors or any candidate for those offices, SHALL be prohibited from selection.

An approved Treasurer and Tax Collector Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to provide accurate and timely:

A. Confirmation of daily trade transactions and all open trades in effect at month-end.

B. Response to auditor's requests for confirmation of investment transactions.

Honoraria, Gifts, and Gratuities Limitations

Members of the Los Angeles County Treasury Oversight Committee, Treasurer and Tax Collector, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the Political Reform Act and the Los Angeles County Code relating to Lobbyists.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL not invest in any security that could result in zero interest if held to maturity.

The Investment Office SHALL obtain approval of the Treasurer and Tax Collector before recognizing any loss exceeding $100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the United States Government, its agencies and instrumentalities.

1. Maximum maturity: None.

2. Maximum total par value: None.

3. Maximum par value per issuer: None.

4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.

2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years to final life.

2. Maximum total par value: 20% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

4. All Asset-Backed securities must be rated at least AA and the issuer's corporate debt rating must be at least A.

D. Bankers Acceptance Domestic and Foreign

1. Maximum maturity: 270 days and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio in total.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. The aggregate total of bankers acceptances and negotiable certificates of deposits SHALL NOT exceed:

   a. The total shareholders equity of depository bank.

   b. The total net worth of depository bank.

E. Negotiable Certificates of Deposit

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.

3. Maximum par value per issuer; Per limits outlined in Attachment I for the issuer's current credit rating.

4. Must be issued by:

   a. National or State-chartered bank, or

   b. State-licensed branch of a foreign bank.

5. Euro CD's:

   a. Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

   b. Maximum total par value: 10% of the PSI portfolio.

   c. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

   d. Limited to London branch of National or State-chartered banks.

6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

   a. The total shareholders' equity of depository bank.

   b. The total net worth of the depositing bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Notes MUST be issued by:

   a. Corporations organized and operating within the United States.

b. Depository institutions licensed by the United States or any state and operating within the United States.

5. Additional limits in Section G apply if note is a Floating Rate Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Benchmarks SHALL be limited to commercially available U.S. denominated indexes.

5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:

a. Specific basis for the benchmark rate.

b. Specific computation for the benchmark rate.

c. Specific reset period.

d. Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 180 days and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 15% of the PSI portfolio, plus an additional 15%, if the dollar-weighted average maturity of the entire amount does not exceed 31 days.

3. Maximum par value per issuer: 10% of the outstanding Commercial Paper of issuer and limits outlined in Attachment I for the issuer's current credit rating.

4. Credit: Issuing corporation is organized and operating in United States with total assets in excess of $500 million and having A or better rating, for issuer's debt, other than commercial paper, if any, as provided by Moody's or Standard & Poor's.

I. Shares of Beneficial Interest

Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation.

1. Limited to investments in obligations of the United States Government and its agencies and instrumentalities.

2. Fund has received the highest possible rating from at least two nationally recognized statistical rating organizations.

3. Maximum total par value: 15% of the PSI portfolio, however, no more than 10% of the PSI may be invested in any one fund.

J. Repurchase Agreement

1. Maximum maturity: 30 days.

2. Maximum total par value: $500 million.

3. Maximum par value per issuer: $250 million.

4. Agreements must be in accordance with approved written master repurchase agreement.

5. Must be fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities.

K. Reverse Repurchase Agreement

1. Maximum maturity: One year.

2. Maximum total par value: $500 million.

3. Maximum par value per broker: $250 million.

4. Dealers limited to those primary dealers approved specifically for Reverse Repurchase agreements by the Treasurer and Tax Collector.

5 Agreements SHALL only be made for the purpose of enhancing investment revenue.

6. Agreements must be in accordance with approved written master repurchase agreement.

7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the United States Government and its agencies and instrumentalities.

8. The security to be sold on reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer and Tax Collector for a minimum of 30 days prior to sale.

9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.

11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded in organized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or organized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.

2. Maximum aggregate par value: $100 million.

3. Maximum par value per counterparty: $50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated A or better from at least one nationally recognized rating agency.

4. The underlying securities SHALL be an obligation of the United States Government and its agencies and instrumentalities.

5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed $100,000 for each occurrence or exceed a total of $250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.

6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer and Tax Collector is obtained PRIOR to entering into the agreement.

7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Office.

8. In conjunction with the sale of bonds, the Treasurer and Tax Collector MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counter party to such an agreement SHALL be rated A or better from at least one nationally recognized rating agency selected by the Treasurer and Tax Collector, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated A or better from at least one nationally recognized rating agency acceptable to the Treasurer and Tax Collector.

MINIMUM CREDIT RATING

ATTACHMENT

BA Max Maturity 270 Days		CP Max Maturity 180 Days		CD Max Maturity 3 Years		CN AND ABS		
IBCA **	MOODY'S	S & P	MOODY'S	IBCA **	MOODY'S	S & P	MOODY'S	
2–A	P–1/Aaa	A–1/Aaa	P–1/Aaa	2–A	P–1/Aaa	A–1/Aaa	P–1/Aaa	$250 MM maximum of which $125 MM may be over 180 days.
2–A/B		A–1/Aaa	P–1/Aaa	2–A/B		A–1/Aaa	P–1/Aaa	$200 MM maximum* of which $125 MM may be over 180 days.
2–B	P–1/Aa	A–1/Aa	P–1/Aa	2–B	P–1/Aa	A–1/Aa	P–1/Aa	$200 MM maximum* of which $75 MM may be over 180 days.
2–B/C		A–1/Aa	P–1/Aa	2–B/C		A–1/Aa	P–1/Aa	$150 MM maixum of which $75 MM may be over 180 days.
	P–1/A	A–1/A	P–1/A		P–1/A	A–1/A	P–1/A	$100 MM maximum of which $25 MM may be over 45 days to a maximum of 180 days.

* Maximum par value for issuer may be increased by $50 MM to invest with approved issuers rated by IBCA or Moody's bank deposit rating with a Moody's commercial paper or S & P rating of Aaa, provided that no more than the issuer's original limitation may be held in any investment other than banker's acceptances. In no case shall the combined investment with the issuer exceed $250MM.

** IBCA ratings are used in determining investment limits for foreign issuers only.

LIMITATION CALCULATION FOR INTERMEDIATE TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS

	1996	1995	1994
Minimum available Cash and Invested Balance	$5,453,045,072	$5,730,658,108	$5,309,888,769
Less:			
Los Angeles County TRANs (required to be short-term)	(1,050,000,000)	(1,300,000,000)	(1,150,000,000)
Pooled Investment Fund - Other	(153,537,351)	(137,119,130)	(221,039,703)
Minimum Available Balance	$4,249,507,721	$4,293,538,978	$3,938,849,066
Average Minimum Available Balance			$4,160,631,922
Current Year Discretionary Deposit Adjustment			(957,010,433)
Adjusted Average Daily Minimum Balance			$3,203,621,489
Percent Available for Investment over 1 Year			75%
Total Average Daily Minimum Balance			$2,402,716,117
Intermediate Term - One Third of Available Balance for Investment from 1 to 3 Years			$800,905,372
Medium and Long-Term, Two-Thirds of Available Balance for Investment Over 3 Years*			$1,601,810,744

* Any unused portion of Medium and Long-Term Available Balance may be used for intermediate term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued by the County of Los Angeles on its behalf or other Los Angeles County entities. Maximum maturity limited to 15 years.

2. Any short-term obligation issued by the State of California or a California local agency with a Moody's rating of MIG-1 or A. Maximum maturity limited to 5 years.

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM
P.O. BOX 4917
LOS ANGELES, CALIFORNIA 90051-2917

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

February 21, 1996

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

49 MAR 05 1996

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Joanne Sturges
JOANNE STURGES
EXECUTIVE OFFICER

Dear Supervisors:

ANNUAL ADOPTION OF TREASURER AND TAX COLLECTOR INVESTMENT POLICY (3-VOTES)

The attached Investment Policy reflects changes required by recently enacted California Government Code changes and corresponding County Ordinances. The Investment Policy has been changed from the existing policy adopted by your Board on February 28, 1995 as follows:

- Investments in range notes, interest only strips that are derived from a pool of mortgages, or any security that could result in zero interest if held to maturity are prohibited.

- Investments from the proceeds from the sale of notes or funds set aside for the repayment of notes are limited to a maturity not to exceed the term of the notes.

- Shares of Beneficial Interests, otherwise known as Money Market Mutual Funds, are specifically authorized.

- Securities sold on Reverse Repurchase Agreements must be held by the Treasurer for a minimum of 30 days prior to settlement and the proceeds from the agreement must be invested for a period less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

- Investment Reporting Requirements have been added to the Policy in compliance with recent State legislation.

These changes are consistent with and further strengthens our policy and objectives to provide safety and liquidity for those funds deposited in the County Treasury.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the attached Treasurer and Tax Collector Investment Policy.

Respectfully submitted,

LARRY J. MONTEILH
Treasurer and Tax Collector

LJM:JHS:ir
S12/Board.Guide

Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Treasury Oversight Committee

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer and Tax Collector the authority to invest and reinvest the funds of the County and the funds of the depositors in the County treasury.

Fundamental Investment Policy

The Treasurer and Tax Collector is a trustee and therefore a fiduciary subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the California Government Code and comply with the specific limitations set forth within this policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer and Tax Collector is permitted to give written approval to operate outside the limitations set forth in the Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer and Tax Collector SHALL establish a Pooled Surplus Investment (PSI) Portfolio. The PSI Portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County treasury.

It SHALL be the investment policy to make PSI investments where the primary objective is to ensure the safety of principal. The secondary objective is to meet the liquidity needs of the PSI participants. The third objective is to achieve a return on funds invested.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed $150 million without specific approval of the Treasurer and Tax Collector.

In the event that a decision is made to transfer a given security from one partition to another; it MAY be transferred at cost; however, the difference between the market value, exclusive of interest, at the time of transfer and the purchase price, exclusive of interest, SHALL be computed and disclosed as unrealized profit or loss.

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The Treasurer and Tax Collector or financial advisor, consultant or manager acting on behalf of the Treasurer and Tax Collector, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer and Tax Collector or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Treasurer and Tax Collector or the Chief Deputy Treasurer and Tax Collector or the Compliance Auditor, AND the Internal Controls Office to assure compliance with the Investment Policy.

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Broker/Dealer SHALL be limited to primary government securities dealers, in good standing with the Treasurer and Tax Collector, reporting to the Reports Division of the Federal Reserve Bank of New York. Exceptions are permitted for a minority or woman owned Broker/Dealer who have met quality criteria and are participants in the Treasurer and Tax Collector's Minority/Women Owned Broker/Dealer program.

Any broker, brokerage, dealer, or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding $280 to any member of the Board of Supervisors or any candidate for those offices, SHALL be prohibited from selection.

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The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL not invest in any security that could result in zero interest if held to maturity.

The Investment Office SHALL obtain approval of the Treasurer and Tax Collector before recognizing any loss exceeding $100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the United States Government, its agencies and instrumentalities.

1. Maximum maturity: None.

2. Maximum total par value: None.

3. Maximum par value per issuer: None.

4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.

2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years to final life.

2. Maximum total par value: 20% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

4. All Asset-Backed securities must be rated at least AA and the issuer's corporate debt rating must be at least A.

D. Bankers Acceptance Domestic and Foreign

1. Maximum maturity: 270 days and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: 40% of the PSI portfolio in total.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. The aggregate total of bankers acceptances and negotiable certificates of deposits SHALL NOT exceed:

   a. The total shareholders equity of depository bank.

   b. The total net worth of depository bank.

E. Negotiable Certificates of Deposit

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.

2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Must be issued by:

   a. National or State-chartered bank, or

   b. State-licensed branch of a foreign bank.

5. Euro CD's:

   a. Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.

   b. Maximum total par value: 10% of the PSI portfolio.

   c. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.

   d. Limited to London branch of National or State-chartered banks.

6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:

   a. The total shareholders' equity of depository bank.

   b. The total net worth of the depositing bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 30% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Notes MUST be issued by:

   a. Corporations organized and operating within the United States.

   b. Depository institutions licensed by the United States or any state and operating within the United States.

5. Additional limits in Section G apply if note is a Floating Rate Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of $100 million par value may be greater than five years to maturity.

2. Maximum total par value: 10% of the PSI portfolio.

3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.

4. Benchmarks SHALL be limited to commercially available U.S. denominated indexes.

5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:

   a. Specific basis for the benchmark rate.

   b. Specific computation for the benchmark rate.

   c. Specific reset period.

   d. Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 180 days and limits outlined in Attachment I for the issuer's current credit rating.

2. Maximum total par value: 15% of the PSI portfolio, plus an additional 15%, if the dollar-weighted average maturity of the entire amount does not exceed 31 days.

3. Maximum par value per issuer: 10% of the outstanding Commercial Paper of issuer and limits outlined in Attachment I for the issuer's current credit rating.

4. Credit: Issuing corporation is organized and operating in United States with total assets in excess of $500 million and having A or better rating for issuer's debt, other than commercial paper as provided by Moody's or Standard & Poor's.

I. Shares of Beneficial Interest

Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation.

1. Limited to investments in obligations of the United States Government and its agencies and instrumentalities.

2. Fund has received the highest possible rating from at least two nationally recognized statistical rating organizations.

3. Maximum total par value: 15% of the PSI portfolio.

J. Repurchase Agreement

1. Maximum maturity: 30 days.

2. Maximum total par value: $500 million.

3. Maximum par value per issuer: $250 million.

4. Agreements must be in accordance with approved written master repurchase agreement.

5. Must be fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities.

K. Reverse Repurchase Agreement

1. Maximum maturity: One year.

2. Maximum total par value: $500 million.

3. Maximum par value per broker: $250 million.

4. Dealers limited to those primary dealers approved specifically for Reverse Repurchase agreements by the Treasurer and Tax Collector.

5 Agreements SHALL only be made for the purpose of enhancing investment revenue.

6. Agreements must be in accordance with approved written master repurchase agreement.

7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the United States Government and its agencies and instrumentalities.

8. The security to be sold on reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer and Tax Collector for a minimum of 30 days prior to sale.

9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.

10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.

11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.

L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date. Future contracts are standardized contracts traded in organized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date. Option contracts are those traded in either the Over The Counter Market or organized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.

2. Maximum aggregate par value: $100 million.

3. Maximum par value per counterparty: $50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated A or better from at least one nationally recognized rating agency.

4. The underlying securities SHALL be an obligation of the United States Government and its agencies and instrumentalities.

5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed $100,000 for each occurrence or exceed a total of $250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.

6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer and Tax Collector is obtained PRIOR to entering into the agreement.

7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Office.

8. In conjunction with the sale of bonds, the Treasurer and Tax Collector MAY authorize exceptions to maturity and par value limits for forwards, futures and options.

M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating. Further, the counter party to such an agreement SHALL be rated A or better from at least one nationally recognized rating agency selected by the Treasurer and Tax Collector, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated A or better from at least one nationally recognized rating agency acceptable to the Treasurer and Tax Collector.

Minimum Credit Rating

BA Max Maturity 270 Days		CP Max Maturity 180 Days		CD Max Maturity 3 Year		CN AND ABS		
IBCA	MOODY'S	S & P	MOODY'S	IBCA	MOODY'S	S & P	MOODY'S	
2–A	P–1/Aaa	A–1/Aaa	P–1/Aaa	2–A	P–1/Aaa	A–1/Aaa	P–1/Aaa	$250 MM maximum of which $125MM may may be over 180 days.
2–A/B		A–1/Aaa	P–1/Aaa	2–A/B		A–1/Aaa	P–1/Aaa	$200 MM maximum* of which $125MM may may be over 180 days.
2–B	P–1/Aa	A–1/Aa	P–1/Aa	2–B	P–1/Aa	A–1/Aa	P–1/Aa	$200 MM maximum* of which $75MM may be over 180 days
2–B/C		A–1/Aa	P–1/Aa	2–B/C		A–1/Aa	P–1/Aa	$150 MM maximum of which $75MM may be over 180 days
	P–1/A	A–1/A	P–1/A		P–1/A	A–1/A	P–1/A	$100 MM maximum of which $25MM may may be over 45 days to a maximum of 180 days.

* Maximum par value for issuer may be increased by $50 MM to invest with approved issuers rated by IBCA or Moody's bank deposit rating with a Moody's commercial paper or S & P rating of Aaa, provided that no more than the issuer's original limitation may be held in any investment other than banker's acceptances. In no case shall the combined investment with the issuer exceed 250MM.

LIMITATION CALCULATION FOR INTERMEDIATE TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS

	1995	1994	1993
Minimum available Cash and Invested Balance	$5,730,658,108	$5,309,888,769	$6,420,819,980
Less:			
Los Angeles County TRANs (required to be short-term)	(1,300,000,000)	(1,150,000,000)	(1,850,000,000)
Pooled Investment Fund - Other	(137,119,130)	(221,039,703)	(354,930,271)
Minimum Available Balance	$4,293,538,978	$3,938,849,066	$4,215,889,709
Average Minimum Available Balance			$4,149,425,918
Current Year Discretionary Deposit Adjustment			(1,350,000,000)
Adjusted Average Daily Minimum Balance			$2,799,425,918
Percent Available for Investment over 1 Year			75%
Total Average Daily Minimum Balance			$2,099,569,438
Intermediate Term - One Third of Available Balance for Investment from 1 to 3 Years			$699,856,479
Medium and Long-Term, Two-Thirds of Available Balance for Investment Over 3 Years*			$1,399,712,959

* Any unused portion of Medium and Long-Term Available Balance may be used for intermediate term investments.

APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued by the County of Los Angeles on its behalf or other Los Angeles County entities. Maximum maturity limited to 15 years.

2. Any short-term obligation issued by the State of California or a California local agency with a Moody's rating of MIG-1 or A. Maximum maturity limited to 5 years.

SHIKAWA, NAI-LEN W. — Fiscal Officer I

EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
282553	0752 A	2010	10955	F	19 96

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PRC C
													1		1																	-	1	5100	
9	9			8	9	9	7	7				9	9	9	84	9				9	9	9	9				9	7	9			61	145	5110	9[illegible]
						9																						2				2	2	5140	9[illegible]
																											9					9	9	5180	
9	9	1	1	8	9	9	7	7	1	1	9	9	9	9	85	9	1	1	0	9	9	9	9	1	1	0	9	9	9	1	1	72	157	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
							2 VL	2 AL							4 [illegible]				8 H													8	12	Absence Hours
																																4		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR — DATE 2/14/96

DIVISION MANAGER — DATE 2/20/96

EMPLOYEE SIGNATURE

SUPERVISOR — DATE 2/2[illegible]

DIVISION MANAGER — DATE 3/[illegible]

529

RIEBER, CHRISTOPHER T. - Accounting Officer III

EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
205096	0538 N	2010	10955	FEB	19 96

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROG. COD
																								9		5	7					21	21	5150	
9	9				9	9	9	9			8	8	9	9	88	9				9	9	9	9	1		10	10	9	9			92	180	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																		Absence Hours
																			RDO														Reason Symbols

530

EMPLOYEE SIGNATURE

2/20/96

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

3/1/96

SUPERVISOR

3/1/96

DIVISION MANAGER

SUMMARY OF HOURS PER TIME CARDS
FOR TME COST CODES (Related to Investment Reporting)
FOR JULY 1996 TO JUNE 1997

Position	Name	Code	July 96	Aug 96	Sept 96	Oct 96	Nov 96	Dec 96	Jan 97	Feb 97	Mar 97	Apr 97	May 97	June 97	Total	Standard Productive Work Hours	% of Time Spent on Investments	Estimated % of Time For Invstmt Rptg & System Maint
Asst Oper. Chief	Bender, C.	5100	116.0	91.0	80.0	120.0	66.0	88.0	85.0	70.0	77.0	96.0	82.0	81.0	1,052.0	1786	58.90%	25.00%
Acct Offr III	Rieger, C.	5110–905	181.5	169.0	154.0	154.5	97.0	143.0	179.0	160.0	151.0	138.0	169.0	177.0	1,873.0	1786	104.87%	40.00%
Fiscal Offr I	Ishikawa, N.	5110–905	13.0	0.0	0.0	162.0	138.0	144.0	143.0	53.0	151.0	164.0	122.0	91.0	1,181.0	1786	66.13%	25.00%
Acctg Offr I	Girguis, N.	5111–905	170.0	133.0	120.0	169.0	139.0	126.0	151.0	151.0	72.0	130.0	160.0	165.5	1,686.5	1786	94.43%	50.00%
Asst Data Sys Anlyst	Marine, L.	5111–905	92.0	124.0	108.0	150.0	128.0	152.0	129.0	138.0	146.0	155.0	154.0	84.0	1,560.0	1786	87.35%	75.00%
Acct III	Magallanes, J.	5111–905	156.0	162.0	144.0	98.0	133.0	168.0	151.0	151.0	169.0	151.0	107.0	169.0	1,759.0	1786	98.49%	100.00%
Acct Clrk I	Guerrero, M.	5111–905	120.0	134.0	120.0	123.5	98.0	113.0	124.0	96.0	128.0	120.0	123.0	125.5	1,425.0	1786	79.79%	80.00%
			848.5	813.0	726.0	977.0	799.0	934.0	962.0	819.0	894.0	954.0	917.0	893.0	10,536.5	12,502.0	84.28%	

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COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
BENDER	CHARLES	A - Asst. Operations Chief	048372	2642 A	2010	10955	JUL	19 96

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	3	3					7	7	7	5	5			3	29	3	3	3				3	3	3	3	3			3	3	3	33	62	1100	
	1	6					1	1	1	1	1			6	52	6	6	6				6	6	6	6	6			4	6	6	64	116	5100	
																																			532
	1	9					7	7	9	7	7			9	91	9	9	9				9	9	9	9	9			7	9	9	97	178	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																		Absence Hours
																																		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR

DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DA

EXEMPT EMPLOYEE REPORT

COUNTY OF LOS ANGELES — TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]			048372	2642 11	2814	15955	AUG	1996	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
3				1	1	1	1	6			1	1	1	6	57	6			3	3	3	3	3			3	3	3	3			33	90	1100	
				4	3	3	3	3			4	3	3	3	35	3			6	6	6	6	5			6	6	6	6			56	91	5100	533
7				10	9	9	9	9			10	9	9	9	92	9			9	9	9	9	8			9	9	9	9			89	181	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

Marilyn D. Reed

EMPLOYEE SIGNATURE

8/29/96

SUPERVISOR — D

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]			[illegible]	[illegible]	2010	10955	[illegible]	19[illegible]	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		3	3	3	3			3	3	3	3				24	3	3	3	3											3		15	39	11000	
		7	[illegible]		7			[illegible]	[illegible]	[illegible]	6				50	6	6	6	6											6		30	80	[illegible]	534
		[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]											[illegible]		[illegible]	[illegible]	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																				8			8/1	8/1	8/1	8/1						44	44	Absence Hours
																				C			C	C	C	C								Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

UNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

ST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]	[illegible]		048372	2642 11	2018	10955	OCT.	1996	D

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
3	4	3			3	4	4	4					3	32	4	3	3			3	4	3	3				3	3	3	3	35	67	1100	
6	6	6			6	6	6	6					6	54	6	6	6			6	6	6	6				6	6	6	6	66	120	5100	
9	10	9			9	10	10	10					9	86	10	9	9			9	10	9	9				9	9	9	9	101	187	TOTALS HOURS	

535

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

OUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

AST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]NDER, CHARLES			048372	2642 A	2010	10955	NOV	1996	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
			3	3	[illegible]	[illegible]					3	3	3	3	27			3	3	3	3				3	3						18	45	1100	
			5	1	1	1					3		4	5	37			5	5	3	5				5	5						28	66	5109	
			1	1	1	1					3	6	2	1	17			1	1	3	1				1	1						8	25	5112	900
			9	10	9	9					9	9	9	9	82			9	9	9	9				9	9						54	136	TOTALS HOURS	

536

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																											9					9	9	Absence Hours
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EMPLOYEE SIGNATURE

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[signature] 10/9/96

EXEMPT EMPLOYEE REPORT

UNTY OF LOS ANGELES — TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]			049372	2642 N	2010	10955	DEC	19 96	D

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
3	3	3	3				3	3	3	3	3			27	3	3	3	3				3	3		3	3			3	3	30	57	1100	
4	1	1	1				2	1	1	1	4			10	4	5	5	5				5	4		4	4			5	5	46	88	5100	537
2	1	1	1				4	1	1	1	2			14	2	2	1	1				1	1		2	2			1	1	14	28	5112	900
9	9	9	9				9	9	9	11	9			73	9	10	9	9				9	8		9	9			9	9	90	173	TOTALS HOURS	

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
HENRY, CHARLES			018372	2542 D	2010	10955	JAN	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
					3	5	1	1	4			3	3	3	31	3					3	3	3	3			3	3	3	3		27	58	1100	
			7		6	5	5	4	5			6	4	5	40	5					4	5	5	6			5	5	5	5		45	85	510	
					1								2	1	4	1					2	2	1				2	1	1	1		11	15	510	904
					10	10	10	7	9			9	9	9	73	9					9	10	9	9			10	9	9	9		83	158	TOTALS HOURS	

538

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
	9								1						9																			Absence Hours
	5														5																			Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR 1/29/97

UNTY OF LOS ANGELES — **EXEMPT EMPLOYEE REPORT** — TREASURER AND TAX COLLECTOR

ST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
HENDER, CHARLES			018372	2642 A	2010	1095S	FEB	19 97	D

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	3	3	3	3	3			3	3	3	3			27			3	3	3	4			3	3	3	3					25	52	1100	
	4	5	4	5	5			5	5	1	1			43			5	5	5	3			3	2	2	2					27	70	5100	539
	2	1	2	1	1			2	1	1	1			10			1	1	2	2			3	4	4	4					21	33	5112	9000
	9	9	9	9	9			10	9	9	9			82			9	9	10	9			9	9	9	9					73	155	TOTALS HOURS	

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours
																																Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

EMPLOYEE SIGNATURE

SUPERVISOR — DA

UNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

ST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
HENDER, CHARLES			048372	2642 A	2010	10955	MAR	19 97	D

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	3	3	2	3	1			1	1	3	2			31		3	3	3	3	4			3	3	3	3				3	22	53	1100	
	1	1	1	1	3			3	4	4	1			37		5	5	4	3	3			5	5	2	4				4	40	77	5100	
	1	1	1	1	1			1	1	2	3			15		1	1	1	2	1					2	1				1	10	25	5110	500
																		1	1	1			1	1	3	1				1	10	10	5780	
	7	7	7	7	9			10	10	7	7			73		9	9	9	9	9			9	9	10	9				9	82	165	TOTALS HOURS	

540

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

Charles D Bender

EMPLOYEE SIGNATURE

3/27/97

SUPERVISOR DA

INTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

T NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	JUNE	19 [illegible]

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
3	3	3			3	3	3	3				3	3	30	3	3	3			3	3	3	3				3		3		27	57	1100	
1	1	1			1	1	1	1				1	1	11	1	1	1			1	1	1	1				1		1		4	15	1100	
1	2	2			1	1						1	1	10	1	2	1			1	1	1	1				1		2		11	21	5113	5000
9	9	9			10	9	9	9				9	9	91	10	10	9			9	9	9	9				9		9		83	174	TOTALS HOURS	

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																							V	H				9			9	9	Absence Hours
																							N	N				S			S		Reason Symbols

PLOYEE SIGNATURE

PERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR

D

541

UNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

ST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
BENDER, CHARLES			048372	2642 A	2010	10955	MAY	19 97	D

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
4			3	3	3	3				3	3	3	3	31	3			3	3							3	3	3	3		21	52	[illegible]	
4			5	6	4	6				6	5	5	5	50	6			5	5							4	2	5	5		32	82	[illegible]	
1			1	1							1	1	1	10				1	1							2	4	1	1		10	20	[illegible]	900
9			9	10	9	9				9	9	9	9	91	9			9	9							9	9	9	9		63	154	TOTALS HOURS	

542

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																				9	9										18	18	Absence Hours
																				NE	NE										NE		Reason Symbols

PLOYEE SIGNATURE

PERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR DA

EXEMPT EMPLOYEE REPORT

INTY OF LOS ANGELES — TREASURER AND TAX COLLECTOR

T NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	JUN	19[illegible]

LABOR DISTRIBUTION

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	3	3	3				3	3	3	3	3			24	3	3	3	3				2	2	3	3	3			3		25	49	11	
	5	4	5				4	1	1					12	6	5	5	5				2	3	3	5	5			6		39	81	11	
	1	2	1							1	1			6		1	1	1				6	5	3	1	1					19	25	11	
	9	9	9				9	9	9	9	9			72	9	9	9	9				10	10	9	9	9			9		83	155	TOTALS HOURS	

543

BENEFIT REPORT

2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
9														9																	9	Absence Hours	
S														S																	Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

EMPLOYEE SIGNATURE

SUPERVISOR

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NOI-LEN W.			282553	0752 A	2010	10955	MAR	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		8	8	8	8	8			8	8	8	8	8		83		8	8	8	8	8				8	8	8	8			8	80	163	5110	905
544												1			1						8			4	4						13	14	5140	905
																											1				1	1	5100	
																															87	171		
		8	8	8	8	8			8	8	8	8	8		84		8	8	8	8	8			8	8	8	8	8			8	74	163	TOTALS HOURS	

9 9

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours	
																																	Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NAI-LEN	W.		282553	0752 A	2010	10955	APR	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
1	9	9	9				9	9	5	8			7	9	83	9	4	9				9	9	9	9			8	6	9		81	164	5110	905
													1		1		5												1			6	7	5140	905
545										1					1														2			2	3	5100	
1	9	9	9	/	/	0	9	9	5	9	/	/	8	9	85	9	9	9	/	/	10	9	9	9	9	/	/	8	9	9	-	89	174	TOTALS HOURS	

8 8

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

DIVISION

EMPLOYEE SIGNATURE 4/29/97

SUPERVISOR

DIVISION MANAGER 5/5/97

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
TSHIKAWA, NAI-LEN W.			282553	0752 A	2010	10955	MAY	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
1	9				9	1	1	2			8	9	9	9	66	9				9	9	7	7				4		3	8		56	122	5110	905
546						0	8	7							23							2	2						2	1		7	30	5140	905
																											5	9	3			17	17	5140	003
																													1			1	1	5100	
9	9	/	/	/	9	9	9	/	/	8	9	9	9	89	4	/	/	9	9	9	9	9	/	/	6	9	9	9	9	/	81	170	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																										8						8	8	Absence Hours
																										H						H		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR DA

DIVISION MANAGER

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA,	MICHAEL	W.	282553	0752	0 2010	10955	JUN	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		7	2	1	9			6		9	8	4			55			9	9				4	4	2	4					36	91	5140	705
			7	7								5			19								4	5	5	7	5			9		35	54	5100	
547											1				1																		1		
				1											1																		1	5140	CCE
10	7	9	9	9	/	/	6	9	9	9	9	9	/	/	76	0	0	9	9	0	/	/	8	9	9	9	9	/	/	9	-	71	147	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																	9			9												18	18	Absence Hours
																	AL			AL											AL		Reason Symbols

EMPLOYEE SIGNATURE — 6/13/97

SUPERVISOR — DATE

DIVISION MANAGER — DATE

EMPLOYEE SIGNATURE

SUPERVISOR — D

DIVISION MANAGER

DIVISION

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
RIEGER,	CHRISTOPHER	- Accounting Officer III	205096	0556 A	2010	10955	JUL	1996

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9		9			8	9	9	9	9			8	80	9.5	9	9	9.5				9	9	9	9			10.5	9	9	101.5	181.5	5110	205
9	9	9		9				9	9	9	9			8	80	9.5	9	9	9.5				9	9	9	9			10.5	9	9	101.5	181.5	TOTALS HOURS	

548

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
			H											H								8DO											9	Absence Hours
																																M	Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE 7/15/96

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 8/

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	PY CODE	ORG CODE	MONTH	YEAR
RIEBER,	CHRISTOPHER T.		P05096	0658 A	2010	10955	AUG	1995

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9				9	9	9	9			8	9	9	9	89	9					9	9	9			8	9	9	9	9		80	169	9110	905
9	9				9	9	9	9			8	9	9	9	89	9					9	9	9			8	9	9	9	9		80	169	TOTALS HOURS	

549

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																				9												9	9	Absence Hours
				8:00																V														Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 9/7/95

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	PR. CODE	ORG CODE	MONTH	YEAR	
RIEBER,	CHRISTOPHER	T.	205656	6522	2010	10955	SEP	1996	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		9	9.5	9	9			9	9	9	8.5	9			79		8	7	8	9			8	9	8	9	10					75.0	154.0	6110	905
											3				3		1	2	1						1							7.0	10.0	[illegible]	CC3
		9	9.5	9	9			9	9	9	8.5	9			82		9	9	9	10			8	9	9	9	10					84.0	164.0	TOTALS HOURS	

550

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																		Absence Hours
	SP H															RDO													RDO					Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 9/24/96

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER, CHRISTOPHER T.			205096	0658 N	2010	10955	OCT	19 96	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
8	9	9	6 10			8	9	9	9	6				9	86	9	9	7			10	9	9	9	9.5				9.5	9.5	8	98.5	154.5	5140	905
8	9	9	6 10			8	9	9	9	6				9	86	9	9	7			10	9	9	9	9.5				9.5	9.5	8	98.5	154.5	TOTALS HOURS	

551

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																		Absence Hours
													H/Hr																					Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR 10/11/96 DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR DA

DIVISION MANAGER 11/6/96 DA

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEBER,	CHRISTOPHER	T.	205096	0658 A	2010	40955	NOV	19 96	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9			8	9	9	8	8					10	9		70					9	9	9										27	97	5110	965
552			1			1	1								3																			5150	963
9			9	9	9	9	9					10	9		78																				TOTALS HOURS

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
											9			9				9	9							9	9				9/27	15 27	Absence Hours
										H	HT			HT				HT	V						HDO	V	V	H			HT V	HT V	Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

DIVISION MANAGER 12/3/96 D

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER,	CHRISTOPHER	T.	205096	0658 A	2010	10955	DEC	19 96	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	9			9	9				9	9	9	9			63	9	9	9	9	9						8	9			9	9	80	143	5110	905
	9			9	9				9	9	9	9			63	9	9	9	9	9						8	9			9	9	80	143	TOTALS HOURS	

553

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
		9	9												18									9								9	27	Absence Hours
		W	W					FTO							W								PDC	D	H								Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

DIVISION MANAGER

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	[illegible]	MONTH	YEAR
RIEBER, CHRISTOPHER T.			203096	0638 A	2010	[illegible]	JAN	1997

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	9	9				9	9	9	9			8	9	9	80	10	9				9	9	9	9			8	9	9	9	9	99	179.0	[illegible]	[illegible]
	9	9				9	9	9	9			8	9	9	80	10	9				9	9	9	9			8	9	9	9	9	99	179.0	TOTALS HOURS	

554

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																				HE														Absence Hours
H					RDO															RDO														Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER,	CHRISTOPHER	T.	205096	0658 A	2010	10955	FEB	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		8	9	1	9	9			5	9	9	9	9		80			9	9	10	9			8	9	9	9	8				80	160	5110	905
555																																			
			9	9	9	9			5	9	9	9	9		80			9	9	10	9			8	9	9	9	8				80	160	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
		RDO																															Absence Hours	
		8															RDO															Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

2/6/97

SUPERVISOR

DIVISION MANAGER 2/3/97

DIVISION

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER,	CHRISTOPHER	T.	203096	0658 A	2010	10955	MAR	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		X	9	9	9	9			8	9	9	9	9		80				9	9	9			8	9	9	9	9				71	151	5110	556
			9	9	9	9			8	9	9	9	9		80																			TOTALS HOURS

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																		9														9	9	Absence Hours
		KPC															RDO	HT												R10				Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR 3/27/97 DA

DIVISION MANAGER 4/2/97 DA

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER,	CHRISTOPHER	T.	205096	0658 A	2010	10955	APR	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	9			8	9	9	9	9				9	89				/	/	8	9	9	9	9	/	/			5		49	138	5110	9005
9	9	9	9			8	9	9	9	9				9	89						8	9	9	9	9					5		49	138	TOTALS HOURS	

557

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																9	9/5	9	/	/						/	/		9			36	36	Absence Hours
													TL			T	T/HT	VL										RDO	HT					Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

DIVISION

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 5/5/97

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
RIEGER,	CHRISTOPHER	T.	205096	0658 0	2010	10955	MAY	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
1	9			9	9	9	9	9					9	9	80	9			8	9	9	9	9				9	9	9	9		89	169	5110	9C5
558																																			
9	9			8	9	9	9	9					9	9	80	9			8	9	9	9	9				9	9	9	9		89	169	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
												9		9																		9	Absence Hours
											RDO	N			N											RDO/HE						N	Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 6/24/97

PAYROLL

(PLEASE PRINT)	FIRST NAME	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
EBER,	CHRISTOPHER T.	205036	0658 A	2010	10955	JUN	997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGR. CODE
	8	9	9	9.5	9				9	9	9	9			80.5	10.5	9	6.5	9	9			9	9.5	8	9	9			8		96.5	177	5180	905
	8	9	9	9.5	9				9	9	9	9			80.5	10.5	9	6.5	9	9			9	9.5	8	9	9			8		96.5	177	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
559	H5	H						800															RDO/E										Absence Hours	
																																	Reason Symbols	

EMPLOYEE SIGNATURE — 6/13/97

SUPERVISOR — DATE

DIVISION MANAGER — DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 6/28/

PAYROLL

06/18/97
(Date)

RECEIVED JUN 26 1997

TO: Larry J. Monteilh

FROM: Joseph H. Spillane
(Manager)

SUBJECT: **REQUEST TO WORK OVERTIME - EXEMPT EMPLOYEE**

The Internal Controls Division is requesting your approval to allow the following FLSA exempt employee(s) to accrue a full shift (8, 9 or 10 hours minimum depending on work schedule) of overtime for work to be performed on the following days:

Employee Name	Title	Date Worked	RDO (Indicate Shifts to be Worked)	Weekend	Holiday	Justification
Joe Spillane	Compliance Aud.	6/27	X			For custody conversion
Chris Rieger	Acct. Ofr. III	6/23	X	07/14/97 (2)		" "
N. Ishikawa	Fiscal Officer	6/30	X			" "

560

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	PAY CODE	ORG CODE	MONTH	YEAR
ISHIKAWA	NAI-LEN W		[illegible]	0751 A	2010	10955	JUL	1996

Fiscal Officer I

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	8	5																																5110	905
	561	3																																5140	905
	8	8	0																															TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
			8	8																													Absences Hours Pension Symbol	
			H	NL			A	A	A																								

I Ishikawa
EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

I Ishikawa
EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
IBHIKOWA, NAI-LEN W.			282553	0752 A	2010	10955	AUG	1996	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
															88																				
																																		TOTALS HOURS	

562

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
															88																	80	168	Absence Hours
STD	STD			STD	STD	STD	STD	STD			STD	STD	STD	STD	STD	STD			STD	STD	STD	STD	STD			STD	STD	STD	STD	STD			STD	Reason Symbols

EMPLOYEE SIGNATURE: not available for signature

SUPERVISOR: [signature] DATE

DIVISION MANAGER: [signature] DATE 8/14/96

EMPLOYEE SIGNATURE: not available for signature

SUPERVISOR: [signature] DATE

DIVISION MANAGER: [signature] DATE 8/29/96

COUNTY OF LOS ANGELES

EXEMPT EM[illegible] REPORT

TREASURER AND TAX COLLEC[illegible]

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT	[illegible]	ITEM NO.	PL CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, MAI-LEN W.			[illegible]	0752 A	[illegible]	10956	SEP	1996	[illegible]

LABOR DIST[illegible]ION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/						/	/						/	/							/	/						/	/	/					
																																		TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
/	8					/	/						/	/	80	[illegible]	8	8	8	8	/	/	8	8	8	8	8	/	/	8	/			Absence Hours
	H	STD	STD	STD	STD			STD	STD	STD	STD	STD			H/STD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]		[illegible]		Reason Remarks
																HT/A	A	A	A	A			A	A	A	A	A			A				

Not Available for Signature

EMPLOYEE SIGNATURE

SUPERVISOR DATE

[illegible] 9/[illegible]

DIVISION MANAGER DATE

Not Available for Signature

EMPLOYEE SIGNATURE

[illegible] 130542

SUPERVISOR

[illegible] 9/[illegible]

DIVISION MANAGER

563

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	DEPT. NO.	PR. CODE	ORG. CODE	MONTH	YEAR
[illegible], NOI-LEN W.			[illegible]	[illegible]	[illegible]	[illegible]	OCT	19[illegible]

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
8	8	8	8			8	9	9	9	7				9	83	9	9	9				2	3	5	9			6	2	9	9	79	162	5110	905
																						7	4	4				2	2			19	19	5140	905
8	8	8	8			8	9	9	9	7				9	83	9	9	9				2	3	5	9			6	2	9	9	79	181		

EXEMPT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
													8		8																		8	Absence Hours Reason Symbols
													H		H																			

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

DIVISION MANAGER

564

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NAI-LEN W.			282553	0738 A	2010	10955	NOV	1998	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9				9	9	9	9				5	9	9	8	76				9	9	9	9			8	9	9					62	138	5110	905
											4				4																		4	5140	905
9	/	/	8	9	9	9	9	/	/	8	9	9	9	8	80	/	/	8	9	9	9	9	/	/	8	9	9	8	8	/		62	142	TOTALS HOURS	

565

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
										8					8													8	8			16	24	Absence Hours
										H					H													H	H			H		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT	EMPLOYEE NO	ITEM NO	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NOI-LEN W.			282553	0752 0	2010	10955	DEC	19 96	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
											3				3		9		4												4	7	5140	905
995	9	9	9	9			8	9	9	6	9				77		9	9	5	9			8	9		9	9				9	67	144	5110	905
	9	9	9	9	/	/	8	9	9	9	/	/			80	/	9	9	9	9	/	/	8	9	/	9	9	/	/	0	0	71	151	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																									8						9/19	17		Absence Hours
																									H						WOP			Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER

76E967 (REV. 11/95)

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NOI-LEN W.			282553	0752 A	2010	10933	JAN	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	9	9	8		4		9	5	9				9	9	63	9					9	9	9	9				9	8	9	9	80	143	5110	905
			4		4										4														1			1	5	5140	905
1997								4							4																		4	5180	905
	9	9	1	8	0	9	9	9	1	1	0	9	9	9	90	1	0	9	9	9	9	9	9	1	1	0	9	9	9	9	81	152	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
						9									P/C		9			8												17	34	Absence Hours
						AL									H/C		AL			H												AL/A		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 1/29/97

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TA...

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	DEPT NO.	PR CODE	ORG CODE	MONTH	YEAR 19
ISHIKAWA, NOI-LEN W.			288353	0752 A	2010	10935	FEB	97

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PER CENT
		8			9	5				8	8	7	8		53																	53	5110	92
															-																		5140	5
568						4									4																	4	5140	93
												1			1																	1	5160	
																																		K
		8	8	8	9	9			8	8	8	8	8		58																	58	58	TOTAL HOURS

8

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
			9	9											16		8	8	8	8	8			8	8	8	8	8				80	96	Absence Hours
			AL	AL											AL		H	J	J	J	J			J	J	J	J	J						Fraction Symbols

EMPLOYEE SIGNATURE

SUPERVISOR

DATE

DIVISION MANAGER

DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA,	NAI-LEN	W.	282553	0752 A	2010	10955	MAR	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		8	8	8	8	8			8	8	9	8	9		83		8	8	9	9	9				9	8	9			8	73	151	5110	905
												1			1						9			4							13	14	5140	905
569																											1					1	1	5100	
																																87	171	TOTALS HOURS	
		8	8	8	8	8			8	9	8	9	9		94		8	8	9	9	9				9	9	9			8	74	168		

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours:	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

DIVISION

EMPLOYEE SIGNATURE

SUPERVISOR D

DIVISION MANAGER D

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA, NAI-LEN	W.		282553	0752 A	2010	10955	APR	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
1	9	9	9				9	9	5	8			7	9	83	9	4	9				9	9	9	9			8	6	9		81	164	5110	905
													1		1		5												1			6	7	5140	905
570										1					1														2			2	3	5100	
1	9	9	9	/	/	09	9	9	5	9	/	/	89	85	9	9	9	/	/	09	9	9	9	9	/	/	89	9	-	89	174	TOTALS HOURS			

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	Absence Hours	
																																Reason Symbols	

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR 4/29/97 DA

DIVISION MANAGER 5/5/97 DA

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA,	NNI-LEN	W.	282553	0752 A	2010	10955	MAY	19 97	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9				9	4	8	2			8	9	9	9	66	9				9	9	7	7				4		3	8		56	122	5110	905
						0	8	7							23							2	2							2	1		7	30	5140	905
571																											5	9	3			17	17	5140	083
																													1			1	1	5100	
9	9	/	/	/	9	9	9	9	/	/	8	9	9	9	84	9	/	/	9	9	9	9	9	/	/	0	9	9	9	9	/	81	170	TOTALS HOURS	

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																										8						8	8	Absence Hours
																										H						H		Reason Symbols

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

DIVISION MANAGER T

DIVISION

COUNTY OF LOS ANGELES

EXEMPT EMPLOYEE REPORT

TREASURER AND TAX COLLECTO

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
ISHIKAWA,	[illegible]	W.	282553	0752 0	2010	10955	JUN	1997	D

LABOR DISTRIBUTION

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		7	2	1	9			6		9	8	4			55			9	9				4	4	2	4					36	91	5MR	
			7	7								5			19								4	5	5	7	5			9		35	54	5MC	705
572											1				1																		1	5100	
				1											1																		1	5140	CQE
	10	7	9	9	9	/	/	6	9	9	9	9	/	/	76	0	0	9	9	9	0	/	/	8	9	9	9	9	/	/	9	-	71	147	TOTALS HOURS	

RDO

RDO

BENEFIT REPORT

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																	9			9												18	18	Absence Hours
																	AL			AL											AL		Reason Symbols

EMPLOYEE SIGNATURE 6/12/97

SUPERVISOR DATE

DIVISION MANAGER DATE

EMPLOYEE SIGNATURE

SUPERVISOR D

DIVISION MANAGER D

DIVISION

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
GIRGUIS, NADIA S.	Accounting Officer I		032983	0636 A	2010	10955	JUL	19 96

D

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	H	8	/	/	9	9	9	9				9	80	9	9	9		/	/	9	9	9	9	/	/	/	9	9	9	90	170	5111	105
																																			573
										r																								
			/					!																										
9	9	9	H	8	/	/	9	9	9	9	/		/	9	80	9	9	9		/	/	9	9	9	9	/	/	/	9	9	9	90	170		Regular Hrs. Worked
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				COMP OT Hrs. Wkd.
							!																												Paid OT Hrs. Wkd.
9	9	9	H	8	/	/	9	9	9	9	/	/	/	9	7½	9	9	9		/	/	9	9	9	9	/	/	/	9	9	9	90	170		Total Hrs. Worked
			8/1												8/1				8												90	918		Absence Hours
			-H								///				H/				V												1/2	XHH		Reason Symbols

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE 7/1-19/

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

RDO

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR 7/29/96

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GIRGUIS, NADIA S.			032983	0656 0	2010	10955	AUG	19 96	D

	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	8	X	X	9	9	9	9	/	/	/	9	9	9	9	89	8	/	/	9	9	9	9	/	/	/							44	133	5111	905
	8	/	/	9	9	9	9	/	/	/	9	9	9	9	89	8	/	/	9	9	9	9	/	/	/						/	44	133	Regular Hrs. Worked	
	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
	8	/	/	9	9	9	9	/	/	/	9	9	9	9	89	8	/	/	9	9	9	9	/	/	/							44	133	Total Hrs. Worked	
																					—					9	9	9	9	8	/	44		Absence Hours	
								AW															RDO			V	V	V	V	V				Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR — DATE 7/14/96

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR — DATE

Nadia S. Girguis
EMPLOYEE SIGNATURE

SUPERVISOR — DATE 8/29/96

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GIRGUIS, NADIA S.			032983	0656 A	2010	10955	SEP	96 19	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	H	9	9	/			9	9	9	9	8	/	/	62	9	7						8	8	V	9	8	/	/	9		58	120	5111	905
/	H	9	9	/	/	/	9	9	9	9	8	/	/	62	9	7				/	/	8	8		9	8	/	/	9		58	120	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
		9	9				9	9	9	9	8	/	/	62	9	7	~~8~~	~~8~~		/	/	8	8		9	8	/	/	9		58	120	Total Hrs. Worked	
1/8	9													18	~~2~~	2	9	9				1	1	9							31	49 v/H	Absence Hours	
10/12	V			RW										10/12 H	V	V	V	V	RW			V	V	V							V		Reason Symbols	

1-15 PAY PERIOD

Nadia S. Girguis

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Nadia S. Girguis

EMPLOYEE SIGNATURE

SUPERVISOR

575

COUNTY OF LOS ANGELES — EMPLOYEE TIME CARD — TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT): GIRGUIS, NADIA S. | FIRST NAME: | INIT: | EMPLOYEE NO.: 032983 | ITEM NO.: 0656 | P/L CODE: 2010 | ORG CODE: 10555 | MONTH: OCT | YEAR: 96 | 10: D

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
7	·	9	/	/	/	9	9	9	9	8	/	/	/	9	71	9	9	/	/	/	9	9	9	9	8	/	/	9	9	9	9	98	169	5111	905
		9	/	/	/	9	9	9	9	8	/	/	/	9	71	9	9	/	/	/	9	9	9	9	8	/	/	9	9	9	9	98	169	Regular Hrs. Worked	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
		9	/	/	/	9	9	9	9	8	/	/	/	9	71	9	9	/	/	/	9	9	9	9	8	/	/	9	9	9	9	98	169	Total Hrs. Worked	
	9												11		18																		18	Absence Hours	
	✓		RM										4/4		4/4			RM																Reason Symbols	

1-15 PAY PERIOD: Nadia S. Girguis

EMPLOYEE SIGNATURE: [signature] 10/11/96

SUPERVISOR: [signature] DATE

DIVISION MANAGER: [signature] DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS: ☐ Meeting Bonus ☐ Night Bonus

SUPERVISOR: DATE

EMPLOYEE SIGNATURE: Nadia S. Girguis

SUPERVISOR: [signature] 10/29/96

576

COUNTY OF LOS ANGELES — EMPLOYEE'S DAILY ATTENDANCE AND TAX COLLECTION

LAST NAME (PLEASE PRINT): GIRGUIS, — FIRST NAME: NADIA S. — INIT: — EMPLOYEE NO: 2-33583 — ITEM NO: 0554 A — PC CODE: 2018 — UNIT CODE: 5877 — MONTH: NOV — YEAR: 19 96 — D

2	SU	M	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	9	9	9	9	8	/	/	9	9	9	/	71	/	/	9	9	9	9	8	/	/	9	9	5	/	/				76	147	5111	905
																														77			
/	9	9	9	9	8	/	/	9	9	9	/	71	/	/	9	9	9	9	8	/	/	9	9	5	/	/				76	147		Regular Hrs. Worked
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	77		
																																	COMP OT Hrs. Wkd.
																																	PAID OT Hrs. Wkd.
/	9	9	9	9	8	/	/	9	9	9	/	71	/	/	9	9	9	9	8	/	/	9	9	5	/	/				76	147		Total Hrs. Worked
							8	11					7												8	8				32	32		Absence Hours
							11	11					40	71											8	8				32	103		Reason Symbols

1-15 PAY PERIOD

EMPLOYEE SIGNATURE — DATE 11/19/96

SUPERVISOR — DATE

ABSENCE UNDER "Z" OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR — DATE

Nadia S. Girguis

EMPLOYEE SIGNATURE — 11/26/96

SUPERVISOR — DATE 12/5

577

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GILHULY,	NOLAN	S.	032985	0656 A	2018	10455	DEC	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	9	RDO			9	9	9	6				77	9	9	8	5							V				9	9	49	126	5111	905
9	9	9	9	RDO			9	9	9	6					9	9	8	5							V				9	9	49	126	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	9	9	9	8			9	9	9	6					9	9	8	5							V				9	9	49	126	Total Hrs. Worked	
SK										3				3			1	4	8			9	9	8/4	9					41/8	52	Absence Hours	
										V	RDO			V			V	V	V			V	V	H/V	V	DD				W/8		Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

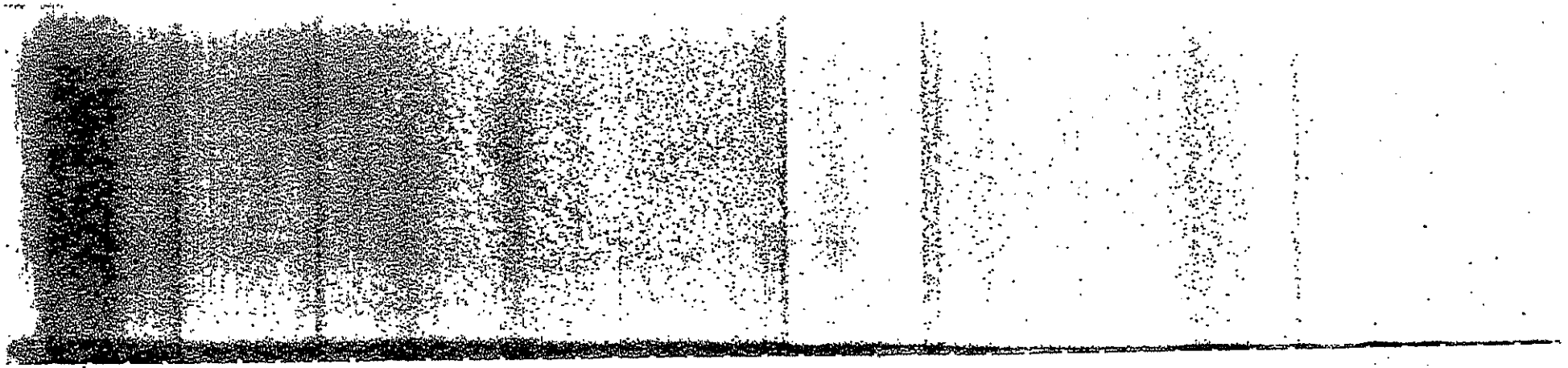
☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE 12/26/96

SUPERVISOR

578



COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
[illegible]			[illegible]	[illegible]	2010	10455	JAN	19[illegible]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	9	8	-	-	9		9	9		/	/	9	9	9	71	9	8	/	/	/		9	9	/	/	/	9	9	9	9	8	~~80~~ 79	150	5111	965
	9	8			9		9	9		/	/	9	9	9	71	9	8	/	/	/		9	9	/	/	/	9	9	9	9	8	~~80~~ 79	150	Regular Hrs. Worked	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
	9	8			9		9	9		/	/	9	9	9	71	9	8	/	/	/		9	9	/	/	/	9	9	9	9	8	~~80~~ 79	150	Total Hrs. Worked	
						9														H/V	9											8/10	16/20	Absence Hours	
						V			RD											H/V	V			RD								H/V		Reason Symbols	

1-15 PAY PERIOD

[illegible]

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

[illegible]

EMPLOYEE SIGNATURE

[illegible]

SUPERVISOR

DIVISION MANAGER

579

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P.C. CODE	ORG CODE	MONTH	YEAR
GIRGUIS, NADIA S.			032983	0556 A	8010	10955	FEB	19 97

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	/	9	9	9	9	/	/	/	9	9	9	9	8	/	80	/	/	9	9	9	/	/	/	9	9	9	9	8				71	151	5111	[illegible]
/	/	9	9	9	9	/	/	/	9	9	9	9	8	/	80	/	/	9	9	9	/	/	/	9	9	9	9	8	/	/	/	71	151	Regular Hrs. Worked	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
/	/	9	9	9	9	/	/	/	9	9	9	9	9	8	80	/	/	9	9	9	/	/	/	9	9	9	9	8	/	/	/	71	151	Total Hrs. Worked	
																	8/1															9	8/1	Absence Hours	
																	H/V				RDO											H/V		Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

[signature] 2/13/97

SUPERVISOR DATE

[signature]

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

[signature]

EMPLOYEE SIGNATURE

[signature]

SUPERVISOR

[signature] 2/21/97

DIVISION MANAGER

580

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	MAR	19 97

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	9	9	9	8				8	6			7	56				8				/	/	8					/	/		16	72		
/	9	9	9	8	/	/	/	8	6			7	56		/		8				/	/	8					/	/		16	72	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
															/		8				/	/	8					/	/			72	Total Hrs. Worked	
															/	8	8		8	8				8	8	8	8			8		92	Absence Hours	
															#	J	J		J	J				J	J	J	J			J			Reason Symbols	

581

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

[illegible]

SUPERVISOR DATE

[illegible]

ABSENCE UNDER "Z" - OTHER		
DATE	HRS.	EXPLANATION

OVERTIME COST CODE		
HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

[illegible]

EMPLOYEE SIGNATURE

M. Ishikawa 3/27/97

SUPERVISOR

[illegible]

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GIRGUIS, NADIA S.			032983	0656 A	2010	10955	APR	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
4	8	8	/	/	9	9	9	9	8	/	/			76						9	9	9					9	9	9	/	54	130	5111	905
8	8	8	/	/	9	9	9	9	8	/	/			76						9	9	9			/	/	9	9	9		54	130	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
8	8	8	/	/	9	9	9	9	8	/	/			76				/	/	9	9	9			/	/	9	9	9		54	130	Total Hrs. Worked	
												9	9	16	9	9							8	8							35	53	Absence Hours	
												V	V	V	V	V	AW						V	V									Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE 4/14/97

SUPERVISOR DATE 4/14/97

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Nadia S. Girguis

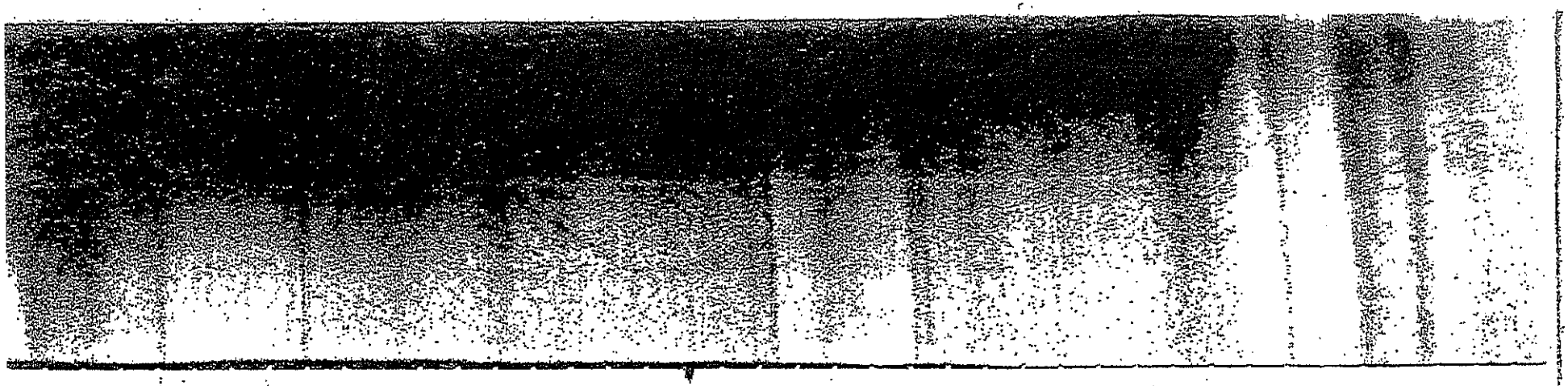
EMPLOYEE SIGNATURE

N. Ishikawa 4/29/97

SUPERVISOR DATE

4/29/97

582



COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GIRSUIS,	Nadia	S.	032983	0656 A	2010	10935	MAY	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	/	/	9	9	9	9	8			9	9	9	9	89	/	/	/	9	9	9	9	8	/	/	/	9	9	9	/	/	71	160	5111	9105
/	/	/	9	9	9	9	8	8		9	9	9	9	89	/	/	/	9	9	9	9	8	/	//		9	9	9	/	/	71	160		
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
			9	9	9	9	8	/	/	9	9	9	9	89	/	/	/	9	9	9	9	8	/	/	8/1	9	9	9	/	/	71	168		
																								HH/H					RDO	9			

Regular Hrs. Worked

COMP OT Hrs. Wkd.

Paid OT Hrs. Wkd.

Total Hrs. Worked

Absence Hours

Reason Symbols

583

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Nadia S. Girsuis

EMPLOYEE SIGNATURE

SUPERVISOR 5/12/97 DA

AUTHORIZED SIGNATURE

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
BIRBUIS,	NADIA	S.	032983	0656 A	2010	10955	JUN	19 97

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	6	8	/	/	9	9	9	9				77	9	9	9	9	8	/	/	9	9	8.5	9	/	/	/	9	/	88.5	165.5	5111	705
9	9	9	6	8			9	9	9	9				77	9	9	9	9	8	/	/	9	9	8.5	9	/	/	/	9		88.5	165.5	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	9	9	6	8			9	9	9	9		/	/	77	9	9	9	9	8	/	/	9	9	8.5	9	/	/	/	9		88.5	165.5	Total Hrs. Worked	
			3											3										.5							-3.5	Absence Hours	
			V											S										V								Reason Symbols	

584

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE 6/12/97

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Nadia S. Birbuis
EMPLOYEE SIGNATURE

SUPERVISOR DA

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MARINE, LINDA C.	- Asst. Data Systems Analyst		256131	2589 A	2010	10955	JUL	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
4	[illegible]	/	/	/	/						/	/		4		4			/	/	/	/	/	/	/	/	/				4	8	5180	905
3 4	8					8	8	4	4	4				48	8	4	8	[illegible]										8	8	8	44	92	5111	905
			8					4	4	4			8	28																	0	28	5180	00
3 8	8	/	8	/	/	8	8	8	8	8	/	/	8	80	8	8	8		/	/	/	/	/	/	/	/	/	8	8	8	48	128	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
3 8	8	/	8	/	/	8	8	8	8	8	/	/	8	80	8	8	8		/	/	/	/	/	/	/	/	/	8	8	8	48	128	Total Hrs. Worked	
		8												8				8			8	8	8	8	8						48	56	Absence Hours	
		H												H				V			V	V	V	V	V						V		Reason Symbols	

1-15 PAY PERIOD

Linda C. Marine

EMPLOYEE SIGNATURE 7-15-96

Nadia S. Gergeny

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Linda C. Marine

EMPLOYEE SIGNATURE

Nadia S. Gergeny 7/24/96

SUPERVISOR

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT) MARINE, FIRST NAME LINDA INIT. C.

EMPLOYEE NO. 256131 | ITEM NO. 2589 A | P/L CODE 2010 | ORG CODE 10955 | MONTH AUG | YEAR 19 96 | D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
3					1									4	4																4	8	5180	905
5					7	8	8			8	8	8	8	40	4			8	6						8	8	8	8	8		58	124	5111	905
																																	5180	003
9					8	8	8			8	8	8	8	70	8			8	6						8	8	8	8	8		62	132	Regular Hrs. Worked	
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
8					8	8	8			8	8	8	8	70	8			8	8						8	8	8	8	8		62	132	Total Hrs. Worked	
			8	8						8			8	16				2	8	8	8									26	44	Absence Hours	
			V	V						V			V	V				V	V	V	V	V											Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE Linda C. Marine

SUPERVISOR Nadia L. Gorgis DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE Linda C. Marine

SUPERVISOR Nadia L. Gorgis

586

COUNTY OF LOS ANGELES — EMPLOYEE TIME CARD — THE ASSESSOR AND TAX COLLECTOR

MAIDEN NAME (PLEASE PRINT) — FIRST NAME — INIT. — EMPLOYEE NO. — MONTH — YEAR 19

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/					/	/	8	2	5	2		/	/	17					4	/	/	4	4	4	6	4	/	/	4	/	30	47	5180	905
	8	8	8	8				4		6	8			50	8	8	8	8	4			4	4	4	2	4			4		34	108	5111	905
								2	3					5																		5	5130	023
/	8	8	8	8	/	/	8	8	8	8	8	/	/	72	8	8	8	8	8	/	/	8	8	8	8	8	/	/	8	/	80	160		Regular Hrs. Worked
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.
																							2 2 2							5	5		Paid OT Hrs. Wkd.
/	8	8	8	8	/	/	8	8	8	8	8	/	/	72	8	8	8	8	8	/	/	8					/	/	8	/	93	165		Total Hrs. Worked
8														8																		8		Absence Hours
X														X																				Absence Symbols

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

ERASOR — DATE

SUPERVISOR — DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME CODE CODE

HRS.	UNIT CODE	PROGRAM CODE
5.0	5180	905

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR — DATE

EMPLOYEE SIGNATURE

SUPERVISOR

587

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT): MARINE, LINDA C.

FIRST NAME:

INIT:

EMPLOYEE NO.: 258131

ITEM NO.: 2589 A

P/L CODE: [illegible]

ORG CODE: 10955

MONTH: OCT

YEAR: 19 95

D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
4			/	/		2	2			/	/			10				/	/						/	/						10	5180	905
4	8	8			8	6	6	4	8				8	66	8	8	8			8	8	8	8	8			8	8	8	8	80	[illegible]	5111	905
																																	5180	903
8	8	8	/	/	8	8	8	4	8	/	/	/	8	[illegible]	8	8	8	/	/	8	8	8	8	8	/	/	8	8	8	8	[illegible]	[illegible]	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
8	8	8	/	/	8	8	8	4	8	/	/	/	8	[illegible]	8	8	8	/	/	8	8	8	8	8	/	/	8	8	8	8	[illegible]	[illegible]	Total Hrs. Worked	
								4				8		12	4	8															12	14	Absence Hours	
								V				11		[illegible]	V	V															V		Reason Symbols	

1-15 PAY PERIOD

[signature] C. Marine

EMPLOYEE SIGNATURE

[signature] S. Gerguis

SUPERVISOR DATE

[signature]

ABSENCE UNDER "Z" OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

[signature] C. Marine

EMPLOYEE SIGNATURE

[signature] S. Gerguis

SUPERVISOR

D

588

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MARINE,	LINDA	C.	256131	2589 A	2010	10955	NOV	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
											4			8																		8		5180	905
		8	8	8	8	8				8	4	8	8	72				8	8	8	8			8	8	8	[redacted]				56	128	5111	905
																																	5180	903
																																		589
		8	8	8	8	8				8	8	8	8	80				8	8	8	8			8	8	8					56	136		Regular Hrs. Worked
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.
																												2			[redacted]	2		Paid OT Hrs. Wkd.
		8	8	8	8	8				8	8	8	8	80				8	8	8	8			8	8	8		2			58	138		Total Hrs. Worked
									8				8				8										8	8			JA	32		Absence Hours
									H								V										H	H			V/H			Reason Symbols

1-15 PAY PERIOD

Linda C. Marine
EMPLOYEE SIGNATURE

Nadia L. Gyrgus
SUPERVISOR — DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE
2.0	5111	905

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR — DATE

Linda C. Marine
EMPLOYEE SIGNATURE

Nadia L. Gyrgus
SUPERVISOR

M. Ishikawa 11/26/96

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
MARINE, LINDA C.			256131	2589 0	2010	10955	DEC	19 96

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/						/	/		•	4			/	/	4						/	/			/		/	/	/			—	4	5180	905
	6	8	7	8	8			3	7	4	8	8			72	8	8	8	8	8			8	8		8				8	8	80	152	5111	905
																																		5180	903
	2								1						3																	—	3	5180	
																																			590
/	8	8	7	8	8	/	/	8	8	8	8	8	/	/	79	8	8	8	8	8	/	/	8	8	/	8	/	/	/	8	8	80	159		Regular Hrs. Worked
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																			COMP OT Hrs. Wkd.
																																			Paid OT Hrs. Wkd.
/	8	8	7	8	8	/	/	8	8	8	8	8	/	/	79	8	8	8	8	8	/	/	8	8	/	8	/	/	/	8	8	80	159		Total Hrs. Worked
			1												1										8		8					16	17		Absence Hours
			V												V										H		V								Reason Symbols

1-15 PAY PERIOD

Linda C. Marine
EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Linda C. Marine 12-26-96
EMPLOYEE SIGNATURE

M. Ishikawa 12/26/96
SUPERVISOR

12/31/96

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	PC CODE	ORG CODE	MONTH	YEAR
MORINE,	LINDA	C.	256131	2589 D	2810	10955	JUN	19 97

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
						4								4																		4	5180	205
8	8			8	8	4	8	[redacted]		[redacted]		8	8	[redacted]	6	8				0	8	8	[redacted]					8	8	8	69	129	5111	205
								8			8	[redacted]		16	1																1	17	5180	205
															1																1	1	5180	
8	8	/	/	8	8	8	8	8	/	/	0	0	0	80	8	8	/	/	/	0	0	0	[redacted]	/	/	/	/	0	0	0	71	151	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
8	8	/	/	8	8	8	8	8	/	/	8	8	8	80	8	8	/	/	/	0	0	0	[redacted]	/	/	/	/	0	0	0	71	151	Total Hrs. Worked	
														8					8				1			8	8				25	33	Absence Hours	
														H					H				V			V	V						Absence Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE: Linda C. Morine

SUPERVISOR: _____ DATE: _____

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR: _____ DATE: _____

EMPLOYEE SIGNATURE: Linda C. Morine

SUPERVISOR: [signature]

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
			256131	2589 A	2010	10955	FEB	19 97	D

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	/						/	/			4			/	4	/	/					/	/			4			/	/	/	4	8	5180	905
		5	6	8	8	8			7	8	4	8	8		70			8	8	8	8			8	8	4	8	8				68	138	5111	905
																																		5180	903
			2						1						3																			5100	
/	/	5	8	8	8	8	/	/	8	8	8	8	8	/	77	/	/	8	8	8	8	/	/	8	8	8	8	8	/	/	/	72	149	Regular Hrs. Worked	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
/	/	5	8	8	8	8	/	/	8	8	8	8	8	/	77	/	/	8	8	8	8	/	/	8	8	8	8	8	/	/	/	72	149	Total Hrs. Worked	
		3													3		8															8	11	Absence Hours	
		V													V		H															H		Reason Symbols	

1-15 PAY PERIOD

Linda C. Marine

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Linda C. Marine 2-27-97

EMPLOYEE SIGNATURE

Nadia S. Gergis

SUPERVISOR

592

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
MARINE, LINDA C.			256131	2589 A	2010	10255	MAR	19 97

D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
										4				4																		4	5180	925
	8	8	8	8	8			8	8	4	8	8		76				8	8				8	8	8	8	8			8	64	140	5111	905
																																	5180	903
																																	5100	903
																															64			
	8	8	8	8	8			8	8	8	8	8		80				8	8				8	8	8	8	8			8	64	144	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
	8	8	8	8	8			8	8	8	8	8		80				8	8				8	8	8	8	8			8	64	144	Total Hrs. Worked	
																8	8			8											8	24	Absence Hours	
																V	V			V											V		Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE Linda C. Marine 3-14-97

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE Linda C. Marine 3-31-97

SUPERVISOR N. Ishikawa 3/27/97 DA

593

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MARINE, LINDA C			256131	2599 A	2010	10955	APR	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
			/	/				/	2	/	/			5				/	/			4			/	/				/	4	9	5180	905
8	8	8			8	8	4		6			8	8	71	8	8	8			8	8	4	8	8			8	8	8		84	155	5111	905
																																	5180	903
																																	5100	
8	8	8	/	/	8	8	4	/	8	/	/	8	8	76	8	8	8	/	/	8	8	8	8	8	/	/	8	8	8	/	88	164	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
8	8	8	/	/	8	8	4	/	8	/	/	8	8	76	8	8	8	/	/	8	8	8	8	8	/	/	8	8	8	/	88	164	Total Hrs. Worked	
							4	8						12																		12	Absence Hours	
							V	V						V																			Reason Symbols	

1-15 PAY PERIOD

Linda C. Marine

EMPLOYEE SIGNATURE

M. Ashikawa 4/14/97

SUPERVISOR DATE

[illegible] 4/16/97

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Linda C. Marine

EMPLOYEE SIGNATURE

Nadia S. Gurgus

SUPERVISOR DATE

M. Ashikawa 4/29/97

594

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MARINE,	LINDA	C.	256131	2589	0 2010	10955	MAY	19 97	D

1-15	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
		/	/						/	/		4			4		/	/												/	/		4	5180	905
8		-	8	8	8	8	8			8	4	8	8	84	8			6	8	8	8	8				8	8	8			70	154	5111	905
																																		5180	903
																																		5100	
5	8	/	/	8	8	8	8	8	/	/	8	8	8	8	88	8	/	/	6	8	8	8	8	/	/	/	8	8	8	/	/	70	158	Regular Hrs. Worked	
1-15	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
5	8	/	/	8	8	8	8	8	/	/	8	8	8	8	88	8	/	/	6	8	8	8	8	/	/	/	8	8	8	/	/	70	158	Total Hrs. Worked	
																			2							8				8	16	16	Absence Hours	
																			V							H				V	V/H		Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

ABSENCE UNDER "Z" – OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR — DATE

EMPLOYEE SIGNATURE

SUPERVISOR — DATE

595

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
MARINE,	LINDA C.		256131	2589 A	2010	10955	JUN	19 97

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
			4												4										4							4	8	5180	905
8	4	4	8	8			8		8						40									8	4	8	8			8		36	80	5111	905
																																		5180	903
																																		5100	
																																			596
8	4	8	8	8			8								40									8	8	8	8			8		40	80 92	Regular Hrs. Worked
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																		COMP OT Hrs. Wkd.
																																		Paid OT Hrs. Wkd.
8	4	8	8	8			8								40									8	8	8	8			8		40	80 92	Total Hrs. Worked
	4								8	8	8	8			32	8	8	8	8	8			8									16	16	Absence Hours
	V								J	J	J	J			V/S	J	J	J	J	J			J									J		Reason Symbols

1-15 PAY PERIOD

Linda C. Marine
EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Linda C. Marine
EMPLOYEE SIGNATURE

Nadia L. Gerson
SUPERVISOR

DA

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT) MARALLANES, FIRST NAME JEZEBEL R. INIT. EMPLOYEE NO. 173586 ITEM NO. 6848 P/L CODE 2810 ORG CODE 10955 MONTH OCT YEAR 96 19 D

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
																9	9	8	—	—	9	9	9	9	8½	—	—	9	9	9	9	98	98	5111	905
																9	9	8	—	—	9	9	9	9	8½	—	—	9	9	9	9	98	98	Regular Hrs. Worked	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.	
																																		Paid OT Hrs. Wkd.	
																9	9	8	—	—	9	9	9	9	8½	—	—	9	9	9	9	98	98	Total Hrs. Worked	
																																	83	Absence Hours	
																																		Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R Maralanes 10/30/96
EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 10/96

597

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES,	JEZEBEL	R.	173586	8618 A	2010	10955	NOV	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
—	9	P	9	9	RD	—	H	9	9	9	8	70	—	9	9	9	9	RD	—	9	9	9	H	H	—		63	133	5111	905
—	9	P	9	9	RD	—	H	9	9	9	8	70	—	9	9	9	9	RD	—	9	9	9	H	H	—		63	133	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.
—	9	P	9	9	RD	—	H	9	9	9	8	70	—	9	9	9	9	RD	—	9	9	9	H	H	—		63	133	Total Hrs. Worked	
		9					SH					18														SH VV	SH			16 H VV	35	Absence Hours	
		P										8 H VV																		16 H VV		Reason Symbols	

598

1-15 PAY PERIOD

Jez R. Magallanes
EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes
EMPLOYEE SIGNATURE

Nadia A. Grigus
SUPERVISOR DATE

11/26/96

EMPLOYEE TIME CARD

COUNTY OF LOS ANGELES — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES, JEZEBEL R.			173586	0648 A	2010	10955	DEC	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	9	RDO	—	—	8½	9	8½	9	8	—		79	9	9	9	9	RDO	—		9	9	4	9	8	—		9	9	89	168	5111	905
9	9	9	9	RDO	—		8½	9	8½	9	8	—		79	9	9	9	9	RDO	—		9	9	4	9	8	—		9	9	89	168		Regular Hrs. Worked
																																		COMP OT Hrs. Wkd.
																																		Paid OT Hrs. Wkd.
9	9	9	9	RDO	—		8½	9	8½	9	8	—		79	9	9	9	9	RDO	—		9	9	4	9	8	—		9	9	89	168		Total Hrs. Worked
							½		½					1																		2		Absence Hours
							V		V					V																				Reason Symbols

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes
EMPLOYEE SIGNATURE

R. Ashikawa 12/26/96
SUPERVISOR

DIVISION MANAGER

599

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
MAGALLANES,	JEZEBEL	R.	172586	0648 D	2010	10955	JAN	1997

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGR. CODE
4	S	S	—		9	9	9	9	8	—		9	9	9	71	9	RDO	—		H	9	9	9	8	—		9	9	9	9	RDO	80	151	5111	905
																																			600
4	S	S	—		9	9	9	9	8	—		9	9	9	71	9	RDO	—		H	9	9	9	8	—		9	9	9	9	RDO	80	151		Regular Hrs. Worked
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																		COMP OT Hrs. Wkd.
																																		Paid OT Hrs. Wkd.
	S	S	—		9	9	9	9	8	—		9	9	9	71	9	RDO	—		H	9	9	9	8	—		9	9	9	9	RDO	80	151		Total Hrs. Worked
9	9	8													26					9											9	2735		Absence Hours
VL	S	S													BH 18 S					BH RD											BH VL			Reason Symbols

1-15 PAY PERIOD

Jez R. Magallanes
EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes
EMPLOYEE SIGNATURE

Nadia A. Cuevas DWC 1/2
SUPERVISOR

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
MAGALLANES,	JEZEBEL	R.	173986	0518 A	2010	19925	FEB	19 97

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
/	9	9	9	9	8	/		9	9	9	9	RDO	—	80	—	H	9	9	9	8	—		9	9	9	9	RDO				71	151	5111	905
/	9	9	9	9	1	/		9	9	9	9	RDO	—	80	—	H	9	9	9	8	—		9	9	9	9	RDO				71	151	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
/	9	9	9	9	1	/		9	9	9	9	RDO	—	80	—	H	9	9	9	8	—		9	9	9	9	RDO				71	151	Total Hrs. Worked	
																9														9	9	Absence Hours	
																SH LP																Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

DIVISION MANAGER DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE
TOTAL HOURS		

AUTHORIZATION FOR SPECIAL BONUS:

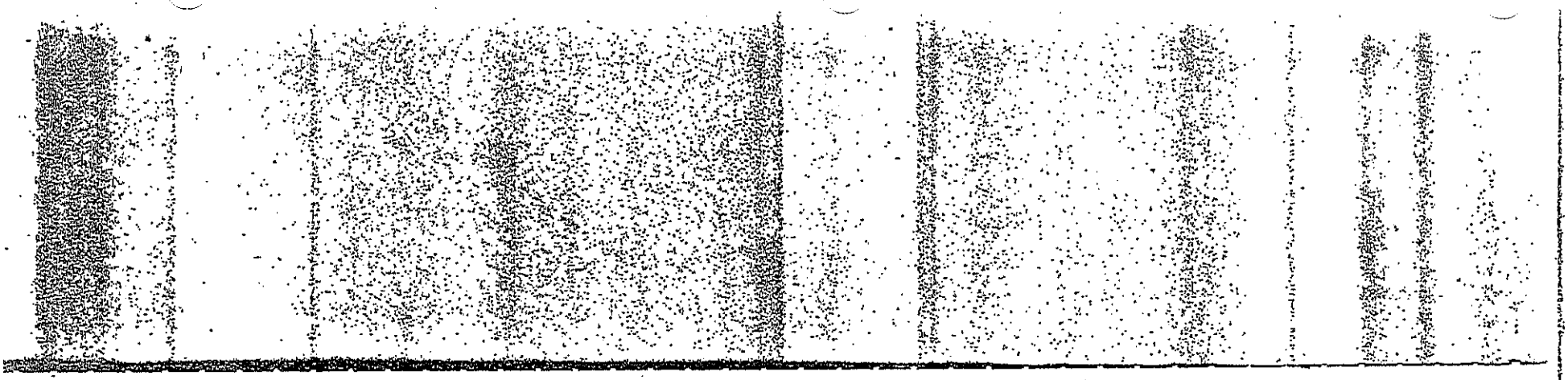
☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR

109



COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
[illegible]	[illegible]	R.	173586	8618 0	2010	10955	MAR	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
—	9	9	9	9	8	—		9	9	9	9	RDO	—	80	—	9	9	9	9	8	—		9	9	9	9	RDO	—		9	89	169	5111	105
—	9	9	9	9	9	—		9	9	9	9	RDO	—	80	—	9	9	9	9	8	—		9	9	9	9	RDO	—		9	89	169	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
—	1	9	1	1	8	—		9	9	1	1	RDO	—	80	—	9	9	9	9	8	—		9	9	9	9	RDO	—		9	89	169	Total Hrs. Worked	
																																	Absence Hours	
																																	Reason Symbols	

602

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER		
DATE	HRS.	EXPLANATION

OVERTIME COST CODE		
HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jay R Magallanes

EMPLOYEE SIGNATURE

M. Whitaker 3/27/97

SUPERVISOR DATE

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MADRIGAL	JEZEBEL	R.	173586	0618 A	2010	10955	APR	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
S	S	8	—	—	9	9	9	9	RDO	—	—	9	9	71	9	9	8	—	—	9	9	9	9	RDO	—	—	9	9	V		80	151	5111	705
S	S	8	—	—	9	9	9	9	RDO	—	—	9	9	71	9	9	8	—	—	9	9	9	9	RDO	—	—	9	9	V		80	151	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																COMP OT Hrs. Wkd.	
																																Paid OT Hrs. Wkd.	
S	S	8	—	—	9	9	9	9	RDO	—	—	9	9	71	9	9	8	—	—	9	9	9	9	RDO	—	—	9	9	V		80	151	Total Hrs. Worked	
9	9													18															9		9	27	Absence Hours	
S	S													S															V		V		Reason Symbols	

603

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER 4/6

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES,	JEZEBEL	R.	173586	0648 0	2010	10955	MAY	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
V	—		9	9	9	9	RDO	—		V	V	V	V	36	V	—		9	9	9	9	RDO	—		H	9	9	9	8	—	71	107	5111	905
V	—		9	9	9	9	RDO	—		V	V	V	V	36	V	—		9	9	9	9	RDO	—		H	9	9	9	8	—	71	107	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
V	—		9	9	9	9	RDO	—		V	V	V	V	36	8	—		9	9	9	9	RDO	—		H	9	9	9	8	—	71	107	Total Hrs. Worked	
8										9	9	9	9	53	8										9						17	70	Absence Hours	
V										V	V	V	V	V	V										SH V						SV H		Reason Symbols	

1-15 PAY PERIOD

604

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER		
DATE	HRS.	EXPLANATION

OVERTIME COST CODE		
HRS.	UNIT CODE	PROGRAM CODE
TOTAL HOURS		

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR DATE

COUNTY OF LOS ANGELES — **EMPLOYEE TIME CARD** — **TREASURER AND TAX COLLECTOR**

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES,	JEZEBEL	R.	173586	0648 A	2010	10955	JUN	19 97	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	9	9	RD	—		9	9	9	9	8	—		80	9	9	9	9	RD	—		9	9	9	9	8	—		9		89	169	5111	905
9	9	9	9	RD	—		9	9	9	9	8	—		80	9	9	9	9	RD	—		9	9	9	9	8	—		9		89	169	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	9	9	9	RD	—		9	9	9	9	8	—		80	9	9	9	9	RD	—		9	9	9	9	8	—		9		89	169	Total Hrs. Worked	
																																	Absence Hours	
																																	Reason Symbols	

605

1-15 PAY PERIOD

Jez R. Magallanes
EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes
EMPLOYEE SIGNATURE

Nadia K. Chahin
SUPERVISOR

DIVISION MANAGER

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES, JEZEBEL R. - Accountant III			173586	0648 A	2010	10955	JUL	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	9	H	Ro	—		8	8	8	9	9	—		9	78	9	V	9	9	—		9	9	Ro	9	6	—		9	9	V	78	156	5111	905
9	9	H	Ro	—		8	8	8	9	9	—		9	78	9	V	9	9	—		9	9	Ro	9	6	—		9	9	V	78	156	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	9	H	Ro	—		8	8	8	9	9	—		9	78	9	V	9	9	—		9	9	Ro	9	6	—		9	9	V	78	156	Total Hrs. Worked	
		8H 1V												9		8									9					8	19	28	Absence Hours	
														8H 1V		V									V					V	V		Reason Symbols	

1-15 PAY PERIOD

Jez R. Magallanes
EMPLOYEE SIGNATURE

Nadia S. Gerguis
SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes
EMPLOYEE SIGNATURE

Nadia S. Gerguis 7/29/96
SUPERVISOR DATE

909

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
MAGALLANES, JEZEBEL R.			173586	0648 A	2010	10955	AUG	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
9	—		9	9	Ro	9	9	—		9	9	V	9	81	9	—		9	9	Ro	9	9	—		9	9	V	9	9	—	81	162	5111	105
9	—		9	9	Ro	9	9	—		9	9	V	9	81	9	—		9	9	Ro	9	9	—		9	9	V	9	9	—	81	162	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	—		9	9	Ro	9	9	—		9	9	V	9	81	9	—		9	9	Ro	9	9	—		9	9	V	9	9	—	81	162	Total Hrs. Worked	
														8													8				8	~~24~~ 16	Absence Hours	
																											V				V		Reason Symbols	

1-15 PAY PERIOD

J. R. Magallanes

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Jez R. Magallanes

EMPLOYEE SIGNATURE

SUPERVISOR DA

8/2/96

607

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT) MANGALLMES, FIRST NAME JEZEBEL R. INIT.

EMPLOYEE NO. 17[illegible]86 ITEM NO. 0[illegible]3 R PC CODE 2618 ORG CODE 10955 MONTH SEP YEAR 19 95 D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
H	9	Ro	9	9	—		9	9	V	9	9	—		63	9	9	Ro	9	9	—		9	9	V	9	9	—		9		81	144	311	703
																								9									
H	9	Ro	9	9	—		9	9	V	9	9	—		63	9	9	Ro	9	9	—		9	9	V	9	9	—		9		81	144	Regular Hrs. Worked
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
																																	COMP OT Hrs. Wkd.
																																	Paid OT Hrs. Wkd.
H	9	Ro	9	9	—		9	9	V	9	9	—		63	9	9	Ro	9	9	—		9	9	V	9	9	—		9		81	144	Total Hrs. Worked
SK									SV					10										SV						SV	25	Absence Hours
														SV																		Reason Symbols

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR

1608

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
GUERRERO,	MANUEL V. – Account Clerk I		278749	0577 A	2010	10955	JUL	19 96

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
7	6		5			6	6	6	7	6				49	6	7	7	6			6	6	7	6	6				7	7	71	120	5111	905
1	1		2			1	1	1	1	2				10	1	1	1	1			1	1	1	1	1				1	1	11	21	5131	905
1	2		2			1	2	2	1	1				12	2	1	1	2			1	2	1	2	2				1	1	16	28	5131	966
9	9	/	9	/	/	8	9	9	9	9	/	/	/	71	9	9	9	9	/	/	8	9	9	9	9	/	/	/	9	9	98	169	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																COMP OT Hrs. Wkd.	
																																Paid OT Hrs. Wkd.	
9	9	/	9	/	/	8	9	9	9	9	/	/	/	71	9	9	9	9	/	/	8	9	9	9	9	/	/	/	9	9	98	169	Total Hrs. Worked	
		HV											RDO	HV														RDO				Absence Hours	
																																Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE 7-11-96

DIVISION MANAGER DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Mary A. Guerrero

EMPLOYEE SIGNATURE

SUPERVISOR 7/29/96

DIVISION MANAGER

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR
GUERRERO,	MANUEL	V.	278749	0577 A	2010	10955	AUG	19 96

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
7				7	7	6	7	7				7	7	7	69	7			6	7	6	6	7				6	6	7	7		65	134	5101	9855
2					1	2	1	1				1	1	1	11	1			1	1	2	2	1				2	2	1	1		14	25	5131	9855
1				1	1	1	1	1				1	1	1	9	1			1	1	1	1	1				1	1	1	1		10	19	5131	9856
9	/	/	8	9	9	9	9	/	/	/	9	9	9	89	9	/	/	8	9	9	5	9	/	/	/	9	9	9	9	/	89	178	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
9	/	/	8	9	9	9	9	/	/	/	9	9	9	89	9	/	/	8	9	9	5	9	/	/	/	9	9	9	9	/	89	178	Total Hrs. Worked	
																																	Absence Hours	
																																	Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

SUPERVISOR

DIVISION MANAGER

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GUERRERO, MANUEL V.			278749	0377 A	8010	10955	SEP	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	7	7	6	6				7	7	6	6			52	6	6	7	7	7				6	8	7	7			7		68	120	5111	905
	0	1	2	2				1	1	2	2			12	1	1			1				1		1						5	17	5131	905
	1	1	1	1				1	1	1	1			8	1	2	2	2	1				2	1	1	2			1		15	23	5131	966
/	9	9	9	9	/	/	/	9	9	9	9	/	/	72	8	9	9	9	9	/	/	/	9	9	9	9	/	/	8	/	88	160	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																											/	/		/			Paid OT Hrs. Wkd.	
/	9	9	9	9	/	/	/	9	9	9	9	/	/	72	8	9	9	9	9	/	/	/	9	9	9	9	/	/	8	/	88	160	Total Hrs. Worked	
8														8																			Absence Hours	
H							100															100											Reason Symbols	

1-15 PAY PERIOD

Manny V. Guerrero
EMPLOYEE SIGNATURE

Jack Magallanes 9-12-96
SUPERVISOR DATE

DIVISION MANAGER DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Manny V. Guerrero
EMPLOYEE SIGNATURE

Jack Magallanes 9-26-96
SUPERVISOR DATE

DIVISION MANAGER DATE

611

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT): BUENROSTRO, FIRST NAME: MANUEL, M.I.: Q., EMP. NO.: 21[illegible], DEPT. NO.: 2017, PAY CODE: 2018, CLASS CODE: 17-55, MONTH: OCT, YEAR: 95

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
S	8	7			7	6	6	7				7	51.5	7	7	7				6	7	6	7				5	6	7	7	72	123.5	5111	905
	2	1			1	2	2	1				2	11	1	1	1				2	1	2	1				2	2	2	1	16	27.0	5131	905
	1	1			1	1	1	1					6	1	1	1				1	1	1	1				1	1		1	10	16.0	5131	905
	9	9	/	/	/	9	9	9	9	/	/	/	C	66.5	9	9	9	/	/	/	9	9	9	9	/	/	8	9	9	9	98	166.5	Regular Hrs. Worked	
	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
	9	9	/	/	/	9	9	9	9	/	/	/	9	66.5	9	9	9	/	/	/	9	9	9	9	/	/	8	9	9	9	98	166.5	Total Hrs. Worked	
SK				-								S		20.5																			Absence Hours	
V				KD								H		HC						KD													Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE: Manny Q. Buenrostro

SUPERVISOR: Cecilia L. Cerda

DATE:

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR: DATE:

Manny Q. Buenrostro

EMPLOYEE SIGNATURE

Sue E. Macallaire 11-30-95

SUPERVISOR

DATE

612

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
HERRERO,	MANUEL	V.	27879	0577 A	2010	10955	NOV	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
			6	6	6	5				6	6	8	7	52				6	7	6	7			7	7	6					46	98		
			1	3	1	1				2	2	T	2	13				2	1	2	1			1	1	2					10	23		
			2	1	2	3				1	1	1		8				1	1	1	1				1	1					6	18		
✓	✓	✓	9	9	9	9	✓	✓	✓	9	9	5	7	77	✓	✓	✓	9	9	9	9	✓	✓	8	9	9	✓	✓	✓		62	139	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15	7	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
✓	✓	✓	9	9	9	9	✓	✓	✓	9	9	5	7	77	✓	✓	✓	9	9	9	9	✓	✓	8	9	9	✓	✓	✓		62	139	Total Hrs. Worked	
									8/0			4		4-/8												8/1	8/1			16	30	Absence Hours	
		FD							H			V		V/H			FD									HK	HK					Reason Symbols	

1-15 PAY PERIOD

EMPLOYEE SIGNATURE

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

EMPLOYEE SIGNATURE

Dir R. Magallanes 11-26-96

SUPERVISOR DATE

DIVISION MANAGER DATE

613

COUNTY OF LOS ANGELES

EMPLOYEE TIME CARD

TREASURER AND TAX COLLECTOR

LAST NAME (PLEASE PRINT)	FIRST NAME	INIT.	EMPLOYEE NO.	ITEM NO.	P/L CODE	ORG CODE	MONTH	YEAR	
GUERRERO, MANUEL V.			278749	0577 A	2010	10955	DEC	19 96	D

2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL 1-15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL 16-31	MONTHLY TOTAL	UNIT CODE	PROGRAM CODE
	7	7	6	7			6	7	6	7	6			59		7	7	6	7			7	7			6				7	54	113	5111	905
	1	1	2	1			2	1	2	1	2			13		1	1	2	1			1	1			2				1	10	23	5131	
	1	1	1	1				1	1	1	1			8		1	1	1	1			1	1			1				1	7	15	5131	
/	9	9	9	9	/	/	8	9	9	9	9	/	/	80	/	9	9	9	9	/	/	8	9	/	/	9	/	/	/	9	71	151	Regular Hrs. Worked	
2	3	4	5	6	7	8	9	10	11	12	13	14	15		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
																																	COMP OT Hrs. Wkd.	
																																	Paid OT Hrs. Wkd.	
/	9	9	9	9	/	/	8	9	9	9	9	/	/	80	/	9	9	9	9	/	/	8	9	/	/	9	/	/	/	9	71	151	Total Hrs. Worked	
																								8/1	7.5/1.5						15.5/25	18	Absence Hours	
RDO															RDO									H/V	HT/V	HT/V			RDO		H/HT/V		Reason Symbols	

1-15 PAY PERIOD

Mary V. Guerrero

EMPLOYEE SIGNATURE

Jos R Magallanes 12-12-96

SUPERVISOR DATE

ABSENCE UNDER "Z" - OTHER

DATE	HRS.	EXPLANATION

OVERTIME COST CODE

HRS.	UNIT CODE	PROGRAM CODE

TOTAL HOURS

AUTHORIZATION FOR SPECIAL BONUS:

☐ Evening Bonus
☐ Night Bonus

SUPERVISOR DATE

Mary V. Guerrero

EMPLOYEE SIGNATURE

Jos R Magallanes 12/12/96

SUPERVISOR

DIVISION MANAGER

614

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
P. O. BOX 4917
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
[redacted]
TREASURER AND TAX COLLECTOR

July 6, 1998

TO: Leonard Kaye
Principal Accountant
Auditor-Controller

FROM: Joseph H. Spillane
Compliance Auditor

SUBJECT: **INVESTMENT REPORTING COST RECOVERY UNDER SB90**

Pursuant to your meeting with Nai-len Ishikawa of my staff, the following are the responses to the issues previously mentioned.

1. On February 10, 1998, the Board of Supervisors (Board) adopted the Annual Investment Policy which stated, in the Reporting Requirements Section, that the "Treasurer and Tax Collector shall provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report".

Although the Government Code requires at a minimum that a quarterly report be provided to the Board, our Board voted for a monthly report. The Los Angeles County Treasury Pool varies from $6 billion to $9 billion, and is one of the largest in the State. In order for the Board to perform its fiduciary duties with due diligence for a Treasury Pool of this size, it needs to be informed on a monthly basis of all the activities.

Reducing the reporting period from a monthly basis to a quarterly basis may save some costs, but it will be insignificant. The majority of costs incurred is in running the ADS Treasury Management System and the time spent by the staff for the daily transaction input and accounting. Data is processed, reports are printed, securities are market priced, maturities are calculated, earnings are reviewed, transactions are reconciled to custody reports, and discrepancies are researched and corrected. The cost savings will not be significant because the daily duties will continue. Time spent preparing for a quarterly report may be longer than that spent on monthly reports in order to capture all the transactions for the quarter.

2. Please refer to Attachment I for a description of the job duties of each position involved in the Investment Reporting process.

3. Please refer to Attachment II for an Overview of the current Investment Reporting process. The Treasurer and Tax Collector is investigating the costs of upgrading our system and automating the remainder of the Investment Reporting process. We will submit a copy of the Cost Proposal after it has been approved.

If you have any questions, please call Nai-len Ishikawa at (213) 893-1171.

JHS:NWI
WP19:SB90a

Attachments

DESCRIPTION OF JOB DUTIES

I. Assistant Operations Chief - 25%
Approximately 5 days of the month is spent on PSI Earnings Reconcillation, PSI securities research, and daily ADS systems monitoring to ensure the integrity of the data and system.
Balance of time is spent with non-investment type issues related to County Improvement Bonds and other system projects.

II. Accounting Officer III - 40%
Approximately 8 days of the month is spent on reviewing the Monthly Report of Investments, reviewing the daily trade ticket packages, reviewing the daily input into the ADS system, and resolving any investment issues which may arise.
Balance of time spent on other administrative and monitoring issues.

III. Fiscal Officer I - 25%
Approximately 5 days of the month is spent on preparing certain schedules for the Monthly Report of Investments, reviewing the daily trade ticket packages for compliance issues, reviewing the daily input into the ADS system, and resolving securities issues.
Balance of time spent on monitoring other County-issued debt, reviewing reconciliations, resolving audit recommendations and other compliance issues, and special projects.

IV. Accounting Officer I - 50%
Entire duties are within the Investment Area. Approximately half of the month is spent on daily review of input, review of compliance with Investment Guidelines, earnings and securities research and reconciliations, market valuation research, preparing schedules for the Monthly Report of Investments, and reviewing accounting documents.
Balance of time is spent on reconciling accounts to CAPS and researching other investment issues for entities not included in the Monthly Report of Investments.

V. Assistant Data Systems Analyst - 75%
Approximately 3/4 of the month is spent on daily monitoring and input of investments, performing and researching market valuations, investigating securities issues, running daily reports, preparing certain schedules for Monthly Report of Investments, and monitoring the ADS system.
Balance of time is spent on updating the monthly Investments by Issuer and other systems type projects.

Source: Investment Reporting Cost Recovery Under SB90
617 Joe Spillane, Compliance Auditor
Treasurer & Tax Collector

VI. Accountant III - 100%
Entire duties revolve around daily review of purchases input, calculation of next day maturities, monitoring of securities, running of system and all related investment reports, and preparing accounting documents.

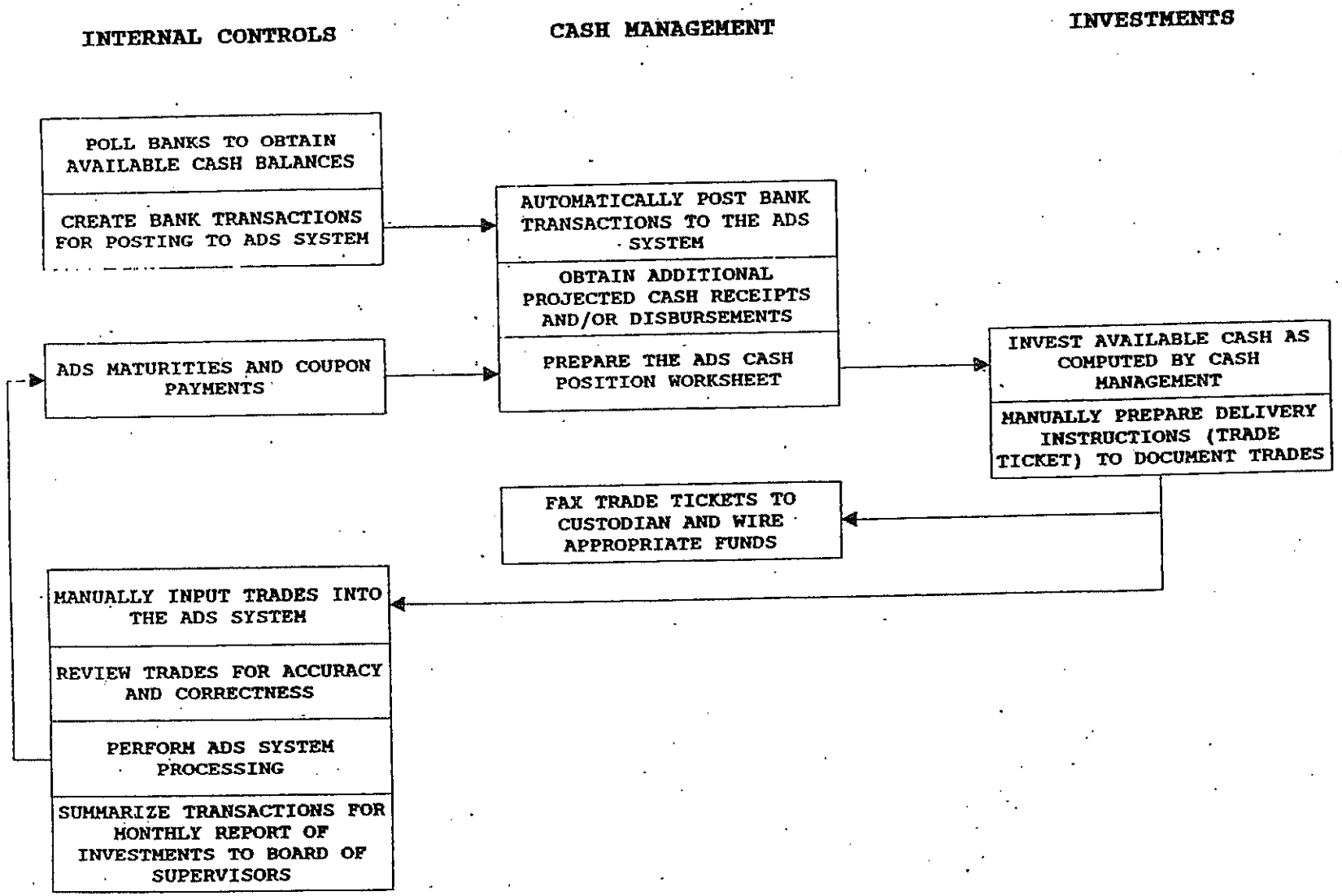
VII. Account Clerk II - 0%
Entire duties revolve around the confirmations desk, to monitor confirmations for each trade that occurs on a daily basis.

VIII. Account Clerk I - 80%
Majority of time is spent on daily trade ticket input into the ADS system, and performing clerical support for all accounting functions.
Balance of time is spent on clerical support for accounting for investments for entities not included in the Monthly Report of Investments.

NW
WP19:SB90a
7/6/98

Source: Investment Reporting Cost Recovery Under SB90
618 Spillane, Compliance Auditor
Treasurer & Tax Collector

O V E R V I E W



Source: Investment Reporting Cost Recovery Under SB90
Joe Spillane, Compliance Auditor
Treasurer & Tax Collector

TRANSACTION ITEM COUNT
FOR FISCAL YEAR JULY 1996 – JUNE 1997

	Purchases	Sales	Maturities
July 1996	464	19	510
Aug 1996	252	12	258
Sept 1996	252	13	265
Oct 1996	298	9	289
Nov 1996	225	31	210
Dec 1996	332	7	256
Jan 1997	314	12	316
Feb 1997	217	15	214
Mar 1997	305	23	282
Apr 1997	418	21	329
May 1997	214	14	215
June 1997	206	10	260
	3,497	186	3,404

Source for number of Purchases and Sales is derived from Wells Fargo Custody/Safekeeping Fees (see C. Rieger's files). Source for Maturities is actual count from Maturities Detail Report for each month.

nwi
123f2:Count1
07/09/98
11:14:07

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM
P.O. BOX
LOS ANGELES, CALIFORNIA 90051-291

LARRY J. MONTEILH
TREASURER AND TAX COLLECTOR

October 23, 1996

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

36 NOV. 05 1996

JOANNE STURGES
EXECUTIVE OFFICER

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn
Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

REPORT OF INVESTMENTS FOR SEPTEMBER 1996

The County Treasurer is authorized to invest surplus funds pursuant to a resolution adopted by the Board on January 23, 1996. The following report and attachments show investment transactions entered into by the County Treasurer and summarize key portfolio data for the month of September 1996.

All September investments were made in accordance with California Government Code and except as noted in Attachment II, conform to Treasurer investment guidelines as adopted by your Board on March 5, 1996.

Schedule A summarizes key portfolio data for the Pooled Surplus Investments and the Specific Purpose Investments. Schedule B summarizes earnings data for the Pooled Surplus Investments.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

Receive and file this report.

Respectfully submitted,

LARRY J. MONTEILH
Treasurer and Tax Collector

LJM:JHS:tf

Attachments

c: Chief Administrative Officer
County Counsel
Auditor-Controller

REPORT OF INVESTMENTS FOR SEPTEMBER 1996

SCHEDULE A

PORTFOLIO PROFILE	Pooled Surplus Investments	Specific Purpose Investments
Inventory Balance at 9/30/96		
At Cost	$ 6,010,765,014	$ 996,996,263
At Market	$ 6,007,990,959	$ 998,326,889
Repurchase Agreements	$ 0	$ 0
Reverse Repurchase Agreements	$ 0	$ 0
Composition by Security Type:		
Certificates of Deposit	28.2%	0.0%
United States Government and Agency Obligations	31.1%	76.5%
Bankers Acceptances	11.3%	0.0%
Commercial Paper	20.7%	0.0%
Municipal Obligations	5.7%	1.6%
Corporate & Deposit Notes	2.9%	16.2%
Repurchase Agreements	0.0%	.0%
Asset Backed	0.1%	.0%
Other	.0%	5.7%
Composition by Maturity Range		
1-60 days	64.2%	2.9%
60 days-1 year	28.4%	70.7%
Over 1 year	7.4%	26.4%

SUMMARY REPORT OF EARNINGS BY PORTFOLIO
SEPTEMBER 1996

SCHEDULE B

	TREASURER POOLED SURPLUS INVESTMENT PORTFOLIO
Investment Balance 9/30/96	$ 6,010,765,014
Market Value at 9/30/96	6,007,990,959
Average Daily Balance	5,926,152,998
Gains and Losses:	
For the Month	$ <209.00>
For the Past 12 Months	$ 202,375
Unrealized Gains and Losses on Transfers Between Portfolio for the Month	$ 0
Earnings for the Month	$ 27,591,816
Earnings for the Past 12 Months	$ 352,987,864
Earnings Rate for the Month	5.66%

SUMMARY REPORT OF TREASURER'S DEPOSITORY ACCOUNTS
AS OF SEPTEMBER 30, 1996

SCHEDULE C

Bank Name	Ledger Balance
Bank of America - Concentration	$ 22,264,012.34
Bank of America - LACPIF	$ (290,123.89)
Sanwa - Concentration	$ (534,234.18)
Union - Concentration	$ 2,080,563.87
Wells Fargo - Concentration 1	$ 31,964,846.04
Total Ledger Balance for All Banks	$ 55,485,064.18

STATEMENT OF ABILITY TO MEET POOLED SURPLUS INVESTMENT FUND
PROJECTED DISBURSEMENT FOR THE NEXT SIX MONTHS

SCHEDULE D

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer and Tax Collector to include a statement in the investment report, denoting the ability of the Pooled Surplus Investment Fund to meet its disbursement requirements for the next six months.

The Los Angeles County Pooled Surplus Investment Fund consists of funds in its treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer and Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer and Tax Collector, in his projection of cash availability to disburse funds as directed by the Auditor-Controller, is relying exclusively on historical Pooled Surplus Investment Fund deposits and disbursements and future cash flow projections provided by the depositing entities. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

Summary of Activity for September 1996:

Total Deposits	$ 1,457,119,530.43
Total Disbursements	$ 1,892,753,770.38

Discretionary Funds Liquidity Withdrawal Ratio as of September 30, 1996: 1.44

Six Month Cash Availability Projection:

Month	Investment Maturities	Deposits	Disbursements	Cumulative Available Cash
October	3,161,497,000	1,866,700,000	2,062,400,000	2,965,797,000
November	723,291,000	1,814,700,000	1,991,700,000	3,512,088,000
December	391,300,000	3,642,900,000	2,530,000,000	5,016,288,000
January	325,952,000	1,658,800,000	2,153,700,000	4,847,340,000
February	483,215,000	1,638,000,000	2,057,300,000	4,911,255,000
March	55,000,000	1,924,400,000	1,961,800,000	4,928,855,000

TREASURER'S INVESTMENT STRATEGY

Two portfolios are maintained by the Los Angeles County Treasurer. The Specific Purpose Investment Portfolio is used to account for specific investments requested by various entities to provide for specific needs not available if monies are placed in a pool. The individual investment strategies are targeted for the needs of the requesting entity.

The Pooled Surplus Investment (PSI) Portfolio is used to account for all pooled investments. The PSI strategy is to maintain principal and to provide sufficient cash to meet expenditure needs. The cash flow needs of our pool members are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. A review of the PSI Portfolio's cash flow projections and current market yields at the preparation date of this report continues to indicate that we will limit investments to short term, with purchases of three and six month maturity for a portion of the new purchases.

Expected cash flow projections for the next twelve months continue to indicate that sufficient cash is available for participants' estimated needs. We will continue our basic investment philosophy to buy and hold to a designated maturity, high quality fixed income investments.

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR SEPTEMBER 1996

Definitions of Securities

AGENCIES - Securities (debentures and notes) issued by Federal agencies, such as Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Banks (FFCB). Agency Securities are issued on both a discount and coupon basis and have a variety of maturity periods. A few are backed by the full faith and credit of the United States Government, some are guaranteed by the Treasury or supported by the issuing agency's right to borrow from the Treasury, and some lack any formal governmental backing. GNMA and FHLMC securities are mortgage-backed.

ASSET BACKED SECURITIES - Corporate notes secured by an identifiable pool of assets such as loans, leases, installment contracts or trade receivables. The interest rate is fixed and paid either on a monthly or semi-annual basis. In some cases portions of the principal is also paid monthly.

BANKERS ACCEPTANCES - Negotiable time drafts drawn on foreign or domestic banks to finance the export, import, shipment, and storage of goods. The drafts are sold at a discount and redeemed by the accepting bank at maturity for full face value. Maturities range from one to 270 days.

COLLATERALIZED CERTIFICATES OF DEPOSIT - Non-negotiable instruments evidencing a time deposit made with a bank at a fixed rate of interest for a fixed period, secured by collateral such as United States Government securities or mortgages.

COMMERCIAL PAPER - Promissory notes with a maturity of one to 180 days issued in the open market by various economic entities to finance certain short-term credit needs. Notes are on a discount or interest-bearing basis.

CORPORATE NOTES - Unsecured, registered debt securities issued by corporations operating within the United States at fixed or variable rates of interest for a fixed period. Interest for floating rate corporate notes is payable periodically at a rate which is adjusted monthly according to a predetermined formula. Fixed rate corporate notes pay interest semi-annually.

FLOATING-RATE CERTIFICATES OF DEPOSIT - Negotiable instruments evidencing a time deposit made with a commercial bank or thrift institution at variable rates of interest for a fixed period. Coupons are adjusted periodically according to a predetermined formula and generally carry a premium over a chosen interest rate index. Maturities range between 18 months and 5 years.

GOVERNMENTS - Negotiable United States Treasury securities such as Treasury bills, notes, and bonds. Treasury bills are issued on a discount basis in 3-month, 6-month, and 52-week maturities. Treasury notes and bonds are coupon issues, with one to ten year and ten to thirty year maturities, respectively. Treasury securities are guaranteed as to principal and interest by the United States Government.

INTEREST RATE SWAP AGREEMENT - Contractual agreement in which two parties agree to exchange interest payment streams for a specific term. There is no exchange of principal, but a "notional amount" is established to serve as the basis for calculating the interest payment.

MUNICIPALS - Debt securities issued by state and local governments and their agencies, usually in the form of bonds, notes and certificates of participation. These securities may be short or long-term, and are normally coupon issues secured in some manner by the borrower.

NEGOTIABLE CERTIFICATES OF DEPOSIT - Negotiable instruments evidencing a time deposit made with a commercial bank or thrift institution at a fixed rate of interest for a fixed period. Term certificates of deposit (CDs) are issued with a maturity in excess of one year, and normally pay interest semi-annually. Eurodollar CDs are dollar-denominated CDs issued by foreign (mainly London) branches of major American and foreign commercial banks. Yankee CDs are dollar-denominated CDs issued by foreign banks domiciled in the United States.

PROMISSORY NOTE - An unsecured promise to pay between two entities. Notes are on a discount or interest bearing basis.

REPURCHASE AGREEMENTS - A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at the same price at a mutually agreed upon future date. The investor receives an agreed upon rate of interest, generally at money market rates. The term of the repurchase agreements is typically less than three months and may not exceed one year. The securities received are treasury or agency issues.

REVERSE REPURCHASE AGREEMENTS - A reverse repurchase agreement consists of two simultaneous transactions. One is the sale of securities by the County to a bank or dealer. The other is the commitment by the County to repurchase the securities at the same price at a mutually agreed upon future date. The County pays an agreed upon rate of interest, generally at money market rates. The County invests the cash proceeds of the "sale" in other securities. The term of the reverse repurchase agreements may not exceed one year. The securities "sold" are typically treasury issues.

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR SEPTEMBER 1996
ATTACHMENTS

Detailed information regarding the pooled and specific portfolios, related earnings, and certain data required to be disclosed pursuant to statute is shown in the following report attachments.

ATTACHMENT DESCRIPTIONS

General Information

I. Definitions of Securities

Detailed descriptions of the major security types invested in by the Treasurer.

II. Portfolio Securities Not in Accordance with Treasurer Policy

Listing of securities purchased during the month which deviate from normal Treasurer policy.

Earnings Information

III. Performance Report

Daily portfolio investment balances, and monthly averages.

IV. Earnings on Investments (Accrual Basis) Chart

Graphic presentation of net earning rates on pool investments

V. Net Income for Month

Accrual basis net income for month, gross revenues less expenditures.

VI. Non-Trading Portfolio Participant Composition

Percentage breakdown by participant in the Non-Trading Portfolio

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR SEPTEMBER 1996
ATTACHMENTS

ATTACHMENT DESCRIPTIONS

Portfolio Information

VII. Composition of PSI Portfolio by Type Chart

Graphic presentation of the percentage composition of the pooled portfolio by major security type.

VIII. Investment Transaction Journal

Listing of securities purchased, sold and transferred between portfolios during the month.

IX. Comparison of Investment Cost to Market Value

Summary comparison of investment amortized to market value by maturity.

X. Treasurer Position Compared to Market Value Report

Inventory listing of portfolio securities showing amortized cost and market value for each investment.

XI. Trustee and Managed Funds

Listing of funds and accounts managed by outside trustees.

XII. Schedule of Floating Rate Securities

Inventory listing of portfolio securities where the stated interest rate changes between the purchase date and the maturity date.

XIII. Schedule of Bond Anticipation Notes

Inventory listing of Bond anticipation notes held by Pooled Surplus Investment Fund and their current interest rates.

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR SEPTEMBER 1996
ATTACHMENTS

ATTACHMENT DESCRIPTIONS

XIV. Inventory Report - Totals Section Security Type Security Type Grouping

Summary of weighted-average time to maturity by security type.

XV. Inventory Report - Totals Section Maturity Range Grouping

Summary of the amortized cost value of securities maturing within selected time frames.

XVI. Composition of PSI Portfolio by Maturity Chart

Graphic presentation of the percentage composition of the pooled portfolio by selected maturity ranges.

XVII. Pooled Money Investment Board Report - Treasurer State of California

Summary of State Treasurer's Local Agency Investment Fund (LAIF).

ATTACHMENT II

TREASURER AND TAX COLLECTOR
REPORT OF INVESTMENT TRANSACTIONS FOR SEPTEMBER 1996

Portfolio Securities Not in Accordance with Treasurer Policy
For the Month of September 1996

The following securities exceeded the investment guidelines:

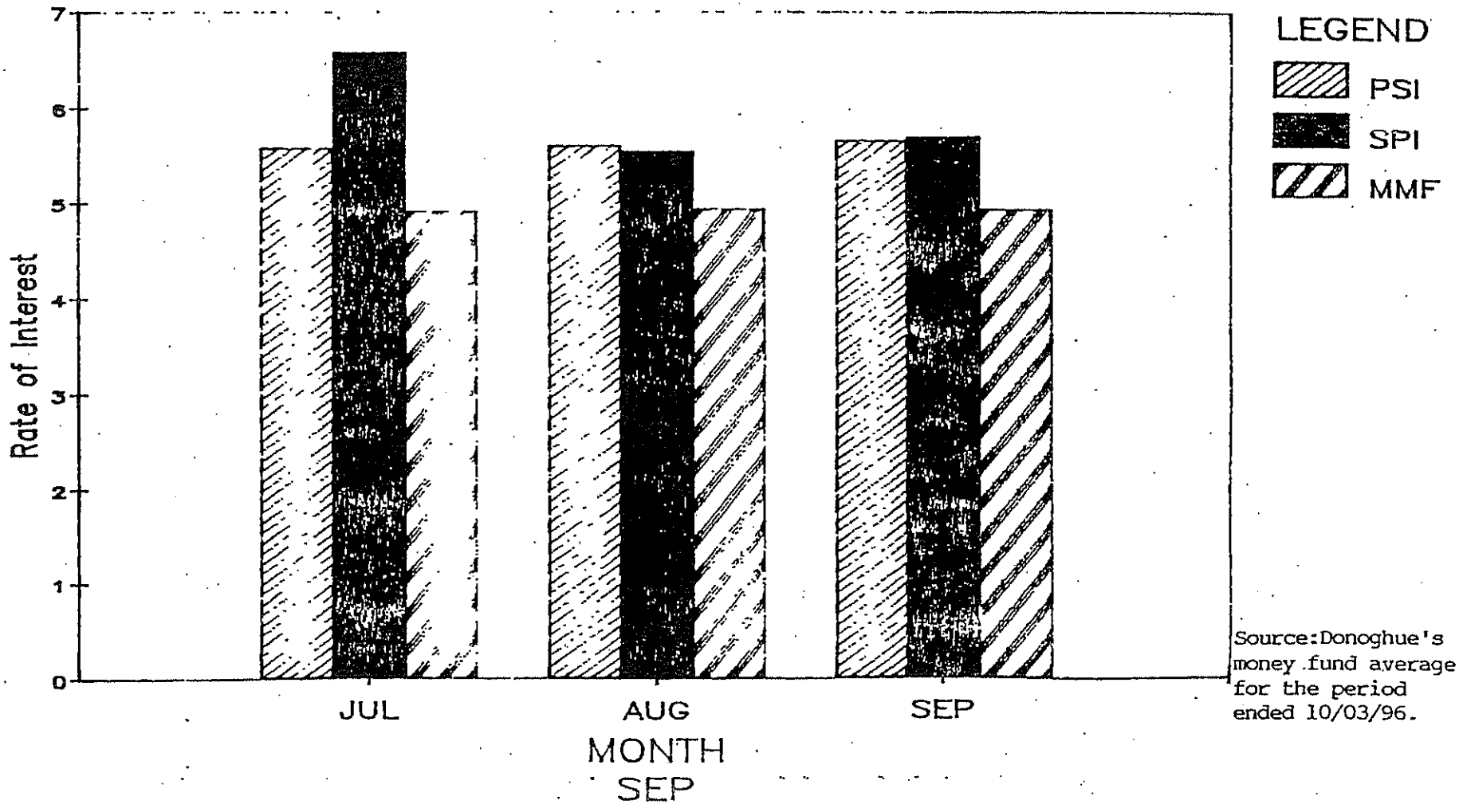
Description	Limit	Holdings	Account	Days
Nat. Westminister Bk.	200MM	201MM	NTRD	7

Disbursements made in settlement of the Flying Triangle and Abalone Cove landslide litigations are authorized under Government Code Section 53501.

LOS ANGELES COUNTY TREASURER
PERFORMANCE REPORT
PORTFOLIO COST
THROUGH 09/30/96
ATTACHMENT III

DAY	POOLED SURPLUS INVESTMENTS TOTAL COST	SPECIAL PURPOSE INVESTMENTS TOTAL COST
1	6,448,195,833.23	799,049,819.46
2	6,448,195,833.23	799,049,819.46
3	6,404,917,761.10	799,049,819.46
4	6,347,233,438.38	799,049,819.46
5	6,313,191,857.59	796,666,054.42
6	6,181,024,802.37	913,400,897.95
7	6,181,024,802.37	913,400,897.95
8	6,181,024,802.37	913,400,897.95
9	6,084,707,389.03	991,996,092.39
10	6,079,574,392.86	991,796,092.39
11	6,055,150,237.68	991,796,092.39
12	6,042,762,019.61	991,796,092.39
13	5,813,165,061.92	991,791,519.71
14	5,813,165,061.92	991,791,519.71
15	5,812,797,478.68	990,589,989.94
16	5,709,844,868.72	991,090,145.65
17	5,659,228,100.87	991,090,145.65
18	5,604,449,853.20	991,090,145.65
19	5,587,157,865.44	990,352,084.45
20	5,575,402,862.93	990,341,873.32
21	5,575,402,862.93	990,341,873.32
22	5,575,402,862.93	990,341,873.32
23	5,576,533,515.71	990,341,873.32
24	5,550,633,289.66	995,327,029.57
25	5,498,099,252.85	995,327,029.57
26	5,874,854,473.88	995,325,959.23
27	5,926,894,777.22	996,550,343.61
28	5,926,894,777.22	996,550,343.61
29	5,926,894,777.22	996,550,343.61
30	6,010,765,013.88	996,996,262.78
AVG	5,926,152,997.57	952,408,091.71

Los Angeles County Treasurer
Earnings Rate on Investments
Fiscal Year 1996-97
Attachment IV



LOS ANGELES COUNTY TREASURER
NET INCOME FOR THE MONTH-ENDED 09/30/96 (ACCRUAL BASIS)
ATTACHMENT V

	(PSI) TRADING/NON-TRADING	SPECIFIC PURPOSE INVESTMENT	SPECIAL PROGRAM
Revenues:			
Interest Earnings	$17,556,440	$3,015,495	$839,083.00
Gains (Losses) on Sales of Non-Trading Securities.	(209)	18,220	0
Gains (Losses) on Sales of Trading Securities.	0	0	0
Amortization \Accretion	10,035,585	1,449,458	0
Miscellaneous Earnings	0	0	0
Total Revenues	$27,591,816	$4,483,172	$839,083.00
Expenses:			
Interest Expense	0	0	803,226
*Investment Management Fee	0	20,000	0
	$0	$20,000	$803,226
NET INCOME	$27,591,816	$4,463,173	$35,857

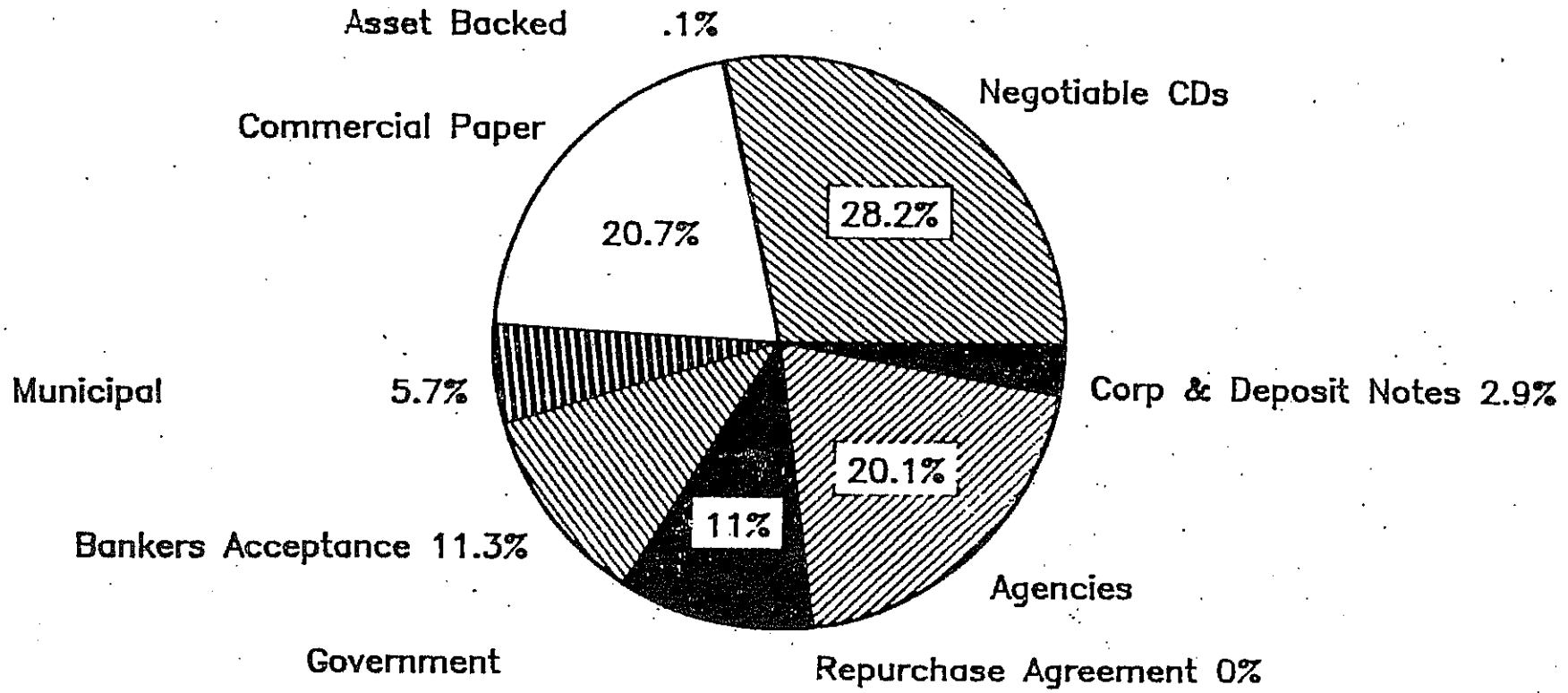
*Estimated and later adjusted.

LOS ANGELES COUNTY TREASURER
Non-Trading Composition
As of September 30, 1996
Attachment VI

NON-TRADING PORTFOLIO PARTICIPATION COMPOSITION

Entity	Non-Discretionary	Discretionary
Consolidated School Districts	42.31%	
Los Angeles County and Related Entities	36.72%	
Consolidated Sanitation Districts		13.82%
Metropolitan Transportation Authority		3.51%
Los Angeles County – City Pooled Investment		2.44%
South Coast Air Quality Management District		1.19%
Miscellaneous		0.01%
Total	79.03%	20.97%

Los Angeles County Treasurer
Composition of PSI Portfolio by Type
As of September, 1996
Attachment VII



LOS ANGELES COUNTY TREASURER
INVESTMENT TRANSACTION JOURNAL
PARTITION: POOLED SURPLUS INVESTMENTS
PURCHASE DETAIL REPORT
FOR THE PERIOD 09/01/96-09/30/96
ATTACHMENT VIII

SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
NTRD - PSI NON-TRADING											
BA											
09/03/96	00031039	5005	BK OF TOKYO MITSUB LTD NY BA	0.0000	10/31/96	13,000,000.00	12,886,062.22	0.00	5.4881	FIB	SSEC
09/06/96	00031089	5199	REPUBLIC NATL BK NEW YORK BA	0.0000	03/05/97	20,000,000.00	19,441,000.00	0.00	5.7507	FIB	SSEC
09/06/96	00031090	5200	BANK OF AMERICA NT & SA BA	0.0000	10/25/96	10,000,000.00	9,927,588.89	0.00	5.3588	FIB	BA
09/06/96	00031091	5201	BANK OF AMERICA NT & SA BA	0.0000	10/29/96	21,000,000.00	20,835,523.33	0.00	5.3619	FIB	BA
09/06/96	00031092	5202	UNION BK OF SWITZERLAND NYBA	0.0000	10/04/96	14,000,000.00	13,942,180.00	0.00	5.3320	FIB	SSEC
09/10/96	00031135	5300	RABOBANK NY BA	0.0000	10/09/96	5,000,000.00	4,978,491.67	0.00	5.3630	FIB	BT
09/11/96	00031149	5323	REPUBLIC NAT'L BANK NY BA	0.0000	01/06/97	10,000,000.00	9,821,412.50	0.00	5.5949	FIB	SSEC
09/12/96	00031164	5371	ROYAL BANK OF CANADA BA	0.0000	11/04/96	40,000,000.00	39,682,588.89	0.00	5.4331	FIB	SLGS
09/16/96	00031191	5452	BK OF TOKYO MITSUBISHI LA BA	0.0000	12/02/96	7,800,000.00	7,709,409.50	0.00	5.4938	FIB	SSEC
09/16/96	00031192	5453	BARCLAYS BK PLC MIAMI BA	0.0000	03/10/97	10,000,000.00	9,737,013.89	0.00	5.5561	FIB	SSEC
09/17/96	00031196	5475	ROYAL BANK OF CANADA NY BA	0.0000	12/02/96	10,000,000.00	9,887,266.67	0.00	5.4008	FIB	PS
09/17/96	00031197	5476	RABOBANK NY BA	0.0000	11/15/96	20,000,000.00	19,826,277.78	0.00	5.3464	FIB	BA
09/17/96	00031199	5478	ROYAL BANK OF CANADA NY BA	0.0000	10/11/96	10,000,000.00	9,964,533.33	0.00	5.3389	FIB	PS
09/17/96	00031200	5479	ROYAL BANK OF CANADA NY BA	0.0000	10/15/96	5,000,000.00	4,979,311.11	0.00	5.3421	FIB	PS
09/18/96	00031209	5494	ROYAL BANK OF CANADA NY BA	0.0000	02/06/97	10,000,000.00	9,784,975.00	0.00	5.6106	FIB	SSEC
09/25/96	00031244	5613	ABN AMRO CHICAGO BA	0.0000	12/23/96	25,000,000.00	24,670,576.39	0.00	5.4011	FIB	SSEC
09/26/96	00031257	5634	BANK OF AMERICA NT & SA BA	0.0000	11/22/96	14,000,000.00	13,883,403.33	0.00	5.3041	FIB	BA
09/26/96	00031258	5635	BANK OF AMERICA NT & SA BA	0.0000	12/24/96	12,000,000.00	11,843,360.00	0.00	5.3498	FIB	BA
09/30/96	00031282	5672	ABN AMRO BK NY BA	0.0000	10/28/96	65,000,000.00	64,733,066.67	0.00	5.3017	FIB	BA
09/30/96	00031283	5673	UNION BK OF SWITZERLND NY BA	0.0000	10/24/96	25,000,000.00	24,912,000.00	0.00	5.2986	FIB	SSEC
09/30/96	00031284	5674	UNION BK OF SWITZERLND NY BA	0.0000	10/25/96	9,000,000.00	8,967,000.00	0.00	5.2994	FIB	SSEC
			SECURITY TYPE TOTAL			355,800,000.00	352,413,041.17	0.00			
BNOT											
09/03/96	00031038	5004	NATIONAL BK OF DETROIT BK NO	5.3800	11/04/96	25,000,000.00	25,000,426.61	0.00	5.3700	FIB	BA
09/04/96	00031066	5152	NATIONAL BK OF DETRO BK NOTE	5.3800	11/04/96	50,000,000.00	49,994,894.85	7,472.22	5.4400	FIB	BA
09/11/96	00031148	5320	NATL BK OF DETROIT BANK NOTE	5.3800	11/04/96	25,000,000.00	24,998,271.06	29,888.89	5.4200	FIB	SBHU
09/11/96	00031151	5342	BANK OF AMERICA NT&SA BK NOT	5.6200	01/09/97	30,000,000.00	30,000,000.00	0.00	5.6200	FIB	BA
			SECURITY TYPE TOTAL			130,000,000.00	129,993,592.52	37,361.11			
COP1											

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
09/06/96	00031094	5223	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	10,097.21	10,097.21	0.00	7.2913	TTC	LAC
09/11/96	00031150	5341	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	102,889.26	102,889.26	0.00	7.2914	TTC	LAC
09/12/96	00031177	5417	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	29,850.41	29,850.41	0.00	7.2914	TTC	LAC
09/27/96	00031281	5671	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	828.88	828.88	0.00	7.2918	TTC	LAC
			SECURITY TYPE TOTAL			143,665.76	143,665.76	0.00			
CPD											
09/03/96	00031040	5108	KOCH INDUSTRIES INC CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	BT
09/03/96	00031041	5109	KOCH INDUSTRIES INC CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	BT
09/03/96	00031046	5114	MORGAN STANLEY GROUP INC CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	MS
09/03/96	00031047	5115	MORGAN STANLEY GROUP INC CP	0.0000	09/04/96	20,000,000.00	19,996,944.44	0.00	5.5008	FIB	MS
09/03/96	00031048	5116	G.E. CAPITAL CORP CP	0.0000	09/04/96	50,000,000.00	49,992,291.67	0.00	5.5508	FIB	GECC
09/03/96	00031049	5117	G.E. CAPITAL CORP CP	0.0000	09/04/96	18,000,000.00	17,997,225.00	0.00	5.5508	FIB	GECC
09/03/96	00031050	5118	UBS FINANCE (DELAWARE) IN CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	JPM
09/03/96	00031051	5119	UBS FINANCE (DELAWARE) IN CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	JPM
09/03/96	00031052	5120	UBS FINANCE (DELAWARE) IN CP	0.0000	09/04/96	50,000,000.00	49,992,361.11	0.00	5.5008	FIB	JPM
09/04/96	00031064	5150	UBS FINANCE (DELAWARE) IN CP	0.0000	09/05/96	50,000,000.00	49,992,597.22	0.00	5.3307	FIB	GS
09/04/96	00031065	5151	UBS FINANCE (DELAWARE) IN CP	0.0000	09/05/96	50,000,000.00	49,992,597.22	0.00	5.3307	FIB	GS
09/05/96	00031076	5180	UBS FINANCE (DELAWARE) IN CP	0.0000	09/06/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	GS
09/05/96	00031077	5181	UBS FINANCE (DELAWARE) IN CP	0.0000	09/06/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	GS
09/05/96	00031078	5182	UBS FINANCE (DELAWARE) IN CP	0.0000	09/06/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	JPM
09/05/96	00031079	5183	UBS FINANCE (DELAWARE) IN CP	0.0000	09/06/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	JPM
09/06/96	00031105	5234	UBS FINANCE (DELAWARE) IN CP	0.0000	09/09/96	50,000,000.00	49,978,500.00	0.00	5.1622	FIB	GS
09/06/96	00031106	5235	UBS FINANCE (DELAWARE) IN CP	0.0000	09/09/96	50,000,000.00	49,978,500.00	0.00	5.1622	FIB	GS
09/06/96	00031107	5236	UBS FINANCE (DELAWARE) IN CP	0.0000	09/09/96	50,000,000.00	49,978,500.00	0.00	5.1622	FIB	GS
09/06/96	00031108	5237	UBS FINANCE (DELAWARE) IN CP	0.0000	09/09/96	50,000,000.00	49,978,500.00	0.00	5.1622	FIB	GS
09/06/96	00031111	5240	COMMERZBK US FINANCE INC CP	0.0000	10/07/96	25,000,000.00	24,884,826.39	0.00	5.3747	FIB	RED
09/06/96	00031113	5242	MORGAN STANLEY GROUP INC CP	0.0000	10/11/96	25,000,000.00	24,869,479.17	0.00	5.3981	FIB	MS
09/06/96	00031114	5243	MORGAN STANLEY GROUP INC CP	0.0000	10/07/96	20,000,000.00	19,907,516.67	0.00	5.3949	FIB	MS
09/06/96	00031115	5244	MORGAN STANLEY GROUP INC CP	0.0000	10/07/96	7,285,000.00	7,251,312.95	0.00	5.3949	FIB	MS
09/09/96	00031123	5270	MORGAN STANLEY GROUP INC. CP	0.0000	10/07/96	25,000,000.00	24,895,972.22	0.00	5.3723	FIB	MS
09/09/96	00031124	5271	DRESDNER US FINANCE INC. CP	0.0000	09/24/96	50,000,000.00	49,891,041.67	0.00	5.2414	FIB	MS
09/09/96	00031125	5272	PRUDENTIAL FUNDING CORP CP	0.0000	09/10/96	50,000,000.00	49,992,750.00	0.00	5.2207	FIB	PF
09/09/96	00031126	5273	PRUDENTIAL FUNDING CORP CP	0.0000	09/10/96	25,000,000.00	24,996,375.00	0.00	5.2207	FIB	PF
09/09/96	00031127	5274	UBS FINANCE(DELAWARE)INC CP	0.0000	09/10/96	50,000,000.00	49,992,777.78	0.00	5.2007	FIB	GS
09/09/96	00031128	5275	UBS FINANCE(DELAWARE)INC. CP	0.0000	09/10/96	50,000,000.00	49,992,777.78	0.00	5.2007	FIB	GS
09/09/96	00031129	5276	UBS FINANCE(DELAWARE)INC. CP	0.0000	09/10/96	25,000,000.00	24,996,388.89	0.00	5.2007	FIB	GS
09/10/96	00031137	5302	UBS FINANCE (DELAWARE) IN CP	0.0000	09/11/96	50,000,000.00	49,992,819.45	0.00	5.1707	FIB	GS

SETTLE DATE	SEC ID	TXN NO	DESCRIPTION		FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
09/10/96	00031138	5303	UBS FINANCE (DELAWARE) IN CP		0.0000	09/11/96	50,000,000.00	49,992,819.45	0.00	5.1707	FIB	GS
09/10/96	00031139	5304	UBS FINANCE (DELAWARE) IN CP		0.0000	09/11/96	50,000,000.00	49,992,819.45	0.00	5.1707	FIB	GS
09/10/96	00031140	5305	UBS FINANCE (DELAWARE) IN CP		0.0000	09/11/96	50,000,000.00	49,992,819.45	0.00	5.1707	FIB	GS
09/10/96	00031141	5306	PRUDENTIAL FUNDING CORP CP		0.0000	09/11/96	50,000,000.00	49,992,833.34	0.00	5.1607	FIB	PF
09/10/96	00031142	5307	PRUDENTIAL FUNDING CORP CP		0.0000	09/11/96	25,000,000.00	24,996,416.67	0.00	5.1607	FIB	PF
09/10/96	00031143	5309	G.E. CAPITAL CORP CP	D	0.0000	09/17/96	17,000,000.00	16,982,546.67	0.00	5.2854	FIB	GECC
09/11/96	00031155	5346	KOCH INDUSTRIES INC CP		0.0000	09/12/96	50,000,000.00	49,992,638.89	0.00	5.3007	FIB	BT
09/11/96	00031159	5350	PRUDENTIAL FUNDING CORP CP		0.0000	09/12/96	50,000,000.00	49,992,638.89	0.00	5.3007	FIB	PF
09/11/96	00031160	5351	PRUDENTIAL FUNDING CORP CP		0.0000	09/12/96	25,000,000.00	24,996,319.45	0.00	5.3007	FIB	PF
09/11/96	00031161	5352	BEAR STEARNS COMPANIES IN CP		0.0000	10/02/96	25,000,000.00	24,921,687.50	0.00	5.3868	FIB	BS
09/11/96	00031162	5353	SMITH BARNEY INC CP		0.0000	10/15/96	25,000,000.00	24,873,208.33	0.00	5.3973	FIB	SBHU
09/12/96	00031168	5376	UBS FINANCE (DELAWARE) IN CP		0.0000	09/13/96	50,000,000.00	49,992,819.44	0.00	5.1707	FIB	GS
09/12/96	00031169	5377	UBS FINANCE (DELAWARE) IN CP		0.0000	09/13/96	50,000,000.00	49,992,819.44	0.00	5.1707	FIB	GS
09/12/96	00031170	5378	NESTLE CAPITAL CORP CP		0.0000	10/15/96	20,000,000.00	19,901,916.67	0.00	5.3763	FIB	BT
09/12/96	00031173	5381	SMITH BARNEY INC CP		0.0000	09/19/96	25,000,000.00	24,974,479.17	0.00	5.2553	FIB	SBHU
09/13/96	00031178	5418	MERRILL LYNCH & CO CP		0.0000	10/01/96	50,000,000.00	49,866,750.00	0.00	5.3442	FIB	MLGS
09/13/96	00031182	5422	UBS FINANCE (DELAWARE) IN CP		0.0000	09/16/96	50,000,000.00	49,978,458.34	0.00	5.1722	FIB	GS
09/13/96	00031183	5423	UBS FINANCE (DELAWARE) IN CP		0.0000	09/16/96	50,000,000.00	49,978,458.34	0.00	5.1722	FIB	GS
09/17/96	00031204	5483	SMITH BARNEY INC CP		0.0000	10/01/96	25,000,000.00	24,948,083.33	0.00	5.3511	FIB	SBHU
09/17/96	00031205	5484	BEAR STEARNS COMPANIES IN CP		0.0000	10/17/96	25,000,000.00	24,888,541.67	0.00	5.3739	FIB	BEAR
09/18/96	00031210	5507	MORGAN (JP) & CO CP		0.0000	09/19/96	25,100,000.00	25,096,492.97	0.00	5.0307	FIB	JPM
09/18/96	00031211	5508	UBS FINANCE (DELAWARE) IN CP		0.0000	09/19/96	50,000,000.00	49,993,027.78	0.00	5.0207	FIB	GS
09/18/96	00031212	5509	UBS FINANCE (DELAWARE) IN CP		0.0000	09/19/96	50,000,000.00	49,993,027.78	0.00	5.0207	FIB	GS
09/18/96	00031215	5512	PRUDENTIAL FUNDING CORP CP		0.0000	10/03/96	22,685,000.00	22,634,714.92	0.00	5.3318	FIB	PF
09/19/96	00031217	5521	MERRILL LYNCH & CO CP		0.0000	09/20/96	50,000,000.00	49,993,125.00	0.00	4.9506	FIB	MLGS
09/19/96	00031218	5522	KOCH INDUSTRIES INC CP		0.0000	09/20/96	45,000,000.00	44,993,750.00	0.00	5.0006	FIB	BT
09/19/96	00031222	5526	NESTLE CAPITAL CORP CP		0.0000	09/20/96	4,100,000.00	4,099,419.17	0.00	5.1007	FIB	BT
09/20/96	00031223	5555	UBS FINANCE (DELAWARE) IN CP		0.0000	09/23/96	50,000,000.00	49,978,375.00	0.00	5.1922	FIB	GS
09/20/96	00031226	5558	MERRILL LYNCH & CO CP		0.0000	09/23/96	50,000,000.00	49,978,250.00	0.00	5.2222	FIB	MLGS
09/23/96	00031228	5568	KOCH INDUSTRIES INC. CP		0.0000	09/24/96	50,000,000.00	49,992,638.89	0.00	5.3007	FIB	BT
09/23/96	00031229	5569	KOCH INDUSTRIES INC. CP		0.0000	09/24/96	50,000,000.00	49,992,638.89	0.00	5.3007	FIB	BT
09/24/96	00031241	5593	MERRILL LYNCH & CO CP		0.0000	09/25/96	26,044,000.00	26,040,093.40	0.00	5.4008	FIB	MLGS
09/25/96	00031243	5612	MERRILL LYNCH & CO. CP		0.0000	09/26/96	50,000,000.00	49,992,527.78	0.00	5.3808	FIB	MLGS
09/25/96	00031245	5614	KOCH INDUSTRIES INC. CP		0.0000	09/26/96	50,000,000.00	49,992,555.56	0.00	5.3607	FIB	GS
09/25/96	00031246	5615	KOCH INDUSTRIES INC. CP		0.0000	09/26/96	15,000,000.00	14,997,766.67	0.00	5.3607	FIB	GS
09/26/96	00031251	5620	G.E. CAPITAL CORP CP		0.0000	10/03/96	23,000,000.00	22,976,207.78	0.00	5.3255	FIB	BT
09/26/96	00031254	5631	KOCH INDUSTRIES INC CP		0.0000	09/27/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	BT
09/26/96	00031255	5632	KOCH INDUSTRIES INC CP		0.0000	09/27/96	50,000,000.00	49,992,736.11	0.00	5.2307	FIB	BT
09/26/96	00031262	5639	SMITH BARNEY INC CP		0.0000	10/03/96	50,000,000.00	49,948,472.22	0.00	5.3054	FIB	SBHU
09/26/96	00031264	5641	PRUDENTIAL FUNDING CORP CP		0.0000	09/27/96	50,000,000.00	49,992,708.34	0.00	5.2507	FIB	PF

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
09/26/96	00031265	5642	PRUDENTAIL FUNDING CORP CP	0.0000	09/27/96	25,000,000.00	24,996,354.17	0.00	5.2507	FIB	PF
09/27/96	00031271	5661	KOCH INDUSTRIES INC CP	0.0000	09/30/96	50,000,000.00	49,978,333.33	0.00	5.2022	FIB	BT
09/27/96	00031272	5662	KOCH INDUSTRIES INC CP	0.0000	09/30/96	50,000,000.00	49,978,333.33	0.00	5.2022	FIB	BT
09/27/96	00031273	5663	CORPORATE ASSET FUND CO CP	0.0000	10/07/96	50,000,000.00	49,926,388.89	0.00	5.3078	FIB	GS
09/27/96	00031278	5668	MERRILL LYNCH & CO CP	0.0000	10/16/96	25,000,000.00	24,930,069.45	0.00	5.3148	FIB	MLGS
09/30/96	00031285	5737	UBS FINANCE (DELAWAREO IN CP	0.0000	10/01/96	50,000,000.00	49,991,916.67	0.00	5.8209	FIB	GS
09/30/96	00031286	5738	UBS FINANCE (DELAWARE) IN CP	0.0000	10/01/96	50,000,000.00	49,991,916.67	0.00	5.8209	FIB	GS
09/30/96	00031287	5739	UBS FINANCE (DELAWARE) IN CP	0.0000	10/01/96	50,000,000.00	49,991,916.67	0.00	5.8209	FIB	GS
			SECURITY TYPE TOTAL			3213,214,000.00	3211,180,372.66	0.00			
CP1											
09/03/96	00031042	5110	ASSOCIATES CORP OF N. A. CP	5.5000	09/04/96	50,000,000.00	50,000,000.00	0.00	5.5008	FIB	ACNA
09/03/96	00031043	5111	ASSOCIATES CORP OF N. A. CP	5.5000	09/04/96	50,000,000.00	50,000,000.00	0.00	5.5008	FIB	ACNA
09/03/96	00031044	5112	ASSOCIATES CORP OF N. A. CP	5.5000	09/04/96	50,000,000.00	50,000,000.00	0.00	5.5008	FIB	ACNA
09/03/96	00031053	5121	PRUDENTIAL FUNDING CORP CP	5.6000	09/04/96	50,000,000.00	50,000,000.00	0.00	5.6008	FIB	PF
09/03/96	00031054	5122	PRUDENTIAL FUNDING CORP CP	5.6000	09/04/96	18,821,000.00	18,821,000.00	0.00	5.6008	FIB	PF
09/03/96	00031055	5123	ASSOCIATES CORP OF N. A. CP	5.7000	09/04/96	13,775,000.00	13,775,000.00	0.00	5.7009	FIB	ACNA
09/04/96	00031058	5144	G.E. CAPITAL CORP CP	5.3200	09/05/96	50,000,000.00	50,000,000.00	0.00	5.3207	FIB	GECC
09/04/96	00031059	5145	G.E. CAPITAL CORP CP	5.3200	09/05/96	50,000,000.00	50,000,000.00	0.00	5.3207	FIB	GECC
09/04/96	00031060	5146	G.E. CAPITAL CORP CP	5.3200	09/05/96	50,000,000.00	50,000,000.00	0.00	5.3207	FIB	GECC
09/04/96	00031069	5155	ASSOCIATES CORP OF N. A. CP	5.3300	09/05/96	50,000,000.00	50,000,000.00	0.00	5.3307	FIB	ACNA
09/04/96	00031070	5156	ASSOCIATES CORP OF N. A. CP	5.3300	09/05/96	21,000,000.00	21,000,000.00	0.00	5.3307	FIB	ACNA
09/04/96	00031071	5157	ASSOCIATES CORP OF N. A. CP	5.3300	09/05/96	50,000,000.00	50,000,000.00	0.00	5.3307	FIB	ACNA
09/04/96	00031072	5158	ASSOCIATES CORP OF N. A. CP	5.3300	09/05/96	35,381,000.00	35,381,000.00	0.00	5.3307	FIB	ACNA
09/04/96	00031075	5161	G.E. CAPALTAL CORP CP	5.2700	09/10/96	10,473,000.00	10,473,000.00	0.00	5.2746	FIB	GECC
09/05/96	00031080	5184	ASSOCIATES CORP OF N. A. CP	5.2300	09/06/96	30,000,000.00	30,000,000.00	0.00	5.2307	FIB	ACNA
09/05/96	00031081	5185	ASSOCIATES CORP OF N. A. CP	5.2300	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
09/05/96	00031082	5186	ASSOCIATES CORP OF N. A. CP	5.2300	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
09/05/96	00031083	5187	G.E. CAPITAL CORP CP	5.2300	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	GECC
09/05/96	00031084	5188	G.E. CAPITAL CORP CP	5.2300	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	GECC
09/05/96	00031085	5189	G.E. CAPITAL CORP CP	5.2300	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	GECC
09/05/96	00031086	5190	ASSOCIATES CORP OF N. A. CP	5.2500	09/06/96	50,000,000.00	50,000,000.00	0.00	5.2507	FIB	ACNA
09/05/96	00031087	5191	ASSOCIATES CORP OF N. A. CP	5.2500	09/06/96	6,725,000.00	6,725,000.00	0.00	5.2507	FIB	ACNA
09/05/96	00031088	5192	G.E. CAPITAL CORP CP	5.2200	09/11/96	24,542,000.00	24,542,000.00	0.00	5.2245	FIB	GECC
09/06/96	00031095	5224	AMERICAN GENERAL FINANCE CP	5.3500	10/07/96	30,000,000.00	30,000,000.00	0.00	5.3747	FIB	AGEN
09/06/96	00031102	5231	ASSOCIATES CORP OF N. A. CP	5.1500	09/09/96	50,000,000.00	50,000,000.00	0.00	5.1522	FIB	ACNA
09/06/96	00031103	5232	ASSOCIATES CORP OF N. A. CP	5.1500	09/09/96	50,000,000.00	50,000,000.00	0.00	5.1522	FIB	ACNA

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09/06/96	00031104	5233	ASSOCIATES CORP OF N. A. CP	5.1500	09/09/96	50,000,000.00	50,000,000.00	0.00	5.1522	FIB	ACNA
09/06/96	00031110	5239	FORD MOTOR CREDIT CO CP	5.3500	10/07/96	25,000,000.00	25,000,000.00	0.00	5.3747	FIB	FMCC
09/06/96	00031112	5241	ASSOCIATES CORP OF N. A. CP	5.1600	09/09/96	50,000,000.00	50,000,000.00	0.00	5.1622	FIB	ACNA
09/09/96	00031120	5267	ASSOCIATES CORP OF N.A. CP	5.2100	09/10/96	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
09/09/96	00031121	5268	ASSOCIATES CORP OF N.A. CP	5.2100	09/10/96	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
09/09/96	00031122	5269	ASSOCIATES CORP OF N.A. CP	5.2100	09/10/96	50,000,000.00	50,000,000.00	0.00	5.2107	FIB	ACNA
09/09/96	00031130	5277	ASSOCIATES CORP OF N.A. CP	5.2100	09/10/96	41,468,000.00	41,468,000.00	0.00	5.2107	FIB	ACNA
09/10/96	00031133	5298	ASSOCIATES CORP OF N. A. CP	5.1600	09/11/96	50,000,000.00	50,000,000.00	0.00	5.1607	FIB	ACNA
09/10/96	00031134	5299	ASSOCIATES CORP OF N. A. CP	5.1600	09/11/96	50,000,000.00	50,000,000.00	0.00	5.1607	FIB	ACNA
09/10/96	00031144	5316	G.E. CAPITAL CORP CP	5.2400	09/17/96	21,822,000.00	21,822,000.00	0.00	5.2453	FIB	GECC
09/11/96	00031154	5345	G.E. CAPITAL SERVICES INC CP	5.3600	10/03/96	30,000,000.00	30,000,000.00	0.00	5.3776	FIB	GECS
09/11/96	00031156	5347	ASSOCIATES CORP OF N. A. CP	5.3100	09/12/96	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
09/11/96	00031157	5348	ASSOCIATES CORP OF N. A. CP	5.3100	09/12/96	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
09/11/96	00031158	5349	ASSOCIATES CORP OF N. A. CP	5.3100	09/12/96	50,000,000.00	50,000,000.00	0.00	5.3107	FIB	ACNA
09/11/96	00031163	5354	ASSOCIATES CORP OF N. A. CP	5.2500	09/12/96	23,944,000.00	23,944,000.00	0.00	5.2507	FIB	ACNA
09/12/96	00031165	5373	G.E. CAPITAL CORP CP	5.1800	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	GECC
09/12/96	00031166	5374	G.E. CAPITAL CORP CP	5.1800	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	GECC
09/12/96	00031167	5375	G.E. CAPITAL CORP CP	5.1800	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	GECC
09/12/96	00031171	5379	ASSOCIATES CORP OF N. A. CP	5.1700	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1707	FIB	ACNA
09/12/96	00031172	5380	ASSOCIATES CORP OF N. A. CP	5.1700	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1707	FIB	ACNA
09/12/96	00031174	5382	ASSOCIATES CORP OF N. A. CP	5.1700	09/13/96	50,000,000.00	50,000,000.00	0.00	5.1707	FIB	ACNA
09/12/96	00031175	5383	ASSOCIATES CORP OF N. A. CP	5.1800	09/13/96	44,446,000.00	44,446,000.00	0.00	5.1807	FIB	ACNA
09/13/96	00031179	5419	ASSOCIATES CORP OF N. A. CP	5.1700	09/16/96	50,000,000.00	50,000,000.00	0.00	5.1722	FIB	ACNA
09/13/96	00031180	5420	ASSOCIATES CORP OF N. A. CP	5.1700	09/16/96	50,000,000.00	50,000,000.00	0.00	5.1722	FIB	ACNA
09/13/96	00031181	5421	ASSOCIATES CORP OF N. A. CP	5.1700	09/16/96	50,000,000.00	50,000,000.00	0.00	5.1722	FIB	ACNA
09/13/96	00031184	5424	G.E. CAPITAL CORP CP	5.1900	09/16/96	32,060,000.00	32,060,000.00	0.00	5.1922	FIB	GECC
09/13/96	00031185	5425	ASSOCIATES CORP OF N. A. CP	5.1800	09/16/96	12,072,000.00	12,072,000.00	0.00	5.1822	FIB	ACNA
09/16/96	00031188	5449	ASSOCIATES CORP OF N. A. CP	5.4500	09/17/96	50,000,000.00	50,000,000.00	0.00	5.4508	FIB	ACNA
09/16/96	00031189	5450	ASSOCIATES CORP OF N. A. CP	5.4500	09/17/96	50,000,000.00	50,000,000.00	0.00	5.4508	FIB	ACNA
09/16/96	00031190	5451	ASSOCIATES CORP OF N. A. CP	5.4500	09/17/96	50,000,000.00	50,000,000.00	0.00	5.4508	FIB	ACNA
09/16/96	00031193	5454	AMERICAN GENERAL FINANCE CP	5.4800	09/17/96	5,500,000.00	5,500,000.00	0.00	5.4808	FIB	AGEN
09/16/96	00031194	5455	G.E. CAPITAL CORP CP	5.5000	09/17/96	35,217,000.00	35,217,000.00	0.00	5.5008	FIB	GECC
09/16/96	00031195	5456	ASSOCIATES CORP OF N. A. CP	5.5000	09/17/96	5,889,000.00	5,889,000.00	0.00	5.5008	FIB	ACNA
09/17/96	00031201	5480	ASSOCIATES CORP OF N. A. CP	5.1800	09/18/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	ACNA
09/17/96	00031202	5481	ASSOCIATES CORP OF N. A. CP	5.1800	09/18/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	ACNA
09/17/96	00031203	5482	ASSOCIATES CORP OF N. A. CP	5.1800	09/18/96	50,000,000.00	50,000,000.00	0.00	5.1807	FIB	ACNA
09/17/96	00031206	5485	PRUDENTIAL FUNDING CORP CP	5.1000	09/18/96	24,657,000.00	24,657,000.00	0.00	5.1007	FIB	PF
09/17/96	00031207	5486	MERRILL LYNCH & CO CP	5.1500	09/18/96	25,000,000.00	25,000,000.00	0.00	5.1507	FIB	MLGS
09/17/96	00031208	5487	FORD MOTOR CREDIT CO CP	5.3300	10/17/96	10,468,000.00	10,468,000.00	0.00	5.3537	FIB	FMCC

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09/18/96	00031216	5513	G.E. CAPITAL CORP CP	5.3200	10/03/96	16,568,000.00	16,568,000.00	0.00	5.3318	FIB	GECC
09/19/96	00031219	5523	ASSOCIATES CORP OF N. A. CP	4.9300	09/20/96	50,000,000.00	50,000,000.00	0.00	4.9306	FIB	ACNA
09/19/96	00031220	5524	ASSOCIATES CORP OF N. A. CP	4.9300	09/20/96	50,000,000.00	50,000,000.00	0.00	4.9306	FIB	ACNA
09/19/96	00031221	5525	ASSOCIATES CORP OF N. A. CP	5.1000	09/20/96	18,657,000.00	18,657,000.00	0.00	5.1007	FIB	ACNA
09/20/96	00031224	5556	ASSOCIATES CORP OF N. A. CP	5.1900	09/23/96	50,000,000.00	50,000,000.00	0.00	5.1922	FIB	ACNA
09/20/96	00031225	5557	ASSOCIATES CORP OF N. A. CP	5.1900	09/23/96	50,000,000.00	50,000,000.00	0.00	5.1922	FIB	ACNA
09/20/96	00031227	5559	ASSOCIATES CORP OF N. A. CP	5.2100	09/23/96	30,962,000.00	30,962,000.00	0.00	5.2122	FIB	ACNA
09/23/96	00031230	5570	ASSOCIATES CORP OF N.A. CP	5.3000	09/24/96	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
09/23/96	00031231	5571	ASSOCIATES CORP OF N.A. CP	5.3000	09/24/96	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
09/23/96	00031232	5572	ASSOCIATES CORP OF N.A. CP	5.3000	09/24/96	50,000,000.00	50,000,000.00	0.00	5.3007	FIB	ACNA
09/23/96	00031233	5573	ASSOCIATES CORP OF N.A. CP	5.3200	09/24/96	50,000,000.00	50,000,000.00	0.00	5.3207	FIB	ACNA
09/23/96	00031234	5574	CE CAPITAL CORP CP	5.3000	09/24/96	7,064,000.00	7,064,000.00	0.00	5.3007	FIB	GECC
09/24/96	00031235	5587	G.E. CAPITAL CORP CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	GECC
09/24/96	00031236	5588	G.E. CAPITAL CORP CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	GECC
09/24/96	00031237	5589	G.E. CAPITAL CORP CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	GECC
09/24/96	00031238	5590	ASSOCIATES CORP OF N. A. CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	ACNA
09/24/96	00031239	5591	ASSOCIATES CORP OF N. A. CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	ACNA
09/24/96	00031240	5592	ASSOCIATES CORP OF N. A. CP	5.3800	09/25/96	50,000,000.00	50,000,000.00	0.00	5.3808	FIB	ACNA
09/24/96	00031242	5600	ASSOCIATES CORP OF N. A. CP	5.4000	09/25/96	5,000,000.00	5,000,000.00	0.00	5.4008	FIB	ACNA
09/25/96	00031248	5617	ASSOCIATES CORP OF N. A. CP	5.3700	09/26/96	50,000,000.00	50,000,000.00	0.00	5.3708	FIB	ACNA
09/25/96	00031249	5618	ASSOCIATES CORP OF N. A. CP	5.3700	09/26/96	50,000,000.00	50,000,000.00	0.00	5.3708	FIB	ACNA
09/25/96	00031250	5619	ASSOCIATES CORP OF N. A. CP	5.3900	09/26/96	13,852,000.00	13,852,000.00	0.00	5.3908	FIB	ACNA
09/26/96	00031252	5629	ASSOCIATES CORP OF N. A. CP	5.2300	09/27/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
09/26/96	00031253	5630	G.E. CAPITAL CORP CP	5.3000	10/02/96	50,000,000.00	50,000,000.00	0.00	5.3046	FIB	GECC
09/26/96	00031260	5637	ASSOCIATES CORP OF N. A. CP	5.2300	09/27/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
09/26/96	00031261	5638	ASSOCIATES CORP OF N. A. CP	5.2300	09/27/96	50,000,000.00	50,000,000.00	0.00	5.2307	FIB	ACNA
09/26/96	00031263	5640	AMERICAN GEN FINANCE CORP CP	5.3000	10/08/96	50,000,000.00	50,000,000.00	0.00	5.3093	FIB	AGEN
09/26/96	00031266	5645	ASSOCIATES CORP OF N. A. CP	5.2800	09/27/96	37,190,000.00	37,190,000.00	0.00	5.2807	FIB	ACNA
09/26/96	00031267	5646	ASSOCIATES CORP OF N. A. CP	5.3000	09/27/96	4,773,000.00	4,773,000.00	0.00	5.3007	FIB	ACNA
09/27/96	00031275	5665	ASSOCIATES CORP OF N. A. CP	5.2000	09/30/96	50,000,000.00	50,000,000.00	0.00	5.2022	FIB	ACNA
09/27/96	00031276	5666	ASSOCIATES CORP OF N. A. CP	5.2000	09/30/96	50,000,000.00	50,000,000.00	0.00	5.2022	FIB	ACNA
09/27/96	00031277	5667	ASSOCIATES CORP OF N. A. CP	5.2000	09/30/96	50,000,000.00	50,000,000.00	0.00	5.2022	FIB	ACNA
09/27/96	00031279	5669	ASSOCIATES CORP OF N. A. CP	5.2000	09/30/96	50,000,000.00	50,000,000.00	0.00	5.2022	FIB	ACNA
09/30/96	00031288	5740	ASSOCIATES CORP OF N. A. CP	5.8300	10/01/96	50,000,000.00	50,000,000.00	0.00	5.8309	FIB	ACNA
09/30/96	00031289	5741	ASSOCIATES CORP OF N. A. CP	5.8300	10/01/96	50,000,000.00	50,000,000.00	0.00	5.8309	FIB	ACNA
09/30/96	00031290	5742	ASSOCIATES CORP OF N. A. CP	5.8300	10/01/96	50,000,000.00	50,000,000.00	0.00	5.8309	FIB	ACNA
09/30/96	00031292	5745	ASSOCIATES CORP OF N. A. CP	5.9500	10/01/96	50,000,000.00	50,000,000.00	0.00	5.9509	FIB	ACNA
09/30/96	00031293	5746	MERRILL LYNCH & CO CP	5.8500	10/01/96	15,120,000.00	15,120,000.00	0.00	5.8509	FIB	MLGS
			SECURITY TYPE TOTAL			4227,446,000.00	4227,446,000.00	0.00			

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FFCB											
09/04/96	00031056	5124	FFCB	5.5600	01/02/97	15,480,000.00	15,472,743.75	150,620.40	5.5564	FIB	BA
			SECURITY TYPE TOTAL			15,480,000.00	15,472,743.75	150,620.40			
FHLD											
09/27/96	00031280	5670	FHLB D/N	0.0000	09/30/96	25,810,000.00	25,798,708.13	0.00	5.2522	FIB	SSEC
			SECURITY TYPE TOTAL			25,810,000.00	25,798,708.13	0.00			
FNMD											
09/04/96	00031062	5148	FNMA D/N	0.0000	10/03/96	50,000,000.00	49,785,722.22	0.00	5.3428	FIB	SLGS
09/04/96	00031067	5153	FNMA D/N	0.0000	10/08/96	25,000,000.00	24,874,625.00	0.00	5.3367	FIB	MS
09/04/96	00031068	5154	FNMA D/N	0.0000	10/07/96	25,000,000.00	24,878,312.50	0.00	5.3359	FIB	RV
09/06/96	00031109	5238	FNMA D/N	0.0000	10/15/96	8,500,000.00	8,451,011.67	0.00	5.3508	FIB	RV
09/18/96	00031213	5510	FNMA D/N	0.0000	10/23/96	50,000,000.00	49,743,819.44	0.00	5.2971	FIB	BA
09/18/96	00031214	5511	FNMA D/N	0.0000	10/23/96	25,000,000.00	24,871,909.72	0.00	5.2971	FIB	RED
			SECURITY TYPE TOTAL			183,500,000.00	182,605,400.55	0.00			
HLMD											
09/16/96	00031187	5427	FHLMC D/N	0.0000	09/19/96	50,000,000.00	49,978,208.33	0.00	5.2322	FIB	SSEC
			SECURITY TYPE TOTAL			50,000,000.00	49,978,208.33	0.00			
REPO											
09/12/96	00031176	5384	REPO USTN 6.25 DUE 7-31-98	5.1000	09/13/96	5,929,000.00	5,929,000.00	0.00	5.1000	FIB	SSEC
			SECURITY TYPE TOTAL			5,929,000.00	5,929,000.00	0.00			
YANK											
09/03/96	00031045	5113	NAT WESTMINSTER BK PLC NY CD	5.5100	02/24/97	25,000,000.00	24,967,013.76	45,916.67	5.7800	FIB	SSEC

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09/04/96	00031057	5125	BANK OF NOVA SCOTIA PORTL CD	5.6000	12/23/96	26,000,000.00	25,997,662.38	303,333.33	5.5650	FIB	SSEC
09/04/96	00031061	5147	NAT WESTMINSTER BK PLC NY CD	5.3700	11/04/96	35,000,000.00	34,995,838.85	5,220.83	5.4400	FIB	BT
09/05/96	00031063	5149	BARCLAYS BK PLC NY CD	5.6500	01/03/97	25,000,000.00	25,000,817.96	0.00	5.6400	FIB	SSEC
09/05/96	00031073	5159	SOCIETE GENERALE BK NY CD	5.5200	12/02/96	25,000,000.00	24,994,437.72	371,833.33	5.5300	FIB	BT
09/05/96	00031074	5160	SOCIETE GENERALE BK NY CD	5.5200	12/02/96	30,000,000.00	29,993,325.26	446,200.00	5.5300	FIB	BT
09/06/96	00031101	5230	BANQUE NATL DE PARIS SF CD	5.3300	10/03/96	25,000,000.00	24,999,021.64	11,104.17	5.3800	FIB	BT
09/09/96	00031119	5248	BANK OF MONTREAL CHICAGO CD	5.4000	10/10/96	50,000,000.00	50,000,428.57	0.00	5.3900	FIB	BT
09/10/96	00031131	5278	COMMERZBANK NY CD	5.3800	10/10/96	50,000,000.00	50,000,414.81	0.00	5.3700	FIB	BT
09/10/96	00031132	5279	RABOBANK NEDERLAND NY CD	5.4300	11/12/96	50,000,000.00	50,000,866.78	0.00	5.4200	FIB	SSEC
09/10/96	00031136	5301	BANKERS TRUST CO CD	5.5600	10/10/96	5,000,000.00	5,000,494.53	47,105.56	5.3900	FIB	BT
09/11/96	00031145	5317	BANK OF NOVA SCOTIA PORTL CD	5.3700	10/11/96	50,000,000.00	50,000,414.81	0.00	5.3600	FIB	SSEC
09/11/96	00031146	5318	RABOBANK NY CD	5.6200	01/09/97	25,000,000.00	25,000,818.04	0.00	5.6100	FIB	SSEC
09/11/96	00031147	5319	DEUTSCHE BANK A.G. NY CD	5.4400	11/12/96	25,000,000.00	25,000,426.57	0.00	5.4300	FIB	BA
09/11/96	00031152	5343	BARCLAYS BK PLC NY CD	5.6500	01/13/97	25,000,000.00	25,000,844.70	0.00	5.6400	FIB	SSEC
09/11/96	00031153	5344	BANK OF MONTREAL CHICAGO CD	5.3800	10/15/96	50,000,000.00	50,000,469.84	0.00	5.3700	FIB	BT
09/17/96	00031198	5477	BANK OF NOVA SCOTIA PORTL CD	5.5500	01/17/97	30,000,000.00	30,000,997.93	0.00	5.5400	FIB	SSEC
09/25/96	00031247	5616	DRESDNER BK AG NY CD	5.4100	12/26/96	25,000,000.00	25,000,630.19	0.00	5.4000	FIB	SSEC
09/26/96	00031256	5633	SOCIETE GENERALE BANK NY CD	5.4000	12/27/96	25,000,000.00	25,000,630.21	0.00	5.3900	FIB	SSEC
09/26/96	00031259	5636	BAYERISCHE LANDESBK NY CD	5.4000	12/27/96	25,000,000.00	25,001,260.45	0.00	5.3800	FIB	JPM
09/27/96	00031269	5659	SWISS BANK CORP NY CD	5.5200	12/19/96	25,000,000.00	25,007,594.85	30,666.67	5.3800	FIB	BT
09/27/96	00031270	5660	CAISSE NAT'L DE CR AGR CH CD	5.4200	12/30/96	25,000,000.00	25,001,878.92	3,763.89	5.3900	FIB	BT
09/27/96	00031274	5664	CANADIAN IMP BK OF COM NY CD	5.6000	01/02/97	25,000,000.00	25,010,893.72	27,222.22	5.4300	FIB	SSEC
			SECURITY TYPE TOTAL			701,000,000.00	700,977,182.49	1292366.67			
			ACCOUNT TOTALS			8908,322,665.76	8901,937,915.36	1480348.18			
			PARTITION TOTALS			8908,322,665.76	8901,937,915.36	1480348.18			

SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
DMH - DEPARTMENT OF MENTAL HEALTH											
			FHLB								
09/27/96	00031268	5647	FHLB 6.44	6.4400	09/09/99	1,220,000.00	1,224,384.38	3,928.40	6.3030	FIB	PS
			SECURITY TYPE TOTAL			1,220,000.00	1,224,384.38	3,928.40			
			ACCOUNT TOTALS			1,220,000.00	1,224,384.38	3,928.40			
PVUSD - PALOS VERDES PENINSULA USD											
			NOTE								
09/16/96	00031186	5426	USTN 6.125	6.1250	08/31/98	500,000.00	500,156.25	1,099.79	6.1065	FIB	SSEC
			SECURITY TYPE TOTAL			500,000.00	500,156.25	1,099.79			
			ACCOUNT TOTALS			500,000.00	500,156.25	1,099.79			
SANIT - SANITATION DISTRICT											
			FNMD								
09/06/96	00031097	5226	FNMA D/N	0.0000	02/26/97	24,200,000.00	23,555,728.78	0.00	5.6915	FIB	MS
09/06/96	00031098	5227	FNMA D/N	0.0000	02/27/97	50,000,000.00	48,661,166.67	0.00	5.6924	FIB	MS
09/06/96	00031099	5228	FNMA D/N	0.0000	02/27/97	12,400,000.00	12,067,969.33	0.00	5.6924	FIB	MS
09/06/96	00031100	5229	FNMA D/N	0.0000	03/10/97	33,400,000.00	32,449,978.75	0.00	5.6970	FIB	BA
			SECURITY TYPE TOTAL			120,000,000.00	116,734,843.53	0.00			

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	COST	PURCHASED INTEREST	YAP	BANK	BRKR
NOTE											
09/09/96	00031116	5245	USTN 6.125	6.1250	08/31/98	50,000,000.00	49,734,375.00	50,759.67	6.4140	FIB	MS
09/09/96	00031117	5246	USTN 6.125	6.1250	08/31/98	10,000,000.00	9,946,875.00	10,151.93	6.4140	FIB	MS
			SECURITY TYPE TOTAL			60,000,000.00	59,681,250.00	60,911.60			
TBIL											
09/09/96	00031118	5247	UST BILL DUE 8-21-97	0.0000	08/21/97	20,000,000.00	18,913,944.44	0.00	5.9744	FIB	SLGS
			SECURITY TYPE TOTAL			20,000,000.00	18,913,944.44	0.00			
			ACCOUNT TOTALS			200,000,000.00	195,330,037.97	60,911.60			
SELF - SCHOOL EXCESS LIABILITY FUND											
FHLM											
09/24/96	00030985	4924	FHLMC NOTE CALLABLE	6.9450	07/26/01	5,000,000.00	4,985,156.25	55,945.83	7.0190	FIB	MS
			SECURITY TYPE TOTAL			5,000,000.00	4,985,156.25	55,945.83			
			ACCOUNT TOTALS			5,000,000.00	4,985,156.25	55,945.83			
SLIM - SCHOOLS LINKED INSURANCE MGMT											
CTDM											
09/05/96	00031093	5203	S OF C LAIF	0.0000	12/31/96	114,884.96	114,884.96	0.00	0.0000	TTC	LAIF
			SECURITY TYPE TOTAL			114,884.96	114,884.96	0.00			
			ACCOUNT TOTALS			114,884.96	114,884.96	0.00			
			PARTITION TOTALS			206,834,884.96	202,154,619.81	121,885.62			

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	PRINCIPAL	SOLD INTEREST	GAIN/ (LOSS)	BANK	BRKR
NIRD - PSI NON-TRADING											
ABS											
09/15/96	00020539	5505	DAMLER BENZ AG TRUST 93A	3.9000	10/15/98	145,797.00	145,637.53	0.00	-92.71	FIB	JPM
09/15/96	00020540	5506	DAMLER BENZ AG TRUST 93A	3.9000	10/15/98	194,396.00	194,183.38	0.00	-123.61	FIB	JPM
			SECURITY TYPE TOTAL			340,193.00	339,820.91	0.00	-216.32		
HLPC											
09/15/96	00005058	5448	FHLMC 9.250 16061	9.2500	12/01/08	27,589.50	27,589.50	0.00	7.04	FIB	BT
			SECURITY TYPE TOTAL			27,589.50	27,589.50	0.00	7.04		
PN											
09/10/96	00024486	5308	PASADENA GLEN CSD. PN	5.5800	09/01/09	700.00	700.00	0.00	0.00	FIB	PGCD
			SECURITY TYPE TOTAL			700.00	700.00	0.00	0.00		
			ACCOUNT TOTALS			368,482.50	368,110.41	0.00	-209.28		
			PARTITION TOTALS			368,482.50	368,110.41	0.00	-209.28		

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	PRINCIPAL	SOLD INTEREST	GAIN/ (LOSS)	BANK	BRKR
DMH - DEPARTMENT OF MENTAL HEALTH											
TVDN											
09/15/96	00025013	5447	TENNESSE VALLEY DEBENTURE NO	7.6250	09/15/99	1,220,000.00	1,220,000.00	0.00	18,219.88	FIB	GS
			SECURITY TYPE TOTAL			1,220,000.00	1,220,000.00	0.00	18,219.88		
			ACCOUNT TOTALS			1,220,000.00	1,220,000.00	0.00	18,219.88		
GF - GENERAL FUND											
ITRD											
09/13/96	00012057	5401	FLYING TRIANGLE LOAN	5.5000	04/01/17	543.28	543.28	905.93	0.00	SPNB	LACC
09/13/96	00001644	5402	FLYING TRIANGLE 1ST TRUST DE	5.5000	08/07/14	284.15	284.15	329.96	0.00	SPNB	LACC
09/13/96	00002137	5403	ABALONE COVE LOAN 1ST TR DE	6.2050	10/10/04	0.00	0.00	229.80	0.00	SPNB	LACC
09/13/96	00016506	5404	ABALONE COVE 1ST TD 6.475	6.4750	10/15/03	778.67	778.67	477.17	0.00	SPNB	LACC
09/13/96	00002137	5405	ABALONE COVE LOAN 1ST TR DE	6.2050	10/10/04	0.00	0.00	229.80	0.00	SPNB	LACC
09/13/96	00004270	5406	FLYING TRIANGLE LOAN	6.2850	05/21/05	280.97	280.97	647.03	0.00	SPNB	LACC
09/13/96	00002137	5408	ABALONE COVE LOAN 1ST TR DE	6.2050	10/10/04	59.81	59.81	169.99	0.00	SPNB	LACC
09/13/96	00017795	5410	FLYING TRIANGLE 1ST TRUST DE	5.5000	05/01/14	266.15	266.15	503.46	0.00	SPNB	LACC
09/13/96	00003187	5414	FLYING TRIANGLE LOAN	5.5000	02/01/15	190.55	190.55	423.45	0.00	SPNB	LACC
09/13/96	00002137	5415	ABALONE COVE LOAN 1ST TR DE	6.2050	10/10/04	50.00	50.00	179.80	0.00	SPNB	LACC
09/13/96	00001785	5416	ABALONE COVE LOAN	5.8750	08/24/04	426.30	426.30	318.76	0.00	SPNB	LACC
09/20/96	00002137	5534	ABALONE COVE LOAN 1ST TR DE	6.2050	10/10/04	95.00	95.00	134.80	0.00	SPNB	LACC
09/20/96	00012057	5535	FLYING TRIANGLE LOAN	5.5000	04/01/17	448.75	448.75	1,000.46	0.00	SPNB	LACC
09/20/96	00014004	5536	FLYING TRIANGLE 1ST 5.50	5.5000	08/01/12	317.58	317.58	409.12	0.00	SPNB	LACC
09/20/96	00014688	5537	FLYING TRIANGLE 1ST 5.50	5.5000	12/01/12	1,551.56	1,551.56	1,380.79	0.00	SPNB	LACC
09/20/96	00015247	5538	FLYING TRIANGLE 1ST 5.50	5.5000	03/01/13	370.78	370.78	500.32	0.00	SPNB	LACC
09/20/96	00015821	5539	FLYING TRIANGLE 1ST 5.50	5.5000	06/01/13	609.55	609.55	841.52	0.00	SPNB	LACC
09/20/96	00015858	5540	FLYING TRIANGLE 1ST 5.50	5.5000	07/01/13	206.29	206.29	286.98	0.00	SPNB	LACC
09/20/96	00015828	5541	FLYING TRIANGLE 1ST 5.50	5.5000	06/01/13	732.08	732.08	1,009.25	0.00	SPNB	LACC
09/20/96	00016093	5542	FLYING TRIANGLE 1ST 5.50	5.5000	08/01/13	240.50	240.50	339.63	0.00	SPNB	LACC

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SETTLE DATE	SEC ID	TXN NO	DESCRIPTION	FACE RATE	MATURITY DATE	PAR	PRINCIPAL	SOLD INTEREST	GAIN/ (LOSS)	BANK	BRKR
09/20/96	00016093	5543	FLYING TRIANGLE 1ST 5.50	5.5000	08/01/13	30.70	30.70	0.00	0.00	SPNB	LACC
09/20/96	00016093	5544	FLYING TRIANGLE 1ST 5.50	5.5000	08/01/13	241.74	241.74	338.50	0.00	SPNB	LACC
09/20/96	00017262	5545	FLYING TRIANGLE 1ST TRUST	5.5000	04/01/14	513.34	513.34	761.50	0.00	SPNB	LACC
09/20/96	00016864	5546	FLYING TRIANGLE 1ST TRUST D	5.5000	01/01/14	531.31	531.31	773.08	0.00	SPNB	LACC
09/20/96	00017270	5547	FLYING TRIANGLE 1ST TRUST	5.5000	04/01/14	815.21	815.21	1,212.81	0.00	SPNB	LACC
09/20/96	00002105	5548	FLYING TRIANGLE 1ST TR DEED	5.5000	10/01/14	566.54	566.54	880.62	0.00	SPNB	LACC
09/20/96	00002642	5549	FLYING TRIANGLE LOAN	5.5000	12/01/14	561.38	561.38	885.31	0.00	SPNB	LACC
09/20/96	00002581	5550	FLYING TRIANGLE LOAN	5.5000	12/01/14	673.65	673.65	1,062.37	0.00	SPNB	LACC
09/20/96	00002822	5551	FLYING TRIANGLE LOAN	5.5000	01/01/15	670.58	670.58	1,065.16	0.00	SPNB	LACC
09/20/96	00003463	5552	FLYING TRIANGLE	5.5000	03/01/15	885.97	885.97	1,427.62	0.00	SPNB	LACC
09/20/96	00017293	5553	ABALONE COVE TRUST DEED	6.3250	04/01/04	148.62	148.62	444.00	0.00	SPNB	LACC
09/26/96	00016506	5643	ABALONE COVE 1ST TD 6.475	6.4750	10/15/03	767.68	767.68	488.16	0.00	SPNB	LACC
09/26/96	00004270	5644	FLYING TRIANGLE LOAN	6.2850	05/21/05	302.66	302.66	622.62	0.00	SPNB	LACC
			SECURITY TYPE TOTAL			14,161.35	14,161.35	20,279.77	0.00		
			ZTRD								
09/13/96	00010221	5407	ABALONE COVE LOAN	5.8750	10/30/06	319.58	319.58	680.42	0.00	SPNB	LACC
09/13/96	00024368	5409	ABALONE COVE LOAN	5.8750	11/03/09	137.24	137.24	454.57	0.00	SPNB	LACC
09/13/96	00001865	5411	ABALONE COVE LOAN	6.4150	09/01/04	94.01	94.01	79.27	0.00	SPNB	LACC
09/13/96	00002643	5412	ABALONE COVE LOAN	6.4150	12/12/04	282.07	282.07	246.65	0.00	SPNB	LACC
09/13/96	00002538	5413	ABALONE COVE LOAN	6.8250	12/01/04	859.90	859.90	473.68	0.00	SPNB	LACC
			SECURITY TYPE TOTAL			1,692.80	1,692.80	1,934.59	0.00		
			ACCOUNT TOTALS			15,854.15	15,854.15	22,214.36	0.00		

LACOE - LAC OFFICE OF EDUCATION

			CNSN								
09/30/96	00030285	5736	TRANSAMERICA LIFE INS.	6.1200	06/30/97	1,000,000.00	1,000,000.00	0.00	0.00	TIC	LAC
			SECURITY TYPE TOTAL			1,000,000.00	1,000,000.00	0.00	0.00		
			ACCOUNT TOTALS			1,000,000.00	1,000,000.00	0.00	0.00		

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PW - PUBLIC WORKS											
LTBD											
09/10/96	00023291	5372	SAN GABRIEL HYDROELECTRIC B.	9.0000	09/09/16	200,000.00	200,000.00	0.00	0.00	TTC	LAC
			SECURITY TYPE TOTAL			200,000.00	200,000.00	0.00	0.00		
			ACCOUNT TOTALS			200,000.00	200,000.00	0.00	0.00		
			PARTITION TOTALS			2,435,854.15	2,435,854.15	22,214.36	18,219.88		

LOS ANGELES COUNTY TREASURER
COMPARISON OF INVESTMENT COST TO MARKET VALUE BY MATURITY
AS OF 09/30/96
ATTACHMENT IX

NON-TRADING PORTFOLIO

POOLED SURPLUS INVESTMENTS (PSI)

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST: MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	5,564,999,208.93	5,565,619,930.87	1,650,562.73	62	-1,029,840.79	142	227	431	620,721.94
INTERMEDIATE TERM: (1 - 3 YEARS)	413,684,774.86	410,065,403.15	1,909,855.83	5	-5,529,227.54	14	0	19	-3,619,371.71
MEDIUM TERM: (3 - 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
LONG TERM: (OVER 5 YEARS)	32,081,030.09	32,305,624.56	224,594.47	1	-0.00	1	13	15	224,594.47
TOTAL	6,010,765,013.88	6,007,990,958.58	3,785,013.03	68	-6,559,068.34	157	240	465	-2,774,055.30

POOLED SURPLUS INVESTMENTS (PSI)

TRADING PORTFOLIO

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST: MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM: (UP TO 1 YEAR)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
INTERMEDIATE TERM: (1 - 3 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
MEDIUM TERM: (3 - 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
LONG TERM: (OVER 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.00
TOTAL	0.00	0.00	0.00	0	0.00	0	0	0	0.00

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Market Pricing Policies and Sources

The Pooled Surplus Investment Portfolio is market priced monthly using Interactive Data Service (IDS) and Merrill Lynch. Bond Anticipation Notes, Certificates of Participation and Pasadena Glenn Promissory Note are private placements not actively traded, and therefore, are not subject to market pricing by IDS. Accordingly, market value is reported at cost. Such non-market priced securities make-up 4.35% of the PSI Portfolio.

LOS ANGELES COUNTY TREASURER
COMPARISON OF INVESTMENT COST TO MARKET VALUE BY MATURITY
AS OF 09/30/96
ATTACHMENT IX

SPECIFIC PURPOSE INVESTMENTS

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST: MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM:									
(UP TO 1 YEAR)	733,361,119.17	734,657,181.39	1,302,750.22	29	-6,688.00	1	46	76	1,296,062.2
INTERMEDIATE TERM:									
(1 - 3 YEARS)	185,962,283.06	186,146,589.60	860,757.23	13	-676,450.69	9	0	22	184,306.5
MEDIUM TERM:									
(3 - 5 YEARS)	55,651,140.32	55,319,609.82	309,450.57	4	-640,981.07	5	0	9	-331,530.5
LONG TERM:									
(OVER 5 YEARS)	22,021,720.23	22,203,508.41	184,189.31	3	-2,401.13	7	29	39	181,788.1
TOTAL	996,996,262.78	998,326,889.22	2,657,147.33	49	-1,326,520.89	22	75	146	1,330,626.4

SPECIAL PROGRAMS

	COST	MARKET VALUE	DIFFERENCES BETWEEN MARKET VALUE AND COST: MARKET GREATER THAN COST	NUMBER OF SECURITIES OVER	MARKET LESS THAN COST	NUMBER OF SECURITIES UNDER	NUMBER OF SECURITIES EQUAL	TOTAL NUMBER OF SECURITIES	NET DIFFERENCE
SHORT TERM:									
(UP TO 1 YEAR)	0.00	0.00	0.00	0	0.00	0	0	0	0.0
INTERMEDIATE TERM:									
(1 - 3 YEARS)	100,000,000.00	100,000,000.00	0.00	0	0.00	0	2	2	0.0
MEDIUM TERM:									
(3 - 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.0
LONG TERM:									
(OVER 5 YEARS)	0.00	0.00	0.00	0	0.00	0	0	0	0.0
TOTAL	100,000,000.00	100,000,000.00	0.00	0	0.00	0	2	2	0.0

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD - PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			ABS - ASSET BACKED SECURITIES						
00020539	10/28/93	3.9000	DAMLER BENZ AG TRUST	10/15/98	1,416,211.21	1,415,575.56	21,125.00	1,403,323.69	2,454.77
00020540	10/28/93	3.9000	DAMLER BENZ AG TRUST	10/15/98	1,889,491.33	1,888,643.25	28,166.67	1,872,296.96	3,275.12
					3,305,702.54	3,304,218.81	49,291.67	3,275,620.65	5,729.89
			BA - BANKERS ACCEPTANCE						
00029587	04/18/96	0.0000	BARCLAYS BK PLC MIAM	10/15/96	5,000,000.00	4,989,791.67	0.00	4,989,020.83	0.00
00029821	05/10/96	0.0000	SWISS BANK CORP NY B	10/30/96	13,125,000.00	13,069,069.27	0.00	13,067,359.38	0.00
00029826	05/13/96	0.0000	REPUBLIC NATL BK NEW	11/08/96	5,000,000.00	4,972,080.56	0.00	4,971,454.17	0.00
00029872	05/17/96	0.0000	BANKERS TRUST CO BA	11/12/96	25,000,000.00	24,846,000.00	0.00	24,842,631.94	0.00
00029933	05/28/96	0.0000	ABN AMRO BANK CHICAG	11/19/96	25,000,000.00	24,820,673.61	0.00	24,817,013.89	0.00
00030651	07/19/96	0.0000	REPUBLIC NATL BK NEW	10/15/96	25,000,000.00	24,947,500.00	0.00	24,945,104.17	0.00
00030699	07/25/96	0.0000	REPUBLIC NATL BK NEW	10/15/96	50,000,000.00	49,895,194.44	0.00	49,890,208.33	0.00
00030717	07/29/96	0.0000	ROYAL BANK OF CANADA	10/23/96	25,000,000.00	24,917,500.00	0.00	24,915,826.39	0.00
00030775	08/05/96	0.0000	DEUTSCHE BANK AG NY	11/20/96	7,000,000.00	6,947,597.22	0.00	6,947,739.17	0.00
00030790	08/05/96	0.0000	CREDIT SUISSE BK NY	11/22/96	5,000,000.00	4,961,288.89	0.00	4,961,206.94	0.00
00030796	08/05/96	0.0000	DEUTSCHE BK AG NY BA	10/15/96	5,000,000.00	4,989,713.89	0.00	4,989,020.83	0.00
00030816	08/07/96	0.0000	SOCIETE GENERALE BK	12/23/96	10,000,000.00	9,877,113.89	0.00	9,876,800.00	0.00
00030819	08/07/96	0.0000	BANK OF AMERICA NT &	11/04/96	9,000,000.00	8,954,950.00	0.00	8,953,887.50	0.00
00030820	08/07/96	0.0000	BANK OF AMERICA NT &	12/23/96	11,500,000.00	11,358,946.11	0.00	11,358,320.00	0.00
00030821	08/07/96	0.0000	BANK OF AMERICA NT &	01/31/97	15,000,000.00	14,728,041.67	0.00	14,723,762.50	0.00
00030823	08/07/96	0.0000	REPUBLIC NATL BK NY	10/07/96	8,000,000.00	7,993,000.00	0.00	7,991,802.22	0.00
00030832	08/08/96	0.0000	SOCIETE GENERALE BK	11/05/96	10,000,000.00	9,948,666.67	0.00	9,947,300.00	0.00
00030865	08/13/96	0.0000	BARCLAYS BANK PLC MI	02/10/97	10,000,000.00	9,805,300.00	0.00	9,800,869.44	0.00
00030882	08/14/96	0.0000	DEUTSCHE BANK AG NY	02/10/97	10,000,000.00	9,805,483.33	0.00	9,800,869.44	0.00
00030923	08/19/96	0.0000	CREDIT SUISSE BK NY	10/22/96	6,000,000.00	5,981,555.00	0.00	5,980,676.67	0.00
00030943	08/20/96	0.0000	DEUTSCHE BANK NEW YO	12/11/96	9,000,000.00	8,906,812.50	0.00	8,904,960.00	0.00
00030965	08/23/96	0.0000	REPUBLIC NATIONAL BK	02/21/97	30,000,000.00	29,367,225.00	0.00	29,353,200.00	0.00
00031007	08/29/96	0.0000	REPUBLIC BK OF NEW Y	10/29/96	10,000,000.00	9,959,088.89	0.00	9,957,547.22	0.00
00031039	09/03/96	0.0000	BK OF TOKYO MITSUB L	10/31/96	13,000,000.00	12,941,066.67	0.00	12,941,005.28	0.00
00031089	09/06/96	0.0000	REPUBLIC NATL BK NEW	03/05/97	20,000,000.00	19,518,638.89	0.00	19,531,133.33	0.00
00031090	09/06/96	0.0000	BANK OF AMERICA NT &	10/25/96	10,000,000.00	9,964,533.33	0.00	9,963,402.78	0.00
00031091	09/06/96	0.0000	BANK OF AMERICA NT &	10/29/96	21,000,000.00	20,913,106.66	0.00	20,910,849.17	0.00
00031092	09/06/96	0.0000	UNION BK OF SWITZERL	10/04/96	14,000,000.00	13,993,805.00	0.00	13,991,802.22	0.00
00031135	09/10/96	0.0000	RABOBANK NY BA	10/09/96	5,000,000.00	4,994,066.67	0.00	4,993,412.50	0.00
00031149	09/11/96	0.0000	REPUBLIC NAT'L BANK	01/06/97	10,000,000.00	9,851,940.28	0.00	9,853,816.67	0.00
00031164	09/12/96	0.0000	ROYAL BANK OF CANADA	11/04/96	40,000,000.00	39,796,377.78	0.00	39,795,055.56	0.00
00031191	09/16/96	0.0000	BK OF TOKYO MITSUBIS	12/02/96	7,800,000.00	7,727,057.00	0.00	7,727,928.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD POOL NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	TAGE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00031192	09/16/96	0.0000	BARCLAYS BK PLC MIAM	03/10/97	10,000,000.00	9,759,555.56	0.00	9,758,052.78	0.00
00031196	09/17/96	0.0000	ROYAL BANK OF CANADA	12/02/96	10,000,000.00	9,908,033.34	0.00	9,907,600.00	0.00
00031197	09/17/96	0.0000	RABOBANK NY BA	11/15/96	20,000,000.00	19,867,500.00	0.00	19,865,322.22	0.00
00031199	09/17/96	0.0000	ROYAL BANK OF CANADA	10/11/96	10,000,000.00	9,985,222.22	0.00	9,983,897.22	0.00
00031200	09/17/96	0.0000	ROYAL BANK OF CANADA	10/15/96	5,000,000.00	4,989,655.56	0.00	4,989,020.83	0.00
00031209	09/18/96	0.0000	ROYAL BANK OF CANADA	02/06/97	10,000,000.00	9,804,800.00	0.00	9,806,858.33	0.00
00031244	09/25/96	0.0000	ABN AMRO CHICAGO BA	12/23/96	25,000,000.00	24,692,784.72	0.00	24,692,000.00	0.00
00031257	09/26/96	0.0000	BANK OF AMERICA NT &	11/22/96	14,000,000.00	13,893,631.11	0.00	13,891,379.44	0.00
00031258	09/26/96	0.0000	BANK OF AMERICA NT &	12/24/96	12,000,000.00	11,852,160.00	0.00	11,850,400.00	0.00
00031282	09/30/96	0.0000	ABN AMRO BK NY BA	10/28/96	65,000,000.00	64,742,600.00	0.00	64,733,572.22	0.00
00031283	09/30/96	0.0000	UNION BK OF SWITZERL	10/24/96	25,000,000.00	24,915,666.67	0.00	24,912,166.67	0.00
00031284	09/30/96	0.0000	UNION BK OF SWITZERL	10/25/96	9,000,000.00	8,968,320.00	0.00	8,967,062.50	0.00
					684,425,000.00	679,123,114.07	0.00	679,052,318.75	0.00
	BANS - LACCAL BANS								
00013751	07/20/92	0.0000	LACCAL BANS	07/20/97	137,314.48	137,314.48	0.00	137,314.48	0.00
00014591	09/10/92	0.0000	LAPS - SAN FERNANDO	06/30/97	105,000.00	105,000.00	0.00	105,000.00	0.00
00014592	09/10/92	0.0000	LAHF - 100 BED INPAT	06/30/97	95,000.00	95,000.00	0.00	95,000.00	0.00
00014949	10/02/92	0.0000	LAHF-100 BED INPATIE	06/30/97	35,000.00	35,000.00	0.00	35,000.00	0.00
00014955	10/02/92	0.0000	LAHF-150 BED INPATNT	06/30/97	160,000.00	160,000.00	0.00	160,000.00	0.00
00015104	10/14/92	0.0000	LAHF-150 BED INPATIE	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00015249	10/28/92	0.0000	LAHF - 100 BED INPAT	06/30/97	70,000.00	70,000.00	0.00	70,000.00	0.00
00015254	10/28/92	0.0000	LAHF - 200 BED INPT.	06/30/97	75,000.00	75,000.00	0.00	75,000.00	0.00
00015255	10/28/92	0.0000	LAHF - AMBULATORY CA	06/30/97	195,000.00	195,000.00	0.00	195,000.00	0.00
00015474	11/17/92	0.0000	LAHF LAC/USC MED 950	06/30/97	2,100,000.00	2,100,000.00	0.00	2,100,000.00	0.00
00015479	11/17/92	0.0000	LAHF RANCHO 200 BED	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00015480	11/17/92	0.0000	LAHF RANCHO AMBULATO	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00015682	12/04/92	0.0000	LAHF - 950 BED INPAT	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00015688	12/04/92	0.0000	LAHF - 200 BED INPT.	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00015800	12/16/92	0.0000	LAHF - 950 BED INPAT	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00015805	12/16/92	0.0000	LAHF - 200 BED INPT.	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00015806	12/16/92	0.0000	LAHF - AMBULATORY CA	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00015825	12/17/92	0.0000	LAHF - 200 BED INPAT	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00015826	12/17/92	0.0000	LAHF - AMBULATORY CA	06/30/97	150,000.00	150,000.00	0.00	150,000.00	0.00
00015879	12/23/92	0.0000	LAHF - 100 BED INPAT	06/30/97	70,000.00	70,000.00	0.00	70,000.00	0.00
00015955	12/31/92	0.0000	LAPS - SAN FERNANDO	06/30/97	40,000.00	40,000.00	0.00	40,000.00	0.00
00016105	01/08/93	0.0000	LAHF-950 BED INPATIE	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00016462	01/29/93	0.0000	LAHF - 950 BED INPAT	06/30/97	150,000.00	150,000.00	0.00	150,000.00	0.00
00016465	01/29/93	0.0000	LAHF - AMBULATORY CA	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
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SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00016677	02/12/93	0.0000	LAHF - 950 BED INPAI	06/30/97	3,500,000.00	3,500,000.00	0.00	3,500,000.00	0.00
00016872	02/23/93	0.0000	LAHF - 100 BED EXPAN	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00016873	02/23/93	0.0000	LAHF - 950 BED INPAT	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00017023	03/02/93	0.0000	LAHF - RANCHO AMBUL	06/30/97	120,000.00	120,000.00	0.00	120,000.00	0.00
00017209	03/15/93	0.0000	LAHF - 950 BED INPAI	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00017288	03/19/93	0.0000	LAHF - 100 BED INPAI	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00017348	03/24/93	0.0000	LAHF - 100 BED EXPAN	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00017349	03/24/93	0.0000	LAHF - 950 BED INPAI	06/30/97	1,500,000.00	1,500,000.00	0.00	1,500,000.00	0.00
00017350	03/24/93	0.0000	LAHF - 100 BED INPAI	06/30/97	95,000.00	95,000.00	0.00	95,000.00	0.00
00017351	03/24/93	0.0000	LAHF - AMBULATORY CA	06/30/97	130,000.00	130,000.00	0.00	130,000.00	0.00
00017622	04/09/93	0.0000	LAPS - SAN FERNANDO	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00017756	04/15/93	0.0000	LAHF - AMBULATORY CA	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00018010	04/29/93	0.0000	LAHF - 950 BED INPAI	06/30/97	1,500,000.00	1,500,000.00	0.00	1,500,000.00	0.00
00018241	05/11/93	0.0000	LAHF - 950 BED INPAI	06/30/97	1,300,000.00	1,300,000.00	0.00	1,300,000.00	0.00
00018412	05/25/93	0.0000	LAHF 950 BED INPATIE	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00018413	05/25/93	0.0000	LAHF-100 BED INPATIE	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00018635	06/09/93	0.0000	LAHF - 100 BED INPAI	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00018638	06/09/93	0.0000	LAHF - AMBULATORY CA	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00018781	06/22/93	0.0000	LAHF - 100 BED EXPAN	06/30/97	1,300,000.00	1,300,000.00	0.00	1,300,000.00	0.00
00018782	06/22/93	0.0000	LAHF - 950 BED INPAI	06/30/97	7,014,000.00	7,014,000.00	0.00	7,014,000.00	0.00
00018783	06/22/93	0.0000	LAHF - 100 BED INPAI	06/30/97	910,000.00	910,000.00	0.00	910,000.00	0.00
00018789	06/22/93	0.0000	LAHF - AMBULATORY CA	06/30/97	150,000.00	150,000.00	0.00	150,000.00	0.00
00018796	06/22/93	0.0000	LAPS -SAN FERNANDO J	06/30/97	150,000.00	150,000.00	0.00	150,000.00	0.00
00019882	09/01/93	0.0000	LAHF-HOSP. SERVICES	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00019883	09/01/93	0.0000	LAHF-AMBULATORY CARE	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00019901	09/02/93	0.0000	LAHF-950 BED INPATIE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00020074	09/22/93	0.0000	LAHF-950 BED INPATIE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00020075	09/22/93	0.0000	LAHF-CLINIC BLDG. AD	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00020076	09/22/93	0.0000	LAHF-HOSPITAL SERVIC	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00020077	09/22/93	0.0000	LAHF-200 BED INPAT.	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00020078	09/22/93	0.0000	LAHF-AMBULATORY CARE	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00020079	09/22/93	0.0000	LAHF-ESPLANADE/GEN'S	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00020334	10/07/93	0.0000	LAHF - 950 BED INPAI	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00020335	10/07/93	0.0000	LAHF - 100 BED INPAI	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00020641	11/03/93	0.0000	LAHF-100 BED INPATIE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00020644	11/03/93	0.0000	LAHF-EL MONTE HEALTH	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00020645	11/03/93	0.0000	LAHF-REGIONAL HEALTH	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00020648	11/03/93	0.0000	LAPS-SAN FERNANDO JU	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00020758	11/17/93	0.0000	LAHF-100 BED EXPANSI	06/30/97	65,000.00	65,000.00	0.00	65,000.00	0.00
00020759	11/17/93	0.0000	LAHF-950 BED INPATIE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00020760	11/17/93	0.0000	LAHF-REGIONAL HEALTH	06/30/97	60,000.00	60,000.00	0.00	60,000.00	0.00
00020876	12/01/93	0.0000	LAHF-100 BED EXPANSI	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD - PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00020877	12/01/93	0.0000	LAHF 950 BED INPATIE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00020878	12/01/93	0.0000	LAHF-REGIONAL HEALTH	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00021114	12/23/93	0.0000	LAHF-100 BED EXPANSI	06/30/97	750,000.00	750,000.00	0.00	750,000.00	0.00
00021115	12/23/93	0.0000	LAHF-950 BED INPATIE	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00021116	12/23/93	0.0000	LAHF-100 BED INPATIE	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00021117	12/23/93	0.0000	LAHF-CLINIC BLDG. AD	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00021118	12/23/93	0.0000	LAHF-POMONA HEALTH C	06/30/97	55,000.00	55,000.00	0.00	55,000.00	0.00
00021293	01/07/94	0.0000	LAHF-950 BED INPATIE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00021294	01/07/94	0.0000	LAHF-MAREGNCO PARKIN	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00021295	01/07/94	0.0000	LAHF-100 BED INPATIE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00021491	01/20/94	0.0000	LAHF-950 BED INPATIE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00021492	01/20/94	0.0000	LAHF-EL MONTE HEALTH	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00021774	02/04/94	0.0000	LAPS-SAN FERNANDO JU	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00021776	02/04/94	0.0000	LAHF-950 BED INPATIE	06/30/97	800,000.00	800,000.00	0.00	800,000.00	0.00
00021777	02/04/94	0.0000	LAHF-100 BEND INPATI	06/30/97	110,000.00	110,000.00	0.00	110,000.00	0.00
00022162	03/08/94	0.0000	LAPS - SAN FERNANDO	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022163	03/08/94	0.0000	LAHF-950 BED INPATIE	06/30/97	1,500,000.00	1,500,000.00	0.00	1,500,000.00	0.00
00022164	03/08/94	0.0000	LAHF-100 BED INPATIE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022165	03/08/94	0.0000	LAHF-200 BED INPATIE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022166	03/08/94	0.0000	LAHF-SAN FERNANDO HE	06/30/97	10,000.00	10,000.00	0.00	10,000.00	0.00
00022167	03/08/94	0.0000	LAHF-EL MONTE HEALTH	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00022322	03/24/94	0.0000	LAHF-100 BED EXPANSI	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022323	03/24/94	0.0000	LAHF-950 BED INPATIE	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00022324	03/24/94	0.0000	LAHF-100 BED EXPANSI	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00022325	03/24/94	0.0000	LAHF-REGIONAL CENTER	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00022572	04/14/94	0.0000	LAHF-SAN FERNANDO HE	06/30/97	25,000.00	25,000.00	0.00	25,000.00	0.00
00022574	04/14/94	0.0000	LAHF-ALHAMBRA HEALTH	06/30/97	25,000.00	25,000.00	0.00	25,000.00	0.00
00022737	04/28/94	0.0000	LAPS -SAN FERNANDO J	06/30/97	150,000.00	150,000.00	0.00	150,000.00	0.00
00022738	04/28/94	0.0000	LAHF -100 BED EXPANS	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00022739	04/28/94	0.0000	LAHF - 100 BED EXPAN	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00022740	04/28/94	0.0000	LAHF -ALHAMBRA HEALT	06/30/97	25,000.00	25,000.00	0.00	25,000.00	0.00
00022741	04/28/94	0.0000	LAHF-ALHAMBRA HEALTH	06/30/97	25,000.00	25,000.00	0.00	25,000.00	0.00
00022843	05/09/94	0.0000	LAHF - CENTRAL PLANT	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00022844	05/09/94	0.0000	LAHF - 950 BED INPAT	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00022845	05/09/94	0.0000	LAHF - 100 BED EXPAN	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00022987	05/23/94	0.0000	LAHF - CENTRAL PLANT	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00022988	05/23/94	0.0000	LAHF - MARENGO PARKI	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022989	05/23/94	0.0000	LAHF - CLINIC BUILDI	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022990	05/23/94	0.0000	LAHF - REGIONAL CENT	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00022991	05/23/94	0.0000	LAHF-ALHAMBRA HEALTH	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00022992	05/23/94	0.0000	LAHF-ALHAMBRA HEALTH	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00022993	05/23/94	0.0000	LAHF - POMONA HEALTH	06/30/97	25,000.00	25,000.00	0.00	25,000.00	0.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00022994	05/23/94	0.0000	LAHF - EL MONTE HEAL	06/30/97	40,000.00	40,000.00	0.00	40,000.00	0.00
00023088	06/03/94	0.0000	LAHF 100 BED EXPANSI	06/30/97	700,000.00	700,000.00	0.00	700,000.00	0.00
00023089	06/03/94	0.0000	LAHF-950 BED INPATIE	06/30/97	11,000,000.00	11,000,000.00	0.00	11,000,000.00	0.00
00023090	06/03/94	0.0000	LAHF 100 BED EXPANSI	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00023091	06/03/94	0.0000	LAHF-REGIONAL CENTER	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023092	06/03/94	0.0000	LAHF-SAN FERNANDO HE	06/30/97	40,000.00	40,000.00	0.00	40,000.00	0.00
00023242	06/20/94	0.0000	LAPS - SAN FERNANDO	06/30/97	407,711.94	407,711.94	0.00	407,711.94	0.00
00023245	06/20/94	0.0000	LAHF - 100 BED EXPAN	06/30/97	1,750,000.00	1,750,000.00	0.00	1,750,000.00	0.00
00023246	06/20/94	0.0000	LAHF - CENTRAL PLANT	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00023247	06/20/94	0.0000	LAHF - 950 BED INPAT	06/30/97	11,000,000.00	11,000,000.00	0.00	11,000,000.00	0.00
00023248	06/20/94	0.0000	LAHF - MARENGO PARKI	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00023249	06/20/94	0.0000	LAHF - CENTRAL PLANT	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00023250	06/20/94	0.0000	LAHF - 100 BED EXPAN	06/30/97	750,000.00	750,000.00	0.00	750,000.00	0.00
00023252	06/20/94	0.0000	LAHF - ESPLANADE WIN	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023253	06/20/94	0.0000	LAHF - CLINIC BUILDI	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023254	06/20/94	0.0000	LAHF - HOSPITAL SERV	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023255	06/20/94	0.0000	LAHF - REGIONAL CENT	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00023256	06/20/94	0.0000	LAHF - ALHAMBRA HEAL	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023257	06/20/94	0.0000	LAHF -SAN FERNANDO H	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023258	06/20/94	0.0000	LAHF - EL MONTE HEAL	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00023259	06/20/94	0.0000	LAHF - POMONA HEALTH	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023260	06/20/94	0.0000	LAHF - 200 BED UNIT	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00023307	06/23/94	0.0000	MLKH-SHELL AND CORE	06/30/97	800,000.00	800,000.00	0.00	800,000.00	0.00
00023865	08/23/94	0.0000	LAHF-100 BED EXPANSI	06/30/97	400,000.00	400,000.00	0.00	400,000.00	0.00
00023866	08/23/94	0.0000	LAHF-CENTRAL PLANT	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00023867	08/23/94	0.0000	LAHF-MARENGO PARKING	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00023868	08/23/94	0.0000	LAHF-CENTRAL PLANT	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00023869	08/23/94	0.0000	LAHF-EL MONTE HEALTH	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00024418	11/10/94	0.0000	LAPS-JUVENILE HALL	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00024420	11/10/94	0.0000	LAHF-100 BED EXPANSI	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00024421	11/10/94	0.0000	LAHF-CENTRAL PLANT	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00024422	11/10/94	0.0000	LAHF-950 BED INPATIE	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00024423	11/10/94	0.0000	LAHF-MASTER PLAN PHA	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00024424	11/10/94	0.0000	MLKH-TRAUMA SHELL &	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00024663	12/13/94	0.0000	LAHF-950 BED INPATIE	06/30/97	3,369,000.00	3,369,000.00	0.00	3,369,000.00	0.00
00024664	12/13/94	0.0000	LAHF-MARENGO PARKING	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00024665	12/13/94	0.0000	LAHF-MASTER PLAN PHA	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00024666	12/13/94	0.0000	LAHF-SAN FERNANDO HE	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00024752	12/23/94	0.0000	LAHF-LAND ACQUISITIO	06/30/97	9,900,000.00	9,900,000.00	0.00	9,900,000.00	0.00
00024753	12/23/94	0.0000	LAHF-950 BED INPATIE	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00024754	12/23/94	0.0000	LAHF-CENTRAL PLANT	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NTRD PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00024756	12/23/94	0.0000	LAHF MASTER PLAN PHA	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00024757	12/23/94	0.0000	LAHF-POMONA HEALTH C	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00025202	02/15/95	0.0000	LACCAL BANS	06/30/97	10,000,000.00	10,000,000.00	0.00	10,000,000.00	0.00
00025222	02/21/95	0.0000	LAHF-LAC+USC REPLACE	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00025223	02/21/95	0.0000	LAHF-LAC+USC MARENGO	06/30/97	4,000,000.00	4,000,000.00	0.00	4,000,000.00	0.00
00025224	02/21/95	0.0000	LAHF-LAC+USC POWER P	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00025225	02/21/95	0.0000	LAHF-HARBOR AMBULATO	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00025226	02/21/95	0.0000	LAHF-HARBOR CENTRAL	06/30/97	1,500,000.00	1,500,000.00	0.00	1,500,000.00	0.00
00025227	02/21/95	0.0000	LAHF-RANCHO AMBULATO	06/30/97	75,000.00	75,000.00	0.00	75,000.00	0.00
00025499	03/24/95	0.0000	LAPS-SAN FERNANDO JU	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00025842	04/26/95	0.0000	LAHF-LAC+USC REPLACE	06/30/97	5,000,000.00	5,000,000.00	0.00	5,000,000.00	0.00
00025843	04/26/95	0.0000	LAHF LAC+USC MARENGO	06/30/97	5,000,000.00	5,000,000.00	0.00	5,000,000.00	0.00
00025844	04/26/95	0.0000	LAHF-HARBOR AMBULATO	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00025845	04/26/95	0.0000	LAHF HARBOR CENTRAL	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00025846	04/26/95	0.0000	LAHF-RANCHO MASTER P	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00025847	04/26/95	0.0000	LAHF-OLIVE VIEW PERI	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00025849	04/26/95	0.0000	LAHF-EL MONTE EXPANS	06/30/97	250,000.00	250,000.00	0.00	250,000.00	0.00
00026021	05/09/95	0.0000	LAHF-RANCHO AMBULATO	06/30/97	750,000.00	750,000.00	0.00	750,000.00	0.00
00026167	05/17/95	0.0000	LAHF-HARBOR CENTRAL	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00026168	05/17/95	0.0000	LAHF-POMONA EXPANSIO	06/30/97	50,000.00	50,000.00	0.00	50,000.00	0.00
00026195	05/19/95	0.0000	LAHF-LAC+USC REPLACE	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00026196	05/19/95	0.0000	LAHF-LAC+USC MARENGO	06/30/97	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
00026197	05/19/95	0.0000	LAHF-HARBOR AMBULATO	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00026198	05/19/95	0.0000	LAHF-RANCHO AMBULATO	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00026199	05/19/95	0.0000	LAHF-RANCHO MASTER P	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00026359	06/05/95	0.0000	LAHF -LAC + USC REP.	06/30/97	8,063,572.00	8,063,572.00	0.00	8,063,572.00	0.00
00026360	06/05/95	0.0000	LAHF -LAC+USC MARENG	06/30/97	6,414,380.00	6,414,380.00	0.00	6,414,380.00	0.00
00026361	06/05/95	0.0000	LAHF -LAC+USC CENTRA	06/30/97	335,206.00	335,206.00	0.00	335,206.00	0.00
00026362	06/05/95	0.0000	LAHF -LAC+USC POWER	06/30/97	234,703.00	234,703.00	0.00	234,703.00	0.00
00026363	06/05/95	0.0000	LAHF -HARBOR AMBULAT	06/30/97	2,658,166.00	2,658,166.00	0.00	2,658,166.00	0.00
00026364	06/05/95	0.0000	LAHF - RANCHO ESPLAN	06/30/97	319,363.00	319,363.00	0.00	319,363.00	0.00
00026365	06/05/95	0.0000	LAHF - RANCHO HOSPIT	06/30/97	346,475.00	346,475.00	0.00	346,475.00	0.00
00026366	06/05/95	0.0000	LAHF - RANCHO 200 BE	06/30/97	1,626,509.00	1,626,509.00	0.00	1,626,509.00	0.00
00026367	06/05/95	0.0000	LAHF -RANCHO AMBULAT	06/30/97	583,734.00	583,734.00	0.00	583,734.00	0.00
00026368	06/05/95	0.0000	LAHF - RANCHO MASTER	06/30/97	1,791,593.00	1,791,593.00	0.00	1,791,593.00	0.00
00026369	06/05/95	0.0000	LAHF - OLIVE VIEW PE	06/30/97	788,100.00	788,100.00	0.00	788,100.00	0.00
00026373	06/05/95	0.0000	LAHF - EL MONTE EXPA	06/30/97	301,818.00	301,818.00	0.00	301,818.00	0.00
00026374	06/05/95	0.0000	LAHF - POMONA EXPANS	06/30/97	671,224.00	671,224.00	0.00	671,224.00	0.00
00026375	06/05/95	0.0000	LAHF -SAN FERNANDO R	06/30/97	283,804.00	283,804.00	0.00	283,804.00	0.00
00026574	06/23/95	0.0000	LACCAL BANS	06/30/97	10,000,000.00	10,000,000.00	0.00	10,000,000.00	0.00
00026642	06/30/95	0.0000	LAPS-PD SAN FERNANDO	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00027101	08/10/95	0.0000	LAHF LAC+USC REPLCMN	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00027383	09/21/95	0.0000	LACCAL BANS	06/30/97	10,000,000.00	10,000,000.00	0.00	10,000,000.00	0.00
00027432	09/27/95	0.0000	LAHF-LAC+USC REPLACE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00027433	09/27/95	0.0000	LAHF-ALHAMBRA MODERN	06/30/97	15,000.00	15,000.00	0.00	15,000.00	0.00
00027434	09/27/95	0.0000	MLKH-SHELL AND CORE	06/30/97	200,000.00	200,000.00	0.00	200,000.00	0.00
00027481	09/29/95	0.0000	LAPS-LAW ENFORCEMENT	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00028157	12/05/95	0.0000	LAPS-LAW ENFORCEMENT	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00028158	12/05/95	0.0000	LAHF-LAC+USC REPLACE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00028159	12/05/95	0.0000	LAHF-LAC+USC MARENGO	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00028160	12/05/95	0.0000	LAHF-RANCHO AMBULATO	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00028767	01/25/96	0.0000	LAPS-LAW ENFORCEMENT	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00028768	01/25/96	0.0000	LAHF-LAC+USC REPLACE	06/30/97	2,000,000.00	2,000,000.00	0.00	2,000,000.00	0.00
00028769	01/25/96	0.0000	LAHF-LAC+USC MARENGO	06/30/97	2,500,000.00	2,500,000.00	0.00	2,500,000.00	0.00
00028770	01/25/96	0.0000	LAHF-LAC+USC CENTRAL	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00028980	02/15/96	0.0000	LAPS-LAW ENFORCEMENT	06/30/97	500,000.00	500,000.00	0.00	500,000.00	0.00
00029416	04/05/96	0.0000	MLK-SHELL AND CORE P	06/30/97	100,000.00	100,000.00	0.00	100,000.00	0.00
00029417	04/05/96	0.0000	LAHF-LAC+USC REPLACE	06/30/97	4,000,000.00	4,000,000.00	0.00	4,000,000.00	0.00
00029419	04/05/96	0.0000	LAHF-ALHAMBRA MODERN	06/30/97	20,000.00	20,000.00	0.00	20,000.00	0.00
00029449	04/09/96	0.0000	LACCAL BANS	06/30/97	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
00030240	06/26/96	0.0000	LAPS-LAW ENFORCEMENT	06/30/97	170,000.00	170,000.00	0.00	170,000.00	0.00
00030241	06/26/96	0.0000	LAHF-LAC+USC REPLACE	06/30/97	1,000,000.00	1,000,000.00	0.00	1,000,000.00	0.00
00030242	06/26/96	0.0000	LAHF-LAC+USC MARENGO	06/30/97	300,000.00	300,000.00	0.00	300,000.00	0.00
00030284	06/28/96	0.0000	LAHF-ALHAMBRA HEALTH	06/30/97	1,600.00	1,600.00	0.00	1,600.00	0.00
					233,383,273.42	233,383,273.42	0.00	233,383,273.42	0.00
	BNOT - BANK NOTE								
00030593	07/15/96	5.5500	BANK OF AMERICA NT&S	10/11/96	25,000,000.00	25,000,000.00	0.00	25,004,425.00	300,625.00
00031038	09/03/96	5.3800	NATIONAL BK OF DETRO	11/04/96	25,000,000.00	25,000,233.95	0.00	25,006,500.00	104,611.10
00031066	09/04/96	5.3800	NATIONAL BK OF DETRO	11/04/96	50,000,000.00	49,997,154.51	7,472.22	50,013,000.00	209,222.20
00031148	09/11/96	5.3800	NATL BK OF DETROIT B	11/04/96	25,000,000.00	24,998,911.41	29,888.89	25,006,500.00	104,611.10
00031151	09/11/96	5.6200	BANK OF AMERICA NT&S	01/09/97	30,000,000.00	30,000,000.00	0.00	30,001,110.00	93,666.66
					155,000,000.00	154,996,299.87	37,361.11	155,031,535.00	841,661.20
	COP1 - CERTIFICATE OF PARTICIPATION								
00018535	06/02/93	7.2900	LACCAL MARINA DEL RE	08/01/07	27,291,583.30	27,291,583.30	0.00	27,291,583.30	331,596.02
00018535	08/01/95	7.2900	LACCAL MARINA DEL RE	08/01/07	270.28	270.28	0.00	270.28	331,596.02
00027086	08/09/95	7.2900	LACCAL MARINA DEL RE	08/01/07	88,955.04	88,955.04	0.00	88,955.04	1,080.80

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD - PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00027122	08/14/95	7.2900	LACCAL MARINA DEL RE	08/01/07	2,257.26	2,257.26	0.00	2,257.26	27.43
00027232	08/31/95	7.2900	LACCAL MARINA DEL RE	08/01/07	8,215.54	8,215.54	0.00	8,215.54	99.82
00027316	09/12/95	7.2900	LACCAL MARINA DEL RE	08/01/07	420,319.95	420,319.95	0.00	420,319.95	5,106.89
00030774	08/01/96	7.2900	LACCAL MARINA DEL RE	08/01/07	313.55	313.55	0.00	313.55	3.81
00030842	08/09/96	7.2900	LACCAL MARINA DEL RE	08/01/07	85,317.65	85,317.65	0.00	85,317.65	898.39
00030883	08/14/96	7.2900	LACCAL MARINA DEL RE	08/01/07	7,088.01	7,088.01	0.00	7,088.01	67.46
00031009	08/29/96	7.2900	LACCAL MARINA DEL RE	08/01/07	8,575.14	8,575.14	0.00	8,575.14	55.57
00031094	09/06/96	7.2900	LACCAL MARINA DEL RE	08/01/07	10,097.21	10,097.21	0.00	10,097.21	51.12
00031150	09/11/96	7.2900	LACCAL MARINA DEL RE	08/01/07	102,889.26	102,889.26	0.00	102,889.26	416.70
00031177	09/12/96	7.2900	LACCAL MARINA DEL RE	08/01/07	29,850.41	29,850.41	0.00	29,850.41	114.85
00031281	09/27/96	7.2900	LACCAL MARINA DEL RE	08/01/07	828.88	828.88	0.00	828.88	0.67
					28,056,561.48	28,056,561.48	0.00	28,056,561.48	339,850.53
	CPD	- COMMERCIAL PAPER - DISCOUNT							
00029877	05/16/96	0.0000	ABN AMRO N.A. FINANC	11/07/96	25,000,000.00	24,864,333.33	0.00	24,856,444.44	0.00
00030705	07/25/96	0.0000	CORPORATE ASSET FUND	10/04/96	15,000,000.00	14,993,275.00	0.00	14,990,933.33	0.00
00030706	07/25/96	0.0000	CORPORATE ASSET FUND	10/10/96	37,000,000.00	36,950,235.00	0.00	36,944,088.89	0.00
00030803	08/06/96	0.0000	AIG FUNDING INC CP	10/03/96	25,000,000.00	24,992,638.89	0.00	24,988,666.67	0.00
00030804	08/06/96	0.0000	AIG FUNDING INC CP	11/05/96	20,000,000.00	19,896,555.55	0.00	19,891,200.00	0.00
00030805	08/06/96	0.0000	AIG FUNDING INC CP	10/07/96	15,000,000.00	14,986,750.00	0.00	14,984,133.33	0.00
00030806	08/06/96	0.0000	METLIFE FUNDING INC	10/02/96	15,000,000.00	14,997,791.67	0.00	14,995,466.67	0.00
00030931	08/19/96	0.0000	DEUTSCHE BK FINANCE	10/18/96	25,000,000.00	24,937,666.67	0.00	24,932,000.00	0.00
00030942	08/20/96	0.0000	METLIFE FUNDING INC	10/17/96	22,561,000.00	22,508,056.85	0.00	22,503,043.30	0.00
00031111	09/06/96	0.0000	COMMERZBK US FINANCE	10/07/96	25,000,000.00	24,977,708.33	0.00	24,973,555.56	0.00
00031113	09/06/96	0.0000	MORGAN STANLEY GROUP	10/11/96	25,000,000.00	24,962,708.33	0.00	24,958,444.44	0.00
00031114	09/06/96	0.0000	MORGAN STANLEY GROUP	10/07/96	20,000,000.00	19,982,100.00	0.00	19,978,844.44	0.00
00031115	09/06/96	0.0000	MORGAN STANLEY GROUP	10/07/96	7,285,000.00	7,278,479.93	0.00	7,277,294.09	0.00
00031123	09/09/96	0.0000	MORGAN STANLEY GROUP	10/07/96	25,000,000.00	24,977,708.33	0.00	24,973,555.56	0.00
00031161	09/11/96	0.0000	BEAR STEARNS COMPANI	10/02/96	25,000,000.00	24,996,270.83	0.00	24,992,444.44	0.00
00031162	09/11/96	0.0000	SMITH BARNEY INC CP	10/15/96	25,000,000.00	24,947,791.67	0.00	24,943,333.33	0.00
00031170	09/12/96	0.0000	NESTLE CAPITAL CORP	10/15/96	20,000,000.00	19,958,388.89	0.00	19,954,666.67	0.00
00031178	09/13/96	0.0000	MERRILL LYNCH & CO C	10/01/96	50,000,000.00	50,000,000.00	0.00	49,992,444.44	0.00
00031204	09/17/96	0.0000	SMITH BARNEY INC CP	10/01/96	25,000,000.00	25,000,000.00	0.00	24,996,222.22	0.00
00031205	09/17/96	0.0000	BEAR STEARNS COMPANI	10/17/96	25,000,000.00	24,940,555.56	0.00	24,935,777.78	0.00
00031215	09/18/96	0.0000	PRUDENTIAL FUNDING C	10/03/96	22,685,000.00	22,678,295.32	0.00	22,674,716.13	0.00
00031251	09/26/96	0.0000	G.E. CAPITAL CORP CP	10/03/96	23,000,000.00	22,993,202.22	0.00	22,989,573.33	0.00
00031262	09/26/96	0.0000	SMITH BARNEY INC CP	10/03/96	50,000,000.00	49,985,277.78	0.00	49,977,333.33	0.00
00031273	09/27/96	0.0000	CORPORATE ASSET FUND	10/07/96	50,000,000.00	49,955,833.33	0.00	49,947,111.11	0.00
00031278	09/27/96	0.0000	MERRILL LYNCH & CO C	10/16/96	25,000,000.00	24,944,791.67	0.00	24,939,555.56	0.00

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00031285	09/30/96	0.0000	UBS FINANCE (DELAWAR	10/01/96	50,000,000.00	50,000,000.00	0.00	49,992,444.44	0.00
00031286	09/30/96	0.0000	UBS FINANCE (DELAWAR	10/01/96	50,000,000.00	50,000,000.00	0.00	49,992,444.44	0.00
00031287	09/30/96	0.0000	UBS FINANCE (DELAWAR	10/01/96	50,000,000.00	50,000,000.00	0.00	49,992,444.44	0.00
					792,531,000.00	791,706,415.15	0.00	791,568,182.38	0.00
	CPI - COMMERCIAL PAPER - INT. BEAR.								
00030709	07/26/96	5.4200	FORD MOTOR CREDIT CO	10/09/96	25,000,000.00	25,000,000.00	0.00	25,000,000.00	254,750.28
00031095	09/06/96	5.3500	AMERICAN GENERAL FIN	10/07/96	30,000,000.00	30,000,000.00	0.00	30,000,000.00	111,873.99
00031110	09/06/96	5.3500	FORD MOTOR CREDIT CO	10/07/96	25,000,000.00	25,000,000.00	0.00	25,000,000.00	93,228.33
00031154	09/11/96	5.3600	G.E. CAPITAL SERVICE	10/03/96	30,000,000.00	30,000,000.00	0.00	30,000,000.00	89,600.13
00031208	09/17/96	5.3300	FORD MOTOR CREDIT CO	10/17/96	10,468,000.00	10,468,000.00	0.00	10,468,000.00	21,742.90
00031216	09/18/96	5.3200	G.E. CAPITAL CORP CP	10/03/96	16,568,000.00	16,568,000.00	0.00	16,568,000.00	31,890.24
00031253	09/26/96	5.3000	G.E. CAPITAL CORP CP	10/02/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	36,832.65
00031263	09/26/96	5.3000	AMERICAN GEN FINANCE	10/08/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	36,832.65
00031288	09/30/96	5.8300	ASSOCIATES CORP OF N	10/01/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	8,098.55
00031289	09/30/96	5.8300	ASSOCIATES CORP OF N	10/01/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	8,098.55
00031290	09/30/96	5.8300	ASSOCIATES CORP OF N	10/01/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	8,098.55
00031292	09/30/96	5.9500	ASSOCIATES CORP OF N	10/01/96	50,000,000.00	50,000,000.00	0.00	50,000,000.00	8,265.25
00031293	09/30/96	5.8500	MERRILL LYNCH & CO C	10/01/96	15,120,000.00	15,120,000.00	0.00	15,120,000.00	2,457.39
					452,156,000.00	452,156,000.00	0.00	452,156,000.00	711,769.46
	FCDN - FARM CRED DISCOUNT NOTES								
00030768	08/01/96	0.0000	FFCB D/N	10/18/96	8,000,000.00	7,979,864.44	0.00	7,979,200.00	0.00
00030769	08/01/96	0.0000	FFCB D/N	10/23/96	25,000,000.00	24,918,569.44	0.00	24,917,500.00	0.00
					33,000,000.00	32,898,433.88	0.00	32,896,700.00	0.00
	FFCB - FED FARM CREDIT BANK								
00029810	05/09/96	5.3300	FFCB	11/01/96	12,870,000.00	12,867,874.81	15,243.80	12,870,000.00	285,821.25
00030592	07/12/96	5.4100	FFCB	10/01/96	13,700,000.00	13,700,000.00	22,646.86	13,700,000.00	185,292.50
00030807	08/06/96	5.5600	FFCB	01/02/97	5,355,000.00	5,355,000.00	28,946.75	5,352,455.89	74,434.50
00030827	08/08/96	5.5600	FFCB	01/02/97	5,300,000.00	5,300,000.00	30,286.56	5,297,482.02	73,670.00
00031056	09/04/96	5.5600	FFCB	01/02/97	15,480,000.00	15,474,376.41	150,620.40	15,480,000.00	215,172.00
					52,705,000.00	52,697,251.22	247,744.37	52,699,937.91	834,390.25
	FFRQ - FHLB PERIODIC CAPPED FRN								
00021541	02/09/94	5.4500	FHLB PERIODIC CAPPED	02/09/99	25,000,000.00	25,000,000.00	0.00	24,570,312.50	200,590.28
00022477	09/30/94	6.1840	FHLB CAPPED FRN FROM	04/18/97	50,000,000.00	50,000,000.00	0.00	50,171,900.00	644,166.67

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
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ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
					75,000,000.00	75,000,000.00	0.00	74,742,212.50	844,756.95
			FHFR - FHLB FLOATING RATE NOTE						
00015676	12/15/92	5.8380	FHLB FLOATER	12/15/97	50,000,000.00	49,949,397.59	0.00	50,187,500.00	2,359,525.00
00021748	02/10/94	4.8490	FHLB FRN	02/10/97	10,000,000.00	10,000,000.00	0.00	9,959,380.00	69,955.00
					60,000,000.00	59,949,397.59	0.00	60,146,880.00	2,429,480.00
			FHLD - FED HOME LOAN BANK DISC NOTE						
00030277	06/28/96	0.0000	FHLB D/N	11/27/96	9,145,000.00	9,067,968.62	0.00	9,068,182.00	0.00
00030420	07/05/96	0.0000	FHLB D/N	10/03/96	15,000,000.00	14,995,566.67	0.00	14,994,000.00	0.00
00030756	08/01/96	0.0000	FHLB D/N	10/30/96	50,000,000.00	49,783,909.72	0.00	49,780,000.00	0.00
00030767	08/01/96	0.0000	FHLB D/N	10/17/96	6,265,000.00	6,250,158.91	0.00	6,249,337.50	0.00
					80,410,000.00	80,097,603.92	0.00	80,091,519.50	0.00
			FMTN - FLOATING RATE MED TERM NOTE SEMI						
00023297	06/27/94	5.5900	TOYOTA MOTOR CREDIT	06/13/97	20,000,000.00	19,995,946.40	36,745.21	19,959,800.00	333,262.28
					20,000,000.00	19,995,946.40	36,745.21	19,959,800.00	333,262.28
			FNFQ - FNMA FLOATING RATE QUARTERLY						
00023312	06/27/94	5.5000	FNMA FRN	05/25/99	20,000,000.00	19,985,345.68	80,810.96	19,931,260.00	110,163.93
					20,000,000.00	19,985,345.68	80,810.96	19,931,260.00	110,163.93
			FNMA - FED NAT MORTG ASSOC.						
00029808	05/09/96	5.3100	FNMA	10/18/96	15,000,000.00	14,998,647.28	46,462.50	14,999,357.25	360,637.50
					15,000,000.00	14,998,647.28	46,462.50	14,999,357.25	360,637.50
			FNMD - FNMA DISCOUNT NOTES						
00029392	04/03/96	0.0000	FNMA D/N	10/04/96	25,000,000.00	24,989,229.17	0.00	24,985,000.00	0.00
00029402	04/04/96	0.0000	FNMA D/N	10/09/96	25,000,000.00	24,971,222.22	0.00	24,967,500.00	0.00
00029403	04/04/96	0.0000	FNMA D/N	10/10/96	25,000,000.00	24,967,625.00	0.00	24,962,500.00	0.00
00030419	07/05/96	0.0000	FNMA D/N	10/03/96	50,000,000.00	49,985,166.67	0.00	49,980,000.00	0.00
00030544	07/10/96	0.0000	FNMA D/N	10/11/96	27,000,000.00	26,959,650.00	0.00	26,956,800.00	0.00
00030546	07/10/96	0.0000	FNMA D/N	10/15/96	50,000,000.00	49,895,388.89	0.00	49,890,000.00	0.00
00030554	07/10/96	0.0000	FNMA D/N	10/11/96	50,000,000.00	49,925,208.33	0.00	49,920,000.00	0.00

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00030766	08/01/96	0.0000	FNMA D/N	01/06/97	25,000,000.00	24,636,250.00	0.00	24,642,500.00	0.00
00030841	08/09/96	0.0000	FNMA D/N	02/13/97	15,715,000.00	15,405,610.94	0.00	15,400,700.00	0.00
00030900	08/15/96	0.0000	FNMA D/N	11/19/96	25,000,000.00	24,822,034.72	0.00	24,817,500.00	0.00
00030980	08/27/96	0.0000	FNMA D/N	10/22/96	25,000,000.00	24,923,875.00	0.00	24,920,000.00	0.00
00031062	09/04/96	0.0000	FNMA D/N	10/03/96	50,000,000.00	49,985,222.22	0.00	49,980,000.00	0.00
00031067	09/04/96	0.0000	FNMA D/N	10/08/96	25,000,000.00	24,974,187.50	0.00	24,970,000.00	0.00
00031068	09/04/96	0.0000	FNMA D/N	10/07/96	25,000,000.00	24,977,875.00	0.00	24,975,000.00	0.00
00031109	09/06/96	0.0000	FNMA D/N	10/15/96	8,500,000.00	8,482,414.45	0.00	8,481,300.00	0.00
00031213	09/18/96	0.0000	FNMA D/N	10/23/96	50,000,000.00	49,838,972.22	0.00	49,835,000.00	0.00
00031214	09/18/96	0.0000	FNMA D/N	10/23/96	25,000,000.00	24,919,486.11	0.00	24,917,500.00	0.00
					526,215,000.00	524,659,418.44	0.00	524,601,300.00	0.00
			HLMD - FHLMC DISC NOTE.						
00030540	07/10/96	0.0000	FHLMC D/N	10/03/96	23,515,000.00	23,507,971.63	0.00	23,505,594.00	0.00
00030541	07/10/96	0.0000	FHLMC D/N	10/10/96	32,410,000.00	32,366,408.55	0.00	32,361,385.00	0.00
00030542	07/10/96	0.0000	FHLMC D/N	10/04/96	25,000,000.00	24,988,781.25	0.00	24,985,000.00	0.00
00030543	07/10/96	0.0000	FHLMC D/N	10/09/96	20,000,000.00	19,976,066.67	0.00	19,974,000.00	0.00
00030770	08/01/96	0.0000	FHLMC D/N	11/04/96	10,000,000.00	9,949,661.11	0.00	9,949,000.00	0.00
00030851	08/09/96	0.0000	FHLMC D/N	11/12/96	5,276,000.00	5,243,869.16	0.00	5,242,761.20	0.00
00030889	08/14/96	0.0000	FHLMC D/N	11/12/96	26,000,000.00	25,841,356.67	0.00	25,836,200.00	0.00
00030978	08/27/96	0.0000	FHLMC D/N	10/23/96	25,000,000.00	24,920,250.00	0.00	24,917,500.00	0.00
00030994	08/28/96	0.0000	FHLMC D/N	10/21/96	25,000,000.00	24,927,500.00	0.00	24,925,000.00	0.00
					192,201,000.00	191,721,865.04	0.00	191,696,440.20	0.00
			HLPC - FHLMC PARTICIPATION CERTIFICATES						
00005058	01/09/79	9.2500	FHLMC 9.250 16061	12/01/08	3,996,885.31	3,995,868.61	334,840.09	4,220,463.08	30,809.32
					3,996,885.31	3,995,868.61	334,840.09	4,220,463.08	30,809.32
			NOTE - U.S. TREASURY NOTES						
00020387	10/13/93	4.7500	USTN 4.75	09/30/98	25,000,000.00	25,060,471.47	42,410.71	24,375,000.00	3,262.37
00020389	10/13/93	4.7500	USTN 4.75	09/30/98	25,000,000.00	25,064,398.18	42,410.71	24,375,000.00	3,262.37
00020390	10/13/93	4.7500	USTN 4.75	09/30/98	25,000,000.00	25,064,398.18	42,410.71	24,375,000.00	3,262.37
00020438	10/18/93	4.7500	USTN 4.75	09/30/98	50,000,000.00	50,163,803.24	117,445.05	48,750,000.00	6,524.75
00020439	10/18/93	4.7500	USTN 4.75	09/30/98	25,000,000.00	25,078,751.56	58,722.53	24,375,000.00	3,262.37
00021771	02/15/94	4.7500	USTN	02/15/97	15,000,000.00	15,006,750.00	0.00	14,957,820.00	90,998.64
00021772	02/15/94	4.7500	USTN	02/15/97	10,000,000.00	10,004,500.00	0.00	9,971,880.00	60,665.76

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00021783	02/15/94	4.7500	USIN	02/15/97	15,000,000.00	15,006,750.00	0.00	14,957,820.00	90,998.64
00021784	02/15/94	4.7500	USIN	02/15/97	25,000,000.00	25,009,968.75	0.00	24,929,700.00	151,664.40
00021785	02/15/94	4.7500	USIN	02/15/97	10,000,000.00	10,004,500.00	0.00	9,971,880.00	60,665.76
00021835	02/15/94	4.7500	USIN 4.75	02/15/97	25,000,000.00	24,992,875.00	0.00	24,929,700.00	151,664.40
00021963	02/18/94	4.7500	USIN 4.75	02/15/97	15,000,000.00	14,995,152.75	5,904.70	14,957,820.00	90,998.64
00021964	02/18/94	4.7500	USIN 4.75	02/15/97	15,000,000.00	14,995,152.75	5,904.70	14,957,820.00	90,998.64
00021984	02/22/94	4.7500	USIN 4.75	02/15/97	15,000,000.00	14,994,250.39	13,777.62	14,957,820.00	90,998.64
00021989	02/22/94	4.7500	USIN 4.75	02/15/97	10,000,000.00	9,996,166.92	9,185.08	9,971,880.00	60,665.76
00022004	02/28/94	5.5000	USIN 5.50	02/28/99	15,000,000.00	15,015,614.46	0.00	14,770,320.00	70,649.18
00022005	02/28/94	5.5000	USIN 5.50	02/28/99	25,000,000.00	25,020,843.37	0.00	24,617,200.00	117,748.63
00022076	02/28/94	5.5000	USIN 5.50	02/28/99	10,000,000.00	10,008,337.35	0.00	9,846,880.00	47,099.45
00022120	03/02/94	4.7500	USIN 4.75	02/15/97	25,000,000.00	24,969,058.96	49,205.80	24,929,700.00	151,664.40
00023640	08/01/94	6.8750	USIN 6.875	07/31/99	10,000,000.00	9,991,736.00	0.00	10,150,000.00	115,828.80
00024267	10/31/94	6.8750	USIN 6.875	10/31/96	25,000,000.00	25,003,119.02	0.00	25,031,250.00	719,259.50
00024475	11/30/94	7.2500	USIN 7.25	11/30/96	25,000,000.00	24,998,877.82	0.00	25,078,125.00	609,118.85
00024682	01/03/95	7.5000	USIN	12/31/96	25,000,000.00	24,994,031.25	0.00	25,132,825.00	473,845.10
00025156	02/08/95	7.5000	USIN 7.5	01/31/97	25,000,000.00	25,026,695.41	41,436.46	25,171,875.00	315,896.75
00025157	02/15/95	7.2500	USIN 7.25	02/15/98	15,000,000.00	14,984,060.58	0.00	15,243,750.00	138,892.67
00025237	02/28/95	6.8750	USIN 6.875	02/28/97	25,000,000.00	24,987,739.40	0.00	25,148,450.00	147,185.78
00025565	03/31/95	6.6250	USIN 6.625	03/31/97	25,000,000.00	24,990,811.50	0.00	25,148,450.00	4,550.13
00025832	05/01/95	6.5000	USIN	04/30/97	25,000,000.00	24,998,699.32	0.00	25,140,625.00	680,027.18
00026933	07/18/95	5.6250	USIN 5.625	06/30/97	25,000,000.00	24,977,647.27	68,783.97	25,000,000.00	355,383.83
00027010	07/31/95	5.8750	USIN 5.875	07/31/97	25,000,000.00	24,995,142.57	0.00	25,031,250.00	247,452.45
00027134	08/16/95	5.8750	USIN	07/31/97	25,000,000.00	24,951,477.62	63,858.70	25,031,250.00	247,452.45
00030447	07/08/96	6.8750	USIN	10/31/96	1,795,000.00	1,796,938.89	23,138.67	1,797,243.75	51,642.83
					656,795,000.00	657,148,719.98	584,595.41	653,083,333.75	5,453,591.49
	PN - PROMISSORY NOTE								
00024486	11/21/94	5.5800	PASADENA GLEN CSD. P	09/01/09	28,600.00	28,600.00	0.00	28,600.00	130.81
					28,600.00	28,600.00	0.00	28,600.00	130.81
	SLFQ - SLMA FLOATING RATE QUARTERLY								
00023311	06/27/94	5.5300	SLMA FRN	02/08/99	20,000,000.00	20,000,000.00	123,775.34	19,993,760.00	161,005.47
00023354	06/29/94	5.4900	SLMA FRN	11/24/97	20,000,000.00	19,993,398.39	87,989.04	19,975,000.00	112,896.18
					40,000,000.00	39,993,398.39	211,764.38	39,968,760.00	273,901.65

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			SLFR - SLMA FLOATING RATE NOTE						
00030799	08/08/96	5.4600	SLMA FLOATING RATE N	02/13/97	25,000,000.00	25,000,000.00	0.00	24,984,375.00	198,674.86
00030800	08/08/96	5.4600	SLMA FLOATING RATE N	02/13/97	50,000,000.00	50,000,000.00	0.00	49,968,750.00	397,349.73
					75,000,000.00	75,000,000.00	0.00	74,953,125.00	596,024.59
			SUFN - FHLMC STEP UP FLOATING RATE NOTE						
00021408	06/27/94	4.8200	FHLB STEP-UP FROM LE	01/27/97	25,000,000.00	25,000,000.00	0.00	24,968,750.00	214,222.22
					25,000,000.00	25,000,000.00	0.00	24,968,750.00	214,222.22
			TAXB - TAXABLE BOND						
00024191	10/19/94	7.2100	LAC TAXABLE PENSION	06/30/97	30,000,000.00	30,000,000.00	108,150.00	30,295,680.00	546,758.34
00024192	10/19/94	7.6000	LAC TAXABLE PENSION	06/30/98	25,000,000.00	25,000,000.00	95,000.00	25,514,550.00	480,277.78
00024193	10/19/94	7.8100	LAC TAXABLE PENSION	06/30/99	25,000,000.00	25,000,000.00	97,625.00	25,739,250.00	493,548.60
					80,000,000.00	80,000,000.00	300,775.00	81,549,480.00	1,520,584.72
			TVDN - TENNESSE VALLEY DEBENTURE NOTE						
00021142	12/28/93	6.0000	TVA DEBENTURE NOTE	01/15/97	6,667,000.00	6,686,527.08	181,120.17	6,673,253.65	84,448.67
00021485	01/20/94	6.0000	TVA DEBENTURE NOTE	01/15/97	5,000,000.00	5,015,105.12	4,166.67	5,004,690.00	63,333.34
00021703	02/01/94	6.0000	TVA DEBENTURE NOTE	01/15/97	5,150,000.00	5,165,889.41	13,733.33	5,154,830.70	65,233.34
					16,817,000.00	16,867,521.61	199,020.17	16,832,774.35	213,015.35
			YANK - YANKEE CDS						
00029353	04/01/96	5.3700	DEUTSCHE BK AG NY CD	10/01/96	35,000,000.00	35,000,000.00	0.00	34,999,878.25	955,412.50
00029377	04/02/96	5.3700	RABOBANK NY CD	10/02/96	25,000,000.00	25,000,006.76	0.00	24,999,827.21	678,708.33
00029486	04/11/96	5.4600	DRESDNER BK AG NY CD	10/11/96	50,000,000.00	50,000,135.14	0.00	49,999,549.07	1,311,916.65
00029513	04/12/96	5.4600	SWISS BANK CORP NY C	10/11/96	50,000,000.00	50,000,135.16	0.00	49,999,561.45	1,304,333.35
00029631	04/23/96	5.4300	ROYAL BK OF CANADA N	10/24/96	25,000,000.00	25,000,310.85	0.00	24,999,184.35	607,104.18
00029712	05/01/96	5.4300	ROYAL BANK OF CANADA	10/24/96	25,000,000.00	24,999,430.80	30,166.67	24,999,184.35	607,104.18
00029799	05/08/96	5.4800	ROYAL BANK OF CANADA	11/07/96	25,000,000.00	24,999,479.16	3,805.56	25,000,291.25	559,416.68
00029822	05/10/96	5.4500	RABOBANK NY CD	10/10/96	25,000,000.00	25,000,061.09	0.00	24,999,890.30	545,000.00
00029855	05/14/96	5.4500	RABOBANK NY CD	10/10/96	25,000,000.00	25,000,346.86	15,138.89	24,999,890.30	545,000.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
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ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00029860	05/14/96	5.4300	ABN AMRO CHICAGO CD	11/14/96	25,000,000.00	25,000,297.32	0.00	24,999,001.45	527,916.68
00029861	05/14/96	5.5000	RABOBANK NY CD	11/06/96	25,000,000.00	25,001,787.04	30,555.56	25,000,762.73	565,277.78
00030064	06/05/96	5.5500	DRESDNER BK AG NY CD	12/05/96	25,000,000.00	25,000,439.02	0.00	25,004,697.65	454,791.68
00030143	06/13/96	5.4400	DEUTSCHE BK NY CD	10/01/96	25,000,000.00	25,000,000.00	11,333.33	24,999,999.62	426,888.90
00030280	07/01/96	5.4400	DEUTSCHE BK AG NY CD	10/01/96	15,000,000.00	15,000,000.00	47,600.00	14,999,999.77	256,133.34
00030281	07/01/96	5.4600	COMMERZBANK AG NY CD	10/01/96	25,000,000.00	25,000,000.00	0.00	25,000,025.11	348,833.33
00030282	07/01/96	5.4400	SOCIETE GENERALE BK	10/02/96	25,000,000.00	25,000,006.85	0.00	25,000,022.81	347,555.55
00030283	07/02/96	5.4500	BK OF NOVA SCOTIA PO	10/02/96	50,000,000.00	50,000,013.70	0.00	50,000,075.27	688,819.45
00030334	07/02/96	5.4900	BANQUE NATL DE PARIS	10/02/96	40,000,000.00	40,000,021.92	0.00	40,000,147.89	555,100.00
00030352	07/02/96	5.4400	DEUTSCHE BANK AG NY	10/01/96	16,500,000.00	16,500,000.00	54,853.33	16,499,999.75	281,746.67
00030537	07/10/96	5.4450	BAYERISCHE LANDESBK	10/08/96	50,000,000.00	49,999,360.66	15,125.00	50,000,299.96	642,812.50
00030539	07/10/96	5.4450	BAYERISCHE LANDESBK	10/08/96	20,000,000.00	19,999,705.90	6,050.00	20,000,119.98	257,125.00
00030536	07/11/96	5.5200	DEUTSCHE BK AG NY CD	10/11/96	50,000,000.00	50,000,136.96	0.00	50,001,579.48	628,666.65
00030764	08/01/96	5.6900	DEUTSCHE BK AG NY CD	02/03/97	17,500,000.00	17,500,590.32	0.00	17,507,069.60	168,724.31
00030792	08/05/96	5.5700	BANQUE NATL DE PARIS	10/15/96	35,000,000.00	35,002,458.70	113,720.83	35,002,273.75	422,391.65
00030794	08/05/96	5.4000	SOCIETE GENERALE BK	11/05/96	25,000,000.00	25,000,239.75	0.00	25,000,125.83	213,750.00
00030795	08/05/96	5.7700	ROYAL BANK OF CANADA	12/31/96	25,000,000.00	25,018,996.72	104,180.56	25,011,179.50	332,576.40
00030798	08/06/96	5.4100	LANDESBK HESSEN THUR	11/06/96	25,000,000.00	25,000,493.21	0.00	25,000,403.26	210,388.90
00030822	08/07/96	5.4000	CANADIAN IMP BK OF C	11/05/96	25,000,000.00	25,000,440.95	7,500.00	25,000,125.83	213,750.00
00030843	08/09/96	5.4000	ABN AMRO BK CHICAGO	11/07/96	25,000,000.00	25,000,719.78	7,500.00	25,000,174.89	206,250.00
00030970	08/26/96	5.7600	WESTDEUTSCHE LANDESB	01/15/97	23,000,000.00	23,012,112.98	154,560.00	23,011,567.88	287,040.00
00030979	08/27/96	5.4000	BAYERISCHE HYPO UND	11/25/96	20,000,000.00	20,000,301.49	0.00	20,000,700.86	105,000.00
00031024	08/29/96	5.5100	NAT WESTMINSTER BK P	02/24/97	25,000,000.00	24,993,491.86	26,784.72	24,995,712.19	153,055.55
00031025	08/29/96	5.5100	NAT WESTMINSTER BK P	02/24/97	25,000,000.00	24,990,530.37	26,784.72	24,995,712.19	153,055.55
00031034	08/30/96	5.5900	COMMERZBANK AG NY CD	02/28/97	25,000,000.00	24,992,733.17	7,763.89	25,004,275.25	131,986.10
00031036	08/30/96	5.5000	BANK OF NOVA SCOTIA	12/02/96	25,000,000.00	25,000,424.47	0.00	25,005,403.36	122,222.23
00031045	09/03/96	5.5100	NAT WESTMINSTER BK P	02/24/97	25,000,000.00	24,972,321.89	45,916.67	24,995,712.19	153,055.55
00031057	09/04/96	5.6000	BANK OF NOVA SCOTIA	12/23/96	26,000,000.00	25,998,236.16	303,333.33	26,009,943.24	412,533.34
00031061	09/04/96	5.3700	NAT WESTMINSTER BK P	11/04/96	35,000,000.00	34,997,680.67	5,220.83	34,999,947.63	146,183.35
00031063	09/05/96	5.6500	BARCLAYS BK PLC NY C	01/03/97	25,000,000.00	25,000,640.74	0.00	25,007,044.92	102,013.90
00031073	09/05/96	5.5200	SOCIETE GENERALE BK	12/02/96	25,000,000.00	24,996,081.12	371,833.33	25,003,030.60	471,500.00
00031074	09/05/96	5.5200	SOCIETE GENERALE BK	12/02/96	30,000,000.00	29,995,297.34	446,200.00	30,003,636.72	565,800.00
00031101	09/06/96	5.3300	BANQUE NATL DE PARIS	10/03/96	25,000,000.00	24,999,927.53	11,104.17	24,999,913.82	103,638.90
00031119	09/09/96	5.4000	BANK OF MONTREAL CHI	10/10/96	50,000,000.00	50,000,124.42	0.00	50,000,459.70	165,000.00
00031131	09/10/96	5.3800	COMMERZBANK NY CD	10/10/96	50,000,000.00	50,000,124.44	0.00	50,000,194.29	156,916.65
00031132	09/10/96	5.4300	RABOBANK NEDERLAND N	11/12/96	50,000,000.00	50,000,577.85	0.00	50,003,789.69	158,375.00
00031136	09/10/96	5.5600	BANKERS TRUST CO CL	10/10/96	5,000,000.00	5,000,148.36	47,105.56	5,000,198.42	63,322.22
00031145	09/11/96	5.3700	BANK OF NOVA SCOTIA	10/11/96	50,000,000.00	50,000,138.27	0.00	50,000,073.78	149,166.65
00031146	09/11/96	5.6200	RABOBANK NY CD	01/09/97	25,000,000.00	25,000,681.70	0.00	25,005,776.06	78,055.55
00031147	09/11/96	5.4400	DEUTSCHE BANK A.G. N	11/12/96	25,000,000.00	25,000,288.97	0.00	25,002,214.67	75,555.55
00031152	09/11/96	5.6500	BARCLAYS BK PLC NY C	01/13/97	25,000,000.00	25,000,708.46	0.00	25,008,147.76	78,472.23
00031153	09/11/96	5.3800	BANK OF MONTREAL CHI	10/15/96	50,000,000.00	50,000,193.46	0.00	50,000,307.83	149,444.45

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: NIRD - PSI NON TRADING
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00031198	09/17/96	5.5500	BANK OF NOVA SCOTIA	01/17/97	30,000,000.00	30,000,883.41	0.00	30,001,691.83	64,749.99
00031247	09/25/96	5.4100	DRESDNER BK AG NY CD	12/26/96	25,000,000.00	25,000,589.09	0.00	25,003,338.96	22,541.68
00031256	09/26/96	5.4000	SOCIETE GENERALE BAN	12/27/96	25,000,000.00	25,000,595.96	0.00	25,002,822.48	18,750.00
00031259	09/26/96	5.4000	BAYERISCHE LANDESBK	12/27/96	25,000,000.00	25,001,191.95	0.00	25,002,822.48	18,750.00
00031269	09/27/96	5.5200	SWISS BANK CORP NY C	12/19/96	25,000,000.00	25,007,228.83	30,666.67	25,008,838.05	46,000.00
00031270	09/27/96	5.4200	CAISSE NAT'L DE CR A	12/30/96	25,000,000.00	25,001,798.97	3,763.89	24,993,560.34	18,819.45
00031274	09/27/96	5.6000	CANADIAN IMP BK OF C	01/02/97	25,000,000.00	25,010,444.49	27,222.22	25,004,595.47	42,777.78
					1698,000,000.00	1698,001,113.04	1,955,789.73	1698,096,773.32	19,077,276.33
			FUND TOTAL		6019,026,022.75	6010,765,013.88	4,085,200.60	6007,990,958.54	34,162,333.33
			PSI NON TRADING HISTORICAL COST			5970,960,144.54			

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: AST ATTORNEY SETTLEMENT TRUST
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010283	08/09/85	10.3750	UST BOND 10.375	11/15/12	250,000.00	244,087.35	71,406.78	316,093.75	9,797.04
					250,000.00	244,087.35	71,406.78	316,093.75	9,797.04
			FUND TOTAL		250,000.00	244,087.35	71,406.78	316,093.75	9,797.04

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: AUSD ARCADIA USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CIDM - COLLATERALIZED IDS (MONTHLY)								
00028729	01/24/96	0.0000	S OF C LAIF	12/31/96	32,596.81	32,596.81	0.00	32,596.81	0.00
00029583	04/17/96	0.0000	S OF C LAIF	12/31/96	26,993.24	26,993.24	0.00	26,993.24	0.00
00029588	04/17/96	0.0000	S OF C LAIF	12/31/96	7,811.67	7,811.67	0.00	7,811.67	0.00
00030645	07/18/96	0.0000	S OF C LAIF	12/31/96	90.70	90.70	0.00	90.70	0.00
00030646	07/18/96	0.0000	S OF C LAIF	12/31/96	760.68	760.68	0.00	760.68	0.00
					68,253.10	68,253.10	0.00	68,253.10	0.00
			FUND TOTAL		68,253.10	68,253.10	0.00	68,253.10	0.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00029973	05/31/96	6.0000	USTN 6.00	05/31/98	750,000.00	749,388.84	0.00	749,265.00	15,122.95
00029996	05/31/96	6.5000	USTN 6.50	05/31/01	750,000.00	748,090.42	0.00	750,937.50	16,383.20
					1,500,000.00	1,497,479.26	0.00	1,500,202.50	31,506.15
			TBIL - U.S. TREASURY BILLS						
00029904	05/23/96	0.0000	U.S. TREASURY BILL	11/21/96	750,000.00	744,571.44	0.00	744,667.50	0.00
00029937	05/30/96	0.0000	UST BILL	05/29/97	750,000.00	723,400.55	0.00	723,592.50	0.00
					1,500,000.00	1,467,971.99	0.00	1,468,260.00	0.00
			FUND TOTAL		3,000,000.00	2,965,451.25	0.00	2,968,462.50	31,506.15

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: BPUSD - BALDWIN PARK USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00024456	11/18/94	6.8750	USTN 6.875	10/31/96	3,500,000.00	3,499,252.17	11,964.78	3,504,375.00	100,696.33
					3,500,000.00	3,499,252.17	11,964.78	3,504,375.00	100,696.33
			FUND TOTAL		3,500,000.00	3,499,252.17	11,964.78	3,504,375.00	100,696.33

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CNFX - CORPORATE NOTES FIXED RATE								
00020989	12/15/93	5.2000	FORD MOTOR CREDIT MT	12/15/97	3,000,000.00	3,000,000.00	0.00	2,964,750.00	6,933.33
					3,000,000.00	3,000,000.00	0.00	2,964,750.00	6,933.33
	NOTE - U.S. TREASURY NOTES								
00020988	12/10/93	4.3750	USTN 4.375	11/15/96	3,000,000.00	2,999,655.33	9,064.23	3,000,000.00	49,575.41
					3,000,000.00	2,999,655.33	9,064.23	3,000,000.00	49,575.41
			FUND TOTAL		6,000,000.00	5,999,655.33	9,064.23	5,964,750.00	56,508.74

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: DMH - DEPARTMENT OF MENTAL HEALTH
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FHLB - FED HOME LOAN BANK								
00031268	09/27/96	6.4400	FHLB 6.44	09/09/99	1,220,000.00	1,224,368.10	3,928.40	1,226,100.00	4,801.38
					1,220,000.00	1,224,368.10	3,928.40	1,226,100.00	4,801.38
	NOTE - U.S. TREASURY NOTES								
00025063	01/31/95	7.7500	USTN 7.75	01/31/00	1,227,000.00	1,224,170.49	0.00	1,277,997.80	16,021.02
					1,227,000.00	1,224,170.49	0.00	1,277,997.80	16,021.02
			FUND TOTAL		2,447,000.00	2,448,538.59	3,928.40	2,504,097.80	20,822.40

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: GF - GENERAL FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	1TRD - FIRST TRUST DEEDS								
00014004	07/24/87	5.5000	FLYING TRIANGLE 1ST	08/01/12	97,871.31	97,871.31	0.00	97,871.31	448.58
00014688	11/30/87	5.5000	FLYING TRIANGLE 1ST	12/01/12	329,839.05	329,839.05	0.00	329,839.05	1,511.76
00015247	02/24/88	5.5000	FLYING TRIANGLE 1ST	03/01/13	119,706.43	119,706.43	0.00	119,706.43	548.65
00015821	06/01/88	5.5000	FLYING TRIANGLE 1ST	06/01/13	201,355.83	201,355.83	0.00	201,355.83	922.88
00015828	06/03/88	5.5000	FLYING TRIANGLE 1ST	06/01/13	241,488.33	241,488.33	91.67	241,488.33	1,106.82
00015858	06/13/88	5.5000	FLYING TRIANGLE 1ST	07/01/13	68,668.82	68,668.82	0.00	68,668.82	314.73
00016093	07/21/88	5.5000	FLYING TRIANGLE 1ST	08/01/13	80,997.76	80,997.76	0.00	80,997.76	371.24
00016506	10/19/88	6.4750	ABALONE COVE 1ST TD	10/15/03	86,215.31	86,215.31	0.00	86,215.31	248.11
00016864	12/29/88	5.5000	FLYING TRIANGLE 1ST	01/01/14	185,007.99	185,007.99	0.00	185,007.99	847.95
00017262	03/10/89	5.5000	FLYING TRIANGLE 1ST	04/01/14	182,247.59	182,247.59	0.00	182,247.59	835.30
00017270	03/13/89	5.5000	FLYING TRIANGLE 1ST	04/01/14	290,259.59	290,259.59	0.00	290,259.59	1,330.36
00017293	03/15/89	6.3250	ABALONE COVE TRUST D	04/01/04	89,396.10	89,396.10	0.00	89,396.10	471.19
00017567	04/25/89	6.5000	FLYING TRIANGLE-SLUS	04/24/14	262,500.00	262,500.00	0.00	262,500.00	331.77
00017795	05/26/89	5.5000	FLYING TRIANGLE 1ST	05/01/14	104,430.28	104,430.28	0.00	104,430.28	478.64
00001644	08/07/89	5.5000	FLYING TRIANGLE 1ST	08/07/14	84,297.59	84,297.59	0.00	84,297.59	309.09
00001785	08/24/89	5.8750	ABALONE COVE LOAN	08/24/04	56,768.25	56,768.25	0.00	56,768.25	64.85
00002105	10/02/89	5.5000	FLYING TRIANGLE 1ST	10/01/14	210,781.86	210,781.86	0.00	210,781.86	966.08
00002137	10/10/89	6.2050	ABALONE COVE LOAN 1S	10/10/04	132,660.48	132,660.48	0.00	132,660.48	480.18
00002581	12/06/89	5.5000	FLYING TRIANGLE LOAN	12/01/14	254,295.18	254,295.18	0.00	254,295.18	1,165.52
00002621	12/08/89	5.5000	FLYING TRIANGLE LOAN	08/01/12	180,481.54	180,481.54	0.00	180,481.54	827.21
00002642	12/11/89	5.5000	FLYING TRIANGLE LOAN	12/01/14	211,912.36	211,912.36	0.00	211,912.36	971.26
00002822	12/28/89	5.5000	FLYING TRIANGLE LOAN	01/01/15	254,968.88	254,968.88	0.00	254,968.88	1,168.61
00003187	02/01/90	5.5000	FLYING TRIANGLE LOAN	02/01/15	85,387.12	85,387.12	0.00	85,387.12	391.36
00003463	02/28/90	5.5000	FLYING TRIANGLE	03/01/15	341,742.26	341,742.26	0.00	341,742.26	1,566.32
00004110	05/01/90	6.5000	FLYING TRIANGLE LOAN	05/01/15	587,500.00	587,500.00	0.00	587,500.00	3,182.29
00004270	05/21/90	6.2850	FLYING TRIANGLE LOAN	05/21/05	134,024.56	134,024.56	0.00	134,024.56	233.98
00012057	04/01/92	5.5000	FLYING TRIANGLE LOAN	04/01/17	214,313.33	214,313.33	0.00	214,313.33	982.27
					5,089,117.80	5,089,117.80	91.67	5,089,117.80	22,077.00
	2TRD - SECOND TRUST DEEDS								
00001865	09/01/89	6.4150	ABALONE COVE LOAN	09/01/04	13,542.61	13,542.61	0.00	13,542.61	71.21
00002538	12/01/89	6.8250	ABALONE COVE LOAN	12/01/04	102,425.76	102,425.76	0.00	102,425.76	573.00
00002643	12/12/89	6.4150	ABALONE COVE LOAN	12/12/04	40,866.56	40,866.56	0.00	40,866.56	136.09
00010221	10/30/91	5.8750	ABALONE COVE LOAN	10/30/06	132,146.37	132,146.37	0.00	132,146.37	21.21
00024368	11/03/94	5.8750	ABALONE COVE LOAN	11/03/09	97,512.80	97,512.80	0.00	97,512.80	438.27
					386,494.10	386,494.10	0.00	386,494.10	1,239.78

SEC ID	PURCHASE DATE	RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CCDO - COLLATERALIZED CD								
00029363	03/29/96	5.0000	CALIFORNIA CENTER BA	03/29/97	98,000.00	98,000.00	0.00	98,000.00	13.42
					98,000.00	98,000.00	0.00	98,000.00	13.42
	LTBD - LONG-TERM BONDS								
00007563	10/29/79	7.0000	CI BOND 2608 7.00	01/02/05	167,991.20	167,991.20	3,210.20	167,991.20	2,907.18
00009053	07/26/91	7.7654	CI BOND 2651-H	09/02/21	10,000,000.00	10,000,000.00	0.00	10,000,000.00	62,554.61
					10,167,991.20	10,167,991.20	3,210.20	10,167,991.20	65,461.79
			FUND TOTAL		15,741,603.10	15,741,603.10	3,301.87	15,741,603.10	88,791.99

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: LACOE - LAC OFFICE OF EDUCATION
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CNSN - SANWA NOTE								
00030285	07/01/96	6.1200	TRANSAMERICA LIFE IN	06/30/97	129,805,619.00	129,805,619.00	0.00	129,805,619.00	1,986,025.97
					129,805,619.00	129,805,619.00	0.00	129,805,619.00	1,986,025.97
			FUND TOTAL		129,805,619.00	129,805,619.00	0.00	129,805,619.00	1,986,025.97

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00023777	08/15/94	6.5000	USTN 6.50	08/15/97	17,000,000.00	16,981,117.84	0.00	17,106,250.00	141,127.71
00024094	09/16/94	6.5000	USTN 6.50	08/15/97	10,000,000.00	9,995,330.12	56,521.74	10,062,500.00	83,016.30
00024098	09/16/94	6.8750	USTN 6.875	08/31/99	8,000,000.00	7,980,895.03	24,309.39	8,122,504.00	47,099.45
00024099	09/16/94	5.3750	USTN 5.375	05/31/98	15,000,000.00	14,696,121.47	237,909.84	14,845,320.00	270,952.88
00030609	07/15/96	5.7500	USTN 5.75	09/30/97	50,000,000.00	49,871,323.53	832,650.27	49,984,400.00	7,898.35
00030610	07/15/96	5.7500	USTN 5.75	09/30/97	30,000,000.00	29,922,794.12	499,590.16	29,990,640.00	4,739.01
00030611	07/15/96	5.7500	USTN 5.75	09/30/97	50,000,000.00	49,871,323.53	832,650.27	49,984,400.00	7,898.35
					180,000,000.00	179,318,905.64	2,483,631.67	180,096,014.00	562,732.05
			FUND TOTAL		180,000,000.00	179,318,905.64	2,483,631.67	180,096,014.00	562,732.05

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010524	10/01/85	10.3750	UST BOND 10.375	11/15/12	75,000.00	73,216.72	22,542.70	94,828.13	2,939.11
00018810	06/23/93	7.2500	USTB 7.25	05/15/16	85,000.00	89,233.98	653.09	86,832.85	2,327.68
					160,000.00	162,450.70	23,195.79	181,660.98	5,266.79
			FUND TOTAL		160,000.00	162,450.70	23,195.79	181,660.98	5,266.79

LOS ANGELES COUNTY TREASURY
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: MHUSD - MANHATTAN UNIFIED SCHOOL DIST
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00019667	08/17/93	5.2500	USTN 5.25	07/31/98	7,000,000.00	7,023,829.12	14,979.62	6,901,566.00	61,915.76
00023790	08/15/94	6.8750	USTN 6.875	07/31/99	3,000,000.00	2,996,256.73	7,846.47	3,045,000.00	34,748.64
					10,000,000.00	10,020,085.85	22,826.09	9,946,566.00	96,664.40
			FUND TOTAL		10,000,000.00	10,020,085.85	22,826.09	9,946,566.00	96,664.40

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: PARA - PARAMOUNT USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
CNSN - SANWA NOTE									
00030338	07/02/96	6.1000	TRANSAMERICA LIFE IN	06/27/97	14,048,786.00	14,048,786.00	0.00	14,048,786.00	647,492.94
					14,048,786.00	14,048,786.00	0.00	14,048,786.00	647,492.94
			FUND TOTAL		14,048,786.00	14,048,786.00	0.00	14,048,786.00	647,492.94

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CNSN - SANWA NOTE								
00030342	07/03/96	5.9200	TRANSAMERICA LIFE IN	06/30/97	5,485,500.00	5,485,500.00	0.00	5,485,500.00	79,381.28
					5,485,500.00	5,485,500.00	0.00	5,485,500.00	79,381.28
	NOTE - U.S. TREASURY NOTES								
00024431	11/14/94	6.8750	USTN 6.875	10/31/96	1,500,000.00	1,499,833.29	3,988.26	1,501,875.00	43,155.57
00025376	03/09/95	6.8750	USTN 6.875	02/28/97	500,000.00	499,862.04	840.69	502,969.00	2,943.72
00029772	05/07/96	5.8750	USTN 5.875	04/30/98	1,000,000.00	996,016.60	1,117.53	997,813.00	24,585.60
00030084	06/07/96	6.0000	USTN 6.00	05/31/98	500,000.00	498,950.55	573.77	499,687.50	10,081.97
00030660	07/22/96	6.2500	USTN 6.25	06/30/98	500,000.00	500,562.32	1,783.29	501,562.50	7,812.50
00030945	08/21/96	6.2500	USTN 6.25	07/31/98	500,000.00	502,539.45	1,783.29	501,406.50	5,264.95
00031186	09/16/96	6.1250	USTN 6.125	08/31/98	500,000.00	500,152.97	1,099.79	500,156.50	2,368.78
					5,000,000.00	4,997,917.22	11,186.62	5,005,470.00	96,213.09
			FUND TOTAL		10,485,500.00	10,483,417.22	11,186.62	10,490,970.00	175,594.37

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: PW - PUBLIC WORKS
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	LTBD - LONG-TERM BONDS								
00023291	06/22/94	9.0000	SAN GABRIEL HYDROELE	09/09/16	5,738,994.33	5,738,994.33	179,588.28	5,738,994.33	30,129.72
					5,738,994.33	5,738,994.33	179,588.28	5,738,994.33	30,129.72
			FUND TOTAL		5,738,994.33	5,738,994.33	179,588.28	5,738,994.33	30,129.72

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: PWFA - PUBLIC WORKS FINANCING AUTHOR
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00023628	07/21/94	6.0000	USTN 6.00	10/15/99	15,040,000.00	14,714,231.25	239,160.66	14,931,907.52	416,681.97
					15,040,000.00	14,714,231.25	239,160.66	14,931,907.52	416,681.97
			FUND TOTAL		15,040,000.00	14,714,231.25	239,160.66	14,931,907.52	416,681.97

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: ROW ROWLAND USD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	TBIL - U.S. TREASURY BILLS								
00028969	02/15/96	0.0000	UST BILL	07/06/97	3,300,000.00	3,246,496.00	0.00	3,239,808.00	0.00
					3,300,000.00	3,246,496.00	0.00	3,239,808.00	0.00
			FUND TOTAL		3,300,000.00	3,246,496.00	0.00	3,239,808.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: RPHB4 REGIONAL PARK ASSESSMENT
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FHLD - FED HOME LOAN BANK DISC NOTE								
00030577	07/11/96	0.0000	FHLB D/N	11/15/96	10,190,800.50	10,122,012.60	0.00	10,122,522.14	0.00
00030579	07/11/96	0.0000	FHLB D/N	12/10/96	17,547,282.94	17,362,012.88	0.00	17,366,545.93	0.00
					27,738,083.44	27,484,025.48	0.00	27,489,068.07	0.00
			FUND TOTAL		27,738,083.44	27,484,025.48	0.00	27,489,068.07	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: RPHB6 - LAC REGIONAL PARK DIST BOND FR
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FHLD - FED HOME LOAN BANK DISC NOTE								
00030576	07/11/96	0.0000	FHLB D/N	11/15/96	10,194,199.50	10,125,388.65	-0.00	10,125,898.36	0.00
00030578	07/11/96	0.0000	FHLB D/N	12/10/96	8,187,717.06	8,101,268.41	0.00	8,103,383.57	0.00
					18,381,916.56	18,226,657.06	0.00	18,229,281.93	0.00
			FUND TOTAL		18,381,916.56	18,226,657.06	0.00	18,229,281.93	0.00

SEC ID	PURCHASE DATE	RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	FHLD - FED HOME LOAN BANK DISC NOTE								
00030697	07/25/96	0.0000	FHLB D/N	01/28/97	20,040,000.00	19,681,623.56	0.00	19,685,292.00	0.00
00030700	07/25/96	0.0000	FHLB D/N	01/28/97	25,000,000.00	24,552,923.61	0.00	24,557,500.00	0.00
00030710	07/25/96	0.0000	FHLB D/N	01/15/97	13,160,000.00	12,949,981.02	0.00	12,953,388.00	0.00
					58,200,000.00	57,184,528.19	0.00	57,196,180.00	0.00
	FNMA - FED NAT MORTG ASSOC.								
00030650	07/19/96	6.0100	FNMA MEDIUM TERM NOT	07/17/97	30,000,000.00	30,018,659.61	10,016.67	30,065,640.00	370,616.67
					30,000,000.00	30,018,659.61	10,016.67	30,065,640.00	370,616.67
	FNMD - FNMA DISCOUNT NOTES								
00030693	07/25/96	0.0000	FNMA D/N	01/24/97	5,000,000.00	4,913,590.28	0.00	4,915,000.00	0.00
00030694	07/25/96	0.0000	FNMA D/N	01/24/97	29,980,000.00	29,461,887.31	0.00	29,980,000.00	0.00
00030695	07/25/96	0.0000	FNMA D/N	01/15/97	16,820,000.00	16,552,066.74	0.00	16,555,926.00	0.00
00031097	09/06/96	0.0000	FNMA D/N	02/26/97	24,200,000.00	23,648,831.56	0.00	23,667,600.00	0.00
00031098	09/06/96	0.0000	FNMA D/N	02/27/97	50,000,000.00	48,853,527.78	0.00	48,895,000.00	0.00
00031099	09/06/96	0.0000	FNMA D/N	02/27/97	12,400,000.00	12,115,674.89	0.00	12,125,960.00	0.00
00031100	09/06/96	0.0000	FNMA D/N	03/10/97	33,400,000.00	32,578,360.00	0.00	32,605,080.00	0.00
					171,800,000.00	168,123,938.56	0.00	168,744,566.00	0.00
	NOTE - U.S. TREASURY NOTES								
00030669	07/23/96	6.2500	USTN 6.25	06/30/98	30,000,000.00	30,021,116.96	112,092.39	30,093,750.00	468,750.00
00031116	09/09/96	6.1250	USTN 6.125	08/31/98	50,000,000.00	49,742,480.06	50,759.67	50,015,650.00	236,878.45
00031117	09/09/96	6.1250	USTN 6.125	08/31/98	10,000,000.00	9,948,496.01	10,151.93	10,003,130.00	47,375.69
					90,000,000.00	89,712,093.03	173,003.99	90,112,530.00	753,004.14
	TBIL - U.S. TREASURY BILLS								
00030670	07/25/96	0.0000	USI BILL	07/24/97	30,000,000.00	28,642,100.00	0.00	28,671,000.00	0.00
00031118	09/09/96	0.0000	USI BILL DUE 8-21-97	08/21/97	20,000,000.00	18,983,000.00	0.00	19,028,600.00	0.00
					50,000,000.00	47,625,100.00	0.00	47,699,600.00	0.00
			FUND TOTAL		400,000,000.00	392,664,319.39	183,020.66	393,818,516.00	1,123,620.81

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: SCAL - SCAL CLD SELF FUNDED INSURANCE
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00020058	09/22/93	4.7500	USTN 4.75	08/31/98	3,000,000.00	2,996,912.33	8,660.22	2,927,814.00	12,203.04
					3,000,000.00	2,996,912.33	8,660.22	2,927,814.00	12,203.04
			FUND TOTAL		3,000,000.00	2,996,912.33	8,660.22	2,927,814.00	12,203.04

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: SCAQM - SOUTH COAST AIR QUALITY MGMT
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CIDM - COLLATERALIZED IDS (MONTHLY)								
00027969	11/16/95	0.0000	S OF C LAIF	12/31/96	18,811,946.50	18,811,946.50	0.00	18,811,946.50	0.00
00028730	01/24/96	0.0000	S OF C LAIF	12/31/96	141,252.84	141,252.84	0.00	141,252.84	0.00
00029584	04/17/96	0.0000	S OF C LAIF	12/31/96	274,110.95	274,110.95	0.00	274,110.95	0.00
00030644	07/18/96	0.0000	S OF C LAIF	12/31/96	272,689.71	272,689.71	0.00	272,689.71	0.00
					19,500,000.00	19,500,000.00	0.00	19,500,000.00	0.00
			FUND TOTAL		19,500,000.00	19,500,000.00	0.00	19,500,000.00	0.00

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: SELF SCHOOL EXCESS LIABILITY FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CIDM - COLLATERALIZED IDS (MONTHLY)								
00016511	10/20/88	8.0000	LOCAL AGENCY INVEST	12/31/96	2,116,000.00	2,116,000.00	0.00	2,116,000.00	483.77
00001778	08/24/89	8.0000	LOCAL AGENCY INVEST.	12/31/96	6,500,000.00	6,500,000.00	0.00	6,500,000.00	1,469.97
00002057	09/26/89	8.0000	LOCAL AGENCY INVEST.	12/31/96	50,000.00	50,000.00	0.00	50,000.00	11.31
00001778	10/01/91	8.0000	LOCAL AGENCY INVEST.	12/31/96	114,439.33	114,439.33	0.00	114,439.33	1,469.97
00002057	10/01/91	8.0000	LOCAL AGENCY INVEST.	12/31/96	880.30	880.30	0.00	880.30	11.31
00016511	10/01/91	8.0000	LOCAL AGENCY INVEST	12/31/96	60,740.88	60,740.88	0.00	60,740.88	483.77
00010219	10/30/91	0.0000	LOCAL AGENCY INVEST.	12/31/96	4,823,000.00	4,823,000.00	0.00	4,823,000.00	0.00
00001778	06/25/92	8.0000	LOCAL AGENCY INVEST.	12/31/96	414.30	414.30	0.00	414.30	1,469.97
00002057	06/25/92	8.0000	LOCAL AGENCY INVEST.	12/31/96	3.19	3.19	0.00	3.19	11.31
00010219	06/25/92	0.0000	LOCAL AGENCY INVEST.	12/31/96	302.10	302.10	0.00	302.10	0.00
00016511	06/25/92	8.0000	LOCAL AGENCY INVEST	12/31/96	219.90	219.90	0.00	219.90	483.77
00020756	11/18/93	0.0000	ORANGE COUNTY POOL	12/31/96	0.00	0.00	0.00	0.00	0.00
00025324	03/02/95	0.0000	S OF C LAIF	12/31/96	203,556.49	203,556.49	0.00	203,556.49	0.00
00025739	04/17/95	0.0000	S OF C LAIF	12/31/96	215,533.92	215,533.92	0.00	215,533.92	0.00
00026944	07/18/95	0.0000	S OF C LAIF	12/31/96	229,350.54	229,350.54	0.00	229,350.54	0.00
00028142	11/21/95	0.0000	S OF C LAIF	12/31/96	231,336.37	231,336.37	0.00	231,336.37	0.00
00028987	02/16/96	0.0000	S OF C LAIF	12/31/96	229,657.10	229,657.10	0.00	229,657.10	0.00
00029634	04/23/96	0.0000	S OF C LAIF	12/31/96	218,281.54	218,281.54	0.00	218,281.54	0.00
00030648	07/18/96	0.0000	S OF C LAIF	12/31/96	205,275.25	205,275.25	0.00	205,275.25	0.00
					15,198,991.21	15,198,991.21	0.00	15,198,991.21	5,895.15
	FHLM - FHLMC								
00026345	06/06/95	6.5000	FHLMC (CALLABLE 6/98	06/08/00	10,000,000.00	10,033,558.01	0.00	9,953,130.00	204,027.78
00026598	06/29/95	6.5000	FHLMC CA 6/98	06/08/00	5,000,000.00	5,005,822.61	20,763.89	4,976,565.00	102,013.89
00030985	09/24/96	6.9450	FHLMC NOTE CALLABLE	07/26/01	5,000,000.00	4,985,215.09	55,945.83	5,020,315.00	62,697.92
					20,000,000.00	20,024,595.71	76,709.72	19,950,010.00	368,739.59
	FNMA - FED NAT MORTG ASSOC.								
00027824	11/03/95	6.3750	FNMA 6.375 CA 10-13-	10/13/00	5,000,000.00	5,032,298.34	20,364.58	4,940,625.00	148,750.00
					5,000,000.00	5,032,298.34	20,364.58	4,940,625.00	148,750.00
	NOTE - U.S. TREASURY NOTES								
00025473	03/22/95	7.2500	USTN 7.25	02/15/98	10,000,000.00	10,048,422.77	70,096.69	10,162,500.00	92,595.11

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: SELF - SCHOOL EXCESS LIABILITY FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
00025474	03/22/95	5.5000	USTN 5.50	07/31/97	5,300,000.00	5,247,603.32	75,966.85	5,291,721.40	49,111.41
00026596	06/29/95	6.7500	USTN 6.75	05/31/99	10,000,000.00	10,196,207.23	53,483.61	10,121,880.00	226,844.26
00026597	06/29/95	6.8750	USTN 6.875	08/31/99	10,000,000.00	10,245,447.83	226,052.99	10,153,130.00	58,874.31
00028355	12/20/95	6.1250	USTN 6.125	05/15/98	6,700,000.00	6,776,191.49	58,894.23	6,710,472.10	155,005.77
00028356	12/20/95	4.7500	USTN 4.75	10/31/98	15,000,000.00	14,817,788.00	97,870.88	14,601,570.00	298,165.76
00029150	03/18/96	5.2500	USTN 5.25	01/31/01	10,000,000.00	9,893,697.77	67,788.46	9,584,380.00	88,451.09
					67,000,000.00	67,225,358.41	650,153.71	66,625,653.50	969,047.71
			FUND TOTAL		107,198,991.21	107,481,243.67	747,228.01	106,715,279.71	1,492,432.45

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CTDM - COLLATERALIZED IDS (MONTHLY)								
00022101	03/01/94	0.0000	STATE OF CALIF (LAIF	12/31/96	7,500,000.00	7,500,000.00	0.00	7,500,000.00	0.00
00023208	06/15/94	0.0000	S OF C LAIF	12/31/96	27,081.03	27,081.03	0.00	27,081.03	0.00
00023842	08/19/94	0.0000	S OF C LAIF	12/31/96	83,505.96	83,505.96	0.00	83,505.96	0.00
00024459	11/18/94	0.0000	S OF C LAIF	12/31/96	94,996.78	94,996.78	0.00	94,996.78	0.00
00025326	03/02/95	0.0000	S OF C LAIF	12/31/96	104,088.41	104,088.41	0.00	104,088.41	0.00
00026241	05/23/95	0.0000	S OF C LAIF	12/31/96	110,715.07	110,715.07	0.00	110,715.07	0.00
00027270	07/31/95	0.0000	S OF C LAIF	12/31/96	117,811.43	117,811.43	0.00	117,811.43	0.00
00028140	11/21/95	0.0000	S OF C LAIF	12/31/96	118,831.50	118,831.50	0.00	118,831.50	0.00
00028986	02/16/96	0.0000	S OF C LAIF	12/31/96	117,968.90	117,968.90	0.00	117,968.90	0.00
00029917	05/22/96	0.0000	S OF C LAIF	12/31/96	115,386.18	115,386.18	0.00	115,386.18	0.00
00031093	09/05/96	0.0000	S OF C LAIF	12/31/96	114,884.96	114,884.96	0.00	114,884.96	0.00
					8,505,270.22	8,505,270.22	0.00	8,505,270.22	0.00
			FUND TOTAL		8,505,270.22	8,505,270.22	0.00	8,505,270.22	0.00

LOS ANGELES COUNTY TREASURY
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: SSIF - SILICON SETTLEMENT TRUST FUND
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	BOND - U.S. TREASURY BONDS								
00010242	06/27/85	11.2500	UST BOND 11.250	02/15/15	225,000.00	232,584.75	9,229.97	323,156.25	3,232.85
					225,000.00	232,584.75	9,229.97	323,156.25	3,232.85
			FUND TOTAL		225,000.00	232,584.75	9,229.97	323,156.25	3,232.85

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: VLC VAUGHN LEARNING CENTER
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
			NOTE - U.S. TREASURY NOTES						
00030612	07/15/96	6.2500	USTN 6.25	06/30/98	500,000.00	500,139.20	1,188.86	501,562.50	7,812.50
					500,000.00	500,139.20	1,188.86	501,562.50	7,812.50
			FUND TOTAL		500,000.00	500,139.20	1,188.86	501,562.50	7,812.50

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: WASIA WHITTIER AREA SCHOOLS INS AUTH
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CIDM - COLLATERALIZED IDS (MONTHLY)								
00022460	04/06/94	0.0000	LOCAL AGENCY INVESTM	12/31/96	7,000,000.00	7,000,000.00	0.00	7,000,000.00	0.00
00023844	08/19/94	0.0000	S OF C LAIF	12/31/96	73,432.18	73,432.18	0.00	73,432.18	0.00
00024460	11/18/94	0.0000	S OF C LAIF	12/31/96	88,299.86	88,299.86	0.00	88,299.86	0.00
00025245	02/23/95	0.0000	S OF C LAIF	12/31/96	96,741.95	96,741.95	0.00	96,741.95	0.00
00026250	05/23/95	0.0000	S OF C LAIF	12/31/96	102,900.92	102,900.92	0.00	102,900.92	0.00
00026945	07/18/95	0.0000	S OF C LAIF	12/31/96	109,496.42	109,496.42	0.00	109,496.42	0.00
00028143	11/21/95	0.0000	S OF C LAIF	12/31/96	110,444.50	110,444.50	0.00	110,444.50	0.00
00028732	01/24/96	0.0000	S OF C LAIF	12/31/96	109,642.78	109,642.78	0.00	109,642.78	0.00
00029586	04/17/96	0.0000	S OF C LAIF	12/31/96	107,242.35	107,242.35	0.00	107,242.35	0.00
00030647	07/18/96	0.0000	S OF C LAIF	12/31/96	106,776.50	106,776.50	0.00	106,776.50	0.00
					7,904,977.46	7,904,977.46	0.00	7,904,977.46	0.00
			FUND TOTAL		7,904,977.46	7,904,977.46	0.00	7,904,977.46	0.00

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	NOTE - U.S. TREASURY NOTES								
00028113	12/01/95	5.6250	USTN	11/30/00	4,000,000.00	4,014,056.34	614.75	3,883,752.00	75,614.76
					4,000,000.00	4,014,056.34	614.75	3,883,752.00	75,614.76
			FUND TOTAL		4,000,000.00	4,014,056.34	614.75	3,883,752.00	75,614.76

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: WUHSD - WHITTIER UNION HSD
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	CNSN - SANWA NOTE								
00030339	07/03/96	5.9200	TRANSAMERICA LIFE IN	06/30/97	8,980,250.00	8,980,250.00	0.00	8,980,250.00	129,954.19
					8,980,250.00	8,980,250.00	0.00	8,980,250.00	129,954.19
			FUND TOTAL		8,980,250.00	8,980,250.00	0.00	8,980,250.00	129,954.19
SPI GRAND TOTALS					1005,520,244.42	996,996,262.78	250,441.42	998,326,889.00	5,494,488.90
SPI HISTORICAL COST						993,719,302.96			

LOS ANGELES COUNTY TREASURER
TREASURER POSITION COMPARED TO MARKET VALUE
AS OF 09/30/96
FUND: YEND - YEN DOLLAR ARBITRAGE
ATTACHMENT X

SEC ID	PURCHASE DATE	FACE RATE	SECURITY DESCRIPTION	MATURITY DATE	PAR	PRINCIPAL COST	PURCHASED INTEREST	MARKET VALUE	ACCRUED INTEREST
	SNOT - SUBORDINATED NOTES								
00000616	12/22/88	10.6680	CALIFORNIA FED S&L S	12/22/98	50,000,000.00	50,000,000.00	0.00	50,000,000.00	1,466,850.00
00005171	08/10/90	9.4700	SECURITY PAC CORP SU	12/22/98	50,000,000.00	50,000,000.00	0.00	50,000,000.00	1,302,125.00
					100,000,000.00	100,000,000.00	0.00	100,000,000.00	2,768,975.00
			FUND TOTAL		100,000,000.00	100,000,000.00	0.00	100,000,000.00	2,768,975.00

LOS ANGELES COUNTY TREASURER
TRUSTEE & MANAGED FUNDS
AS OF 9/30/96
TRUSTEE: BANKERS TRUST
ATTACHMENT XI

FUND TITLE	FUND BALANCE
DEFERRED COMPENSATION & THRIFT PLAN ACCOUNTS	
HORIZONS – STABLE INCOME FUND	$936,001,371.74
HORIZONS – STATE STREET S&P 500 INDEX FUND	87,062,041.46
HORIZONS – FIDELITY GROWTH COMPANY FUND	163,408,545.78
HORIZONS – MAS BALANCED FUND	95,834,170.25
HORIZONS – MONEY MARKET DEPOSITORY FUND	46,821,364.57
HORIZONS – LACIF	18,926,362.37
DEFERRED COMPENSATION ACCOUNTS – TOTAL	$1,348,053,856.17

ISSUE DATE	PROJECT TITLE	FUND BALANCE
12/11/85	ANDERSON GALLERY & JAPANESE PAVILION	$2,652,382.33
6/01/88	CIVIC CENTER ESCROW FUND	48,822,694.39
6/01/88	CIVIC CENTER HEATING & REFIGERATION PLANT	0.00
2/12/91	CORRECTIONAL FACILITIES PROJECT	238,534.57
8/13/87	COUNTY COGENERATION FACILITY	0.00
1/27/93	CONCERT HALL GIFT ASSIGNMENT	14,933,426.21
10/27/75	EL MONTE (RIO HONDO) COURTHOUSE	712.47
3/01/88	FIRE COMMAND & CONTROL CENTER	203,056.04 (1)
7/28/93	FLOOD CONTROL PROJECT	28,345,981.80
8/01/93	FLOOD CONTROL REFUNDING PROJECT	49,256,438.56
5/01/92	HOSPITAL INFORMATION SYSTEMS (LAC+USC)	3,952,182.33
7/01/86	JOINT REFUNDING (STAR CENTER/S.F. COURTHOUSE)	0.00
5/01/92	LAC--CAL 1992, SERIES A	966,544.52
9/17/92	LAC--CAL 1992, SERIES B	1,743,387.07
2/01/87	LACERA,1987 TAX EXEMPT REFUNDING PROJECT	41,947,447.31
5/28/93	LANCASTER REDEVELOPMENT AGENCY -- FIRE	5,760,347.68
5/28/93	HIGH DESERT	5,187,527.71
8/6/93	LANCASTER LIBRARY	725,875.40
5/12/93	LANCASTER SHERIFF	4,043,223.91
9/84	LONG BEACH HEALTH	0.00
7/15/86	MOBILE DIGITAL PROJECT	46,527.71
6/01/89	MULTIPLE CAPITAL FACILITIES PROJECT I	108,788.88
12/11/86	PENSION OBLIGATION CERTIFICATES	19,119,369.33
5/01/96	PENSION OBLIGATION REFUNDING BONDS	21,565,085.90
	ROSEMEAD ELEMENTARY SCHOOL DISTRICT	1,926,366.89
4/25/72	WAYSIDE HONOR RANCHO BUILDING	96,848.72
7/01/96	1996--97 TAX & REVENUE ANTICIPATION NOTES	1.00
	WELLS FARGO BANK -- TRUSTEE TOTAL	$251,642,750.73

(1) -- Reported at August 31, 1996 balance as current balance was not available.

ISSUE DATE	PROJECT TITLE	FUND BALANCE
1/15/66	ADAMS & GRAND DPSS COMPLEX	$79,355.91
11/28/90	CLINICAL LAB INFORMATION SYSTEM	309,265.70
1988	COMMUNITY FACILITIES DIST. NO. 2	999,420.04
1992	COMMUNITY FACILITIES DIST. NO. 4	0.00
4/01/89	COUNTY AUTOMATED JUSTICE SYSTEM SOFTWARE	866,522.42
6/20/91	COUNTYWIDE INTEGRATED RADIO COMM. SYSTEM	9,087,007.20
4/01/87	DOWNEY COURTHOUSE	19,570,158.06
2/01/87	EAST LOS ANGELES COURTHOUSE	0.00
1981	EL MONTE HEALTH	74,849.26
1995	ENERGY SAVING EQUIPMENT PROJECT 1995	2,973,624.88
3/01/88	HEALTH FACILITIES REFUNDING, '88 O. VIEW	75,300,614.29
8/19/92	HEALTH, FIN. & INFO. SYSTEMS, '92 PROJECT	0.00
1996	LAC-CAL 1996, SERIES A	2,944,953.35
12/30/87	LE SAGE COMPLEX	3,727,055.77
07/01/96	LOS ANGELES COUNTY REF 1996 SER A & B	534,224,973.14
5/01/91	MASTER REFUNDING PROJECT, 1991	17,770,905.27
07/01/96	MOBILE DIGITAL 1986 REF 1996	0.00
3/01/90	MULTIPLE CAPITAL FACILITIES PROJECT II	7,616,585.81
1983	OLIVE VIEW MED CTR 83 REV BND	69,984,981.51 (1)
1994	PENSION OBLIGATION BONDS 1994	167,053,998.06
7/10/91	PROSECUTORS INFORMATION MGMT. SYSTEM	6,257,442.17
1985	PUBLIC SOCIAL SERVICES 1985 COP	403.19
10/01/89	SIGNATURE RETRIEVAL PROJECT, 1989	827,971.09
	FIRST TRUST CALIFORNIA – TRUSTEE TOTAL	$919,670,087.12

(1) – Reported at August 31, 1996 balance as current balance was not available.

ISSUE DATE	PROJECT TITLE	FUND BALANCE	
1990	CAPITAL PROJECTS 1990B CHARTER OAKS USD	$3,419,427.18	
1995	BEVERLY HILLS USD 1995A GOB	0.00	
1993	CASTAIC UNION SCHOOL DISTRICT 1993A GOB	0.00	
1992	EL MONTE CITY SCHOOL DISTRICT COP 1992A	340,594.58	
1994	EL RANCHO USD 1994A GOB	0.00	
1988	GLENDALE USD 1988 COP	3,880,139.83	
1993	LITTLE LAKE CITY SCHOOL DISTRICT	0.00	
1993	LITTLE LAKE COP 1993	388,547.89	
1989	LYNWOOD USD 1989A COP	1,256,106.15	
1987	LONG BEACH USD 1987A	141,267.70	(2)
1992	LONG BEACH COP 1992A	915,393.05	
1993	MT. SAN ANTONIO COP 1993	518,035.30	
1993	PASADENA COMMUNITY COLLEGE DIST 1993A	850,245.94	(1)
1991	POMONA USD SERIES C 1991	0.00	
1989	POOLED SCHOOLD DIST. 1989A	0.00	
1989	POOLED SCHOOL DIST. 1989C	0.00	
1990	POOLED SCHOOLS CAPTIAL PROJECTS 1990A	331,060.89	
1988	POOLED SCHOOL DIST 1988C COMPTON	120,999.50	
1986-87	REGIONALIZED BUSINESS SERVICES	110,131.42	
1992	SANTA MONICA COMMUNITY COLLEGE 1992A	0.00	
1991	SUPERINTENDENT OF SCHOOLS 1991A CAP IMPRV	2,623,187.60	
1992	TORRANCE USD COP 1992	413,935.26	
	FIRST TRUST CALIFORNIA FOR SCHOOLS -- TOTAL	$15,309,072.29	

(1) -- Reported at August 31, 1996 balance as current balance was not available.
(2) -- Reported at June 30, 1996 balance as current balance was not available.

LOS ANGELES COUNTY TREASURER
TRUSTEE & MANAGED FUNDS
AS OF 9/30/96
TRUSTEE: STATE STREET BANK
ATTACHMENT XI

ISSUE DATE	PROJECT TITLE	FUND BALANCE
6/01/92	CHILDREN'S COURT & MUSEUM PROJECT	$8,898,714.00
2/09/93	DISNEY PROJECT, 1993	37,580,531.00
1989	INDUSTRIAL DEVELOPMENT AUTHORITY	80,201.00
7/01/93	MARINA DEL REY FINANCING, SERIES A	17,455,519.00
12/09/92	MASTER REFUNDING PROJECT, 1992	22,901,134.00
11/01/91	MULTIPLE CAPITAL FACILITIES PROJECT III	14,204,011.22
12/01/93	MULTIPLE CAPITAL FACILITIES PROJECT IV	35,514,987.00
	STATE STREET BANK – TRUSTEE TOTAL	$136,635,097.22

ISSUE DATE	PROJECT TITLE	FUND BALANCE
7/01/96	1996–97 POOLED SCHOOL – TRANSAMERICA GIC	$131,816,498.02
	U.S. TRUST – TRUSTEE TOTAL	$131,816,498.02

PROJECT TITLE	FUND BALANCE
LOS ANGELES UNIFIED SCHOOL DISTRICT – Annuity Reserve Fund	
CASH AND EQUIVALENTS	$377,487.98
INVESTMENTS	17,522,852.06
TCW – TOTAL MANAGED FUNDS	$17,900,340.04

ISSUE DATE	FUND TITLE	FUND BALANCE
7/03/96	PALOS VERDES PEN. USD – TRANSAMERICA GIC	$5,563,979.22
7/02/96	PARAMOUNT USD – TRANSAMERICA GIC	14,258,269.01
7/03/96	WHITTIER UNION HSD – TRANSAMERICA GIC	9,108,727.44
	LOS ANGELES COUNTY – TRUSTEE TOTAL	$28,930,975.67

LOS ANGELES COUNTY TREASURER
FLOATING RATE SECURITIES- NIRD PSI NON TRADING
AS OF 9/30/96
ATTACHMENT XII

SEC ID	DESCRIPTION	RATE	MATURITY DATE	LAST SET DATE	PURCHASE YIELD	PAR	COST	ACCRUED INTEREST	RESET PROVISIONS
COPI - CERTIFICATE OF PARTICIPATION									
00018535	LAECAL MARINA DEL REY SER.C.	7.2900	08/01/07	08/01/96	7.2900	27,291,853.58	27,291,853.58	331,596.02	Annual reset based on current 10 year Tre
00027086	LACCAL MARINA DEL REY SER.C	7.2900	08/01/07	08/01/96	7.2900	88,955.04	88,955.04	1,080.80	yield plus 50 bp, or 3 month LIBOR plus 5
00027122	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	08/01/96	7.2900	2,257.26	2,257.26	27.43	with semi-annual payments.
00027232	LACCAL MARINA DEL REY SER C	7.2900	08/01/07	08/01/96	7.2900	8,215.54	8,215.54	99.82	
00027316	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	08/01/96	7.2900	420,319.95	420,319.95	5,106.89	
00030774	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	08/01/96	7.2900	313.55	313.55	3.81	
00030842	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	08/09/96	7.2903	85,317.65	85,317.65	898.39	
00030883	LACCAL MARINA DEL REY SER.C	7.2900	08/01/07	08/14/96	7.2905	7,088.01	7,088.01	67.46	
00031009	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	08/29/96	7.2911	8,575.14	8,575.14	55.57	
00031094	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	09/06/96	7.2913	10,097.21	10,097.21	51.12	
00031150	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	09/11/96	7.2914	102,889.26	102,889.26	416.70	
00031177	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	09/12/96	7.2914	29,850.41	29,850.41	114.85	
00031281	LACCAL MARINA DEL REY SER. C	7.2900	08/01/07	09/27/96	7.2918	828.88	828.88	0.67	
	SUBTOTAL					28,056,561.48	28,056,561.48	339,519.53	
FFRQ - FHLB PERIODIC CAPPED FRN									
00022477	FHLB CAPPED FRN FROM LEND	6.1840	04/18/97	07/18/96	6.1840	50,000,000.00	50,000,000.00	644,166.67	Quarterly reset based on 3 month LIBOR +
00021541	FHLB PERIODIC CAPPED FRN	5.4500	02/09/99	08/09/96	5.4500	25,000,000.00	25,000,000.00	200,590.28	Quarterly reset based on 3 month LIBOR +
	SUBTOTAL					75,000,000.00	75,000,000.00	844,756.95	(Subject to CAP and Floor)
FHFR - FHLB FLOATING RATE NOTE									
00021748	FHLB FRN	4.8490	02/10/97	09/10/96	4.8490	10,000,000.00	10,000,000.00	69,955.00	Monthly reset on 11th District COF index
00015676	FHLB FLOATER	5.8380	12/15/97	09/15/96	5.8380	50,000,000.00	49,949,397.59	2,359,525.00	Quarterly reset based on 3 month LIBOR +
	SUBTOTAL					60,000,000.00	59,949,397.59	2,429,480.00	(Subject to CAP and Floor)

LOS ANGELES COUNTY TREASURER
FLOATING RATE SECURITIES NIRD PSI NON TRADING
AS OF 9/30/96
ATTACHMENT XII

SEC ID	DESCRIPTION	FACE RATE	MATURITY DATE	LAST SET DATE	PURCHASE YIELD	PAR	COST	ACCRUED INTEREST	RESET PROVISIONS
	FMIN - FLOATING RATE MED TERM NOTE SEMI								
00023297	TOYOTA MOTOR CREDIT MTN	5.5900	06/13/97	09/24/96	5.5900	20,000,000.00	19,995,946.40	333,262.28	Weekly reset based on 6 month T-Bill Rate + 7
	SUBTOTAL					20,000,000.00	19,995,946.40	333,262.28	
	FNFQ - FNMA FLOATING RATE QUARTERLY								
00023312	FNMA FRN	5.5000	05/25/99	09/24/96	5.5000	20,000,000.00	19,985,345.68	110,163.93	Weekly reset based on 91 day T-Bill Rate + 18
	SUBTOTAL					20,000,000.00	19,985,345.68	110,163.93	
	PN - PROMISSORY NOTE								
00024486	PASADENA GLEN CSD. PN	5.5800	09/01/09	09/10/96	5.5800	28,600.00	28,600.00	130.81	Annual reset based on yearly T-Bill Rate + 50
	SUBTOTAL					28,600.00	28,600.00	130.81	
	SLFQ - SLMA FLOATING RATE QUARTERLY								
00023354	SLMA FRN	5.4900	11/24/97	09/24/96	5.4900	20,000,000.00	19,993,398.39	112,896.18	Weekly reset based on 91 day T-Bill Rate + 17
00023311	SLMA FRN	5.5300	02/08/99	09/24/96	5.5300	20,000,000.00	20,000,000.00	161,005.47	Weekly reset based on 91 day T-Bill Rate + 21
	SUBTOTAL					40,000,000.00	39,993,398.39	273,901.65	
	SLFR - SLMA FLOATING RATE NOTE								
00030799	SLMA FLOATING RATE NOTE	5.4600	02/13/97	09/24/96	5.4600	25,000,000.00	25,000,000.00	198,674.86	3 month T-Bill Bond equiv. yield + 14bp and
00030800	SLMA FLOATING RATE NOTE	5.4600	02/13/97	09/24/96	5.4600	50,000,000.00	50,000,000.00	397,349.73	weekly reset; payable @ maturity
	SUBTOTAL					75,000,000.00	75,000,000.00	596,024.59	

LOS ANGELES COUNTY TREASURER
FLOATING RATE SECURITIES - NIRD FSI NON TRADING
AS OF 9/30/96
ATTACHMENT XII

SEC ID	DESCRIPTION	RATE	MATURITY DATE	LAST SET DATE	PURCHASE YIELD	PAR	COST	ACCRUED INTEREST	RESET PROVISIONS
	SUFN - FHLMC STEP UP FLOATING RATE NOTE								
00021408	FHLB STEP-UP FROM LEND RRP	4.8200	01/27/97	07/27/96	4.8200	25,000,000.00	25,000,000.00	214,222.22	Final rate change to 4.82% on 1/97
	SUBTOTAL					25,000,000.00	25,000,000.00	214,222.22	
	TOTAL					343,085,161.48	343,009,249.54	5,141,461.96	

LOS ANGELES COUNTY TREASURER
BOND ANTICIPATION NOTES AND LACCAL
AS OF 9/30/96
ATTACHMENT XIII

SEC ID	DESCRIPTION	DRAW DATE	AMOUNT	SEPTEMBER 1996 RATE
BOND ANTICIPATION NOTES				
14591	LAPS – SAN FERNANDO JUV HALL	09/10/92	105,000.00	8.25%
14592	LAHF – 100 BED INPATIENT CARE	09/10/92	95,000.00	8.25%
14949	LAHF – OLIVE VIEW – 100 BED INPATIENT CARE	10/02/92	35,000.00	8.25%
14955	LAHF – RANCHO MED CTR – 150 BED INPATIENT CARE	10/02/92	160,000.00	8.25%
15104	LAHF – 150 BED INPATIENT CARE 2	10/14/92	10,000.00	8.25%
15249	OLIVE VIEW MED CTR–100 BED INPAT #1	10/28/92	70,000.00	8.25%
15254	RANCHO MED CTR–200 BED INPAT #2	10/28/92	75,000.00	8.25%
15255	RANCHO MED CTR–AMBULAT CARE BLDG	10/28/92	195,000.00	8.25%
15474	LAHF – LAC/USC MED 950 BED INPATIENT	11/17/92	2,100,000.00	8.25%
15479	LAHF – RANCHO 200 BED INPATIENT	11/17/92	200,000.00	8.25%
15480	RANCHO MED CTR–AMBULAT CARE BLDG	11/17/92	10,000.00	8.25%
15682	LAHF – 950 BED INPATIENT CARE	12/04/92	300,000.00	8.25%
15688	LAHF – 200 BED INPATIENT CARE	12/04/92	250,000.00	8.25%
15800	LAHF – 950 BED INPAT CARE	12/16/92	50,000.00	8.25%
15805	LAHF – 200 BED INPT CARE #2	12/16/92	300,000.00	8.25%
15806	LAHF – AMULATORY CARE BLDG	12/16/92	10,000.00	8.25%
15825	LAHF – 200 BED INPAT CARE #2	12/17/92	1,000,000.00	8.25%
15826	LAHF – AMBULATORY CARE BLDG	12/17/92	150,000.00	8.25%
15879	LAHF – 100 BED INPATIENT	12/23/92	70,000.00	8.25%
15955	LAPS – SAN FERNANDO JUV HALL	12/31/92	40,000.00	8.25%
16105	LAHF – 950 BED INPATIENT CARE	01/08/93	50,000.00	8.25%
16462	LAHF – 950 BED INPATIENT CARE	01/29/93	150,000.00	8.25%
16465	LAHF – AMBULATORY CARE BLDG	01/29/93	200,000.00	8.25%
16677	LAHF – 950 BED INPATIENT CARE	02/12/93	3,500,000.00	8.25%
16872	LAHF – 100 BED EXPANSION	02/23/93	100,000.00	8.25%
16873	LAHF – 950 BED INPATIENT CARE	02/23/93	500,000.00	8.25%
17023	LAHF – RANCHO AMBULATORY CARE	03/02/93	120,000.00	8.25%
17209	LAHF – 950 BED INPATIENT CARE	03/15/93	200,000.00	8.25%
17288	LAHF – 100 BED INPATIENT	03/19/93	50,000.00	8.25%
17348	LAHF – 100 BED INPATIENT	03/24/93	50,000.00	8.25%
17349	LAHF – 950 BED INPATIENT CARE	03/24/93	1,500,000.00	8.25%
17350	LAHF – 100 BED INPATIENT	03/24/93	95,000.00	8.25%
17351	LAHF – AMBULATORY CARE	03/24/93	130,000.00	8.25%
17622	LAPS – SAN FERNANDO JUV HALL	04/09/93	50,000.00	8.25%
17756	LAHF – AMBULATORY CARE	04/15/93	200,000.00	8.25%
18010	LAHF – 950 BED INPATIENT	04/29/93	1,500,000.00	8.25%
18241	LAHF – 950 BED INPATIENT	05/11/93	1,300,000.00	8.25%
18412	LAHF – 950 BED INPATIENT	05/25/93	500,000.00	8.25%
18413	LAHF – 100 BED INPATIENT	05/25/93	500,000.00	8.25%
18635	LAHF – 100 BED INPATIENT	06/09/93	100,000.00	8.25%
18636	LAHF – AMBULATORY CARE	06/09/93	100,000.00	8.25%
18781	LAHF – 100 BED INPATIENT	06/22/93	1,300,000.00	8.25%
18782	LAHF – 950 BED INPATIENT	06/22/93	7,014,000.00	8.25%
18783	LAHF – 100 BED INPATIENT	06/22/93	910,000.00	8.25%
18789	LAHF – AMBULATORY CARE	06/22/93	150,000.00	8.25%
18796	LAPS – SAN FERNANDO JUV HALL	06/22/93	150,000.00	8.25%
19882	LAHF – HOSP SVC BLDG	09/01/93	300,000.00	8.25%
19883	LAHF – AMBULATORY CARE BLDG	09/01/93	200,000.00	8.25%
19901	LAHF – 950 BED INPAT CARE #1	09/02/93	2,000,000.00	8.25%
20074	LAHF – 950 BED INPAT CARE #1	09/22/93	2,000,000.00	8.25%
20075	LAHF – CLINIC BLDG ADDITION	09/22/93	500,000.00	8.25%
20076	LAHF – HOSP SVC BLDG	09/22/93	100,000.00	8.25%
20077	LAHF – 200 BED INPAT CARE #2	09/22/93	200,000.00	8.25%
20078	LAHF – AMBULATORY CARE BLDG	09/22/93	1,000,000.00	8.25%
20079	LAHF – ESPLANADE/GEN SVCS BLDG	09/22/93	200,000.00	8.25%
20334	LAHF – 950 BED INPAT CARE #1	10/07/93	2,000,000.00	8.25%
20335	LAHF – 100 BED INPATIENT CARE	10/07/93	500,000.00	8.25%
20641	LAHF – 100 BED INPATIENT CARE	11/03/93	100,000.00	8.25%
20644	LAHF – EL MONTE HEALTH CTR	11/03/93	10,000.00	8.25%
20645	LAHF – REGIONAL HEALTH CTR	11/03/93	100,000.00	8.25%
20647	LAPS – SAN FERNANDO JUV HALL	11/03/93	500,000.00	8.25%
20758	LAHF – 100 BED EXPANSION	11/17/93	65,000.00	8.25%

LOS ANGELES COUNTY TREASURER
BOND ANTICIPATION NOTES AND LACCAL
AS OF 9/30/96
ATTACHMENT XIII

SEC ID	DESCRIPTION	DRAW DATE	AMOUNT	SEPTEMBER 1996 RATE
20759	LAHF – 950 BED INPATIENT CARE	11/17/93	100,000.00	8.25%
20760	LAHF – REGIONAL HEALTH CTR	11/17/93	60,000.00	8.25%
20876	LAHF – 100 BED EXPANSION	12/01/93	500,000.00	8.25%
20877	LAHF – 950 BED INPATIENT CARE	12/01/93	2,000,000.00	8.25%
20878	LAHF – REGIONAL HEALTH CTR	12/01/93	50,000.00	8.25%
21114	LAHF – 100 BED EXPANSION	12/23/93	750,000.00	8.25%
21115	LAHF – 950 BED EXPANSION	12/23/93	1,000,000.00	8.25%
21116	LAHF – 100 BED INPATIENT CARE	12/23/93	300,000.00	8.25%
21117	LAHF – CLINIC BLDG ADDITION	12/23/93	100,000.00	8.25%
21118	LAHF – POMONA HEALTH CTR	12/23/93	55,000.00	8.25%
21293	LAHF – 950 BED INPATIENT CARE	01/07/94	2,000,000.00	8.25%
21294	LAHF – MARENGO PARKING STRUCTURE	01/07/94	50,000.00	8.25%
21295	LAHF – 100 BED INPATIENT CARE	01/07/94	100,000.00	8.25%
21491	LAHF – 950 BED INPATIENT CARE	01/20/94	2,000,000.00	8.25%
21492	LAHF – EL MONTE HEALTH CTR	01/20/94	10,000.00	8.25%
21774	LAPS – SAN FERNANDO JUV HALL	02/04/94	50,000.00	8.25%
21776	LAHF – 950 BED INPATIENT CARE	02/04/94	800,000.00	8.25%
21777	LAHF – 100 BED INPATIENT CARE	02/04/94	110,000.00	8.25%
22162	LAPS – SAN FERNANDO JUV HALL	03/08/94	100,000.00	8.25%
22163	LAHF – 950 BED INPATIENT CARE	03/08/94	1,500,000.00	8.25%
22164	LAHF – 100 BED INPATIENT CARE	03/08/94	100,000.00	8.25%
22165	LAHF – 200 BED INPATIENT CARE	03/08/94	100,000.00	8.25%
22166	LAHF – SAN FERNANDO HEALTH CTR	03/08/94	10,000.00	8.25%
22167	LAHF – EL MONTE HEALTH CTR	03/08/94	50,000.00	8.25%
22322	LAHF – 100 BED EXPANSION	03/24/94	100,000.00	8.25%
22323	LAHF – 950 BED INPATIENT CARE	03/24/94	3,000,000.00	8.25%
22324	LAHF – 100 BED EXPANSION	03/24/94	500,000.00	8.25%
22325	LAHF – REGIONAL CENTERS	03/24/94	500,000.00	8.25%
22572	LAHF – SAN FERNANDO HEALTH CTR	04/14/94	25,000.00	8.25%
22574	LAHF – ALHAMBRA HEALTH CTR	04/14/94	25,000.00	8.25%
22737	LAPS – SAN FERNANDO JUV HALL	04/28/94	150,000.00	8.25%
22738	LAHF – 100 BED EXPANSION	04/28/94	1,000,000.00	8.25%
22739	LAHF – 100 BED EXPANSION	04/28/94	200,000.00	8.25%
22740	LAHF – ALHAMBRA HEALTH CTR	04/28/94	25,000.00	8.25%
22741	LAHF – ALHAMBRA HEALTH CTR	04/28/94	25,000.00	8.25%
22843	LAHF – CENTRAL PLANT	05/09/94	200,000.00	8.25%
22844	LAHF – 950 BED INPATIENT CARE	05/09/94	2,000,000.00	8.25%
22845	LAHF – 100 BED EXPANSION	05/09/94	500,000.00	8.25%
22987	LAHF – CENTRAL PLANT	05/23/94	500,000.00	8.25%
22988	LAHF – MARENGO PARKING STRUCTURE	05/23/94	100,000.00	8.25%
22989	LAHF – CLINIC BUILDING	05/23/94	100,000.00	8.25%
22990	LAHF – REGIONAL CENTERS	05/23/94	100,000.00	8.25%
22991	LAHF – ALHAMBRA HEALTH CTR	05/23/94	50,000.00	8.25%
22992	LAHF – ALHAMBRA HEALTH CTR	05/23/94	50,000.00	8.25%
22993	LAHF – POMONA HEALTH CTR	05/23/94	25,000.00	8.25%
22994	LAHF – EL MONTE HEALTH CTR	05/23/94	40,000.00	8.25%
23088	LAHF – 100 BED EXPANSION	06/03/94	700,000.00	8.25%
23089	LAHF – 950 BED EXPANSION	06/03/94	11,000,000.00	8.25%
23090	LAHF – 100 BED EXPANSION	06/03/94	500,000.00	8.25%
23091	LAHF – REGIONAL CTRS	06/03/94	100,000.00	8.25%
23092	LAHF – SAN FERNANDO HEALTH CTR	06/03/94	40,000.00	8.25%
23242	LAPS – SAN FERNANDO JUV HALL	06/20/94	407,711.94	8.25%
23245	LAHF – 100 BED EXPANSION	06/20/94	1,750,000.00	8.25%
23246	LAHF – CENTRAL PLANT	06/20/94	250,000.00	8.25%
23247	LAHF – 950 BED EXPANSION	06/20/94	11,000,000.00	8.25%
23248	LAHF – MARENGO PARKING STRUCTURE	06/20/94	1,000,000.00	8.25%
23249	LAHF – CENTRAL PLANT	06/20/94	500,000.00	8.25%
23250	LAHF – 100 BED EXPANSION	06/20/94	750,000.00	8.25%
23252	LAHF – ESPLANADE WING	06/20/94	100,000.00	8.25%
23253	LAHF – CLINIC BLDG	06/20/94	100,000.00	8.25%
23254	LAHF – HOSPITAL SVC BLDG	06/20/94	100,000.00	8.25%
23255	LAHF – REGIONAL CTRS	06/20/94	1,000,000.00	8.25%
23256	LAHF – ALHAMBRA HEALTH CTR	06/20/94	100,000.00	8.25%
23257	LAHF – SAN FERNANDO HEALTH CTR	06/20/94	100,000.00	8.25%

LOS ANGELES COUNTY TREASURER
BOND ANTICIPATION NOTES AND LACCAL
AS OF 9/30/96
ATTACHMENT XIII

SEC ID	DESCRIPTION	DRAW DATE	AMOUNT	SEPTEMBER 1996 RATE
23258	LAHF – EL MONTE HEALTH CTR	06/20/94	50,000.00	8.25%
23259	LAHF – POMONA HEALTH CTR	06/20/94	100,000.00	8.25%
23260	LAHF – 200 BED EXPANSION	06/20/94	100,000.00	8.25%
23307	MLK – SHELL & CORE PROJECT	06/23/94	800,000.00	8.25%
23865	LAHF – 100 BED EXPANSION	08/23/94	400,000.00	8.25%
23866	LAHF – HARBOR MED CTR CENTRAL PLANT	08/23/94	300,000.00	8.25%
23867	LAHF – MAGENGO PARKING STRUCTURE	08/23/94	300,000.00	8.25%
23868	LAHF – CENTRAL PLANT	08/23/94	200,000.00	8.25%
23869	LAHF – EL MONTE HEALTH CENTER	08/23/94	100,000.00	8.25%
24418	LAPS – SAN FERNANDO JUV HALL	11/10/94	1,000,000.00	8.25%
24420	LAHF – HARBOR 100 BED EXPANSION	11/10/94	300,000.00	8.25%
24421	LAHF – HARBOR CENTRAL PLANT	11/10/94	1,000,000.00	8.25%
24422	LAHF – LAC/USC MED CTR 950 BED INPATIENT	11/10/94	1,000,000.00	8.25%
24423	LAHF – RANCHO MASTER PLAN 2A	11/10/94	1,000,000.00	8.25%
24424	MLK – TRAUMA SHELL & CORE	11/10/94	1,000,000.00	8.25%
24663	LAHF – 950 BED INPATIENT CARE	12/13/94	3,369,000.00	8.25%
24664	LAHF – MAGENGO PARKING STRUCTURE	12/13/94	3,000,000.00	8.25%
24665	LAHF – RANCHO MASTER PLAN 2A	12/13/94	200,000.00	8.25%
24666	LAHF – SAN FERNANDO HEALTH	12/13/94	100,000.00	8.25%
24752	LAHF – LAND ACQUISITION	12/23/94	9,900,000.00	8.25%
24753	LAHF – 950 BED INPATIENT CARE	12/23/94	3,000,000.00	8.25%
24754	LAHF – CENTRAL PLANT	12/23/94	50,000.00	8.25%
24756	LAHF – MASTER PLAN PHASE IIA	12/23/94	500,000.00	8.25%
24757	LAHF – POMONA HEALTH CTR	12/23/94	50,000.00	8.25%
25222	LAHF – LAC/USC REPLACEMENT FAC	02/21/95	3,000,000.00	8.25%
25223	LAHF – LAC/USC MARENGO PARKING	02/21/95	4,000,000.00	8.25%
25224	LAHF – LAC/USC POWER PLANT	02/21/95	300,000.00	8.25%
25225	LAHF – HARBOR AMBULATORY CARE	02/21/95	300,000.00	8.25%
25226	LAHF – HARBOR CENTRAL PLANT	02/21/95	1,500,000.00	8.25%
25227	LAHF – RANCHO AMBULATORY CARE	02/21/95	75,000.00	8.25%
25499	LAPS – SAN FERNANDO JUV HALL	03/24/95	1,000,000.00	8.25%
25842	LAHF – LAC/USC REPLACEMENT FACILITY	04/26/95	6,000,000.00	8.25%
25843	LAHF – LAC/USC MARENGO PARKING	04/26/95	5,000,000.00	8.25%
25844	LAHF – HARBOR AMBULATORY CARE	04/26/95	250,000.00	8.25%
25845	LAHF – HARBOR CENTRAL PLANT	04/26/95	250,000.00	8.25%
25846	LAHF – RANCHO MASTER PLAN II	04/26/95	100,000.00	8.25%
25847	LAHF – OLIVE VIEW PERINATAL	04/26/95	250,000.00	8.25%
25849	LAHF – EL MONTE EXPANSION	04/26/95	250,000.00	8.25%
26021	LAHF – RANCHO AMBULATORY CARE	05/09/95	750,000.00	8.25%
26167	LAHF – HARBOR CENTRAL PLANT	05/17/95	300,000.00	8.25%
26168	LAHF – POMONA EXPANSION	05/17/95	50,000.00	8.25%
26195	LAHF – LAC/USC REPLACEMENT FACILITY	05/19/95	3,000,000.00	8.25%
26196	LAHF – LAC/USC MARENGO PARKING	05/19/95	3,000,000.00	8.25%
26197	LAHF – HARBOR AMBULATORY CARE	05/19/95	300,000.00	8.25%
26198	LAHF – HARBOR AMBULATORY CARE	05/19/95	300,000.00	8.25%
26199	LAHF – RANCHO MASTER PLAN II	05/19/95	200,000.00	8.25%
26359	LAHF – LAC/USC REPLACEMENT FACILITY	06/05/95	8,063,572.00	8.25%
26360	LAHF – LAC/USC MARENGO PARKING	06/05/95	6,414,380.00	8.25%
26361	LAHF – LAC/USC CENTRAL SUP.	06/05/95	335,206.00	8.25%
26362	LAHF – LAC/USC POWER PLANT	06/05/95	234,703.00	8.25%
26363	LAHF – HARBOR AMBULATORY CARE	06/05/95	2,658,166.00	8.25%
26364	LAHF – RANCHO ESPLANADE WING	06/05/95	319,363.00	8.25%
26365	LAHF – RANCHO HOSPITAL BLDG	06/05/95	346,475.00	8.25%
26366	LAHF – RANCHO 200 BED UNIT B	06/05/95	1,626,509.00	8.25%
26367	LAHF – RANCHO AMBULATORY CARE	06/05/95	583,734.00	8.25%
26368	LAHF – RANCHO MASTER PLAN II	06/05/95	1,791,593.00	8.25%
26369	LAHF – OLIVE VIEW PERINATAL	06/05/95	788,100.00	8.25%
26373	LAHF – EL MONTE EXPANSION	06/05/95	301,818.00	8.25%
26374	LAHF – POMONA EXPANSION	06/05/95	671,224.00	8.25%
26375	LAHF – SAN FERNANDO REPLACE	06/05/95	283,804.00	8.25%
26642	LAPS – SAN FERNANDO JUV HALL	06/30/95	200,000.00	8.25%
27101	LAHF – LAC + USC REPLCMT FACILITY	09/10/95	2,000,000.00	8.25%
27432	LAHF – LAC + USC REPLCMT FACILITY	09/27/95	2,000,000.00	8.25%
27433	LAHF – ALHAMBRA MODERNIZATION	09/27/95	15,000.00	8.25%

LOS ANGELES COUNTY TREASURER
BOND ANTICIPATION NOTES AND LACCAL
AS OF 9/30/96
ATTACHMENT XIII

SEC ID	DESCRIPTION	DRAW DATE	AMOUNT	SEPTEMBER 1996 RATE
27434	MLKH – SHELL AND CORE PROJECT	09/27/95	200,000.00	8.25%
27481	LAPS – LAW ENFORCEMENT P.S.C.	09/29/95	1,000,000.00	8.25%
28157	LAPS – LAW ENFORCEMENT PSC	12/05/95	100,000.00	8.25%
28158	LAHF – LAC+USC REPLACEMENT FAC	12/05/95	2,000,000.00	8.25%
28159	LAHF – LAC+USC MARENGO PARKING	12/05/95	100,000.00	8.25%
28160	LAHF – RANCHO AMBULATORY CARE	12/05/95	500,000.00	8.25%
28767	LAPS – LAW ENFORCEMENT P.S.	01/25/96	2,000,000.00	8.25%
28768	LAHF – LAC+USC REPLACEMENT FAC	01/25/96	2,000,000.00	8.25%
28769	LAHF – LAC+USC MARENGO PARKING	01/25/96	2,500,000.00	8.25%
28770	LAHF – LAC+USC CENTRAL SUPPORT	01/25/96	100,000.00	8.25%
28980	LAPS – LAW ENFORCEMENT PUB SAF	02/15/96	500,000.00	8.25%
29416	MLK – SHELL AND CORE PROJECT	04/05/96	100,000.00	8.25%
29417	LAHF – LAC+USC REPLACEMENT	04/05/96	4,000,000.00	8.25%
29419	LAHF – ALHAMBRA MODERNIZATION	04/05/96	20,000.00	8.25%
30240	LAPS – LAW ENFORCEMENT PSC	06/26/96	170,000.00	8.25%
30241	LAHF – LAC+USC REPLACEMENT FAC	06/26/96	1,000,000.00	8.25%
30242	LAHF – LAC+USC MARENGO PARKING	06/26/96	300,000.00	8.25%
30284	LAHF – ALHAMBRA MODERNIZATION	06/28/96	1,600.00	8.25%
			$188,245,958.94	
LACCAL				
13751	LACCAL	01/10/94	$137,314.48	6.00%
25202	LACCAL	02/15/95	10,000,000.00	6.00%
26574	LACCAL	06/23/95	10,000,000.00	6.00%
27383	LACCAL	09/21/95	10,000,000.00	8.25%
29449	LACCAL	04/09/96	15,000,000.00	8.25%
			$45,137,314.48	
			$233,383,273.42	

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
SECURITY TYPE GROUPING - COST & WTD AVG DAYS TO MATURITY
AS OF 09/30/96
ATTACHMENT XIV

	NON-TRADING			TRADING		
SECURITY TYPE	COST	WTD AVG DTM		COST	WTD AVG DTM	
COLLATERALIZED CDS	0.00	0.0 DAYS	*	0.00	0.0 DAYS	*
NEGOTIABLE CDS	1,698,001,113.04	43.6 DAYS	*	0.00	0.0 DAYS	*
EURO CDS	0.00	0.0 DAYS	*	0.00	0.0 DAYS	*
BANKERS ACCEPTANCE	679,123,114.07	52.7 DAYS	*	0.00	0.0 DAYS	*
COMMERCIAL PAPER	1,243,862,415.15	6.4 DAYS	*	0.00	0.0 DAYS	*
GOVERNMENTS	657,148,719.98	1.0 YEARS	*	0.00	0.0 DAYS	*
AGENCIES	1,212,864,751.66	126.2 DAYS	*	0.00	0.0 DAYS	*
MUNICIPALS	341,468,434.90	1.8 YEARS	*	0.00	0.0 DAYS	*
CORP & DEPOSIT NOTES	174,992,246.27	68.1 DAYS	*	0.00	0.0 DAYS	*
REPURCHASE AGREEMENT	0.00	0.0 DAYS	*	0.00	0.0 DAYS	*
ASSET BACKED	3,304,218.81	2.0 YEARS	*	0.00	0.0 DAYS	*
OTHER	0.00	0.0 DAYS	*	0.00	0.0 DAYS	*
TOTAL	6,010,765,013.88	124.6 DAYS	*	0.00	0.0 DAYS	*

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT TOTALS SECTION
SECURITY TYPE GROUPING - COST & WTD AVG DAYS TO MATURITY
AS OF 09/30/96
ATTACHMENT XIV

	POOLED		SPECIFIC PURPOSE		SPECIAL PROGRAMS		TOTALS	
SECURITY TYPE	COST	WTD AVG DTM	COST	WTD AVG DTM	COST	WTD AVG DTM	COST	WTD AVG DTM
COLLATERALIZED CDS	0.00	0.0 DAYS *	98,000.00	180.0 DAYS *	0.00	0.0 DAYS *	98,000.00	180.0 DAYS
NEGOTIABLE CDS	1,698,001,113.04	43.6 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	1,698,001,113.04	43.6 DAYS
EURO CDS	0.00	0.0 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS
BANKERS ACCEPTANCE	679,123,114.07	52.7 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	679,123,114.07	52.7 DAYS
COMMERCIAL PAPER	1,243,862,415.15	6.4 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	1,243,862,415.15	6.4 DAYS
GOVERNMENTS	657,148,719.98	1.0 YEARS *	435,698,947.31	1.5 YEARS *	0.00	0.0 DAYS *	1,092,847,667.29	1.2 YEARS
AGENCIES	1,212,864,751.66	126.2 DAYS *	327,319,071.05	243.1 DAYS *	0.00	0.0 DAYS *	1,540,183,822.71	151.0 DAYS
MUNICIPALS	341,468,434.90	1.8 YEARS *	15,906,985.53	22.9 YEARS *	0.00	0.0 DAYS *	357,375,420.43	2.7 YEARS
CORP & DEPOSIT NOTES	174,992,246.27	68.1 DAYS *	161,320,155.00	275.8 DAYS *	0.00	0.0 DAYS *	336,312,401.27	167.7 DAYS
REPURCHASE AGREEMENT	0.00	0.0 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	0.00	0.0 DAYS
ASSET BACKED	3,304,218.81	2.0 YEARS *	0.00	0.0 DAYS *	0.00	0.0 DAYS *	3,304,218.81	2.0 YEARS
OTHER	0.00	0.0 DAYS *	56,653,103.89	1.7 YEARS *	100,000,000.00	2.2 YEARS *	156,653,103.89	2.0 YEARS
TOTAL	6,010,765,013.88	124.6 DAYS *	996,996,262.78	545.5 DAYS *	100,000,000.00	813.0 DAYS *	7,107,761,276.66	193.5 DAYS

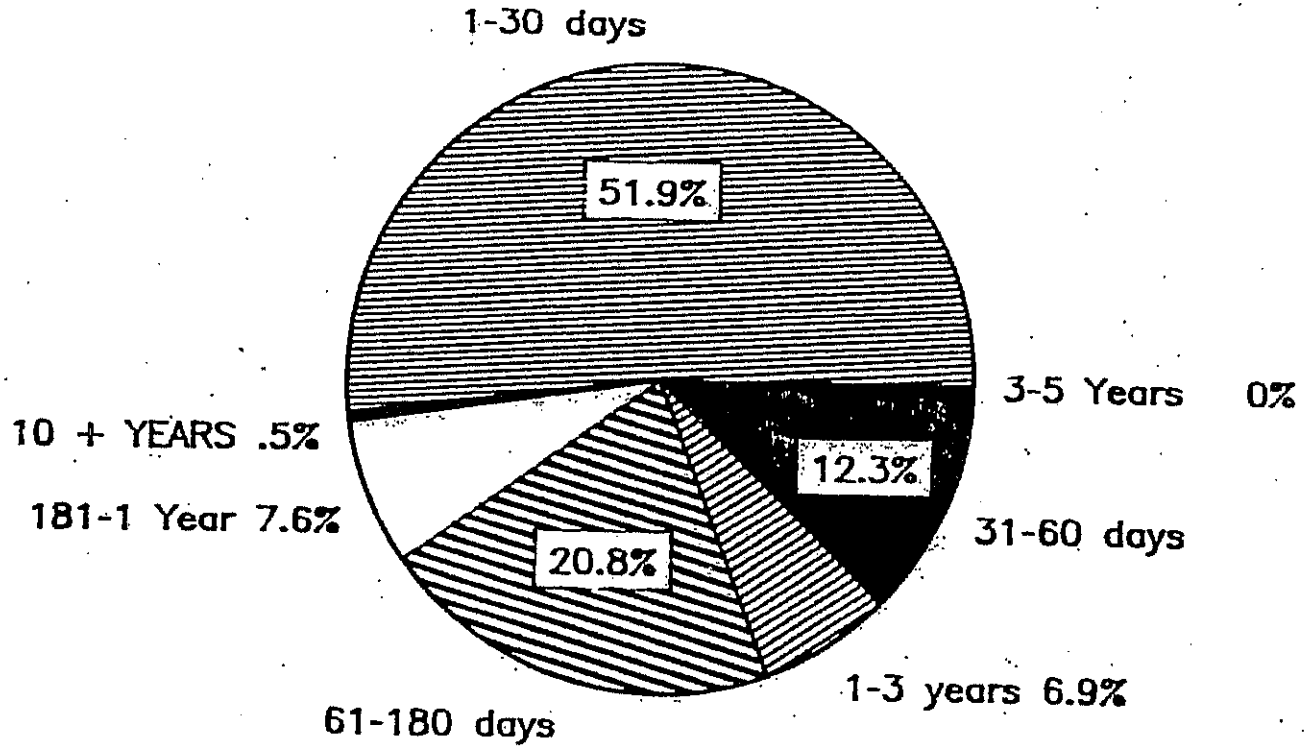
LOS ANGELES COUNTY TREASURER
INVENTORY REPORT - TOTALS SECTION
MATURITY RANGE GROUPING COST
AS OF 09/30/96
ATTACHMENT XV

	NON-TRADING		TRADING	
MATURITY RANGE	COST	% OF COST	COST	% OF COST
1 - 30 DAYS	3,118,922,920.71	51.89 *	0.00	0.00 *
31 - 60 DAYS	736,302,150.45	12.25 *	0.00	0.00 *
61 - 90 DAYS	340,321,869.32	5.66 *	0.00	0.00 *
91 - 120 DAYS	360,525,387.02	6.00 *	0.00	0.00 *
121 - 180 DAYS	550,633,883.33	9.16 *	0.00	0.00 *
181 - 270 DAYS	119,985,457.22	2.00 *	0.00	0.00 *
271 - 1 YEAR	338,307,540.88	5.63 *	0.00	0.00 *
1 - 1.5 YEARS	84,926,856.56	1.41 *	0.00	0.00 *
1.5 - 2 YEARS	175,431,822.63	2.92 *	0.00	0.00 *
2 - 3 YEARS	153,326,095.67	2.55 *	0.00	0.00 *
3 - 4 YEARS	0.00	0.00 *	0.00	0.00 *
4 - 5 YEARS	0.00	0.00 *	0.00	0.00 *
5 - 10 YEARS	0.00	0.00 *	0.00	0.00 *
10 + YEARS	32,081,030.09	0.53 *	0.00	0.00 *
TOTAL	6,010,765,013.88	100.00 *	0.00	0.00 *

LOS ANGELES COUNTY TREASURER
INVENTORY REPORT TOTALS SECTION
MATURITY RANGE GROUPING COST
AS OF 09/30/96
ATTACHMENT XV

MATURITY RANGE	POOLED COST	POOLED % OF COST	SPECIFIC PURPOSE COST	SPECIFIC PURPOSE % OF COST	SPECIAL PROGRAMS COST	SPECIAL PROGRAMS % OF COST	TOTALS COST	TOTALS % OF COST
1 - 30 DAYS	3,118,922,920.71	51.89 *	0.00	0.00 *	0.00	0.00 *	3,118,922,920.71	43.87
31 - 60 DAYS	736,302,150.45	12.25 *	28,990,713.48	2.91 *	0.00	0.00 *	765,292,863.93	10.77
61 - 90 DAYS	340,321,869.32	5.66 *	25,463,281.29	2.55 *	0.00	0.00 *	365,785,150.61	5.15
91 - 120 DAYS	360,525,387.02	6.00 *	161,464,464.72	16.20 *	0.00	0.00 *	521,989,851.74	7.34
121 - 180 DAYS	550,633,883.33	9.16 *	121,040,752.27	12.14 *	0.00	0.00 *	671,674,635.60	9.45
181 - 270 DAYS	119,985,457.22	2.00 *	14,772,186.55	1.48 *	0.00	0.00 *	134,757,643.77	1.90
271 - 1 YEAR	338,307,540.88	5.63 *	381,629,721.66	38.28 *	0.00	0.00 *	719,937,262.54	10.13
1 - 1.5 YEARS	84,926,856.56	1.41 *	13,048,422.77	1.31 *	0.00	0.00 *	97,975,279.33	1.38
1.5 - 2 YEARS	175,431,822.63	2.92 *	125,452,897.37	12.58 *	0.00	0.00 *	300,884,720.00	4.23
2 - 3 YEARS	153,326,095.67	2.55 *	47,460,962.92	4.76 *	100,000,000.00	100.00 *	300,787,058.59	4.23
3 - 4 YEARS	0.00	0.00 *	30,977,782.36	3.11 *	0.00	0.00 *	30,977,782.36	0.44
4 - 5 YEARS	0.00	0.00 *	24,673,357.96	2.47 *	0.00	0.00 *	24,673,357.96	0.35
5 - 10 YEARS	0.00	0.00 *	823,890.83	0.08 *	0.00	0.00 *	823,890.83	0.01
10 + YEARS	32,081,030.09	0.53 *	21,197,829.40	2.13 *	0.00	0.00 *	53,278,859.49	0.75
TOTAL	6,010,765,013.88	100.00 *	996,996,262.78	100.00 *	100,000,000.00	100.00 *	7,107,761,276.66	100.00

Los Angeles County Treasurer
Composition of PSI Portfolio by Maturity
As of September ,1996
Attachment XVI



LOS ANGELES COUNTY TREASURER
LOCAL AGENCY INVESTMENT FUND
FOR SPECIFIC PURPOSE INVESTMENTS
AS OF 9/30/96
ATTACHMENT XVII

FUND TITLE	FUND BALANCE
Arcadia Unified School District (AUSD)	$68,253.10 (1)
Schools Excess Liability Fund (SELF)	15,198,991.21 (1)
School Linked for Insurance Management (SLIM)	8,505,270.22 (1)
South Coast Air Quality Mgmt Dist (SCAQMD)	19,500,000.00 (1)
Whittier Area Schools Insurance Authority (WASIA)	7,904,977.46 (1)
LAIF TOTAL	$51,177,491.99

(1) – Reported at August 31, 1996 balance as current balance was not available.

POOLED MONEY INVESTMENT ACCOUNT

SUMMARY OF INVESTMENT DATA

A COMPARISON OF JULY 1996 WITH JULY 1995

(Dollars in Thousands)

	July 1996	July 1995	Change
Average Daily Portfolio	$26,149,842	$25,964,477	+ $185,365
Accrued Earnings	$124,086	$131,346	- $7,260
Effective Yield	5.587	5.972	- .385
Average Life–Month End (in days)	252	296	- 44
Total Security Transactions			
Amount	$18,629,624	$37,756,872	-$19,127,248
Number	444	851	- 407
Total Time Deposit Transactions			
Amount	$341,190	$72,190	+ 269,000
Number	33	7	+ 26
Average Workday Investment Activity	$862,310	$1,891,453	- $1,029,143
Prescribed Demand Account Balances			
For Services	$135,465	$150,796	- $15,331
For Uncollected Funds	$151,221	$119,587	+ $31,634

MATT FONG
STATE TREASURER
STATE OF CALIFORNIA

INVESTMENT DIVISION
SELECTED INVESTMENT DATA

ANALYSIS OF THE POOLED MONEY INVESTMENT ACCOUNT PORTFOLIO (000 OMITTED)

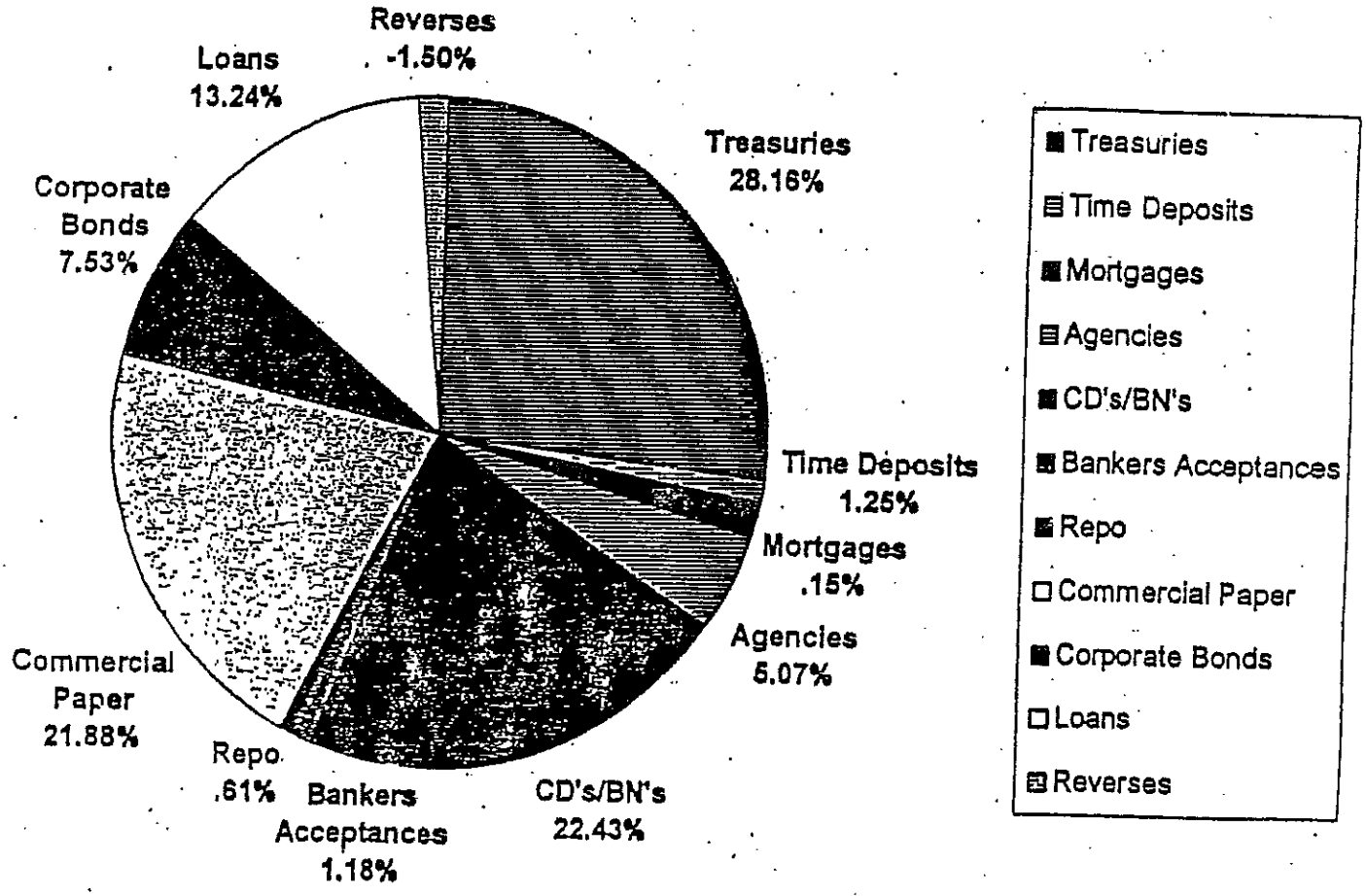
Type of Security	July 31, 1996 Amount	Percent	Change in Percent From Previous Month
Governments			
Bills	2,161,861	7.98	- .76
Bonds	0	0	0
Notes	5,081,444	18.76	- 2.83
Strips	384,015	1.42	- .01
Total Governments	7,627,320	28.16	- 3.60
Federal Agency Coupons	1,191,039	4.40	+ .16
Certificates of Deposit	5,134,808	18.96	- .49
Bank Notes	940,102	3.47	- 1.16
Bankers Acceptances	319,497	1.18	- .98
Repurchases	166,000	.61	+ .61
Federal Agency Discount Notes	181,778	.67	- 1.01
Time Deposits	339,995	1.25	- .42
GNMA's	4,188	.02	0
Commercial Paper	5,925,506	21.88	- .49
FHLMC	34,553	.13	0
Corporate Bonds	2,038,757	7.53	- .01
Pooled Loans	1,574,390	5.81	- 1.53
GF Loans	2,013,100	7.43	+ 7.36
Other	0	0	0
Reversed Repurchases	-407,250	-1.50	+ 1.50
Total, All Types	$27,083,783	100	

INVESTMENT ACTIVITY

	July 1996 Number	Amount	June 1996 Number	Amount
Pooled Money	444	$ 18,629,624	369	$ 15,839,124
Other	7	$ 27,609	0	$ 0
Time Deposits	33	$ 341,190	11	$ 76,500
TOTALS	484	$ 18,998,423	380	$ 15,915,624
PMIA Monthly Average Effective Yield		5.587		5.548
Year to Date Yield for Last Day of Month		5.587		5.706

Portfolio Composition
$27.08 Billion

7/31/96



POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	#	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR	# DAYS HELD	AMOUNT EARNED	EFFECTIV YIELD
07/01/96	RRS									
	Treas	Notes	5.250%		01/31/01	4.550	50,000			
	Treas	Notes	5.250%		01/31/01	4.550	50,000			
	Treas	Notes	5.250%		01/31/01	4.550	50,000			
	Treas	Notes	5.250%		01/31/01	4.550	50,000			
	Treas	Notes	5.250%		01/31/01	4.550	50,000			
	REDEMPTION									
	BA	Tokyo-Mits			07/01/96	5.330	27,450	67	272,296.37	5.458
	BA	Montreal			07/01/96	5.230	11,000	73	116,658.06	5.359
	CD	Swiss	5.330%		07/01/96	5.310	50,000	91	671,158.28	5.383
	CD	Swiss	5.330%		07/01/96	5.310	50,000	91	671,158.28	5.383
	CD	Swiss	5.330%		07/01/96	5.310	50,000	91	671,158.28	5.383
	CD	BK Cal	5.350%		07/01/96	5.350	50,000	109	809,930.56	5.424
	CD	RB Canada	5.070%		07/01/96	5.050	100,000	151	2,188,368.45	5.120
	CP	Smith Barn			07/01/96	5.360	50,000	13	96,777.78	5.444
	CP	Smith Barn			07/01/96	5.360	50,000	13	96,777.78	5.444
	CP	Merrill			07/01/96	5.350	50,000	17	126,319.44	5.438
	CP	Merrill			07/01/96	5.350	50,000	17	126,319.44	5.438
	CP	Smith Barn			07/01/96	5.350	50,000	17	126,319.44	5.438
	CP	Smith Barn			07/01/96	5.350	20,000	17	50,527.78	5.438
	CP	Salomon			07/01/96	5.400	20,000	24	72,000.00	5.494
	CP	FMCC			07/01/96	5.300	30,000	38	167,833.33	5.403
	CP	Heller			07/01/96	5.370	40,000	60	358,000.00	5.493
	CP	Conagra			07/01/96	5.420	50,000	66	496,833.33	5.550
	CP	Conagra			07/01/96	5.420	50,000	66	496,833.33	5.550
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	GMAC			07/01/96	5.340	50,000	67	496,916.67	5.468
	CP	SRAC			07/01/96	5.270	50,000	104	761,222.22	5.425
	CP	SRAC			07/01/96	4.920	50,000	151	1,031,833.33	5.093
	PURCHASE									
	Treas	Notes	6.250%		06/30/98	6.300	50,000			
	CP	Morg Stan			07/31/96	5.360	50,000			
	CP	Morg Stan			07/31/96	5.360	50,000			
	CP	Morg Stan			07/31/96	5.360	50,000			
	CP	Morg Stan			07/31/96	5.360	50,000			
	CP	Morg Stan			07/31/96	5.360	50,000			
	CP	GECC			07/02/96	5.430	20,000			
	CP	GECC			07/02/96	5.430	50,000			
	CP	GECC			07/02/96	5.430	50,000			
	CP	Assoc			07/02/96	5.450	50,000			
	CP	Assoc			07/02/96	5.450	50,000			
	CP	Assoc			07/02/96	5.450	50,000			
	CP	Assoc			07/02/96	5.450	50,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR (000)	# DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/02/96	REDEMPTION								
	BA	Union		07/02/96	5.210	5,000	71	51,376.39	5.337
	CD	Swiss	5.320%	07/02/96	5.310	10,000	95	140,128.65	5.383
	CD	Swiss	5.320%	07/02/96	5.310	50,000	95	700,643.23	5.383
	CD	Swiss	5.320%	07/02/96	5.310	50,000	95	700,643.23	5.383
	CP	GECC		07/02/96	5.430	20,000	1	3,016.67	5.506
	CP	GECC		07/02/96	5.430	50,000	1	7,541.67	5.506
	CP	GECC		07/02/96	5.430	50,000	1	7,541.67	5.506
	CP	Assoc		07/02/96	5.450	50,000	1	7,569.44	5.526
	CP	Assoc		07/02/96	5.450	50,000	1	7,569.44	5.526
	CP	Assoc		07/02/96	5.450	50,000	1	7,569.44	5.526
	CP	Assoc		07/02/96	5.450	50,000	1	7,569.44	5.526
	CP	Country		07/02/96	5.320	40,000	41	242,355.56	5.426
	CP	Amer Exp		07/02/96	5.280	50,000	68	498,666.67	5.407
	CP	Amer Exp		07/02/96	5.280	50,000	68	498,666.67	5.407
	CP	Amer Exp		07/02/96	5.280	50,000	68	498,666.67	5.407
	CP	Amer Exp		07/02/96	5.280	50,000	68	498,666.67	5.407
	PURCHASE c/								
	CD	BNParis	5.470%	09/23/96	5.500	35,000			
	CD	Nova Scotia	5.600%	12/23/96	5.500	16,000			
	PURCHASE								
	CP	GMAC		07/03/96	5.440	40,000			
	CP	Salomon		07/03/96	5.500	50,000			
07/03/96	SALE c/								
	CD	BNParis	5.470%	09/23/96	5.500	35,000	1	5,251.12	5.576
	CD	Nova Scotia	5.600%	12/23/96	5.500	16,000	1	2,387.76	5.576
	REDEMPTION								
	BA	Tokyo-Mits		07/03/96	5.350	19,250	77	220,278.82	5.487
	BA	Montreal		07/03/96	4.890	6,500	139	122,725.42	5.053
	CP	GMAC		07/03/96	5.440	40,000	1	6,044.44	5.516
	CP	Salomon		07/03/96	5.500	50,000	1	7,638.89	5.577
	CP	GMAC		07/03/96	5.340	50,000	106	786,166.67	5.500
	CP	GMAC		07/03/96	5.340	50,000	106	786,166.67	5.500
	CP	SRAC		07/03/96	4.920	50,000	153	1,045,500.00	5.094
	Disc Notes	FNMA		07/03/96	4.880	48,000	153	995,520.00	5.052
	PURCHASE c/								
	CD	BNParis	5.470%	09/23/96	5.550	11,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	%	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/03/96	PURCHASE								
		FNMA	5.860%	07/03/97	6.000	50,000			
	CP	Salomon		07/05/96	5.600	50,000			
	CP	Assoc		07/05/96	5.600	50,000			
	CP	Assoc		07/05/96	5.600	50,000			
	CP	Assoc		07/05/96	5.600	50,000			
	CP	Assoc		07/05/96	5.600	50,000			
	CP	Lehman		07/09/96	5.550	20,000			
07/05/96	SALE c/								
	CD	BNParis	5.470%	09/23/96	5.550	11,000	2	3,083.33	5.627
	REDEMPTION								
	Treas	Bills		07/05/96	5.005	20,000	182	506,061.11	5.208
	Treas	Bills		07/05/96	5.005	50,000	182	1,265,152.80	5.206
	Treas	Bills		07/05/96	5.005	50,000	182	1,265,152.80	5.206
	CP	Salomon		07/05/96	5.600	50,000	2	15,555.56	5.679
	CP	Assoc		07/05/96	5.600	50,000	2	15,555.56	5.679
	CP	Assoc		07/05/96	5.600	50,000	2	15,555.56	5.679
	CP	Assoc		07/05/96	5.600	50,000	2	15,555.56	5.679
	CP	Assoc		07/05/96	5.600	50,000	2	15,555.56	5.679
	PURCHASE c/								
	CD	BNParis	5.470%	09/23/96	5.400	35,000			
	CD	Nova Scotia	5.600%	12/23/96	5.400	20,000			
	PURCHASE								
	CP	Assoc		07/08/96	5.320	50,000			
	CP	Assoc		07/08/96	5.320	50,000			
	CP	Assoc		07/08/96	5.320	50,000			
	CP	Assoc		07/08/96	5.320	50,000			
	CP	Merrill		07/12/96	5.350	40,000			
	CP	Amer Exp		07/12/96	5.300	50,000			
	CP	Amer Exp		07/12/96	5.300	50,000			
	CP	Amer Exp		07/12/96	5.300	50,000			
	CP	Amer Exp		07/12/96	5.300	50,000			
07/08/96	SALE c/								
	CD	BNParis	5.470%	09/23/96	5.400	35,000	3	15,435.00	5.475
	CD	Nova Scotia	5.600%	12/23/96	5.400	20,000	3	8,820.00	5.475

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	MATURITY DATE	TRANS YIELD	PAR [000]	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/08/96	**REDEMPTION**							
CD	NBDetroit	5.010%	07/08/96	5.000	45,000	145	907,398.30	5.075
CP	Assoc		07/08/96	5.320	50,000	3	22,166.67	5.396
CP	Assoc		07/08/96	5.320	50,000	3	22,166.67	5.396
CP	Assoc		07/08/96	5.320	50,000	3	22,166.67	5.396
CP	Assoc		07/08/96	5.320	50,000	3	22,166.67	5.396
Disc Notes	FHLMC		07/08/96	5.170	36,500	81	424,586.25	5.303
Disc Notes	FHLMC		07/08/96	5.170	50,000	81	581,625.00	5.303
Disc Notes	FHLMC		07/08/96	5.170	50,000	81	581,625.00	5.303
	PURCHASE c/							
CD	RB Canada	5.600%	12/31/96	5.380	40,690			
BN	B/A	5.630%	12/31/96	5.380	35,000			
	PURCHASE							
CP	GECC		11/12/96	5.500	25,000			
CP	GECC		11/12/96	5.500	50,000			
CP	GECC		11/12/96	5.500	50,000			
MTN	Chrysler	6.600%	08/03/98	6.500	13,800			
CP	Assoc		07/09/96	5.310	50,000			
CP	Assoc		07/09/96	5.310	50,000			
CP	Assoc		07/09/96	5.310	5,000			
CP	Amer Home		07/09/96	5.300	29,000			
CP	Merrill		07/12/96	5.300	50,000			
CP	Merrill		07/12/96	5.300	25,000			
CP	FMCC		07/12/96	5.300	50,000			
CP	FMCC		07/12/96	5.300	50,000			
CP	FMCC		07/12/96	5.300	50,000			
CP	FMCC		07/12/96	5.300	50,000			
CP	Country		07/09/96	5.330	22,000			
Treas	Note	6.250%	06/30/98	6.462	50,000			
Treas	Note	6.350%	06/30/98	6.462	50,000			
07/09/96	**SALE** c/							
CD	RB Canada	5.600%	12/31/96	5.380	40,690	1	5,974.64	5.454
CD	RB Canada	5.630%	12/31/96	5.380	35,000	1	5,233.69	5.454
	REDEMPTION							
CP	Lehman		07/09/96	5.550	20,000	6	18,500.00	5.632
CP	Country		07/09/96	5.330	19,335	71	203,248.44	5.461
CP	Amer Home		07/09/96	5.300	29,000	1	4,269.44	5.374
CP	GMAC		07/09/96	5.330	35,000	96	497,466.67	5.481
CP	GMAC		07/09/96	5.330	50,000	96	710,666.67	5.481
CP	GMAC		07/09/96	5.330	50,000	96	710,666.67	5.481
CP	Assoc		07/09/96	5.310	50,000	1	7,375.00	5.384
CP	Assoc		07/09/96	5.310	50,000	1	7,375.00	5.384

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR [000]	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/09/96	REDEMPTION								
	CP	Assoc		07/09/96	5.310	5,000	1	737.50	5.384
	CP	Country		07/09/96	5.330	22,000	1	3,257.22	5.404
	CD	Nat W.Mstr	5.350%	07/09/96	5.320	50,000	56	414,040.87	5.397
	BA	Tokyo-Mits		07/09/96	5.330	34,800	75	386,425.00	5.464
	Disc Notes	FHLB		07/09/96	4.820	38,730	145	751,899.92	4.983
	PURCHASE								
	CP	Salomon		08/21/96	5.550	50,000			
	CD	Rabbo	5.560%	12/02/96	5.700	15,000			
	CP	FMCC		11/12/96	5.520	50,000			
	CP	FMCC		11/12/96	5.520	50,000			
	CP	GMAC		11/25/96	5.540	50,000			
	CP	GMAC		11/25/96	5.540	50,000			
	CP	GMAC		11/25/96	5.540	20,000			
07/10/96	SALE								
	Treas	Note	6.250%	06/30/98	6.411	50,000	2	76,426.63	23.399
	Treas	Note	6.250%	06/30/98	6.411	50,000	2	76,426.63	23.399
	REDEMPTION								
	CP	Household		07/10/96	5.300	50,000	68	500,555.55	5.427
	BA	RB Canada		07/10/96	5.190	6,600	79	75,168.50	5.322
	CP	FMCC		07/10/96	5.280	45,000	76	501,600.00	5.413
	CP	FMCC		07/10/96	5.280	50,000	76	557,333.33	5.413
	CP	Amer Home		07/10/96	5.320	22,705	62	208,028.25	5.443
	BA	Montreal		07/10/96	5.230	10,000	82	119,127.78	5.366
	CD	Nat W.Mstr	5.350%	07/10/96	5.330	50,000	62	458,987.88	5.404
	PURCHASE c/								
	BN	B/A	5.630%	12/31/96	5.200	26,000			
	PURCHASE								
	CD	Deutsche	5.440%	10/01/96	5.530	39,000			
	CD	Hong Kong	5.530%	11/08/96	5.530	12,000			
	CD	Hong Kong	5.530%	11/08/96	5.530	50,000			
	CP	Assoc		07/11/96	5.140	50,000			
	CP	Assoc		07/11/96	5.140	50,000			
	CP	Assoc		07/11/96	5.140	50,000			
	CP	Assoc		07/11/96	5.140	50,000			
	CP	Bear		07/15/96	5.200	50,000			
	CP	Bear		07/15/96	5.200	50,000			
	CP	Bear		07/15/96	5.200	50,000			
	CP	Union Bk of CA		10/09/96	5.520	25,000			
	CP	Union Bk Of CA		10/09/96	5.520	50,000			
	CP	Bkrs Trst		10/09/96	5.480	50,000			
	CP	Bkrs Trst		10/09/96	5.480	50,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	MATURITY DATE	TRANS YIELD	PAR ($000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/11/96	SALE c/							
	BN	B/A 5.630%	12/31/96	5.200	26,000	1	3,611.11	5.272
	REDEMPTION							
	CD	Montreal 5.390%	07/11/96	5.350	25,000	86	319,780.28	5.428
	CD	Deutsche 5.370%	07/11/96	5.350	25,000	86	319,764.34	5.428
	CD	Deutsche 5.370%	07/11/96	5.350	50,000	86	639,528.66	5.428
	CP	Assoc	07/11/96	5.140	50,000	1	7,138.89	5.212
	CP	Assoc	07/11/96	5.140	50,000	1	7,138.89	5.212
	CP	Assoc	07/11/96	5.140	50,000	1	7,138.89	5.212
	CP	Assoc	07/11/96	5.140	50,000	1	7,138.89	5.212
	PURCHASE c/							
	CD	RB Canada 5.600%	12/31/96	5.200	25,430			
	PURCHASE							
	CD	Union Bk 5.550%	10/10/96	5.550	40,000			
	CD	Soc Gen 5.500%	10/11/96	5.500	50,000			
	CD	Soc Gen 5.500%	10/11/96	5.500	50,000			
	CP	Conagra	07/12/96	5.200	50,000			
	CP	Conagra	07/15/96	5.330	50,000			
	CP	Conagra	07/15/96	5.330	50,000			
	CP	FMCC	07/16/96	5.160	50,000			
	CP	Hertz	07/16/96	5.160	50,000			
07/12/96	SALE c/							
	CD	RB Canada 5.600%	12/31/96	5.200	25,430	1	3,611.11	5.272
	REDEMPTION							
	BA	Tokyo-Mits	07/12/96	5.330	32,800	78	378,785.33	5.467
	BA	RBN NYC	07/12/96	5.230	25,000	88	312,347.22	5.369
	CD	Nat W.Mstr 5.350%	07/12/96	5.330	50,000	64	473,794.47	5.404
	CP	Conagra	07/12/96	5.200	50,000	1	7,222.22	5.272
	CP	Merrill	07/12/96	5.300	50,000	4	29,444.44	5.376
	CP	Merrill	07/12/96	5.300	25,000	4	14,722.22	5.376
	CP	FMCC	07/12/96	5.300	50,000	4	29,444.44	5.376
	CP	FMCC	07/12/96	5.300	50,000	4	29,444.44	5.376
	CP	FMCC	07/12/96	5.300	50,000	4	29,444.44	5.376
	CP	FMCC	07/12/96	5.300	50,000	4	29,444.44	5.376
	CP	Merrill	07/12/96	5.350	40,000	7	41,611.11	5.429
	CP	Amer Exp	07/12/96	5.300	50,000	7	51,527.78	5.379
	CP	Amer Exp	07/12/96	5.300	50,000	7	51,527.78	5.379
	CP	Amer Exp	07/12/96	5.300	50,000	7	51,527.78	5.379
	CP	Amer Exp	07/12/96	5.300	50,000	7	51,527.78	5.379
	CP	Heller	07/12/96	5.430	50,000	22	165,916.67	5.523
	CP	GMAC	07/12/96	5.400	50,000	23	172,500.00	5.493

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR [000] c/	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/12/96	PURCHASE c/								
	Treas	Notes	6.125%	05/15/98	5.140	47,166			
	Treas	Notes	6.875%	05/15/98	5.140	32,000			
	Treas	Notes	7.125%	02/29/00	5.140	29,000			
	Treas	Notes	6.875%	03/31/00	5.140	33,452			
	Treas	Notes	8.750%	08/15/00	5.140	25,000			
	Treas	Notes	5.625%	11/30/00	5.140	32,000			
	CD	RB Canada	5.600%	12/31/96	5.200	25,420			
	PURCHASE								
	CD	ABN Amro	5.550%	11/12/96	5.550	50,000			
	CD	ABN Amro	5.550%	11/12/96	5.550	50,000			
	CP	Heller		08/12/96	5.420	25,000			
	CP	Heller		08/13/96	5.420	25,000			
	CP	Lehman		11/25/96	5.570	25,000			
07/15/96	SALE c/								
	CD	RB Canada	5.600%	12/31/96	5.200	25,420	3	10,833.33	5.272
	Treas	Notes	6.125%	05/15/98	5.140	47,166	3	19,917.93	5.211
	Treas	Notes	6.875%	07/31/99	5.140	32,000	3	13,966.66	5.211
	Treas	Notes	7.125%	02/29/00	5.140	29,000	3	12,687.66	5.211
	Treas	Notes	6.875%	03/31/00	5.140	33,452	3	14,442.54	5.211
	Treas	Notes	8.750%	08/15/00	5.140	25,000	3	11,658.80	5.211
	Treas	Notes	5.625%	11/30/00	5.140	32,000	3	12,993.06	5.211
	REDEMPTION								
	BA	Union Bk		07/15/96	5.260	9,000	88	115,720.00	5.402
	CP	Conagra		07/15/96	5.330	50,000	4	29,611.11	5.407
	CP	Conagra		07/15/96	5.330	50,000	4	29,611.11	5.407
	CP	Bear		07/15/96	5.200	50,000	5	36,111.10	5.276
	CP	Bear		07/15/96	5.200	50,000	5	36,111.10	5.276
	CP	Texiron		07/15/96	5.520	25,000	28	107,333.32	5.620
	MTN	GMAC	8.625%	07/15/96	6.820	8,700	726	1,203,402.12	6.820
	PURCHASE c/								
	Treas	Notes	6.000%	08/31/97	5.350	46,972			
	CD	RB Canada	5.770%	12/31/96	5.350	38,000			
	CD	RB Canada	5.770%	12/31/96	5.350	50,000			
	CD	RB Canada	5.770%	12/31/96	5.350	50,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/15/96	PURCHASE								
	CP	Lehman		07/16/96	5.330	18,000			
	CP	Lehman		07/16/96	5.330	50,000			
	CP	Lehman		07/16/96	5.330	50,000			
	CP	Amer Exp		08/28/96	5.340	25,000			
	CP	Amer Exp		08/28/96	5.340	50,000			
	CP	Amer Exp		08/28/96	5.340	50,000			
	CP	Amer Exp		08/28/96	5.340	50,000			
	CP	Amer Exp		08/28/96	5.340	50,000			
07/16/96	SALE c/								
	CD	RB Canada	5.770%	12/31/96	5.350	38,000	1	5,524.47	5.424
	CD	RB Canada	5.770%	12/31/96	5.350	50,000	1	7,269.02	5.424
	CD	RB Canada	5.770%	12/31/96	5.350	50,000	1	7,269.02	5.424
	Treas	Notes	6.000%	08/31/97	5.350	46,972	1	6,984.72	5.424
	RRS								
	Treas	Notes	5.250%	01/31/01	4.890	25,000	30	750,000.00	3.762
	Treas	Notes	5.250%	01/31/01	4.890	50,000	30	1,500,000.00	3.762
	Treas	Notes	5.250%	01/31/01	4.890	50,000	30	1,500,000.00	3.762
	Treas	Notes	5.250%	01/31/01	4.890	50,000	30	1,500,000.00	3.762
	REDEMPTION								
	CP	Lehman		07/16/96	5.330	18,000	1	2,665.00	5.404
	CP	Lehman		07/16/96	5.330	50,000	1	7,402.78	5.404
	CP	Lehman		07/16/96	5.330	50,000	1	7,402.78	5.404
	CP	FMCC		07/16/96	5.160	50,000	5	35,833.33	5.235
	CP	Hertz		07/16/96	5.160	50,000	5	35,833.33	5.235
	Disc Notes	FNMA		07/16/96	4.790	50,000	153	1,017,875.00	4.957
	PURCHASE c								
	CD	US Oregon	5.340%	08/15/96	5.340	25,000			
	CD	US Oregon	5.340%	08/15/96	5.340	50,000			
	CD	US Oregon	5.340%	08/15/96	5.340	50,000			
	CD	US Oregon	5.340%	08/15/96	5.340	50,000			
	PURCHASE								
	CD	Rabobank	5.650%	12/04/96	5.630	25,000			
	CP	Enron		07/23/96	5.400	30,000			
	CP	FMCC		07/23/96	5.280	50,000			
	CP	FMCC		07/23/96	5.280	50,000			
	CP	FMCC		07/23/96	5.280	50,000			
	CP	FMCC		07/23/96	5.280	50,000			
	CP	Conagra		07/23/96	5.400	50,000			
	CP	Conagra		07/23/96	5.400	50,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	%	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/16/96	PURCHASE								
	CP	Conagra		07/23/96	5.400	50,000			
	CP	Conagra		07/23/96	5.400	50,000			
	CP	GECC		12/27/96	5.510	15,000			
	CP	GECC		12/27/96	5.510	50,000			
	CP	GECC		12/27/96	5.510	50,000			
07/17/96	SALE								
	Treas	Notes	6.000%	05/31/98	6.138	50,000	44	385,245.90	8.097
	Treas	Notes	6.000%	05/31/98	6.138	50,000	44	385,245.90	8.097
	Treas	Notes	6.250%	06/30/98	6.138	50,000	16	135,869.57	9.772
	PURCHASE								
	CD	Nat W.Mstr	5.550%	10/07/96	5.510	40,000			
	CP	SRAC		11/25/96	5.500	50,000			
	CP	GMAC		12/02/96	5.540	23,000			
	CP	SRAC		12/02/96	5.500	50,000			
07/18/96	REDEMPTION								
	CD	Nat W.Mstr	5.350%	07/18/96	5.320	50,000	65	480,586.32	5.397
	CP	Unocal		07/18/96	5.450	10,000	65	98,402.78	5.580
	PURCHASE								
	CP	GECC		12/27/96	5.480	50,000			
	CP	GECC		12/27/96	5.480	50,000			
	CP	GECC		12/27/96	5.480	50,000			
	CD	RB Canada	5.610%	12/27/96	5.590	50,000			
	CD	RB Canada	5.610%	12/27/96	5.590	50,000			
	CD	RB Canada	5.610%	12/27/96	5.590	50,000			
	CD	Commerzbk	5.610%	12/27/96	5.590	50,000			
	CD	Commerzbk	5.610%	12/27/96	5.590	50,000			
	CD	Cr Swiss	5.640%	12/27/96	5.620	50,000			
	CP	GMAC		12/03/96	5.540	43,000			
	CP	Bkrs Trst		12/27/96	5.560	25,000			
	CP	Bkrs Trst		12/27/96	5.560	50,000			
07/19/96	SALE								
	Treas	Note	6.125%	07/31/96	5.377	50,000	716	5,879,076.09	5.979
	Treas	Note	6.125%	07/31/96	5.377	50,000	716	5,879,076.09	5.979
	Treas	Note	6.125%	07/31/96	5.377	50,000	716	5,879,076.09	5.979

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR (000)	# DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/19/96	REDEMPTION								
	CD	Nt W.Mstr	5.360%	07/19/96	5.330	40,000	88	521,422.89	5.406
	CD	Nt W.Mstr	5.360%	07/19/96	5.330	50,000	88	651,778.61	5.406
	MTN	GMAC	6.500%	07/19/96	6.740	20,000	721	2,646,888.89	6.740
	PURCHASE								
	CP	GMAC		12/02/96	5.550	25,000			
	CP	GMAC		12/02/96	5.550	50,000			
07/19/96	SALE								
	Treas	Notes	7.250%	08/31/96	5.713	50,000	719	5,698,029.89	5.650
	Treas	Notes	7.250%	08/31/96	5.713	50,000	719	5,698,029.89	5.650
	REDEMPTION								
	BA	B/A		07/22/96	5.300	10,000	28	41,222.22	5.395
07/23/96	REDEMPTION								
	CP	Enron		07/23/96	5.400	30,000	7	31,500.00	5.480
	CP	FMCC		07/23/96	5.280	50,000	7	51,333.33	5.358
	CP	FMCC		07/23/96	5.280	50,000	7	51,333.33	5.358
	CP	FMCC		07/23/96	5.280	50,000	7	51,333.33	5.358
	CP	FMCC		07/23/96	5.280	50,000	7	51,333.33	5.358
	CP	Conagra		07/23/96	5.400	50,000	7	52,500.00	5.480
	CP	Conagra		07/23/96	5.400	50,000	7	52,500.00	5.480
	CP	Conagra		07/23/96	5.400	50,000	7	52,500.00	5.480
	CP	Conagra		07/23/96	5.400	50,000	7	52,500.00	5.480
	PURCHASE								
	CP	Smith Barn		12/09/96	5.560	30,000			
07/25/96	REDEMPTION								
	Treas	Bill		07/25/96	5.330	20,000	351	1,039,350.00	5.700
	Treas	Bill		07/25/96	5.370	45,000	359	2,409,787.50	5.752

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	#	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR [000]	d/ DAYS HELD	AMOUNT EARNED	EFFECT YIELD
07/25/96	PURCHASE									
	CD		ABN Amro	5.400%	10/01/96	5.390	50,000			
	CD		Deutsche	5.570%	12/31/96	5.600	25,000			
	CP		Heller		08/30/96	5.370	50,000			
	CP		Textron		09/03/96	5.470	27,000			
	CP		Conagra		09/03/96	5.440	38,900			
	CP		Assoc		09/09/96	5.370	45,000			
	CP		Assoc		09/09/96	5.370	50,000			
	CP		Conagra		09/09/96	5.450	50,000			
07/26/96	REDEMPTION									
	BN		B/A	5.330%	07/26/96	5.330	50,000	93	688,458.33	5.404
	BN		B/A	5.330%	07/26/96	5.330	50,000	93	688,458.33	5.404
	BN		B/A	5.330%	07/26/96	5.330	50,000	93	688,458.33	5.404
	BN		B/A	5.330%	07/26/96	5.330	50,000	93	688,458.33	5.404
	BN		B/A	5.330%	07/26/96	5.330	50,000	94	695,861.11	5.404
	BN		B/A	5.330%	07/26/96	5.330	50,000	94	695,861.11	5.404
	CD		Union	5.320%	07/26/96	5.430	50,000	114	868,198.88	5.562
	PURCHASE c/									
	Treas		Note	5.625%	10/31/97	5.340	50,000			
	Treas		Note	5.625%	10/31/97	5.340	50,000			
	Treas		Note	6.375%	03/31/01	5.340	1,237			
	Treas		Bill		11/14/96	5.340	7,630			
	Treas		Bill		11/14/96	5.340	50,000			
	Treas		Note	5.750%	10/31/00	5.340	50,000			
	Treas		Note	5.750%	10/31/00	5.340	50,000			
	Treas		Note	5.750%	10/31/00	5.340	50,000			
			FHLMC	5.190%	01/20/99	5.340	25,000			
			FNMA	5.300%	03/11/98	5.340	28,860			
	PURCHASE									
	MTN		Transam	5.740%	12/09/98	6.559	21,600			
07/29/96	SALE c/									
	Treas		Note	5.625%	10/31/97	5.340	50,000	3	21,977.21	5.414
	Treas		Note	5.625%	10/31/97	5.340	50,000	3	21,977.21	5.414
	Treas		Note	6.375%	03/31/01	5.340	1,237	3	545.57	5.414
	Treas		Bill		11/14/96	5.340	7,630	3	3,272.97	5.414
	Treas		Note	5.750%	10/31/00	5.340	50,000	3	21,460.12	5.414
	Treas		Note	5.750%	10/31/00	5.340	50,000	3	21,422.30	5.414
	Treas		Note	5.750%	10/31/00	5.340	50,000	3	21,422.30	5.414
							50,000	3	21,422.30	5.414

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION		MATURITY DATE	TRANS YIELD	PAR [000]	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/29/96	REDEMPTION								
	BA	Union		07/29/96	5.270	14,409	84	177,192.88	5.409
	BA	Tokyo-Mits		07/29/96	5.330	15,150	95	213,088.96	5.481
	CD	Deutsche	5.340%	07/29/96	5.330	50,000	102	755,104.41	5.404
	CD	Deutsche	5.340%	07/29/96	5.330	50,000	102	755,104.41	5.404
	CD	Deutsche	5.340%	07/29/96	5.330	50,000	103	762,507.60	5.404
	CP	Salomon		07/29/96	5.450	50,000	52	393,611.11	5.569
	CP	Conagra		07/29/96	5.420	20,000	88	264,977.78	5.569
	CP	Lehman		07/29/96	5.350	50,000	91	676,180.56	5.498
	CP	Lehman		07/29/96	5.350	50,000	91	676,180.56	5.498
	CP	GECC		07/29/96	5.270	50,000	102	746,583.33	5.424
	CP	GECC		07/29/96	5.270	50,000	102	746,583.33	5.424
	CP	GECC		07/29/96	5.280	50,000	104	762,666.67	5.436
	CP	GECC		07/29/96	5.280	50,000	104	762,666.67	5.436
	CP	GECC		07/29/96	5.280	50,000	104	762,666.67	5.436
	CP	Bancal		07/29/96	5.100	50,000	145	1,027,083.35	5.279
	CP	Bkrs Trst		07/29/96	5.050	25,000	159	557,604.17	5.236
	CP	Bkrs Trst		07/29/96	5.050	50,000	159	1,115,208.33	5.236
	CP	SRAC		07/29/96	4.920	50,000	179	1,223,166.67	5.113
	PURCHASE								
		SBA (FR)	5.875%	07/25/21	5.875	5,165			
	CP	Conagra		07/30/96	5.380	15,000			
	CP	Conagra		07/30/96	5.380	50,000			
	CP	GECC		07/30/96	5.375	50,000			
	CP	GECC		07/30/96	5.375	50,000			
	CP	Salomon		07/30/96	5.420	50,000			
07/30/96	REDEMPTION								
	CP	Conagra		07/30/96	5.380	15,000	1	2,241.67	5.455
	CP	Conagra		07/30/96	5.380	50,000	1	7,472.22	5.455
	CP	GECC		07/30/96	5.375	50,000	1	7,465.28	5.450
	CP	GECC		07/30/96	5.375	50,000	1	7,465.28	5.450
	CP	Salomon		07/30/96	5.420	50,000	1	7,528.00	5.496
	PURCHASE c/								
		FNMA	5.470%	11/14/96	5.400	40,600			
		FNMA	5.470%	11/14/96	5.400	40,600			
		FNMA	5.300%	03/11/98	5.400	20,000			

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	#	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIV YIELD
07/30/96	PURCHASE								
		SBA (FR)	5.875%	07/25/21	5.875	3,819			
	CP	GECC		07/31/96	5.340	30,000			
	CP	Salomon		07/31/96	5.380	50,000			
	CP	Assoc		07/31/96	5.340	50,000			
	CP	Assoc		07/31/96	5.340	50,000			
	CP	Assoc		07/31/96	5.340	50,000			
	CP	Conagra		08/01/96	5.380	50,000			
	CP	Conagra		08/01/96	5.380	50,000			
	CP	Smith Barn		08/02/96	5.350	47,000			
	CP	Smith Barn		08/02/96	5.350	50,000			
07/31/96	RRS								
	Treas	Note	5.250%	01/31/01	5.000	50,000			
	Treas	Note	5.250%	01/31/01	5.000	50,000			
	Treas	Note	5.250%	01/31/01	5.000	50,000			
	Treas	Note	5.250%	01/31/01	5.000	50,000			
	SALE c/								
		FHLMC	5.190%	01/20/99	5.340	25,000	5	17,555.25	5.414
		FNMA	5.300%	03/11/98	5.340	26,860	5	19,528.08	5.414
	REDEMPTION								
	BA	B/A		07/31/96	5.270	7,000	89	91,200.28	5.413
	CP	GECC		07/31/96	5.340	30,000	1	4,450.00	5.414
	CP	Salomon		07/31/96	5.380	50,000	1	7,472.00	5.455
	CP	Assoc		07/31/96	5.340	50,000	1	7,416.67	5.414
	CP	Assoc		07/31/96	5.340	50,000	1	7,416.67	5.414
	CP	Assoc		07/31/96	5.340	50,000	1	7,416.67	5.414
	CP	Morg Stan		07/31/96	5.360	50,000	30	223,333.35	5.458
	CP	Morg Stan		07/31/96	5.360	50,000	30	223,333.35	5.458
	CP	Morg Stan		07/31/96	5.360	50,000	30	223,333.35	5.458
	CP	Morg Stan		07/31/96	5.360	50,000	30	223,333.35	5.458
	CP	Morg Stan		07/31/96	5.360	50,000	30	223,333.35	5.458
	Treas	Note	6.125%	07/31/96	6.153	50,000	714	6,010,869.57	6.153
	Treas	Note	6.125%	07/31/96	6.153	50,000	714	6,010,869.57	6.153
	Treas	Note	6.125%	07/31/96	6.002	50,000	727	5,978,430.71	6.002
	Treas	Note	6.125%	07/31/96	6.002	50,000	727	5,978,430.71	6.002
	Treas	Note	6.125%	07/31/96	5.994	50,000	728	5,995,584.25	5.997
	Treas	Note	6.125%	07/31/96	5.994	50,000	728	5,995,584.25	5.997
	Treas	Note	6.125%	07/31/96	5.994	50,000	728	5,995,584.25	5.997
	RRP								
	Treas	Note	5.250%	01/31/01	4.550	50,000	30	(184,464.58)	-4.613
	Treas	Note	5.250%	01/31/01	4.550	50,000	30	(184,464.58)	-4.613
	Treas	Note	5.250%	01/31/01	4.550	50,000	30	(184,464.58)	-4.613

POOLED MONEY INVESTMENT ACCOUNT

DATE	TYPE	DESCRIPTION	MATURITY DATE	TRANS YIELD	PAR (000)	DAYS HELD	AMOUNT EARNED	EFFECTIVE YIELD
07/31/96 RRP								
Treas	Note	5.250%	01/31/01	4.550	50,000	30	(184,464.58)	-4.613
Treas	Note	5.250%	01/31/01	4.550	50,000	30	(184,464.58)	-4.613
PURCHASE c/								
Treas	Note	5.875%	07/31/97	5.630	50,000			
Treas	Note	5.250%	12/31/97	5.630	17,492			
PURCHASE								
Treas	Note	6.250%	07/31/98	6.257	50,000			
Treas	Note	6.250%	07/31/98	6.255	50,000			
MTN	WIS Pwr	5.875%	10/01/97	6.190	13,500			
CP	Morg Stan		09/04/96	5.330	50,000			
CP	Morg Stan		09/04/96	5.330	50,000			
CP	Morg Stan		09/04/96	5.330	50,000			
CP	Morg Stan		09/04/96	5.330	50,000			
CP	Morg Stan		09/04/96	5.330	50,000			
CP	Salomon		08/01/96	5.700	50,000			

a/ The abbreviations indicate the type of security purchased or sold; i.e., (U.S.) Bills, Bonds, Notes, Debentures, Discount Notes, and Participation Certificates: Federal National Mortgage Association (FNMA), Farmers Home Administration Notes (FHA), Student Loan Marketing Association (SLMA), Small Business Association (SBA), Negotiable Certificates of Deposit (CD), Negotiable Certificates of Deposit Floating Rate (CD FR), Export Import Notes (EXIM), Bankers Acceptances (BA), Commercial Paper (CP), Government National Mortgage Association (GNMA), Federal Home Loan Bank Notes (FHLB), Federal Land Bank Bonds (FLB), Federal Home Loan Mortgage Corporation Obligation (FHLMC PC) & (FHLMC GMC), Federal Farm Credit Bank Bonds (FFCB), Federal Farm Credit Discount Notes (FFC), Corporate Securities (CB), U.S. Ship Financing Bonds (TITLE XI'S), International Bank of Redevelopment (IBRD), Tennessee Valley Authority (TVA) Medium Term Notes (MTN).

b/ Purchase or sale yield based on 360 day calculation for discount obligations and Repurchase Agreements.

c/ Repurchase Agreement.

d/ Par amount of securites purchased, sold, or redeemed.

e/ Securities were purchased and sold as of the same date.

f/ Repurchase Agreement against Reverse Repurchase Agreement.

g/ Outright purchase against Reverse Repurchase Agreement.

h/ Security "SWAP" transactions.

i/ Buy back agreement.

RRS Reverse Repufchase Agreement.

RRP Termination of Reverse Repurchase Agreement.

TIME DEPOSIT

NAME	DEPOSIT	YIELD	PAR AMOUNT	MATURITY
ALHAMBRA				
East West Federal Bank	7/15/96	5.310	2,000,000.00	10/16/96
BEVERLY HILLS				
West America Bank	04/26/96	5.120	25,000,000.00	08/02/96
City National Bank	05/08/96	5.180	10,000,000.00	08/07/96
City National Bank	05/20/96	5.190	10,000,000.00	08/21/96
City National Bank	05/21/96	5.190	10,000,000.00	08/21/96
City National Bank	07/29/96	5.550	10,000,000.00	01/28/97
CHICO				
North State National Bank	05/17/96	5.160	500,000.00	08/22/96
North State National Bank	05/20/96	5.350	500,000.00	11/20/96
Tri Counties Bank	07/31/96	5.390	10,000,000.00	10/30/96
North State National Bank	07/09/96	5.610	2,000,000.00	10/07/97
Tri Counties Bank	07/08/96	5.530	15,000,000.00	10/07/97
FRESNO				
United Security Bank	06/28/96	5.230	1,500,000.00	09/26/96
United Security Bank	07/26/96	5.310	3,000,000.00	10/24/96
INGLEWOOD				
Imperial Bank	04/02/96	5.270	10,000,000.00	08/05/96
Imperial Bank	04/09/96	5.270	20,000,000.00	08/07/96
Imperial Bank	05/08/96	5.190	15,000,000.00	08/14/96
Imperial Bank	05/17/96	5.190	5,000,000.00	08/14/96
Imperial Bank	06/12/96	5.350	10,000,000.00	09/10/96
Imperial Bank	06/13/96	5.330	15,000,000.00	09/11/96
Imperial Bank	06/21/96	5.310	11,000,000.00	09/19/96
Imperial Bank	07/02/96	5.270	11,000,000.00	10/01/96
Imperial Bank	07/16/96	5.340	15,000,000.00	10/16/96
Imperial Bank	07/30/96	5.350	5,000,000.00	10/28/96
LA MIRADA				
Southern California Bank	07/03/96	5.400	5,000,000.00	10/01/96
Southern California Bank	07/16/96	5.330	5,000,000.00	10/16/96
LOS ANGELES				
Preferred Bank	05/29/96	5.180	2,000,000.00	08/27/96
Preferred Bank	06/21/96	5.270	5,000,000.00	09/19/96
Preferred Bank	07/15/96	5.270	1,000,000.00	10/15/96
Preferred Bank	07/16/96	5.270	2,000,000.00	10/15/96

DEMAND BANK DEPOSITS

(000 omitted)

DAILY BALANCES

JULY	PER BANKS	WARRANTS OUTSTANDING
1.	393,480	1,461,272
2.	653,986	1,095,185
3.	508,328	881,118
4.	508,328	881,118
5.	399,199	970,604
6.	399,199	970,604
7.	399,199	970,604
8.	346,886	1,042,180
9.	463,192	1,008,444
10.	179,281	942,747
11.	145,540	1,023,114
12.	261,695	1,060,924
13.	261,695	1,060,924
14.	261,695	1,060,924
15.	187,714	945,995
16.	145,202	861,137
17.	231,681	906,387
18.	122,050	1,318,779
19.	104,979	1,206,294
20.	104,979	1,206,294
21.	104,979	1,206,294
22.	162,140	1,237,822
23.	167,217	1,026,669
24.	162,493	861,044
25.	229,290	1,780,527
26.	124,539	1,763,778
27.	124,539	1,763,778
28.	124,539	1,763,778
29.	218,707	2,086,742
30.	258,808	2,040,596
31.	242,597	3,046,313
AVERAGE DOLLAR DAYS	$258,005 a/	

a/ The prescribed bank balance for July was $286,686,000.00. This consisted of $135,465,000.00 in compensating balances for services, $155,522,000.00 uncollected funds and a deduction of $4,301,000.00 for April delayed deposit credit.

DESIGNATION BY POOLED MONEY INVESTMENT BOARD OF TREASURY POOLED MONEY INVESTMENTS AND DEPOSITS

No. 1565

In accordance with Sections 16480 through 16480.8 of the Government Code, the Pooled Money Investment Board, at its meeting on July 17, 1996, has determined and designated the amount of money available for deposit and investment under said sections. In accordance with Sections 16480.1 and 16480.2 of the Government Code, it is the intent that the money available for deposit or investment be deposited in bank accounts and savings and loan associations or invested in securities in such a manner so as to realize the maximum return consistent with safe and prudent treasury management, and the Board does hereby designate the amount of money available for deposit in bank accounts, savings and loan associations, and for investment in securities and the type of such deposits and investments as follows:

1. In accordance with law, for deposit in demand bank accounts as Compensating Balance for Services $ 127,474,000

The active noninterest-bearing bank accounts designation constitutes a calendar-month average balance. For purposes of computing the compensating balances, the Treasurer shall exclude from the daily balances any amounts contained therein as a result of nondelivery of securities purchased for "cash" for the Pooled Money Investment Account and shall adjust for any deposits not credited by the bank as of the date of deposit. The balances in such accounts may fall below the above amount provided that the balances computed by dividing the sum of daily balances of that calendar month by the number of days in the calendar month reasonably approximates that amount. The balances may exceed this amount during h collection periods or in anticipation of large impending warrant presentations to the Treasury, but the balances are to be maintained in such a manner as to realize the maximum return consistent with safe and prudent treasury management.

2. In accordance with law, for investment in securities authorized by Section 16430, Government Code, or in term interest-bearing deposits in banks and savings and loan associations as follows:

	From	To	Transactions	In Securities (Section 16430)*	Time Deposits in various Financial Institutions (Sections 16503a and 16602)*	Estimated Total
(1)	07/15/96	07/19/96	$ 930,800,000	$ 26,895,605,000	$ 464,995,000	$ 27,360,600,000
(2)	07/22/96	07/26/96	$ 1,380,700,000	$ 28,276,305,000	$ 464,995,000	$ 28,741,300,000
(3)	07/29/96	08/02/96	$ 1,595,100,000	$ 29,871,405,000	$ 464,995,000	$ 30,336,400,000
(4)	08/05/96	08/09/96	$ 316,900,000	$ 30,188,305,000	$ 464,995,000	$ 30,653,300,000
(5)	08/12/96	08/16/96	$ 546,900,000	$ 30,735,205,000	$ 464,995,000	$ 31,200,200,000
(6)	08/19/96	08/23/96	$ 387,400,000	$ 31,122,605,000	$ 464,995,000	$ 31,587,600,000

From any of the amounts specifically designated above, not more than 30 percent in the aggregate may be invested in prime commercial paper under Section 16430(e), Government Code.

Additional amounts available in treasury trust account and in the Treasury from time to time, in excess of the amounts and for the same types of investments as specifically designated above.

Provided, that the availability of the amounts shown under paragraph 2 is subject to reduction in the amount by which the bank accounts under paragraph 1 would otherwise be reduced below the calendar month average balance of $ 127,474,000

POOLED MONEY INVESTMENT BOARD:

Chairperson

Member

Member 7-17-96

Dated July 17, 1996
*Government Code

the investment, no investment shall
ase or reverse repurchase agreement
erm remaining to maturity in excess
d (make that investment either
in... ...dy no less than three months

tituted "those investments set forth
introductory clause; (2) deleted ",
end of the first sentence of subd (f);
"Section 53630)" in subd (h); (4)
(k)(2); and (5) deleted "of this sec-

es of the first paragraph; (2) deleted
ragraph; (3) substituted subd (i) for
s or reverse repurchase agreements
f the reverse repurchase agreement
these securities. Investment in a
of the legislative body of the local
means a purchase of securities by
rchase the securities on or before a
g securities to the local agency by
he transfer of underlying securities
for book-entry delivery. The term
to the transaction. A counterparty
hysical delivery of the underlying
. The term 'securities,' for purpose
ssuer, description, issue date, and

y the local agency pursuant to an
re a specified date and for
defined in Section 23701m of the
) substituting "that" for "which"

e immediate" in the first sentence
ultaneous agreement to repurchase
the Federal Reserve Bank of New
greements and reverse repurchase
erve Bank of New York."; and (4)
cial interest issued by diversified
thorized by subdivisions (a) to (l
tions of this article and Article 2
rsuant to this subdivision, these

g provided by not less than two of

change Commission with not less
authorized by subdivisions (a) to
red million dollars ($5,000,000).
this subdivision shall not include
percent of the agency's surplus

urplus funds: Gov C §§ 27131 et

§ 53601.6. Prohibited investments

(a) A local agency shall not invest any funds pursuant to this article in inverse floaters, range notes, or *mortgage derived interest-only strips.*

(b) A local agency shall not invest any funds pursuant to this article in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, and following) that are authorized for investment pursuant to subdivision (k) of Section 53601.

Added Stats 1995 ch 784 § 15 (SB 866). Amended Stats 1996 ch 156 § 8 (SB 864), effective July 12, 1996.

Amendments:

1996 Amendment: Substituted "mortgage derived interest-only strips" for "interest-only strips that are derived from a pool of mortgages" at the end of subd (a).

§ 53602.1. [Section repealed 1990.]

Amended Stats 1987 ch 1028 § 1. Inoperative January 1, 1989, by its own terms. Repealed Stats 1990 ch 216 § 40 (SB 2510).

§ 53607. Delegation of authority to invest funds or to sell or exchange securities

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated *for a one-year period* by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for *those* transactions until *the delegation of authority is revoked or expires*, and shall make a monthly report of those transactions to the legislative body. ***Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.***

Amended Stats 1996 ch 749 § 6 (SB 109).

Amendments:

1996 Amendment: (1) Added "for a one—year period"; (2) substituted "those" for "such" after "responsibility for" and after "report of"; (3) substituted "the delegation of authority is revoked or expires" for "such time as the delegation of authority is revoked"; and (4) added the last sentence.

§ 53609. Investment of state employees deferred compensation funds

Collateral References:

A local public agency may not invest its deferred compensation plan funds in a credit union that has on its board of directors a member of the legislative body of the agency. 79 Ops Cal Atty Gen 1 (95-409).

ARTICLE 2
Deposit of Funds

§ 53630. Definitions

As used in this article:

(a) "Local agency" means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) "Treasurer" means treasurer of the local agency.

(c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial

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2 CA ADC s 1185
2 CCR s 1185
Cal. Admin. Code tit. 2, s 1185

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS
Title 2. Administration
Division 2. Financial Operations
Chapter 2.5. Commission on State Mandates
Article 5. Other Claims

s 1185. Incorrect Reduction Claim Filing.

(a) To obtain a determination that the Office of the State Controller incorrectly reduced a reimbursement claim, a qualifying local agency or school district must file an "incorrect reduction claim" with the commission.

(b) All incorrect reduction claims shall be submitted to the commission no later than three (3) years following the date of the State Controller's remittance advice notifying the claimant of a reduction.

(c) An incorrect reduction claim must pertain to alleged incorrect reductions in a reimbursement claim(s) filed by one local for two entity. The incorrect reduction claim may be for more than one fiscal year. The commission may combine analyses of incorrect reduction claims from different local entities if the commission determines that the claims contain similar issues.

(d) Content of Incorrect Reduction Claim. All incorrect reduction claims, or amendments thereto, shall be filed on a form provided by the commission. The claimant shall submit an original and three (3) copies of the incorrect reduction claim or amendment thereto to the commission. All incorrect reduction claims or amendments thereto shall contain at least the following elements and documents:

(1) A copy of the State Controller's Claiming Instructions, if such instructions were prepared, that were in effect during the use the forms for that year. fiscal year(s) of the reimbursement claim(s).

(2) A written detailed narrative which describes the alleged incorrect reduction(s). If known, the narrative should include a comprehensive description of the reduced or disallowed area(s) of cost(s).

(3) If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations must be supported by testimonial or documentary evidence which shall be submitted with the claim. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based upon the declarant's personal knowledge or information or belief.

(4) If available, a copy of the final state audit report or letter from the Office of the State Controller which explains the reason(s) for the reduction or disallowance.

(5) A copy of a letter sent by the claimant or the claimant's representative to the Office of the State Controller explaining why the reduced area(s) of cost in dispute should be restored.

(6) A statement indicating the claimant's preference for the claim to be heard by the commission itself, a hearing panel, or hearing officer.

(e) Incorrect reduction claims will be considered incomplete if any of the preceding elements or documents required in subsection (d) of this section are illegible or not included. Incomplete incorrect reduction claims shall be returned to the claimant for completion.

NOTE: Authority cited: Section 17527(g), Government Code. Reference: Sections 17551(b) and 17553, Government Code.

History

1. New Article 5 (Sections 1185 and 1185.1) filed 12-13-85; effective upon filing pursuant to Government Code Section 11346.2(d) (Register 85, No. 50).

2. Amendment of NOTE filed 4-29-87; operative 5-29-87 (Register 87, No. 18).

3. Amendment of subsections (a), (b) and (c)(4)-(5) and NOTE filed 7-23-96; operative 7-23-96. Submitted to OAL for printing only (Register 96, No. 30).

4. Amendment of section and Notefiled 9-13-99; operative 9-13-99. Submitted to OAL for printing only pursuant to Government Code section 17527 (Register 99, No. 38).

<<(Division Originally Printed 3-22-45)>>

2 CA ADC s 1185

END OF DOCUMENT

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2 CA ADC s 1185.01
2 CCR s 1185.01
Cal. Admin. Code tit. 2, s 1185.01

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS
Title 2. Administration
Division 2. Financial Operations
Chapter 2.5. Commission on State Mandates
Article 5. Other Claims

s 1185.01. Review of Incorrect Reduction Claims.

(a) Within ten (10) days of receipt of a completed incorrect reduction claim, the commission shall provide a copy of the claim to the Office of the State Controller and any affected state agency.

(b) The commission shall notify the state agencies that an original and (3) three copies of written oppositions or recommendations and supporting documentation in connection with an incorrect reduction claim shall be filed and received in the commission office at least eight (8) weeks before the scheduled commission hearing. A copy of any opposition or recommendation regarding the claim shall be simultaneously served on the claimants and their designated representatives. Proof of service on the claimants and their representatives must be filed with the oppositions or recommendations and supporting documentation. If the oppositions or recommendations regarding an incorrect reduction claim involve more than the discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations must be supported by documentary evidence which shall be submitted with the response. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based upon the declarant's personal knowledge or information or belief.

(c) Claimants and other interested persons will be required to submit written rebuttals and supporting documents at least five (5) weeks before the scheduled commission hearing. If the written rebuttal involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations must be supported by documentary evidence which shall be submitted with the rebuttal. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based upon the declarant's personal knowledge or information or belief.

NOTE: Authority cited: Section 17527(g), Government Code. Reference: Sections 17551(b) and 17571, Government Code.

History

1. New section filed 7-23-96; operative 7-23-96. Submitted to OAL for printing only (Register 96, No. 30).

2. Amendment of subsections (a) and (b) filed 9-13-99; operative 9-13-99. Submitted to OAL for printing only pursuant to Government Code section 17527 (Register 99, No. 38).

<<(Division Originally Printed 3-22-45)>>
2 CA ADC s 1185.01
END OF DOCUMENT

Copr. (C) West 2000 No Claim to Orig. U.S. Govt. Works

2 CA ADC s 1185.02
2 CCR s 1185.02
Cal. Admin. Code tit. 2, s 1185.02

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS
Title 2. Administration
Division 2. Financial Operations
Chapter 2.5. Commission on State Mandates
Article 5. Other Claims

s 1185.02. Withdrawal of Incorrect Reduction Claims.

An incorrect reduction claim may be withdrawn by written application any time before a decision is adopted or by oral application at the time of hearing. If such application is made the commission may issue a decision dismissing the claim.

NOTE: Authority cited: Section 17527(g), Government Code. Reference: Section 17551(b), Government Code.

History

1. New section filed 9-13-99; operative 9-13-99. Submitted to OAL for printing only pursuant to Government Code section 17527 (Register 99, No. 38).

<<(Division Originally Printed 3-22-45)>>
2 CA ADC s 1185.02
END OF DOCUMENT

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2 CA ADC s 1185.1
2 CCR s 1185.1
Cal. Admin. Code tit. 2, s 1185.1

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS
Title 2. Administration
Division 2. Financial Operations
Chapter 2.5. Commission on State Mandates
Article 5. Other Claims

s 1185.1. Reinstatement of Costs.

(a) If the commission determines that a reimbursement claim was incorrectly reduced, the commission shall send the statement of decision to the Office of the State Controller and request that all costs in the claim that were determined by the commission to be incorrectly reduced, be reinstated.

NOTE: Authority cited: Section 17527(g) and (h), Government Code. Reference: Section 17551(b), Government Code.

History

1. Amendment filed 9-13-99; operative 9-13-99. Submitted to OAL for printing only pursuant to Government Code section 17527 (Register 99, No. 38).

<<(Division Originally Printed 3-22-45)>>
2 CA ADC s 1185.1
END OF DOCUMENT

PARAMETERS AND GUIDELINES

CHAPTER 783, STATUTES OF 1995
CHAPTERS 156 & 749, STATUTES OF 1996
Investment Reports

I. SUMMARY OF MANDATES

Chapter 783, Statutes of 1995 amended Government Code Section 53646, subdivisions (a), (b), and (e). Section 53646 of the Government Code, as amended by Chapter 156 and 749, Statutes of 1996 requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. The treasurer or chief fiscal officer is also required to render a quarterly report containing specified information regarding investments to the legislative body of the local agency.

II. COMMISSION ON STATE MANDATE'S DECISION

The County of Santa Clara and the City of Newport Beach filed a mandated costs test claim with the Commission on State Mandates for costs incurred under Chapter 783, Statutes of 1995 amended Government Code Section 53646, subdivisions (a), (b), and (e). Section 53646 of the Government Code, as amended by Chapter 156 and 749, Statutes of 1996 requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. The treasurer or chief fiscal officer is also required to render a quarterly report containing specified information regarding investments to the legislative body of the local agency.

This currently is an "undisputed test claim" for purposes of the time requirements specified in Chapter 945, Statutes of 1995 (SB 11), and the Commission regulations.

III. ELIGIBLE CLAIMANTS

The eligible claimants are counties, cities, city and county, including a chartered city or county, community college districts, or other public agency or corporation.

IV. PERIOD OF REIMBURSEMENT

Chapter 783, Statutes of 1995 became effective January 1, 1996. Chapter 156 and Chapter 749, Statutes of 1996 became effective January 1, 1997. Section 17557 of the Government

Code (GC) states that a test claim must be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed on December 23, 1996. Therefore, costs incurred, pursuant to Chapter 783, Statutes of 1995, on or after July 1, 1996, are reimbursable. Costs incurred, pursuant to Chapter 156, Statutes of 1996, on or after January 1, 1996, are reimbursable.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561(d)(3) of the Government Code (GC), all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed, except as otherwise allowed by GC Section 17564.

V. REIMBURSEMENT COSTS

A. Scope of Mandate

Local agencies shall be reimbursed for the increased mandated costs of rendering an annual statement of investment policy, and a quarterly report of investments in relation to that policy.

B. Reimbursable Activities

1. Implementation:

   a. **Policies & Procedures** - cost to develop policies and procedures for accumulating and compiling data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4).

   b. **Automated System** - cost to acquire specialized software or modify existing software to accumulate and compile data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4).

2. Ongoing:

   a. **Investment policy** - cost to render an annual statement of investment policy to the legislative body of the local agency and any oversight committee.

   b. **Quarterly report of investments** - the costs to prepare data necessary to render a quarterly report of investments which includes:

- Type of investments
- Issuer
- Date of maturity
- Par and dollar amount invested on all securities
- Investments and moneys held by the local agency
- Description of any local agency funds, investments, or programs, that are under the management of contracted parties, including lending programs
- A statement of relationship to the statement of investment policy and analysis of policy compliance - cost to analyze investments for compliance with terms specified in the investment
- Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation why sufficient money will not be available
- Subsidiary ledger of investments - cost to input transactions for compilation of various reports to be included in the investment report. Costs to reconcile the subsidiary ledger to the control accounts, cost to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process, and cost to adjust the subsidiary ledger to market value.
- Training costs - costs to train local agency staff to implement the requirements of Government Code section 53646, subdivisions (b)(1), (2), (3) & (4).

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

Claim detail should include the following:

A. Salaries and Benefits

Claimed reimbursement for employee costs should be supported by name, position, productive hourly rate, hours worked, fringe benefits amount, and a brief description of assigned unit and function relative to the mandate.

The source documents required to be maintained by the local agency may include, but are not limited to, employee time cards and/or cost allocation reports.

B. Services and Supplies

The local agency should identify all direct costs for materials, services and supplies which have been purchased, leased, consumed or expended for purposes of compliance with mandate.

Source documents required to be maintained by the local agency may include, but are not limited to, invoices, lease documentation and other documents evidencing the validity of the expenditure.

C. Contract Services

List costs incurred for contract services and/or legal counsel for the development and operation of the mandated program. -Contracting costs are reimbursable to the extent that the function performed requires special skills or knowledge that is not readily available from local agency staff. Use of contract services must be justified by the claimant.

D. Training

Include the costs of training of personnel. Specialized training must be justified by the claimant.

E. Fixed Assets

List the cost of fixed assets that have been acquired specifically for the purposes of this mandate. If a fixed asset is acquired for the investments reports program but is utilized in some way not directly related to the program, only the pro-rata portion of the asset which is used for purposes of the mandated program is reimbursable.

The source documents to be maintained by the local agency may include, but are not limited to, contracts, charges, invoices and statements.

F. Allowable Overhead Costs

Local agencies have the option of using 10% of direct labor as indirect costs or preparing a departmental Indirect Cost Rate Proposal. If the local agency elects to prepare an Indirect Cost Rate Proposal, the Proposal must be prepared in accordance with the Office of Management and Budget Circular A-87 (OMB A-87).

Community college districts may use either the J-41A, J-73A or Federal Guideline FMC 73-

8. However, if FMC 73-8 is used an adjustment must be made so that it will compute a fair share of indirect cost applicable to the mandated program. Such adjustments are explained in the analyses under programs where community colleges can claim this cost.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available at the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the local agency experiences as a direct result of this statute must be deducted from the costs claimed. Additionally, reimbursement for this mandate received from any source, (e.g., federal, state, etc.), shall be specifically identified and deducted from this claim.

IX. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

An authorized representative of the claimant will be required to provide a certification of claim as specified in the State Controller's claiming instructions, for those costs mandated by the statute contained herein.

Hearing Date: May 29, 1997
File Number: CSM-96-358-02
Staff: Commission Staff
f:\mandates\sfz\9635802\pgcover.doc

This item may be postponed to the June 26, 1997 hearing by claimants.

Item 4

Parameters and Guidelines

Government Code Section 53646, Subdivisions (a), (b), and (e)
Chapter 783, Statutes of 1995
Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Investment Reports

Executive Summary

On March 27, 1997, the Commission on State Mandates adopted its Statement of Decision on the state mandated program found in Government Code section 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapter 156, Statutes of 1996, and Chapter 749, Statutes of 1996. That program requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. The treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. The more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e).

The Department of Finance recommends that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments, as the use of such ledgers is authorized, but not required, by the language in Government Code section 53646, subdivision (b)(4).

The State Controller's Office did not comment on the claimant's proposed parameters and guidelines.

The City of Newport Beach recommends that the parameters and guidelines submitted by the claimant be adopted by the Commission.

This test claim has been determined to be undisputed for purposes of the requirements specified in Chapter 945, Statutes of 1995 (SB 11), and section 1181.1, subdivision (q), of the Commission's regulations. Subdivision (q) states that an "undisputed test claim" means a completed test claim, proposed parameters and guidelines, or proposed statewide cost estimate

that has not been opposed, in whole or in part, by the State Department of Finance, the State Controller, any other affected state agency, the test claimant, the commission, or interested party.

In the analysis that follows, Commission staff has outlined several areas where the parameters and guidelines submitted by the County of Santa Clara do not fully reflect the Statement of Decision adopted by the Commission. Due to the discrepancies found the Commission has three alternatives as follows:

1) Adopt the claimants' proposed parameters and guidelines and find that the test claim is on an undisputed track;

2) Adopt the staff's proposed parameters and guidelines and find that the test claim is on a disputed track;

3) Find the test claim disputed and allow the parties to comment on staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Staff recommends that the Commission adopt staff's proposed parameters and guidelines and place the claim on a disputed track for purposes of SB 11.

However, if the claimants and interested parties feel that they need additional time to review the staff proposal, staff will instead recommend that the Commission find the test claim disputed and allow the parties to comment on the staff proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Claimant

County of Santa Clara
City of Newport Beach

Chronology

12-23-96	Test Claim received by Commission on State Mandates (Commission).
3-27-97	Commission approves test claim and adopts Statement of Decision.
4-14-97	County of Santa Clara submits proposed parameters and guidelines. (Attachment A)
5-08-97	Comments received from City of Newport Beach (Attachment D).
5-14-97	Comments received from Department of Finance (Attachment E).

Commission on State Mandates Decision

The Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a). Specifically, subdivision (a), requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee.
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e). Specifically, the treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. However, the more complex reporting requirements contained in subdivision (b) apply only to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Thus, no reimbursement may be claimed for complying with the reporting requirements under subdivision (b) where claimants can use the investments specified in subdivision (e), but instead choose other investments options which must then be reported under subdivision (b).

Staff notes that this is an "undisputed test claim" for purposes of the time requirements specified in Commission regulations.

Departmental Recommendations

The Department of Finance (DOF) recommends that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments, as the use of such ledgers is authorized, but not required, by the language in

Government Code section 53646, subdivision (b)(4). With this change, DOF concludes that the proposal generally reflects the Commission's Statement of Decision. (Attachment C)

The State Controllers Office did not comment on the claimant's proposed parameters and guidelines.

Staff Analysis

Staff notes that this program has been considered an "undisputed test claim" for purposes of the time requirements specified in Commission regulations through the staff analysis and statement of decision phases of the claim. Section 1181.1, subdivision (q), of the Commission's regulations states that an "undisputed test claim" means a completed test claim, proposed parameters and guidelines, or proposed statewide cost estimate that has not been opposed, in whole or in part, by the State Department of Finance, the State Controller, any other affected state agency, the test claimant, the commission, or interested party.

Staff has reviewed the claimants' proposed parameters and guidelines, and has noted several areas where the claimants' proposed parameters and guidelines do not fully or accurately reflect the Commission's Statement of Decision.

Editorial Changes

Staff has proposed editorial changes to various sections of the claimants' proposed parameters and guidelines. Changes in these sections are not substantive, but are made to enhance and clarify the presentation of the parameters and guidelines. Because of their non-substantive nature, they are not discussed here.

School Districts

With respect to eligible claimants, the Commission found that the term "local agency" as it applies to section 53646 is not the same as that term is used in Government Code section 17518 pertaining to the Commission on State Mandates[1]. For purposes of section 53646, Government Code section 53630, subdivision (a), defines "local agency" to mean " ... county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state." The "local agency" definition as found in section 53630, subdivision (a), is to be used for purposes of this test claim.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
III. Eligible Claimants The eligible claimants are counties, cities, city and county, community college districts, or other public agency or corporation.	III. Eligible Claimants The eligible claimants are any county, city, city and county, community college district, or other public agency or corporation (includes school districts).

[1] Government Code section 17518 includes "any city, county, special district, authority, or other political subdivision of the state" as a "local agency. Section 17519 includes school districts, community college districts and county superintendents of schools as "school districts," not as "local agencies".

be reported under subdivision (b), are therefore not eligible to claim the increased costs resulting from their exercise of this option. The parameters and guidelines should reflect both this distinction and the factual showing necessary to obtain reimbursement for activities which fall under subdivision (b). The proposed parameters and guidelines also fail to reflect the activities required for the lower reporting level set forth in subdivision (e).

Staff proposes to replace the claimants' language with the language below, in order to add language relating to eligibility, taken from the Commission's Statement of Decision, and to clarify the activities to be undertaken by the claimant, to the V. Reimbursable Costs section of the proposed parameters and guidelines.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
V. Reimbursement Costs A. Scope of Mandate Local agencies shall be reimbursed for the increased mandated costs of rendering an annual statement of investment policy, and a quarterly report of investments in relation to that policy.	V. Reimbursable Costs A. Scope of Mandate Eligible claimants may be reimbursed for performing the following activities: • To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a). Specifically, subdivision (a), requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. • To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e). Specifically, the treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. However, the more complex reporting requirements contained in subdivision (b) apply only to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Thus, no reimbursement may be claimed for complying with the reporting requirements under subdivision (b) where claimants can use the investments specified in subdivision (e), but instead choose other investments options which must then be reported under subdivision (b).

Staff submits, for purposes of clarification, that a school district would be eligible to claim under this mandated program as an "other public agency or corporation in this state. Staff concludes that this addition clarifies claiming eligibility for all potential claimants.

Investment Policy

The claimants' proposed parameters and guidelines include the costs to prepare and submit an annual statement of investment policy as reimbursable costs.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
V. Reimbursement Costs ..... B. Reimbursable Activities ..... Investment policy - cost to prepare and submit an annual statement of investment policy to the legislative body of the local agency and any oversight committee.	[Staff proposes to delete all language relating to preparation of the statement of investment policy.]

Government Code section 53646, subdivision (a), only requires the statement of investment policy to be "rendered", that is, submitted, to the legislative body. Staff notes that the requirement for the county treasurer to prepare the statement of investment policy "in any county which establishes an oversight committee" is contained in Government Code section 27133. Section 27133 also lays out the required contents of such a policy. Staff has been unable to locate any section which requires the preparation of a comparable statement of investment policy by other local agencies. It appears, rather, that the other local agencies who participate in a county investment pool are to 'pass along' the statement of investment policy prepared by the county treasurer to their respective legislative bodies.

Since Government Code section 27133 is not a part of this test claim, staff submits that the costs to prepare the statement of investment policy should be omitted from these parameters and guidelines. Accordingly, the language in the V. Reimbursable Costs section of the claimant's proposed parameters and guidelines which includes preparation of the statement of investment policy has been removed from the staff's proposed parameters and guidelines.

Level of Reporting Requirements

The Commission determined that the more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Claimants who can use the investments set forth in subdivision (e), but instead choose investments which must

(claimant did not provide)	B. Establishing Eligibility for Higher Level of Reimbursement Local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e) are subject to the more complex reporting requirements found in subdivision (b). In order to establish eligibility for reimbursement for the more complex reporting requirements found in subdivision (b), agencies must show that the amount of surplus funds to be invested is greater than the maximum amount which can be placed in the investments enumerated in subdivision (e).

B. Reimbursable Activities **Policies & Procedures** - cost to develop and maintain policies and procedures for accumulating and compiling data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4). **Automated System** - cost to acquire specialized software or modify existing software to accumulate and compile data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4). **Investment policy** - cost to prepare and submit an annual statement of investment policy to the legislative body of the local agency and any oversight committee. **Quarterly report of investments** - the costs to prepare data necessary to render a quarterly report of investments which includes: · Types of investments · Issuers · Dates of maturity · Par and dollar amount invested on all securities · Investments and moneys held by the local	C. Reimbursable Activities 1. Policies and Procedures Establish and update the policies and procedures for accumulating and compiling data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable. 2. Data Acquisition and Compilation Accumulate and compile data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable. 3. Quarterly Report of Investments Prepare and render the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable, containing the information required in either subdivision (b) or subdivision (e). 4. Rendering Statement of

agency • Description of any local agency funds, investments, or programs, that are under the management of contracted parties, including lending programs • A statement of relationship to the statement of investment policy and analysis of policy compliance - cost to analyze investments for compliance with terms specified in the investment • Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation why sufficient money will not be available • Subsidiary ledger of investments - cost to input transactions for compilation of various reports to be included in the investment report. Costs to reconcile the subsidiary ledger to the control accounts, cost to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process, and cost to adjust the subsidiary ledger to market value. • Training costs - costs to train local agency staff to implement the requirements of Government Code section 53646, subdivisions (b)(1), (2), (3) & (4).	Investment Policy Render [submit] the annual statement of investment policy to the legislative body of the local agency.

Staff concludes that this proposed language more accurately reflects the Commission's statement of decision.

Supporting Data

Since Government Code section 17558.5 states an audit period rather than a records retention period, staff proposes to change this language as shown below, for purposes of clarity.

Claimants' Proposed Ps & Gs	Staff's proposed Ps & Gs
VII. Supporting Data For auditing purposes, all costs claimed shall be traceable to source documents (e.g. employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs. All documentation supporting such costs shall be made available to the State Controller or his/her agent, as may be requested, during the records retention period specified in Government Code section 17558.5, subdivision (a). Government Code section 17558.5, subdivision (a), states that a reimbursement claim for actual costs is subject to audit by the State Controller up to two years after the end of the calendar year in which the reimbursement claim is filed or last amended, unless no funds are appropriated for the program for the fiscal year for which the claim is made; in which case, the audit period shall commence to run from the date of initial payment of the claim.	VII. Supporting Data For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs. All documentation in support of claimed costs shall be made available to the State Controller or his/her agent, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

Staff submits that this language more accurately reflects the effect of Government Code section 17558.5, subdivision (a).

Conclusion

Staff's review of the claimant's proposed parameters and guidelines and the Commission's adopted Statement of Decision has resulted in the determination that the claimant's proposal is inconsistent with the adopted Statement of Decision and is therefore opposed by Commission staff.

The following are three actions the Commission can take on this item:

1) Adopt claimant's proposed parameters and guidelines and continue the test claim's undisputed status;

2) Adopt the staff's proposed parameters and guidelines and concur that the test claim is disputed;

3) Find the test claim disputed and allow the parties to comment on the staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Staff submits that the first alternative would result in the adoption of parameters and guidelines which do not accurately reflect the Commission's statement of decision and therefore this alternative should be rejected.

Staff concludes that the Commission should adopt either the second or third alternative, with the decision depending on the claimants and interested parties need for additional review of the staff's proposed parameters and guidelines.

Staff Recommendation

Staff recommends that the Commission adopt the staff's proposed parameters and guidelines and find the claim is disputed for purposes of the timelines required to adopt the statewide cost estimate under the Commission's regulations.

However, if the claimants and interested parties need additional time to review staff's proposal, staff will instead recommend that the Commission find the test claim disputed and allow the parties to comment on staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Per your request

Post-it® brand fax transmittal memo 7671	# of pages ▸ 10
To M. Faulkner	From L. KAYE
Co. S.B. Co.	Co. LA Co.
Dept. Aud/Cont	Phone # 213 974-8564
Fax # 909-386-8830	Fax #

Hearing Date: May 29, 1997
File Number: CSM-96-358-02
Staff: Commission Staff
f:\mandates\sfz\9635802\pgcover.doc

This item may be postponed to the June 26, 1997 hearing by claimants.

Item 4

Parameters and Guidelines

Government Code Section 53646, Subdivisions (a), (b), and (e)
Chapter 783, Statutes of 1995
Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Investment Reports

Executive Summary

On March 27, 1997, the Commission on State Mandates adopted its Statement of Decision on the state mandated program found in Government Code section 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapter 156, Statutes of 1996, and Chapter 749, Statutes of 1996. That program requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. The treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. The more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e).

The Department of Finance recommends that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments, as the use of such ledgers is authorized, but not required, by the language in Government Code section 53646, subdivision (b)(4).

The State Controller's Office did not comment on the claimant's proposed parameters and guidelines.

The City of Newport Beach recommends that the parameters and guidelines submitted by the claimant be adopted by the Commission.

This test claim has been determined to be undisputed for purposes of the requirements specified in Chapter 945, Statutes of 1995 (SB 11), and section 1181.1, subdivision (q), of the Commission's regulations. Subdivision (q) states that an "undisputed test claim" means a completed test claim, proposed parameters and guidelines, or proposed statewide cost estimate

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that has not been opposed, in whole or in part, by the State Department of Finance, the State Controller, any other affected state agency, the test claimant, the commission, or interested party.

In the analysis that follows, Commission staff has outlined several areas where the parameters and guidelines submitted by the County of Santa Clara do not fully reflect the Statement of Decision adopted by the Commission. Due to the discrepancies found the Commission has three alternatives as follows:

1) Adopt the claimants' proposed parameters and guidelines and find that the test claim is on an undisputed track;

2) Adopt the staff's proposed parameters and guidelines and find that the test claim is on a disputed track;

3) Find the test claim disputed and allow the parties to comment on staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Staff recommends that the Commission adopt staff's proposed parameters and guidelines and place the claim on a disputed track for purposes of SB 11.

However, if the claimants and interested parties feel that they need additional time to review the staff proposal, staff will instead recommend that the Commission find the test claim disputed and allow the parties to comment on the staff proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Claimant

County of Santa Clara
City of Newport Beach

Chronology

12-23-96	Test Claim received by Commission on State Mandates (Commission).
3-27-97	Commission approves test claim and adopts Statement of Decision.
4-14-97	County of Santa Clara submits proposed parameters and guidelines. (Attachment A)
5-08-97	Comments received from City of Newport Beach (Attachment D).
5-14-97	Comments received from Department of Finance (Attachment E).

Commission on State Mandates Decision

The Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, impose a new program or a higher level of service in an existing program upon specified local agencies within the meaning of section 6, article XIIIB of the California Constitution and Government Code section 17514 by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a). Specifically, subdivision (a), requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee.
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e). Specifically, the treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. However, the more complex reporting requirements contained in subdivision (b) apply only to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Thus, no reimbursement may be claimed for complying with the reporting requirements under subdivision (b) where claimants can use the investments specified in subdivision (e), but instead choose other investments options which must then be reported under subdivision (b).

Staff notes that this is an "undisputed test claim" for purposes of the time requirements specified in Commission regulations.

Departmental Recommendations

The Department of Finance (DOF) recommends that the claimant's proposed parameters and guidelines be modified to delete costs associated with the use of subsidiary ledgers of investments, as the use of such ledgers is authorized, but not required, by the language in

Government Code section 53646, subdivision (b)(4). With this change, DOF concludes that the proposal generally reflects the Commission's Statement of Decision. (Attachment C)

The State Controllers Office did not comment on the claimant's proposed parameters and guidelines.

Staff Analysis

Staff notes that this program has been considered an "undisputed test claim" for purposes of the time requirements specified in Commission regulations through the staff analysis and statement of decision phases of the claim. Section 1181.1, subdivision (q), of the Commission's regulations states that an "undisputed test claim" means a completed test claim, proposed parameters and guidelines, or proposed statewide cost estimate that has not been opposed, in whole or in part, by the State Department of Finance, the State Controller, any other affected state agency, the test claimant, the commission, or interested party.

Staff has reviewed the claimants' proposed parameters and guidelines, and has noted several areas where the claimants' proposed parameters and guidelines do not fully or accurately reflect the Commission's Statement of Decision.

Editorial Changes

Staff has proposed editorial changes to various sections of the claimants' proposed parameters and guidelines. Changes in these sections are not substantive, but are made to enhance and clarify the presentation of the parameters and guidelines. Because of their non-substantive nature, they are not discussed here.

School Districts

With respect to eligible claimants, the Commission found that the term "local agency" as it applies to section 53646 is not the same as that term is used in Government Code section 17518 pertaining to the Commission on State Mandates[1]. For purposes of section 53646, Government Code section 53630, subdivision (a), defines "local agency" to mean " ... county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state." The "local agency" definition as found in section 53630, subdivision (a), is to be used for purposes of this test claim.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
III. Eligible Claimants The eligible claimants are counties, cities, city and county, community college districts, or other public agency or corporation.	III. Eligible Claimants The eligible claimants are any county, city, city and county, community college district, or other public agency or corporation (includes school districts).

[1] Government Code section 17518 includes "any city, county, special district, authority, or other political subdivision of the state" as a "local agency. Section 17519 includes school districts, community college districts and county superintendents of schools as "school districts," not as "local agencies".

Staff submits, for purposes of clarification, that a school district would be eligible to claim under this mandated program as an "other public agency or corporation in this state. Staff concludes that this addition clarifies claiming eligibility for all potential claimants.

Investment Policy

The claimants' proposed parameters and guidelines include the costs to prepare and submit an annual statement of investment policy as reimbursable costs.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
V. Reimbursement Costs ..... B. Reimbursable Activities ..... Investment policy - cost to prepare and submit an annual statement of investment policy to the legislative body of the local agency and any oversight committee.	[Staff proposes to delete all language relating to preparation of the statement of investment policy.]

Government Code section 53646, subdivision (a), only requires the statement of investment policy to be "rendered", that is, submitted, to the legislative body. Staff notes that the requirement for the county treasurer to prepare the statement of investment policy "in any county which establishes an oversight committee" is contained in Government Code section 27133. Section 27133 also lays out the required contents of such a policy. Staff has been unable to locate any section which requires the preparation of a comparable statement of investment policy by other local agencies. It appears, rather, that the other local agencies who participate in a county investment pool are to 'pass along' the statement of investment policy prepared by the county treasurer to their respective legislative bodies.

Since Government Code section 27133 is not a part of this test claim, staff submits that the costs to prepare the statement of investment policy should be omitted from these parameters and guidelines. Accordingly, the language in the V. Reimbursable Costs section of the claimant's proposed parameters and guidelines which includes preparation of the statement of investment policy has been removed from the staff's proposed parameters and guidelines.

Level of Reporting Requirements

The Commission determined that the more complex reporting requirements found in subdivision (b) apply to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Claimants who can use the investments set forth in subdivision (e), but instead choose investments which must

be reported under subdivision (b), are therefore not eligible to claim the increased costs resulting from their exercise of this option. The parameters and guidelines should reflect both this distinction and the factual showing necessary to obtain reimbursement for activities which fall under subdivision (b). The proposed parameters and guidelines also fail to reflect the activities required for the lower reporting level set forth in subdivision (e).

Staff proposes to replace the claimants' language with the language below, in order to add language relating to eligibility, taken from the Commission's Statement of Decision, and to clarify the activities to be undertaken by the claimant, to the V. Reimbursable Costs section of the proposed parameters and guidelines.

Claimants' Proposed Ps & Gs	Staff's Proposed Ps & Gs
V. Reimbursement Costs A. Scope of Mandate Local agencies shall be reimbursed for the increased mandated costs of rendering an annual statement of investment policy, and a quarterly report of investments in relation to that policy.	V. Reimbursable Costs A. Scope of Mandate Eligible claimants may be reimbursed for performing the following activities: • To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a). Specifically, subdivision (a), requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and any oversight committee. • To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e). Specifically, the treasurer or chief fiscal officer is also required to prepare and render a quarterly report containing information specified in either subdivision (b) or subdivision (e) regarding investments to the legislative body of the local agency. However, the more complex reporting requirements contained in subdivision (b) apply only to local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e). Thus, no reimbursement may be claimed for complying with the reporting requirements under subdivision (b) where claimants can use the investments specified in subdivision (e), but instead choose other investments options which must then be reported under subdivision (b).

(claimant did not provide)	B. Establishing Eligibility for Higher Level of Reimbursement Local agencies which cannot place all of their investments in the Local Agency Investment Fund or in the other accounts specified in subdivision (e) are subject to the more complex reporting requirements found in subdivision (b). In order to establish eligibility for reimbursement for the more complex reporting requirements found in subdivision (b), agencies must show that the amount of surplus funds to be invested is greater than the maximum amount which can be placed in the investments enumerated in subdivision (e).

B. Reimbursable Activities **Policies & Procedures** - cost to develop and maintain policies and procedures for accumulating and compiling data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4). **Automated System** - cost to acquire specialized software or modify existing software to accumulate and compile data necessary to render the quarterly report of investments as required by Government Code section 53646, subdivisions (b)(1), (2), (3) & (4). **Investment policy** - cost to prepare and submit an annual statement of investment policy to the legislative body of the local agency and any oversight committee. **Quarterly report of investments** - the costs to prepare data necessary to render a quarterly report of investments which includes: • Types of investments • Issuers • Dates of maturity • Par and dollar amount invested on all securities • Investments and moneys held by the local	C. Reimbursable Activities 1. Policies and Procedures Establish and update the policies and procedures for accumulating and compiling data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable. 2. Data Acquisition and Compilation Accumulate and compile data necessary to prepare the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable. 3. Quarterly Report of Investments Prepare and render the quarterly report of investments as required in Government Code section 53646, subdivision (b) or (e), as applicable, containing the information required in either subdivision (b) or subdivision (e). 4. Rendering Statement of

agency · Description of any local agency funds, investments, or programs, that are under the management of contracted parties, including lending programs · A statement of relationship to the statement of investment policy and analysis of policy compliance - cost to analyze investments for compliance with terms specified in the investment · Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation why sufficient money will not be available · Subsidiary ledger of investments - cost to input transactions for compilation of various reports to be included in the investment report. Costs to reconcile the subsidiary ledger to the control accounts, cost to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process, and cost to adjust the subsidiary ledger to market value. · Training costs - costs to train local agency staff to implement the requirements of Government Code section 53646, subdivisions (b)(1), (2), (3) & (4).	Investment Policy Render [submit] the annual statement of investment policy to the legislative body of the local agency.

Staff concludes that this proposed language more accurately reflects the Commission's statement of decision.

Supporting Data

Since Government Code section 17558.5 states an audit period rather than a records retention period, staff proposes to change this language as shown below, for purposes of clarity.

Claimants' Proposed Ps & Gs	Staff's proposed Ps & Gs
VII. Supporting Data For auditing purposes, all costs claimed shall be traceable to source documents (e.g. employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs. All documentation supporting such costs shall be made available to the State Controller or his/her agent, as may be requested, during the records retention period specified in Government Code section 17558.5, subdivision (a). Government Code section 17558.5, subdivision (a), states that a reimbursement claim for actual costs is subject to audit by the State Controller up to two years after the end of the calendar year in which the reimbursement claim is filed or last amended, unless no funds are appropriated for the program for the fiscal year for which the claim is made; in which case, the audit period shall commence to run from the date of initial payment of the claim.	VII. Supporting Data For auditing purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs. All documentation in support of claimed costs shall be made available to the State Controller or his/her agent, as may be requested, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

Staff submits that this language more accurately reflects the effect of Government Code section 17558.5, subdivision (a).

Conclusion

Staff's review of the claimant's proposed parameters and guidelines and the Commission's adopted Statement of Decision has resulted in the determination that the claimant's proposal is inconsistent with the adopted Statement of Decision and is therefore opposed by Commission staff.

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The following are three actions the Commission can take on this item:

1) Adopt claimant's proposed parameters and guidelines and continue the test claim's undisputed status;

2) Adopt the staff's proposed parameters and guidelines and concur that the test claim is disputed;

3) Find the test claim disputed and allow the parties to comment on the staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

Staff submits that the first alternative would result in the adoption of parameters and guidelines which do not accurately reflect the Commission's statement of decision and therefore this alternative should be rejected.

Staff concludes that the Commission should adopt either the second or third alternative, with the decision depending on the claimants and interested parties need for additional review of the staff's proposed parameters and guidelines.

Staff Recommendation

Staff recommends that the Commission adopt the staff's proposed parameters and guidelines and find the claim is disputed for purposes of the timelines required to adopt the statewide cost estimate under the Commission's regulations.

However, if the claimants and interested parties need additional time to review staff's proposal, staff will instead recommend that the Commission find the test claim disputed and allow the parties to comment on staff's proposed parameters and guidelines and hear the parameters and guidelines at a later hearing.

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Commission on State Mandates

Mailing List

18-May-97

CSM/SB# and Claim Title 9635802 Claim of County of Santa Clara

Government Code Sec.

Chapters 783/95

Issue Investment Reports

Originated: 23-Dec-96

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Department of Finance

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Mr. Allan Burdick, Director
David M. Griffith & Associates

4320 Auburn Blvd., Suite 2000 — *Tel:* (916) 485-8102
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EXHIBIT D

RECEIVED
DEC 06 2000
COMMISSION ON
STATE MANDATES

KATHLEEN CONNELL
Controller of the State of California

December 5, 2000

Ms. Shirley Opie
Assistant Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
U.S. Bank Plaza Building
Sacramento, CA 95814

Re: Incorrect Reduction Claim of the County of Los Angeles
CSM 00-9635802-I-01
Government Code section 53646
Statutes of 1995, Chapter 783
Investment Reports

Dear Ms. Opie:

This letter is in response to the Incorrect Reduction Claim noted above. The State Controller's Office believes that costs associated with the implementation of the local governmental agencies investment policies (i.e. daily tracking), are not a part of the reimbursable state mandate.

The costs of daily tracking are not reimbursable for two distinct reasons; first, the statute in question simply does not require that the local governmental agency conduct daily tracking, second, if there is a requirement to conduct daily tracking, it comes from other sources. Section 53646 does not require daily tracking, it merely requires that the agency submit a quarterly report on the status of its investments. This should simply involve pulling together information, which the agency has already collected, formatting it in the form of a quarterly report, including analysis of the data. The county attempts to convert the statute into a state subsidy of its investment expenditures by noting that subdivision (b)(2) requires a statement as to the compliance of the agency with its own investment policies. This is an attempt to stretch the requirement that they report whether or not they are in compliance, to a requirement of compliance itself, thus converting their local

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policies into state mandates. This is a not so subtle attempt, to cloak optional expenses under the rubric of a "state mandate".

The dispute essentially comes down to a single phrase in the parameters and guidelines, "accumulate and compile." Notably this phrase is not to be found in either the statute or the Statement of Decision. The problematic word in this phrase is "accumulate." Webster's defines accumulate as to "gather or pile up." Unfortunately, this definition does not eliminate the ambiguity. One could take it to mean gathering up what is already one's, or it could be taken to mean gathering up that which is not currently under one's control. The first interpretation would support an analysis that daily tracking is not reimbursable, while the later would support the contrary conclusion. Under the first approach it would mean that to accumulate would be to pull together the information already under the control of the treasurer, i.e. access the database and pull out relevant information. Under the second approach accumulate would mean to gather the data from outside parties as the transactions occur, i.e. when banks, brokers, or other entities pay into the treasury or accept disbursements from it. To determine which approach is appropriate we must look to the constitutional and statutory framework that embraces the issue of state mandates.

The foundation of the state mandates analysis is the State constitution. Article XIIIB, § 6 provides that the state shall provide a subvention of funds to local agencies for expenditures mandated by the state. Pursuant to Article XIIIB, § 6 the Legislature enacted Government Code sections 17500 et. seq.. Section 17514 provides in part that the state shall reimburse local agencies for expenses they are required by the state to incur. Against the backdrop of the need for the expenses to be required, we have the statute in question. In regards to the quarterly report, the statute requires inclusion of certain data concerning the state of the investments of the agency, such as type of investment and maturity. In addition, under the statute the agency shall state whether or not they are in compliance with their own investment policies, and whether they can meet their obligations for the next six months. Conspicuously missing from these duties is the requirement to engage in daily tracking. The claimant points to no legislative history, or other source that supports the assertion that daily tracking was a contemplated component of the statute. In fact, no period for tracking is stated at all, except of course for the quarterly requirement itself. The fact that the county policy may require daily tracking, does not elevate that requirement to a state mandate.

The approach of the county also disregards the fact that daily tracking, or its equivalent was, and is required by other sources. The primary source of that requirement is the Government Code itself. Government Code sections 27000 et. seq. set forth the duties of a county treasurer. Government Code sections 26900-26922, 29740-29749 and 29803-29804 address the duties of a county auditor-controller. Although Los Angeles County is a charter county, it has accepted the applicable government code sections as governing

the duties of its treasurer and auditor in its Charter, Article IV, section 14. There are over ten sections out of the above listed that deal with record keeping and reports concerning county funds[1]. All of these sections date back to 1907 and were originally a part of the Political Code. Up until 1995, the Code explicitly required that the treasurer report daily on investments to the auditor-controller. To do so the county clearly must have had in place a system to track investments daily. Other sections on point include 27002, which requires that the treasurer shall keep an account of the receipt and expenditure of all money received or paid out in books provided for the purpose. That section also requires that the treasurer must note the "amount, the time, from whom, and on what account all money was received, and the warrant number, the amount, time and what account all disbursements were made." These may very well be the subsidiary ledgers, which the statute allows to be used in the quarterly report. Several of the sections also address reports that must be rendered to other county officers. Specifically, section 27063 requires that no later than the 25th of each month the treasurer or the auditor shall file with the board of supervisors a detailed report of all money received and disbursed during the preceding month. When one looks at the breadth and detail required by these code sections it is clear that an on going tracking system was contemplated. Therefore, any requirement to conduct daily tracking comes from pre-existing law.

Also of interest is a letter from the auditor controller of Los Angeles County, prepared by Mr. John Naimo, Chief of the Accounting Division (see attachment). This letter was sent to Mr. Jeff Yee of the State Controller's Office, Division of Accounting and Reporting. In the letter, Mr. Naimo notes that the investment policy of the County, adopted by the board of supervisors, requires monthly reporting. Mr. Naimo claims that under Government Code section 53607, monthly reporting is required. However, he fails to note that the monthly reporting requirement only applies because the county ***chose*** to delegate its investment authority to the treasurer. Section 53607 provides the option to delegate, but does not require it. Therefore, the county has incurred the optional expense of monthly reports. If they must already perform monthly reports, it seems that a quarterly report would not require much more effort to prepare.

It also seems from the claim that the issue of daily tracking is really one of timing. If the county weren't required to do daily tracking, how often would they do it? At some point in time, one would think that transactions would have to be entered into their computer system. If not, how could they effectively track their money and balance their books? Even if the statute requires daily tracking, all that is changes is to require the data entry to be conducted on a daily basis rather than some other basis. Nevertheless, the time required would remain essentially the same, because the same information must be entered. In the letter Mr. Naimo states that the majority of the costs are incurred running the county's ADS Treasury Management System. The activities include daily transaction

[1] Government Code sections 26905, 26920, 27000, 27002, 27009, 27061, 27062, 27063, 27100, and 27101.

and input accounting, data processing, printing reports, and research and correction of discrepancies. Mr. Naimo also notes that these costs would be incurred regardless of whether the reporting basis was monthly or quarterly. These activities seem to be the sort that a county treasurer would have to conduct on some regular basis, whether or not the reporting law existed.

In addition, there are the obligations of a fiduciary, which require that the treasurer exercise care in the handling of the public's money. If the treasurer doesn't track transactions as they occur how can he make wise investment choices, or ensure that their own policy regarding limits on the percentage of available money in certain types of investments are not exceeded? When you are dealing with nine billion dollars how can one stay on top of the balance sheet if daily tracking is not conducted? Mr. Naimo himself states that a quarterly basis is not sufficient for Los Angeles County to meet its fiduciary duties. If the reporting law didn't exist would it be acceptable for the treasurer to wait for monthly, or quarterly statements from the entities in which money is invested? Would that satisfy a prudent investor standard? That seems doubtful, especially given the comments of Mr. Naimo.

The ability to access certain markets also depends on the quality of control a treasurer exercises over county funds. The Governmental Accounting Standards Board (GASB) issued Statement 31 in 1997 establishing new accounting and financial reporting standards for all investments held in county investment pools. Among other items, Statement 31 requires governments to report on their balance sheet (or other statement of financial condition) the fair market value of their investments, investment income, and the equity position of each fund in the pool. Although GASB standards are not law, compliance is usually necessary for local governmental agencies to access the capital markets.

Given the lack of a statutory requirement, and the overarching requirements placed on county funds, daily tracking is not a reimbursable component of Government Code section 53646.

Sincerely,

Shawn D. Silva

SHAWN D. SILVA
Staff Counsel

Cc: Leonard Kaye

OFFICE OF THE STATE CONTROLLER
300 Capitol Mall, Suite 1850
Sacramento, CA 94250
Telephone No.: (916) 445-6854

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM ON: *Investment Reports* Government Code section 53646 Statutes of 1995, Chapter 783 COUNTY OF LOS ANGELES, Claimant	No.: CSM 00-9635802-I-01 AFFIDAVIT OF CUSTODIAN

I, Virginia Brummels make the following declarations:

1) I am an employee of the State Controller's Office and am over the age of 18 years.

2) I am currently employed as an Accounting Administrator I Supervisor, and have been so for the past ten months. Before that I was employed as a Staff Management Auditor-Specialist, Accounting Administrator I Specialist for 13 years.

3) As a supervisor in the Department of Accounting & Reporting I have access to, and am involved in, the intake and processing of claims for reimbursement for expenditures mandated by the state.

4) I am a duly authorized custodian of records or other qualified witness with authority to certify such records.

5) Any attached copies of records are true copies of records as retained at our place of business.

6) The records were prepared or received by the personnel of our office in the ordinary course of business at or near the time of the act, condition, or event.

I do declare that the above declarations are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: December 5, 2000

OFFICE OF THE STATE CONTROLLER

By: Virginia Brummels
Virginia Brummels
Supervising Auditor

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012
PHONE: (213) 974-8301 FAX: (213) 626-5427

ALAN T. SASAKI
AUDITOR-CONTROLLER

July 16, 1998

Mr. Jeff Yee
Local Reimbursement Section
Division of Accounting and Reporting
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5875

Attention: Mr. Peter Cianchetta

Dear Mr. Yee:

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
Desk Review of 1995-96 Claim ($2,201) and 1996-97 Claim ($308,252)
Requested Information

This is to provide information, requested by your office on June 26, 1998, concerning the two (subject) reimbursement claims. We enclose copies of Los Angeles County's "investment policies", investment reports, and source documents. A brief report is also included.

Both Leonard Kaye, at (213) 974-8564, and Delia Gomez, at (213) 893-0792, are available to answer any questions you may have about this submission. Thank You.

Sincerely,

Alan Sasaki,
Auditor-Controller

By
John Naimo, Chief
Accounting Division

PTM:LK
Enclosures

Los Angeles County - Investment Reporting (Chapter 783/95) Claims
Desk Review of 1995-96 Claim ($2,201) and 1996-97 Claim ($308,252)

Report

This report provides information, requested by Mr. Peter Cianchetta, Fiscal Analyst, Local Reimbursement Section, Division of Accounting and Reporting, State Controller's Office, on June 26, 1998, pursuant to his desk review of Los Angeles County's Investment Reporting (Chapter 783/95) reimbursement claims for $2,021 (1995-96), attached in Tab 1, and $308,252 (1996-97), attached in Tab 2.

Mr. Cianchetta asked for copies of Los Angeles County's "Investment Policies" and source documents supporting the County's claimed labor charges. The County's investment policies for 1995-96 are included in Tab 3. Investment policies for 1996-97 are included in Tab 4.

Source documents supporting the County's investment policy development labor charges for 1995-96 are included in Tab 5. It should be noted that the "unit code" of 5110-905 on the attached time sheets was used to record time spent on investment reporting activities, a small subset of treasury management expense charges. Only time sheets of those involved in the mandated investment reporting process have been provided.

Source documents supporting the County's investment policy development labor charges for 1996-97 are included in Tab 6. A summary schedule of time charged to the subject 1996-97 reimbursement claim, based on (the attached) time sheets used to record time spent on investment reporting activities, is also included.

A description of job duties of employees performing mandated investment reporting activities, as well as an investment reporting and transactions flow chart, is included in Tab 7.

A mandated investment reporting transaction item count (for 1996-97) is included in Tab 8. A sample, mandated (Chapter 783/95) investment report, adopted by the Los Angeles County Board of Supervisors, is included in Tab 9.

It should be noted that the subject investment policy, adopted by the Los Angeles County Board of Supervisors, requires that the "Treasurer and Tax Collector shall provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report". While Government Code section 53646(b)(1) requires, in pertinent part, that "the treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency", the local agency, according to Government Code section 53646(d), "may elect to require the report .... on a monthly basis instead of quarterly". However, where a legislative body has delegated investment authority to its treasurer, as is the case in Los Angeles County, monthly investment reporting is not an option but is State-mandated. Specifically, Government Code section 53607, included in Tab 10, states:

"The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year." [Emphasis added.]

Therefore, the Los Angeles County Board of Supervisors, in conforming to (the above) State law, requires monthly investing reporting.

Further, in order to perform its fiduciary duties with due diligence, quarterly investment reporting is not adequate for the Los Angeles County whose Treasury Pool varies from $6 billion to $9 billion, and is one of the largest in the State..

The majority of costs incurred under the subject program is incurred in running the County's ADS Treasury Management System. The majority of time spent by County staff is spent on daily transaction and input accounting, required for investment reporting pursuant to the subject law. Data is processed, reports are printed, securities are market priced, maturities are calculated, transactions are reconciled to custody reports, and discrepancies are researched and corrected. These costs will be incurred regardless of whether reporting is on a monthly or quarterly basis.

In addition, the costs of preparing the investment report itself, covering all the State-mandated disclosures of all the investment transactions during a period, will not be appreciably affected by the reporting period. Here, four quarterly investment reports will have about the same number of pages as twelve monthly reports; and, these reports would cost about the same to produce.

Therefore, even if the frequency of the investment reporting periods could be decreased, from a monthly basis to a quarterly basis, reimbursable costs, authorized under the subject program, would not decrease.

EXHIBIT E

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

January 16, 2001

RECEIVED
JAN 18 2001
COMMISSION ON
STATE MANDATES

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

Dear Ms. Higashi:

Review of State Controller's Office [SCO] Comments
County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

We submit and enclose herein our review of SCO comments on the subject incorrect reduction claim.

Leonard Kaye of my staff is available at (213) 974-8564 to answer questions you may have concerning this submission.

Very truly yours,

J. Tyler McCauley
Auditor-Controller

JTM:JN:LK
Enclosures

CC: Shawn D. Silva, SCO Staff Counsel

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

On September 1, 2000, the County of Los Angeles [County] filed an incorrect reduction claim [IRC] with the Commission on State Mandates [Commission] based on the subject *Investment Reporting* program.

On September 6, 2000, the Commission ruled that the County's IRC was timely filed and complete. The Commission then sent the County's [three volume] IRC to the State Controller's Office (SCO) for their "response and supporting documentation".

SCO's Response

SCO's response consists of a four page letter, prepared by Shawn D. Silva, staff counsel, a two page "affidavit of custodian" signed by Ms. Virginia Brummels, SCO's Supervising Auditor, and a copy of County's July 16, 1998 letter to Mr. Jeff Yee [to the attention Mr. Peter Cianchetta] without County's ten attachments.

County's letter [above], and ten attachments, was submitted in response to SCO concerns that County's claimed investment reporting duties were not supported by sufficient documentation and, also, that such duties need not be performed in complying with Government Code section 53646, subdivisions (a), (b) and (e) as added by Chapter 783, Statutes of 1995 and amended by Chapters 156 and 749, Statutes of 1996 [the subject law].

SCO provides its first response to County's 1998 letter [above]. Mr. Silva does not challenge the documentation, sent to SCO in 1998, as being insufficient. Rather, Mr. Silva is concerned that "not much more" is required [under the subject law] than is required elsewhere. [Silva letter, page 3.]

SCO's issue, then, is simply whether other law requires the County to perform duties mandated under the subject law. We believe it does not for the following reasons.

Unique Requirements

The subject law imposes unique mandatory investment reporting duties on the County. While Mr. Silva suggests otherwise, he does not indicate where such duties are repeated in other law.

For example, the subject law, in Government Code Section 53646(b)(3) requires that the "quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available".

The unique Section 53646(b)(3) requirement was introduced by the California Legislature in the wake of the Orange County bankruptcy. The problem the Legislature was correcting was the fact, that Orange County could not meet its pool's expenditure requirements for the next six months, was not disclosed until it was too late.

If the Section 53646(b)(3) disclosure requirement had been mandated in other law, as claimed by SCO, Orange County's nondisclosure would have been unlawful. It wasn't. The Legislature changed that. Now it is, and so is reimbursement for this additional work.

Arbitrary Reductions

SCO's specific reductions of County's claim are not addressed by Mr. Silva and appear to be arbitrary. For example, SCO's 32 hour per person per year limit on labor costs is not found in Commission's Investment Reporting parameters and guidelines [Ps&Gs] or in SCO's claiming instructions. To date, SCO has not provided any basis for imposing this funding limitation or, so to speak, promulgating this 'underground regulation'.

Further, Mr. Silva does not address SCO's arbitrary reduction of essentially all claimed costs. In fact, only $361[1] was reimbursed the County for 1997/98 even though $327,512 was claimed. Even Mr. Silva admits, on page 3 of his letter, that "more" investment reporting, although not much more, is required, than under prior law. However, Mr. Silva does not quantify his conclusion. He does not state that

[1] This payment amount was also erroneously computed by SCO review staff. On form INR-1, line (05)(f) of the 1997-98 claim, included in Tab 4 of County's Incorrect Reduction Claim filed on August 31, 2000, SCO staff added $278 to $78 to incorrectly obtain $278.

$361 is reasonable and proper reimbursement for the County's annual $32 Billion investment reporting duties under the subject law. Clearly, $361 is not.

Data Base Costs are Reimbursable

Mr. Silva states that data base costs are reimbursable but does not recommend reinstating data base cost reductions. According to Mr. Silva, reimbursable costs may be incurred "to pull together the information already under the control of the treasurer, i.e. access the data base and pull out relevant information". [Silva memo, page 2, emphasis added.]

Mr. Silva further indicates that reimbursable data base costs include costs incurred to access, format, analyze, and report information on the County's investments, such as: type of investment and maturity, compliance with the investment policy and detailed cash flow projections to meet future obligations. [Silva memo, page 2.]

However, Mr. Silva does not recommend reinstatement of any of the County's data base and related costs, including $27,772.63 of software costs incurred in 1996/97 and $44,027.09 of such costs incurred in 1997/98. Further, Mr. Silva does not dispute that the amounts of such costs are reasonable and proper. Indeed, such costs are very small considering the size of the County's investment program: $32 Billion.

Therefore, reimbursement for the 'reasonable and proper' data base costs claimed by the County is now required.

Reimbursable Continuing Costs

In addition to data base costs [above], the County claimed other reimbursable continuing costs. For example, in order to report on "compliance of the portfolio to the statement of investment policy, or [to disclose the] manner in which the portfolio is not in compliance" pursuant to Government Code Section 53646(b)(2), such compliance must be monitored throughout the reporting period, not just on the last day.

According to Mr. Joseph H. Spillane, Los Angeles County's Assistant Treasurer and Tax Collector, in his declaration of August 28, 2000, attached as Tab 1 of the County's IRC, Government Code Section 53646 requires reporting of securities held throughout the reporting period. To conclude otherwise, one would have to

believe that the Legislature was only concerned with investment activities four days per year. Each report must contain a statement of compliance and exceptions to the investment policy for transactions held throughout the reporting period.

Since the code permits local agencies to comply with quarterly reporting requirements in a monthly reporting format, the preparation of monthly reports in lieu of quarterly reports is also reimbursable.[2]

In addition, Government Code Section 53646(b)(3) requires a determination that expenditure requirements could be met for six months. Without a comprehensive cash flow analysis, it would be impossible to determine if expenditure requirements could be met for six months.

Therefore, costs incurred in performing mandated duties [as specified above] throughout the reporting period are reimbursable.

Balance Sheet Reporting is Insufficient

Balance sheet reporting, or providing investment information pertaining to a specific point in time or balance sheet date, is insufficient to meet the [above] requirements for including information on investment activity throughout the reporting period.

For each investment transaction occurring throughout the reporting period, investment type, maturity and compliance with the investment policy must be reported. In the County's case, $32 Billion of reportable investment transactions occur each year.

It should also be noted that, at any point in time, the County has $9 Billion, or so, of investments on its balance sheet. So, if the County were only required to report on the $9 Billion of investments, other required information [on the total $32 Billions of investments made throughout the reporting period] would not be provided, even though it is required under the subject law.

[2] Mr. Silva's position is that the County needs to prepare quarterly reports in addition to monthly reports. In this regard he finds, on page 2 of his letter, that "... it seems that a quarterly report would not require much more effort to prepare". However, Mr. Silva provides no discussion of what additional effort would be required and what additional costs would then be reimbursable.

Mr. Silva erroneously finds balance sheet reporting to be a sufficient method of implementing the subject law. Clearly, it is not. Nevertheless, Mr. Silva argues, on page 4 of his letter, that "Governmental Accounting Standards Board (GASB) Statement 31, [issued] in 1997, establishing new accounting and financial reporting standards for all investment pools ... requires governments to report on their balance sheet (or other statement of financial condition) the fair market value of their investments, investment income, and the equity position of each fund in the pool". Mr. Silva then notes that "...compliance is usually necessary for local governmental agencies to access the capital markets"[3] [emphasis added].

However, as previously noted, balance sheet reporting is not a sufficient method of implementing the subject law.

Projecting Cash Flow: A Year-Round Requirement

According to Mr. Joseph H. Spillane, Los Angeles County's Assistant Treasurer and Tax Collector, in his declaration of August 28, 2000, attached as Tab 1 of the County's IRC, Government Code Section 53646(b)(3) requires a determination that expenditure requirements could be met for six months. Without a comprehensive cash flow analysis, it would be impossible to determine if expenditure requirements could be met for six months.

The cash flow projection requirement [above] is unique and year-round, not found in GASB Statement 31, discussed by Mr. Silva, or elsewhere[4].

The cash flow projection requirement was mandated by the Legislature in the wake of the Orange County bankruptcy. The problem the Legislature was addressing was not that counties were misstating their investment balance sheets but that

[3] It should be noted that Mr. Silva does not provide evidence for his assertions that GASB 31's accounting and financial reporting duties are the same as those required under the test claim legislation. In addition, Mr. Silva does not provide any foundation for introducing his 'expert' declaration that "compliance is usually necessary for local government agencies to access the capital markets".

[4] Mr. Silva appears to argue, on page 4 of his letter, that such cash flow projections are necessary for the County to "satisfy [the] prudent investor standard". However, this standard only requires the County to act as a prudent investor and does not include any requirements to perform the cash flow projections, explicitly mandated under the subject law. Indeed, before the subject law, counties were prudent investors without having to perform the subject cash flow projections.

counties were not always preparing year-round cash flow projections to meet the needs of the investment pool members throughout the year.

Now, under the test claim legislation, such cash flow projections must be prepared year-round. For the County, this means 4,000, or so, investment sales and purchases must be planned to use the cash available for investments and the cash required for disbursements throughout the year for 1,400 of so fund entities. Considering that only a portion of six County staff assigned such responsibilities were claimed for performing cash flow and other reporting duties, SCO's complete reduction of all claimed costs is entirely unjustified.

Detailed Reporting is No Longer Optional

Mr. Silva claims that the County, prior to the enactment of the subject law, performed detailed reporting duties at its option. [Silva letter, page 3] However, as previously discussed, detailed reporting is no longer optional. As such, reimbursement is due the County for performing this now mandated duty - even though the County may have been performing such duties voluntarily. In this regard, Government Code Section 17565 requires that:

> "If a local agency or school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate".

Accordingly, the argument of Mr. Silva, that the County chose to perform detailed investment reporting duties prior to the time that they were state mandated cannot be used to defeat the County's claim, requiring reimbursement for explicit duties mandated only under the subject law.

The new mandates, according to Mr. Joseph H. Spillane, Los Angeles County's Assistant Treasurer and Tax Collector, in his declaration of August 28, 2000, attached as Tab 1 of the County's IRC, require detailed investment reporting. Government Code Section 53646 is very specific as to the requirements imposed by the Legislature.

Government Code Section 53646(b)(1) requires that the Treasurer prepare a quarterly report of investments that includes the type of investment, issuer, date of maturity, par and cost amounts of all securities held by the local agency.

Government Code Section 53646(b)(2) requires that the investment report shall state compliance of the portfolio to the statement of investment policy or manner in which the portfolio is not in compliance.

Government Code Section 53646 requires reporting of securities held throughout the reporting period.

Each report must contain a statement of compliance and exceptions to the investment policy for transactions held throughout the reporting period.

Conclusion

In sum, the County's investment reporting claims of $327,512 for 1997/98 and $308,252 for 1996/97 included only those costs unavoidably incurred to comply with the specific and unique mandatory requirements imposed under the subject law. Such costs are also reasonable and proper considering the level of effort to report on the County's $32 Billion investment program.

Therefore, reinstatement of all claimed County costs is required.

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

Celebrating Los Angeles County 150TH 1850-2000

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting, Chapter 783, Statutes of 1995

Declaration of Leonard Kaye

Leonard Kaye makes the following declaration and statement under oath:

I, Leonard Kaye, SB90 Coordinator, in and for the County of Los Angeles, am responsible for filing test claims , reviews of State agency comments, Commission staff analyses, and for proposing parameters and guidelines (Ps&Gs) and amendments thereto, and for filing incorrect reduction claims, all for the complete and timely recovery of costs mandated by the State. Specifically, I have prepared the attached review of State Controller's Office comments on the subject Incorrect Reduction Claim, seeking reinstatement of the $327,187 reduction of the County's 1997/98 reimbursement claim and of the $301,750 reduction of the County's 1996/97 reimbursement claim.

Specifically, I declare that I have examined the County's State mandated duties and resulting costs, in implementing the subject law, and find that such costs as set forth in the attached document, are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " ' Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters which are therein stated as information or belief, and as to those matters I believe them to be true.

1/16/01; Los Angeles, CA — Leonard Kaye

Date and Place — Signature

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

DECLARATION OF SERVICE

STATE OF CALIFORNIA, County of Los Angeles:

Hasmik Yaghobyan states: I am and at all times herein mentioned have been a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen years and not a party to nor interested in the within action; that my business address is 603 Kenneth Hahn Hall of Administration, City of Los Angeles, County of Los Angeles, State of California;

That on the 16th day of January, 2001, I served the attached:

Documents: Review of State Controller's Office [SCO] Comments, County of Los Angeles Incorrect Reduction Claims, 1997/98: $327,512 Claimed - $327,187 Reduction, 1996/97: $308,252 Claimed - $301,750 Reduction, Investment Reporting, Chapter 783, Statutes of 1995, *including a 1 page letter dated 1/16/01, a 7 page narrative, and a 1 page declaration of Leonard Kaye, all pursuant to Review of State Controller's Office [SCO] Comments , County of Los Angeles Incorrect Reduction Claims* 1997/98: $327,512 Claimed - $327,187 Reduction, 1996/97: $308,252 Claimed - $301,750 Reduction, Investment Reporting, Chapter 783, Statutes of 1995, *CSM 00-9635802-I-01, now* pending before the Commission on State Mandates.

upon all Interested Parties listed on the attachment hereto and by

[X] by transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date: Commission on State Mandates and State Controller's Office- FAX as well as mail of originals.

[ ] by placing [ ] true copies [ ] original thereof enclosed in a sealed envelope addressed as stated on the attached mailing list.

[X] by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as set forth below.

[ ] by personally delivering the document(s) listed above to the person(s) as set forth below at the indicated address.

PLEASE SEE ATTACHED MAILING LIST

That I am readily familiar with the business practice of the Los Angeles County for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence would be deposited within the United States Postal Service that same day in the ordinary course of business. Said service was made at a place where there is delivery service by the United States mail and that there is a regular communication by mail between the place of mailing and the place so addressed.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 16th day of January, 2001, at Los Angeles, California.

Hasmik Yaghobyan

Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Mr. Shawn D. Silva
Staff Counsel
State Controller's Office
300 Capitol Mall, Suite 1850
Sacramento, CA 95814

EXHIBIT F

KATHLEEN CONNELL
Controller of the State of California

January 17, 2001

RECEIVED
JAN 18 2001
COMMISSION ON STATE MANDATES

Ms. Shirley Opie
Assistant Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
U.S. Bank Plaza Building
Sacramento, CA 95814

Re: **Incorrect Reduction Claim of the County of Los Angeles**
CSM 00-9635802-I-01
Government Code section 53646
Statutes of 1995, Chapter 783
Investment Reports

Dear Ms. Opie:

This letter is a supplement to our original response to the Incorrect Reduction Claim noted above, dated December 5, 2000. Due to scheduling difficulties, we were unable to retain an expert in the field of business management in time to include his opinion in the original response. However, since his analysis is germane, and he possesses a unique perspective, we felt that it was important to include his opinions in the administrative record for this IRC.

After review of a substantial amount of material submitted by Los Angeles County Professor Tootelian came to a conclusion concerning what would be appropriate business practices in respect to the County's investments. Professor Tootelian concluded that transactions should be entered not less than once a week, and preferably two to three times per week. He was also of the opinion that the investment position of the County should be reviewed no less than once a month, preferably once a week, a frequency far greater than that imposed by Section 53646 (See Enclosure 1, original included in response to proposed amendment to Ps&Gs). As a public officer the treasurer is a trustee of the public weal, and therefore must conduct his office in accordance with prudent business practices. This is a duty and obligation that is separate and distinct from the

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SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636
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statute in question. This provides yet another independent requirement for frequent if not daily tracking of investments.

In addition, the request to amend the Parameters and Guidelines recently came to our attention. It contains two declarations which appear to be relevant to this IRC. Although they involve different local governmental agencies, since this IRC is really a question of law, as opposed to fact, they help shed light on the issues we are addressing. The declarations are included as Enclosure 2 (declaration of Dick Kurth) and Enclosure 3 (declaration of Vee-Jay Brann). Dick Kurth is Deputy Director of Administrative Services for the City of Newport Beach and Mr. Brann is the Treasurer of Kings County. The operations of their offices bear similarity to those of Los Angeles County, and it is clear from both declarations that investment concerns, and not reporting concerns, create the need for frequent data input and analysis. It seems unimaginable that an entity whose budget involves millions (or billions) of dollars, and frequent investment transactions, could effectively operate without frequent data entry. Since the necessity for daily tracking comes from business concerns, and not Section 53646, daily tracking is not a reimbursable activity.

Sincerely,

Shawn D. Silva

SHAWN D. SILVA
Staff Counsel

Cc: Leonard Kaye
Ginny Brummels, DAR

Enclosure 1

OFFICE OF THE STATE CONTROLLER
300 Capitol Mall, Suite 1850
Sacramento, CA 94250
Telephone No.: (916) 445-6854

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM ON: *Investment Reports* Government Code section 53646 Statutes of 1995, Chapter 783 COUNTY OF LOS ANGELES, Claimant	No.: CSM 00-9635802-I-01 DECLARATION OF DENNIS TOOTELIAN

I, Dennis Tootelian make the following declarations:

1) I am a resident of Sacramento County and am currently employed by C.S.U. Sacramento as a professor of marketing.

2) Attachment 1 is a true and correct representation of my professional opinion as expressed therein.

3) Attachment 2 is a true and correct copy of my Curriculum Vitae.

4) Attachment 3 is a true and correct copy of a list of my past and/or present clients.

I do declare that the above statements are made under penalty of perjury and are true and correct to the best of my knowledge,

and that such knowledge is based on personal observation, information, or belief.

Date: January 3, 2001

DECLARANT

By: Dennis Tootelian

Dennis Tootelian
Professor of Marketing
C.S.U. Sacramento

Attachment 1

DENNIS H. TOOTELIAN, Ph.D.
College of Business Administration
California State University, Sacramento
(916) 278-6203

December 28, 2000

MEMORANDUM

TO: Shawn Silva
California State Controller's Office

FROM: Dennis H. Tootelian, Ph.D.
Professor of Marketing
Director, Center for Small Business

SUBJECT: Data Entry And Monitoring Practices For Business Operations

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I have now had an opportunity to review the materials you sent me, and to formulate opinions as to what would constitute appropriate management practices with respect to entering data and monitoring the "investment operations" undertaken by counties in California. Presented below are descriptions of the Scope Of The Analysis, Materials Reviewed, Key Operations Issues, Situation Assessment, and Conclusions As To Appropriate Data Entry And Monitoring Practices.

Scope Of The Analysis

It is understood that counties (hereafter "organizations) in California engage in a business activity of providing services to the public, which includes managing their own funds and making investments for themselves and constituent agencies. These organizations undertake the purchase and sale of a range of investments including, but not limited to, securities issued by Federal agencies (e.g., Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credit Banks), corporate notes, bankers' acceptances, certificates of deposit, commercial paper, and repurchase agreements.

The scope of this analysis was to address the issues of what would constitute good business practices with respect to the frequency for entering and monitoring data

pertaining to an investment business. Since transactions occur on a daily basis, of particular concern is how frequently should the organization enter information regarding the transaction into its database so that individual and collective tracking can take place by the organization's management.

It is important to note that the scope of this analysis did not include any possible legal requirements that might exist for such data entry and monitoring. Furthermore, it did not include any consideration of the current effectiveness of the investment operations undertaken by particular organizations.

Materials Reviewed

Various documents were supplied by the California State Controller's Office as background information. The materials provided insights into the general range and magnitude of investments undertaken by the organizations, as well as the overall issues associated with investment reporting activities.

Two sets of documents were supplied. Title pages for the sets were "County of Los Angeles Incorrect Reduction Claims 1997/8: $327,512 Claimed - $327,187 Reduction 1996/97: $308,252 Claimed - $301,750 Reduction Investment Reporting, Chapter 783, Statues of 1995 VOLUME TWO" (tabs 1 through 6), and "County of Los Angeles Incorrect Reduction Claims 1997/8: $327,512 Claimed - $327,187 Reduction 1996/97: $308,252 Claimed - $301,750 Reduction Investment Reporting, Chapter 783, Statues of 1995 VOLUME THREE" (tabs 1 through 10).

Key Operations Issues

Nearly every business, when reduced to its essential elements is one of input-processing-output. In this instance, the organization's "business" is one of making investments (input), scheduling and monitoring the investments to ensure that appropriate cash flows and risk-return ratios are being maintained (processing), and selling investments either before or upon their maturing (output).

Within any type of business, too, there are key operational issues that affect its success. In this case, some of the issues include ensuring the security of the investments, maximizing returns on investments for acceptable levels of risk, and timing investments with market opportunities to achieve maximum returns and asset security.

In order to address the operating issues, the organization's management must be aware of the market opportunities that exist for making and selling investments, and the resources available to make such transactions. This means having up-to-date information on what investments are currently within the organization's portfolio, when each investment will mature, how secure each investment is, and how good of return is being generated on the

investment given alternate market opportunities that might exist with commensurate levels of risk.

Because of this, entering data pertaining to investment transactions is a critical internal element of overall business operations. Until the data is processed, it may not be in a useable form for management review and decision-making.

Situation Assessment

Although the material used for this analysis provides information for only an instant in time, several factors seem reasonably clear. First, the business operation is sizable in that it involves investing billions of dollars (e.g., as of October 31, 1999, the investment balance was $8.95 billion). Therefore, control over transaction activities is important given the large sums of money being invested.

Second, the portfolio appears to contain a range of investments with varying degrees of risk and returns. The material reviewed showed that investments are made in such products as Federal securities, certificates of deposit, commercial paper, and unsecured corporate notes. Because some are more subject to risk than are others, monitoring the investments on a frequent basis would be important to ensuring appropriate risk-return ratios are maintained and opportunities to improve the organization's financial position are evaluated.

Third, there appears to be continual investment activity. Based on the data reviewed, approximately 10.98% of the investment portfolio matures within one to thirty days. Given the $8.95 billion portfolio, this translates to $982.8 million maturing within thirty days, or $32.8 million per day assuming an equal distribution over the time period. Because much of the portfolio matures within a very short time period, data input needs to be undertaken quickly in order to maintain a clear picture of total operations so investments can be appropriately balanced to maximize return and minimize risk.

Fourth, based on estimates of a two-month period (i.e., September and October, 1999), it appears there are about 337.5 transactions made per month. Assuming 21.7 working days per month, this equates to an average of 15.55 transactions per workday. While "batch processing" (i.e., accumulating transactions into sufficiently large quantities so they can be processed with an efficient use of personnel hours) of transaction data might, in some instances, be desirable, volume efficiency should be reached in a relatively small number of days.

Conclusions As To Appropriate Data Entry And Monitoring Practices

The conclusions expressed below are based on a review of the information provided coupled with what is believed to be sound practices for managing an organization's

business operations. As previously indicated, the perspective taken for this analysis is that the business is one of making investments to yield returns that are commensurate with acceptable levels of risk.

Accordingly, it seems appropriate to conclude that transaction data should be entered at least two to three times per week, and preferably daily. Furthermore, monitoring of investment operations should be undertaken at least monthly, and preferably on a weekly basis.

With respect to entering data, there are at least four reasons for the conclusion that entry should occur daily or at least two to three times per week. First, the dollar magnitude of the investments is substantial and contains varying degrees of risk. To effectively manage a somewhat diverse portfolio, data needs to be readily available to ensure that proper allocations are made to secured versus unsecured products, fixed income versus variable income products, and short-term verses long-term products. Unless transaction data is entered in an expeditious manner, it will be more difficult to gain a clear perspective of the investment portfolio, including the risks that are being sustained, and how well the investments are performing vis-à-vis other market opportunities. Even though it is assumed that policies and procedures govern investment decisions, it is still prudent to have the fullest set of information possible available on a "real-time" basis.

Second, the volume of investments that mature each day should create opportunities to achieve economies of batch processing in a relative short period of time, if such a process is deemed desirable and cost effective. While it would be best to enter each transaction the day the activity occurs, workload balance may achieve economies with batch processing two to three times per week.

Third, from a strictly control perspective, it is best to have transaction data entered into a management database as soon as possible. This helps ensure that appropriate security is maintained over the full portfolio.

Fourth, the organization must maintain an operating fund balance that allows it to meet its financial obligations (i.e., pay its bills), but not keep an excessively large balance which would not optimize its returns. In order to keep an appropriate balance for making payments, the organization needs to know what investments are coming due and what is being placed in new investments.

With respect to monitoring the investment operations, there are at least two reasons for the conclusion that monitoring should occur on a weekly or at least monthly basis. First, the magnitude of the dollars involved in this operation make it important that close controls be maintained. What might appear to be minor market fluctuations in investment rates can yield substantial dollar returns. Evaluating the portfolio vis-à-vis

market opportunities is a basic component of good business practices since investments constitute the organization's business operations.

Second, with a portfolio that contains a mix of degrees of risk and return, maintaining an appropriate balance in the asset allocation requires close monitoring as market conditions and risk levels for unsecured products shift. Even relatively conservative investments are subject to some variations in the risk-return ratios, and these need to be evaluated at least monthly, especially given that sizable portions of the portfolio mature every thirty days.

Attachment 2

market opportunities is a basic component of good business practices since investments constitute the organization's business operations.

Second, with a portfolio that contains a mix of degrees of risk and return, maintaining an appropriate balance in the asset allocation requires close monitoring as market conditions and risk levels for unsecured products shift. Even relatively conservative investments are subject to some variations in the risk-return ratios, and these need to be evaluated at least monthly, especially given that sizable portions of the portfolio mature every thirty days.

Attachment 2

RESUME

Dennis H. Tootelian
6000 J Street
Sacramento, CA 95819-6088
Area Code (916), Telephone 971-4096

EDUCATION

Ph.D. Arizona State University, January 1973
Major Field: Marketing
Minor Fields: Management and Managerial Accounting
Cumulative Grade Point: 3.95

M.B.A. California State University, Sacramento, 1969
Major: Marketing
Cumulative Grade Point: 3.75

B.S. California State University, Sacramento, 1968
Major: Marketing
Minor: Economics
Cumulative Grade Point: 3.92

MEMBERSHIPS

Member, Advisory Board to the California Senate Select Committee on Small Business Enterprises, 1986.

Chairman of the Advisory Board to the California Senate Select Committee on Small Business Enterprises, 1979.

Member of the Executive Committee, California Chamber of Commerce Committee on Small Business, 1977-1979.

Member, Mayor's Small Business Advisory Committee, Sacramento, California, 1990-1993.

Member, Mayor's Women and Minority Business Enterprise Task Force, Sacramento California, 1989-1993.

Chairman, Board of Directors, Methodist Hospital of Sacramento, 1994-1997.

Member, Board of Directors, Mercy Healthcare Sacramento, 1994-Present.

Board of Trustees, Valley Health Care Corporation, Sacramento, California, 1986-1993.

Board of Directors, Krelitz Industries, Inc., Minneapolis, Minnesota, 1988-1993.

MEMBEERSHIPS (CONTINUED)

Board of Directors, Physician's Clinical Lab, Incorporated, Sacramento, California, 1994-1996.

Member, Advisory Board, Greater Sacramento Small Business Development Center.

President, American Marketing Association (Sacramento Valley Chapter), 1978-1979.

Member, Editorial Advisory Committee, *Journal of Hospital Marketing*.

Member, Editorial Advisory Committee, *Journal of Professional Services Marketing*.

Member, Editorial Review Board, *Journal of Small Business Management*, 1990-1993.

Member, Editorial Review Board, *Journal of Customer Services in Marketing and Management*.

Member, Editorial Advisory Board, *Health Marketing Quarterly*.

Member Governance Forum, California Healthcare Association, 1998-2000.

HONORS

Phi Kappa Phi (National Honor Society), initiated 1968.

Beta Gamma Sigma (National Business Honor Society), initiated 1968.

Delta Sigma Pi "Scholarship Key" (graduated top of the 1968 class in Business Administration), 1968.

Associated Students of California State University, Sacramento Outstanding Student Award, in 1969.

Sigma Iota Epsilon (Scholastic Honor Society in Management), initiated 1971.

Delta Sigma Pi, initiated Spring 1973.

Outstanding Alumnus, School of Business and Public Administration, California State University, Sacramento, 1984.

Distinguished Faculty Award, California State University, Sacramento, 1993.

Order of the Hornet, California State University, Sacramento, 1993.

OCCUPATIONAL EXPERIENCE

September 1978 to Present--Professor of Marketing, California State University, Sacramento

Primary Teaching Areas

Marketing Management
Research Methodology
Marketing Principles
Business Policy
Small Business Management

September 1992 to 1996--Director, Center for Management Services, Sacramento State University, Sacramento

June 1975 to Present--Director, Center for Small Business, California State University, Sacramento

September 1975 to August 1978--Associate Professor of Marketing, California State University, Sacramento

February 1973 to August 1975--Assistant Professor of Marketing, California State University, Sacramento

September 1970 to January 1973--Teaching Assistant, Principles of Marketing, Arizona State University

September 1969 to June 1970--Research Assistant to the Director of Graduate Studies in Business, University of Iowa

June 1969 to September 1969--Researcher, Research and Statistics Division, California Department of Corrections

September 1968 to June 1969--Research Assistant, California State University, Sacramento

TEXTBOOKS

Cases and Classics in Marketing Management. Coauthor: Ralph M. Gaedeke, Harcourt Brace and Jovanovich. Publication date: February 1986.

Essentials of Pharmacy Management. Coauthor: Ralph M. Gaedeke, Mosby-Yearbook Inc. Publication date: January 1993.

Marketing Management, Readings and Cases. Coauthors: Ralph R. Gaedeke, Leete A. Thompson. Scott, Foresman, & Company. Publication date: January 1980.

TEXTBOOKS (CONTINUED)

Marketing Principles and Applications. Coauthor: Ralph M. Gaedeke. West Publishing Company. Publication date: February 1983.

Small Business Management. Coauthor: Ralph M. Gaedeke. Scott, Foresman, & Company. Publication dates: January 1980 (1st edition), January 1985 (2nd edition), January 1991 (3rd edition, Allyn & Bacon).

Small Business Management--Operations and Profiles. Coauthors: Ralph M. Gaedeke, Bank of America. Scott, Foresman & Company. Publication dates: February 1978 (1st edition); January 1985 (2nd edition).

MONOGRAPHS

Pharmacy Management in a Hospital Setting, Mosby-Yearbook, Inc., 1995. A series of three monographs:

- *Planning For a Changing Role in Healthcare Delivery*, Mosby-Yearbook, Inc., 1995 (44 pages).
- *The Future Role of Pharmacy*, Mosby-Yearbook, Inc., 1995 (39 pages).
- *The Pharmacy Management Process in Hospital Settings*, Mosby-Yearbook, Inc. 1995 (50 pages).

PUBLICATIONS

A Basic Guide to Pharmacy Leases, California Pharmacists Association, 1982.

"*A Pharmacy Lease: It Can Make All the Difference*," *California Pharmacist*, July 1988, Vol. XXXV, No. 13, pp. 22-24, 26-27.

"*A Comparison of Business Experience and Ethical Theory Orientation in the Evaluation of Marketing Practices and Code of Ethics*," *Journal of Professional Services Marketing*, 1995, Vol. 11, No. 2, pp. 127-138. Coauthors: Ralph M. Gaedeke and Craig A. Kelley.

"*Alternative Medicine Among College Students*," *Journal of Hospital Marketing*, Vol. 13 No. 1, 1998, Coauthors: Ralph M. Gaedeke and Cynthia Holst.

"*American Park Golf Center*," a case presented at the Intercollegiate Case Clearing House (ICCH) workshop, December 1976. Part of the ICCH offering.

PUBLICATIONS (CONTINUED)

"*An Annual Survey Can Help Retain Your Current Customers*," The Business Journal, November 12, 1990, p. 16. Coauthor: Ralph M. Gaedeke.

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"*An Examination of the Buying Considerations and Purchase Feelings of Low and Middle Income Apartment Dwellers and College Seniors Toward Single Family Dwelling Units*," California Department of Real Estate, 1975.

"*An Examination of the Potential Impact of the 'Cooling-Off' Law of Direct-To-Home Selling*," The Journal of Retailing, Vol. 51, No. 1, Spring 1975, pp. 61-70, 114.

"*Are University Students a Viable Market for Private Health Care Services?*" Marketing News, July 23, 1990, p. 26. Coauthor: Ralph M. Gaedeke.

"*Attitudinal and Cognitive Readiness: Key Dimension for Consumer Legislation*," Journal of Marketing, Vol. 39, No. 3, July 1975, pp.61-64.

"*Authors of Articles in Major Business Journals: Some Findings on Their Characteristics*," AIDS Proceedings and Abstracts, 1978, pp. 367-369. Coauthor: Burton F. Schaffer.

"*Banking on College Students*," Research Alert, October 21, 1988, p. 6. Coauthored with Ralph Gaedeke.

"*Basic Guide to Effective Cash Management*," California Pharmacist, April 1982, Vol. XXXII, No. 1, pp. 27-28, 31-33, 36.

"*Basic Guides to Increasing Pharmacy Profits*," California Pharmacist, July 1984, pp. 10-15.

"*Branded Versus Generic Prescription Drugs: Perceptions of Risk, Efficacy, Safety, and Value*," Journal of Health Care Marketing, September, 1988, Vol. 8, No. 3, pp. 26-29. Coauthored with Ralph Gaedeke and John Schlacter.

"*Budgeting: Maybe Not for Fun, But for Profits*," California Pharmacist, September 1982, pp. 16, 18-21, 23-24.

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"*Business Students' Perceptions of Ethics in Marketing*," *Journal of Education for Business*," July/August 1992. Coauthors: Ralph M. Gaedeke and Craig A. Kelley.

"*Building Profitability in Turbulent Times: Increasing Pharmacy Sales and Profits*," a monograph published by *National Association of Retail Druggists*, 1988, 15 pages.

"*Careers in Marketing*," *Marketing News*, August 1983. Coauthors: Ralph M. Gaedeke and Burton F. Schaffer.

"*Consumerism in the United States*," *Werbung Publicite*, September 1971, p. 64.

"*Cost Containment: A Key to Survival in All Pharmacy Settings*," *California Pharmacist*, August 1985, Vol. XXXIII, No. 2, pp. 22-24, 28-29, 32-34, 36-37.

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"*Developing a Business Plan for Your Pharmacy*," *California Pharmacist*, June 1980, pp. 38-43.

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"*Economic and Social Impact of the Arizona Home Solicitations Act*," *Arizona Business*, Vol. XXI, No. 4, April 1974, pp. 17-22. Coauthor: Robert F. Gwinner.

"*Effective Business Planning For Owning A Pharmacy*," *California Pharmacist*, July 1986, Vol. XXXIV, No. 1, pp. 30-32, 34-37.

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"*Era of Increased Competition Spurs Need for 'Niche' Marketing in 90s,*" *Hospital Economics*, July 1990, pp. 9, 11. Reprinted from a speech.

"*Evaluating Your Pharmacy's Financial Position,*" *California Pharmacist*, September 1979, pp. 6, 8, 10, 12, 14, 16, 18.

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"*Financial Institutions Aren't Targeting College Market for Banking Services,*" *Marketing News*, June 20, 1988, p. 7. Coauthored with Ralph Gaedeke.

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"*Fortune 500 List Revisited Twelve Years Later: Still An Endangered Species For Academic Research?*" *Journal of Business Research*, Vol. 5, No. 4, August 1987, pp. 359-364. Co-author: Ralph M. Gaedeke.

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"*Marketing in Not-For-Profit Organizations,*" Western AIDS, Spring 1980. Coauthor: Ralph M. Gaedeke.

"*Marketing in the Public Sector: An Examination of the Profitability of Health Care Providers,*" Journal of Health Care Marketing, Fall 1984, Vol. 4, No. 4, pp. 17-21. Coauthors: Ralph M. Gaedeke and Carl Gordon.

"*Marketing Intelligence,*" Werbung Publicite, March 1972, pp. 10-11.

"*Marketing Professional Services: Representation on the Client, The Public, or the Profession?*" Journal of Professional Services Marketing, Winter 1990, pp. 17-27. Coauthored with Ralph Gaedeke.

"*Marketing's Role In A Changing Pharmacy Environment,*" California Pharmacist, November 1986, Vol. XXXIV, No. 5, pp. 30-32, 35-37.

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"*Perceptions of Young Adults as to the Future of Health Care In the 21st Century,*" *Health Marketing Quarterly*, Vol. 17, No. 2, 1999, Coauthor: Ralph M. Gaedeke.

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"*Practitioners' Perceptions of Ethical Standards in Marketing,*" *Journal of Professional Services Marketing*, 1993, Vol. 8, No. 2, pp. 11-26. Coauthors: Ralph M. Gaedeke and Craig A. Kelley.

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Attachment 3

DENNIS H. TOOTELIAN, Ph.D.
(916) 971-4096

Partial List Of Past and Present Clients

Aerojet (GenCorp)
Agricultural Issues Forum
American Cyanamid Corporation
American Pharmaceutical Association
American Society Of Association Executives
A. Teichert & Son
Brookside Hospital
California Board of Equalization
California Board of Prison Terms
California Conservation Corps
California Department of Developmental Services
California Department of Food and Agriculture
California Department of General Services
California Department of Insurance
California Department of Parks & Recreation
California Department of Pesticide Regulation
California Department of Social Services
California Department of Transportation (CALTRANS)
California Department of Veterans Affairs
California Employment Development Department (EDD)
California Franchise Tax Board
California Landscape Contractors Association
California Lodging Industry Association
California Office of Traffic Safety
California Olive Committee
California Peace Officers Association
California Pharmacists Association
California Prison Industry Authority
California Public Employees Retirement System (CalPERS)
California Society Of Association Executives
California Society of Enrolled Agents
California Table Grape Commission
California Tree Fruit Agreement
Council for Private Postsecondary and Vocational Education
Carson Valley Inn (Hotel & Casino)
Environmental Protection Agency (Pesticide Regulation)
Eskaton Health Services

First Union Bank Corporation
Fleishman-Hillard, Inc.
G.D. Searle & Company
Genesis Broadcasting Corporation (FM 102)
Harveys Resort Hotel/Casino
Hoechst-Roussel Pharmaceuticals
Janssen Pharmaceutic (Subsidiary of Johnson & Johnson)
John Asquaga's Nugget Hotel and Casino
Larkspur Landing Hotels
O.P.T.I.O.N. Care, Inc.
McKesson Corporation
McNeil Pharmaceutical (Subsidiary of Johnson & Johnson)
Merck & Company
Merrell Dow (Subsidiary of Dow Chemical)
Miles Laboratories, Inc.
National Apartment Association
National Association of Retail Druggists
Nestle USA, Inc.
Norwest Banks
PCS Health Systems, Inc.
Peace Officers Research Association of California
Pharmaceutical Care Network, Inc.
Raleys Senior Gold Rush Classic
Riker Laboratories (Subsidiary of 3M Corporation)
Sacramento Association of Realtors
Sacramento Blood Bank
Sacramento Cable
Sacramento County Assessors Office
Sacramento Municipal Utilities District (SMUD)
Sierra Nevada Memorial Hospital
Sparks Family Hospital
State Teachers Retirement System (STRS)
Syntex Laboratories
The Gold Rush Classic (Senior Tour golf event)
The Money Store Investment Corporation
Vision Services Plan
Wal-Mart
Western Association of Convention and Visitors Bureaus

Enclosure 2

DECLARATION OF DICK KURTH

I am presently the Deputy Director of Administrative Services for the City of Newport Beach. Prior to my present position, I was the Deputy Director of Finance. I attained my present position when additional functions were added to the Finance Department. The Finance Department is responsible for treasurer functions, as we do not have an elected treasurer. In my positions, I have been the staff member with primary hands-on responsibility for the investments of the City of Newport Beach in excess of 10 years. One of the primary focuses of my position is investments.

I am familiar with the requirement for Investment Reports, and it is one of my duties to make sure that the quarterly Investment Report is prepared and submitted to the City Council. Investment reporting is a dynamic area, and it has become more so during the past few years. Concerns keep being raised as to formats, as well as the quantitative material itself.

By way of summary, the situation is simply that the report required by the State is not a project that can be accomplished, as a practical matter, by working on it once a quarter.

In order to maximize revenue for the City of Newport Beach, investments are made on a daily basis. This is done by having part of the portfolio managed by investment advisors and part of it managed directly by City staff.

The City of Newport Beach has a large portion of its portfolio positioned approximately equally with four investment advisors. Those funds are placed with them that we believe we will not need for at least several months. This is intended to be the more stable part of the City's portfolio, and transactions adding or removing funds from each investment manager account are generally limited to three or four per year. Each of the advisors has a copy of the City's investment policy. They invest funds, communicate with us concerning those funds, and provide monthly reports. Two investment advisors make presentations directly to the City Council each quarter, so that each company will have reported twice each year. Also, advice is given concerning the types of investments that are needed.

Our office invests the funds that will be needed in a shorter time frame. The City of Newport Beach uses the Local Agency Investment Fund (LAIF) with the State of California, as well as other short-term investment vehicles for this purpose.

Newport Beach experiences a generally predictable annual cash flow and investment cycle. Given the timing of major revenue sources (primarily property taxes), and, to a certain extent, expenditures, the City can expect a net inflow of funds in the winter and spring. In the summer and fall, there is a net outflow of funds. As a result, the portfolio commonly varies by $8 million to $25 million each year, with the current maximum at about $65million.

When our cash flow needs are increasing and our LAIF and short term accounts are running low, we withdraw funds from the investment advisor accounts (usually in even million dollar increments). Funds are then moved back into those accounts when the cash intake is exceeding immediate expenditures and our short-term accounts are growing inappropriately large. We communicate with our investment advisors frequently regarding predicted movements of funds; that way the maturities of investment instruments can be matched with our projected needs.

We keep track of our cash flow position daily. We examine what checks are outstanding and try to determine how much will clear the checking account each day. In order to remain fully invested, any temporarily idle funds are removed from the account and placed in one of our interest bearing accounts. Payroll and general accounts payable check runs are made on alternate Fridays. There are also special payments, varying from a few dollars to over a million dollars, issued almost every day. We monitor all payments when they are made so as to maintain a running balance of checks outstanding. The ledger balance in the City's checking account is perpetually negative, to take advantage of interest on the "float", and maximize interest income. If we err in our determination of what will clear, we have a "no bounce" feature on our account, but we must pay interest to the bank. Accordingly, we attempt to be very accurate so as to increase our earnings, and not pay interest.

We maintain a daily treasurer's summary and a transactions log, which tells us what investments or transactions have occurred. These are reconciled every month with the City's general ledger, statements from investment advisors, statements from custodians, and primary checking account statements. Additionally, for every department or every account that the city has, we receive copies of those statements each month. Every time money is moved in or out of an investment account, it is reported on a daily basis.

On a monthly basis, we submit to the City Council a report on our investments. Quarterly, we present the required quarterly investment report, as well as a presentation by two of our investment advisors who submit additional detailed information.

Preparation of the quarterly Investment Reports would be an extremely unwieldy and difficult process if the daily and monthly work were not maintained in between time. Catching up, if the daily and monthly preparation work was not accomplished ahead of time, would take much more time and effort.

Another factor is that various investments have ratings, and if the ratings change, the portfolio may be out of compliance with policy. The City's investment policy is conservative, and if the investment portfolio falls out of compliance, the policy specifies what must be done. For example, if a bond rating falls from A to B+, it might no longer be in compliance. However, we are not required to immediately hold a fire sale and dispose of the security. We are required to address the issue and determine the likelihood of the change in rating being temporary or permanent. Since bond issue ratings can change on a daily basis, this is something that needs to be closely watched. Although

bond ratings affecting Newport Beach's portfolio compliance do not occur frequently, it has occurred and this is an issue which must be watched.

Additionally, we are required to report market value and market returns. This is a relatively new requirement. Both market value information and book value information--as well as total return information--are worthwhile, but they can be confusing. Market value information can be especially misleading if it is not adequately explained, since market values and especially market based returns can fluctuate significantly. It is important information for comparison purposes, and in order to have a feel for what would happen if investments needed to be liquidated on short notice. But, the cornerstone of our investment policy is to match investment maturities with the projected time the funds will be needed. If we will need the funds in six months, we do not invest them in a security that matures in four years, even though the rate of return is usually higher. Therefore, absent an unforeseen emergency, we maintain the ability to hold a given security to maturity, if we choose to do so, no matter what the market is doing. Therefore in our case, the best predictor of how much we are going to earn and the value of the portfolio is yield to maturity at cost.

As a result, the quarterly Investment Report required by the State is a more complex undertaking than might appear at first blush. Due to the necessity of ascertaining whether the portfolio is in compliance with the investment reports and the need for cash flow projections, the quarterly Investment Report is not a point in time report; rather, it is a dynamic documents, the requirements of which are assembled on a daily basis.

I declare under penalty of perjury that the foregoing is true and correct, and that this declaration is executed this 4th day of October, 2000 at Newport Beach, California.

Dick Kurth, Deputy Director
Administrative Services

Enclosure 3

DECLARATION OF VEE-JAY BRANN

I, Vee-Jay Brann state that I am the Treasurer of the County of Kings. I have personal knowledge of the facts stated herein, and if called upon to testify, I could do so competently.

As the Treasurer for the County of Kings, I am responsible for the investments of the County of Kings, and oversee the preparation of the Investment Report.

In order to prepare the Investment Report, it is necessary to have subsidiary ledgers. From my knowledge, subsidiary ledgers mean different things to different local governments. In some local governments, it means a link to the software accounting system; in other locales, there is a separate investment portfolio system. However, no matter what type of system is used, the investment portfolio must always be balanced back to the accounting system. In Kings County, we use a daily balance sheet, which lists the entire position of our treasury, for our cash position, deposits and withdrawals and investments, which all equals the funds we have under management.

Generally, public entities keep their deposits fully invested. When other entities deposit money with us, it is not only for their convenience, because we do the banking and accounting, but we earn interest on the funds as well. The greater percentage of funds invested, the higher returns will be. Investment earnings can constitute a significant portion of a local government's budget.

Property taxes are received in April and December of each year. These funds, together with receipts from the State, must be managed in such a way that they will provide necessary funding for the budget throughout the year. The State of California will tell us with a 3 month advance notice, of when we can expect to receive certain funds, but not the amount we will be receiving. Thus, it is important to do cash flow forecasting and be fully invested to maximize returns.

When deposits are received, if the cash is not immediately needed, it is invested. One of the known receipts, which can be used for budgeting, is interest, because with each investment, we know when there will be a return and the amount of it. In order to maximize returns, Kings County has, on average, 99.7% of its available funds invested.

This mandate requires that there be liquidity projections on a 6 month basis. To do liquidity projections, you must match disbursements with receipts. You can only use known receipts and disbursements. Because the total amount of the State's payments are unknown, it can only be done on an historical basis. For example, the State will notify us as to when we will be receiving funds for three months, such as July, August and September. As we do not know the dollar amounts, we are advised to the dates of receipts. We use this information in the cash forecasting and for investment decisions – if the state has certain funds we know are coming in on a specific date and it will cover our necessary disbursements, we will not have an investment instrument maturing at the same time.

It should be noted that not only does the County have funds on deposit, but we have school districts as well, and with our treasury, there are 14 such school districts. They can disburse funds to vendors at any time during the year. Additionally, special districts are depositors. In Kings County, there are large special districts that can, for example, make a $1,000,000 withdrawal to purchase water. The unknown expenditures is another reason why you need to maintain liquidity. On average $1.5 million is paid through the Kings County treasury daily as disbursements. We will have millions of dollars daily outstanding in checks. For these other entities, we function very much like a bank. If they have funds on deposit, they are able to withdraw them. Because we place longer term investments, we have to maintain liquidity to maintain the draws of the various depositors with the treasury.

Another reason that withdrawals can be made, is if there are large constructions projects ongoing for which contractors need to be paid. In such an event, there could be $500,000 payments to contractors for services provided.

Thus, in forecasting cash requirements and to maintain liquidity, we have known disbursements and regularly anticipate them. However, we have to examine what checks are outstanding to be able to cover them, and have adequate liquidity for the unanticipated withdrawals, which are made by depositors to the county's treasury.

Additionally, in order to make sure there is appropriate cash flow, you have to check maturities, and verify them on a daily basis. This is because, due to investments, you are typically making investments on a daily basis. Therefore, maturities are critical. You need to make sure that your investments are in compliance with state law regarding the types, credit quality, and dollar amounts of investments you can make, and that your investments are in compliance with the Investment Policy.

When an investment is made you receive a confirmation from the broker as to what was purchased and it must be reconciled against the purchase order. Typically, you purchase a security from a broker and they send the security to the custodian. The county wires the funds to the custodian. The custodian verifies the correct security was delivered before paying the broker. Then, monthly, you have to reconcile the new investment positions on the custodian's statement to the county's portfolio holdings. This is necessary for your compliance reports: You must make sure that you do have with your custodian what you purchased through your broker.

You must also reconcile the total funds that you have invested with the total funds available and total funds in the treasury. This also means that you must reconcile your cash position: in cash, in the bank, or invested. This must reconcile with the total position of the treasury daily.

There are State restrictions regarding: the different types of investments authorized, the maximum investment that you can make in each instrument type, the maximum maturity

you can buy in each instrument type, the maximum exposure to any one issuing entity, and in some cases, also purchase restrictions depending upon the type of investment.

There are restrictions on repurchase agreements, which is an instrument where you have instruments purchased for a fixed period of time, and at a set point in time in the future, you will trade and settle out. This is done more than once. Orange County had problems with reverse repurchase agreements, where you place securities with a third party, take a loan against it, and purchase additional instruments, which you then leverage. This type of hedging works in a market with falling interest rates, as you earn more on the interest rate you are being paid on the instrument than the cost of credit. However, Orange County was over-leveraged. The state now restricts these instruments to 10% of the portfolio, rather than the 300% or so which was being done with the Orange County problem.

Additionally, there is the Local Agency Investment Pool, which is operated by the State Treasurer. Depositing governments are allowed to put up to $30,000,000 with the pool for a short period of time, and different entities have differing amounts on deposit.

The Investment Report is not a point in time document. Rather, it shows the entire portfolio at this point in time and demonstrates that you are in compliance not only with your own investment policy, but also with the Government Code. If you are not in compliance on a given date, you would have to report your out of compliance condition, which is a requirement of the law. You are required to be in compliance at all times, not just on the date on which the report is due. If this were merely a point in time document, you would not have to be in compliance on all the days of the quarter, as the law now mandates. This requirement to be in compliance mandates daily monitoring.

It is possible to be out of compliance because of a change in credit ratings. If you purchase an instrument and the credit rating changes, you could be out of compliance. If you purchase too much of a particular type of instrument, you could be out of compliance. If you have an instrument with too long of a maturity, you would be out of compliance. With a reverse repurchase agreement, if one instrument matures prior to reinvestment, it could throw your portfolio out of compliance because of the remaining types of instruments and investments in the portfolio.

The mandate requires that you report not just the basis in the investment, but also the par value as well as the market value. Book value is your cost for the investment. Par value is the value upon maturity. Market value is the value which you would receive if you were to sell the investment at that time. The mandate requires us to mark the portfolio to market, even if we are not contemplating selling a given instrument prior to maturity. If the book value is over market value, you have a factor of less than one. If book value is less than market, you have a factor of more than one and a profit. Additionally, if you purchase an instrument at a value that is different from par, you must amortize the difference to the maturity/call date, and compute the yield to the maturity/call date.

This is important if you understand how the market works regarding market value and yield. In the bond market, if the interest rate goes down, the market value of an investment with a higher interest yield will go up, as it is more valuable than others with the lower present market yield. Conversely, if interest rates go up, investments which pay less interest are worth less, and thus the market value goes down. This is the market value in comparison with the par value, which is the value of the security at maturity (or call). If you sell an instrument with a lower interest rate when interest rates are rising, you have a loss. However, in such a situation if you can hold the instrument to maturity, you receive the par value. If the prices fluctuate downward, as long as you don't have to sell the instrument, you do not have to recognize the loss as you have held to maturity.

Some larger governmental entities, such as the City and County of San Francisco, actively trade their portfolio to maximize investment income. Smaller entities, such as Kings County, generally try to hold their instruments to maturity. Typically, counties with billion dollar portfolios actively trade, and it doesn't have to be a large county to have a billion dollar portfolio. Kern County, for example, has a billion dollar portfolio. Los Angeles and Orange Counties have huge portfolios. The infamous Orange County Treasurer, Mr. Citron, had $7 billion in investments in 1993.

Various factors can influence the values. When Alan Greenspan changes the federal funds rate, the change interest rates can affect the value of the portfolio.

The state now allows you to have 10% of your portfolio in reverse repurchase agreements. You take an instrument that you own and place it with a broker. You use the security as collateral to purchase another instrument. You are using your instrument to get money back to invest. Hopefully, the yield on the second instrument purchased will be greater than the cost for obtaining the funds from your broker, and thus make money on the spread, or difference in interest rates. However, if Alan Greenspan increases interest rates, the collateral value on what you have deposited with your broker decreases. If you were over leveraged, you would receive a collateral call for either more funds or for more collateral. This is what caused Mr. Citron's problem. He was multiply leveraged. Every time he bought an instrument, he would place it with a broker, obtain funds against it and purchase a new instrument. This works as long as interest rates are decreasing. However, when interest rates started to increase, you have to put up more collateral for the loan, and the spread between the interest you pay on the funds loaned to you and the interest you receive on the new instrument decreases, or can actually be negative.

Another factor which can impact your Investment Policy and whether or not you are in compliance are major court cases, like the Cigarette cases. If you are holding corporate paper for these companies, there could be an adverse court decision which could result in Moody's, Standard & Poor's, Fitch's or another rating entity to downgrade the commercial paper. This would then necessitate that you review your Investment Policy to see if you can hold the paper until maturity, or if you have to sell the instrument at a loss.

Additionally, your portfolio size can fluctuate, which can also affect whether your portfolio is in compliance. For example, say you have a portfolio with $100 million, and you are allowed to have 30% in commercial paper, that is $30 million. If you have $10 million go out in payment to vendors, then your portfolio is only $90 million. If you have $30 million remaining in commercial paper, you are now out of compliance.

In order to stay fully invested and maximize returns, we invest funds every night. Every day, we check to see the amount of checks we have outstanding, and estimate what will clear. For example, we may have $7 million in checks outstanding, yet leave only $1.5 million in our checking account because historically, not everything will clear on the same day. We anticipate what we can have invested, and leave in a money market account over night. If we can make more on what we have in our checking account, because we do earn a small amount on those funds, it makes more sense to invest it. However, if we guess wrong, we overdraw our account and pay the bank prime interest plus. Thus, we try and be accurate in our estimates as to the amount we need to keep in our account to maximize returns.

With Investment Reports, we are now required to report market value. We have to pay our custodian to provide us with the market value which is now required by Investment Reports. The report must also state not only the market value, but the source of the valuation. Some entities have had to go to a third party to obtain this information.

Some local governments contract to have their compliance reporting performed. After the Orange County problem, Kings County contracted to have a third party do the Investment Reports and provide the information to the Board of Supervisors and the Oversight Committee. Because an outside firm was doing the reporting, the outside auditor could verify, and not have to audit the county system.

Thus, when examining the entire concept of Investment Reports, it becomes clear that it is a daily activity, not just a snapshot every quarter. This is because investments are made on a daily basis. Funds flow in and out of the portfolio on a daily basis. Changes in portfolio composition, interest rates, maturities, credit ratings and other factors may cause the portfolio to come out of compliance at any time. Thus, the subsidiary ledgers and their preparation and reconciliation are an inherent portion of the Investment Report mandate.

I declare under penalty of perjury that the foregoing is true and correct, and that this declaration is executed this 11th day of October, 2000 at Hanford, California.

Vee-Jay Brann
Kings County Treasurer

EXHIBIT G

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

February 28, 2001

RECEIVED
MAR 0 5 2001
COMMISSION ON
STATE MANDATES

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

Dear Ms. Higashi:

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

We submit and enclose herein our review of the State Controller's Office [January 18, 2001] comments on the subject incorrect reduction claim.

Leonard Kaye of my staff is available at (213) 974-8564 to answer questions you may have concerning this submission.

Very truly yours,

J. Tyler McCauley by

J. Tyler McCauley
Auditor-Controller

JTM:JN:LK
Enclosures

CC: Shawn D. Silva, SCO Staff Counsel

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

The State Controller's Office [SCO], in their January 18, 2001 comments on Los Angeles County's [County] incorrect reduction claim[1], maintains that investment transactions need not be posted daily to render investment reports, required under subdivisions (b)(1), (2) and (3) of Section 53646 [of the Government Code], and, even if daily posting is required, such activities are not reimbursable because these requirements are also found in prior law or 'good business practice'.

The County maintains otherwise.

Prior law and 'good business practice' did not mandate frequent investment data input and monitoring; and, most counties reported only a gross total dollar value of investment purchases and sales. Under prior law, such practices were lawful. Now, such practices are not lawful.

Now, Government Code Section 53646(b)(1) requires that the Treasurer prepare a quarterly report of investments that includes the type of investment, issuer, date of maturity, par and cost amounts of all securities held by the local agency.

Now, Government Code Section 53646(b)(2) requires that the investment report shall state compliance of the portfolio to the statement of investment policy or manner in which the portfolio is not in compliance.

Now, Government Code Section 53646(b)(3) requires a determination that expenditure requirements could be met for six months[2]. Without a

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[1] On August 31, 2000, the County filed an incorrect reduction claim [IRC] with the Commission on State Mandates [Commission] seeking reinstatement of investment reporting costs reduced by SCO. County's three-volume IRC detailed why SCO's reductions of $327,187, or 99% of costs claimed for 1997-98, and $301,750, or 98% of costs claimed for 1996-97, were arbitrary, capricious and contrary to law.

[2] In order to comply with this unique requirement, a comprehensive cash flow analysis must be performed. Daily investment data must be input, monitored and analyzed in order to project deposits, withdrawals and investment maturities.

comprehensive cash flow analysis, it would be impossible to determine if expenditure requirements could be met for six months.

Legislative Intent

In 1995, following investment losses in Orange County, the Legislature found local governments' investment reporting to be inadequate. Accordingly, specific investment reporting requirements were enacted on October 12, 1995 in Chapter 783, Statutes of 1995. Thereafter, the freedom of local officials to report only brief or summary investment information was gone.

Under prior law, the county board of supervisors need not have been informed of the investment policies followed by the county treasurer. However, now, in subdivision (a) of Section 53646, the treasurer is required to annually render to the legislative body of the local agency, and any oversight committee, a statement of investment policy. Also, local agencies are now responsible for reporting compliance of their investment portfolio with their statement of investment policy [subdivision (b)(2) of Section 53646].

The Legislature's intent here is clear. In a companion bill, Chapter 784/95, enacted on October 12, 1995, the same day the test claim legislation [Chapter 783/95] was enacted, Section 53600.1 [of the Government Code] declared "that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern". New local investment reporting requirements were thus set and specified in subdivisions (b)(1), (2) and (3) of Section 53646, as added and amended by Chapter 783/95, to explicitly mandate that:

> "(b)(1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any

outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available."

Detailed Reporting Required

Complying with the above mandates requires detailed, daily investment data input, monitoring and analysis. As noted by Joseph H. Spillane, Los Angeles County's Assistant Treasurer and Tax Collector, in his declaration found in Tab 1 of County's IRC, "Government Code Section 53646 is very specific as to the requirements imposed by the Legislature".

In addition, Mr. Spillane notes that "Government Code Section 53646 requires reporting of securities held throughout the reporting period and that to conclude otherwise, one would have to believe that the Legislature was only concerned with investment activities four days per year".

Also, the test claim legislation, Section 53646, is the only legislation that requires a meaningful report to be developed by local treasurers, detailing daily investment and cash flow activities to ensure that concentration limits, collateral requirements and creditworthiness are met in accordance with the agency's investment policy throughout the reporting period.

Accordingly, Mr. Spillane concluded that "the State Controller's Office (SCO) reductions of $327,187, or 99% of costs claimed for 1997-98, and $301,750, or 98% of costs claimed for 1996-97, were arbitrary, capricious and contrary to law".

Other Findings

Supporting the County's position that frequent data input and analysis is necessary to comply with subdivisions (b)(1), (2) and (3) of Section 53646 are other findings --- the declarations of Dick Kurth, Deputy Director of Administrative Services for the City of Newport Beach and Vee-Jay Brann, Kings County Treasurer [which are attached to SCO's supplemental comments].

Mr. Brann's declaration supports the County's position that subsidiary ledgers or daily transaction tracking is an "inherent portion of the Investment Report mandate". [Brann declaration, page 5]

In addition, the County concurs with Mr. Brann's conclusion that "[i]n order to prepare the Investment Report, it is necessary to have subsidiary ledgers .... a link to the software accounting system [or] ... a separate investment portfolio system". [Brann declaration, page 1].

The County also agrees with Mr. Kurth's description of investment reporting activities mandated under the subject law. In particular, the County concurs with Mr. Kurth's observation that:

> "Preparation of the [mandated] quarterly Investment Reports would be an extremely unwieldy and difficult process if the daily and monthly work were not maintained in between time. Catching up, if the daily and monthly report preparation work was not accomplished ahead of time, would take much more time and effort." [Kurth declaration, page 4]

Therefore, both the Kurth declaration and the Brann declaration support the County's position that Section 53646 requires frequent, daily data input, monitoring and analysis.

Finance's Findings

The State Department of Finance supports the County's position that performing daily transaction tracking or maintaining subsidiary ledgers necessary to render specified reports is a reimbursable activity.

The State Department of Finance has opined that "the preparation and maintenance of a subsidiary portfolio ledger system" is part of the reimbursable activities ... [as long as these activities are] not a formal audit performed by an auditor". [State Department of Finance letter to Paula Higashi, Commission's Executive Director, of November 22, 2000, is attached as Exhibit 1].

In the case of Los Angeles County, none of its claimed costs were audit costs, and, therefore, under Finance's opinion, the County's claimed data input and analysis costs are reimbursable.

SCO's Claiming Instructions

SCO's own claiming instructions provide for reimbursing daily tracking of investments. SCO indicates, on page 1 of these instructions, issued in January of 1998, attached in Tab 6 of Volume 1 of County's Incorrect Reduction Claim, filed on August 30, 2000, that:

> "Government Code section 53646, subdivsion (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapter 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified."

On page 3, SCO explicitly tells claimants to compile and accumulate all data necessary for rendering the investment reports, as follows:

> "(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1), (2), (3), and/or (e).

Further, SCO claiming instructions do not indicate that compiling and accumulating daily investment data is prohibited. To the contrary, as noted above, daily investment data input, monitoring and analysis is necessary in rendering the required investment reports.

Commission Found Necessary Daily Activities to be Reimbursable

The Commission found that daily investment data input, monitoring and analysis, including maintaining subsidiary ledgers, necessary to render the investment reports, required under subdivisions (b)(1), (2) and (3) of Section 53646, are reimbursable activities.

This point was so important that Commissioner Dave Cox pulled the Investment Reports decision off the consent calendar at Commission's November 20, 1997 hearing in order to note "his concern that the requirements should be broad enough to allow discretion in the reporting aspect". [Hearing minutes, in pertinent part, attached as Exhibit 2, on page 1.] The minutes further indicate that:

> "Gary Hori, Legal Counsel to the Commission, responded that, if a subsidiary ledger is necessary to accomplish the documents for subdivision (b)(1), (2) and (3), it would be subsumed in those subdivisions and subdivision (b)(4) would not stand on its own." [Hearing minutes, pages 1-2.]

At the November 20, 1997 hearing of the matter, Mr. Hori explained that "subdivision (b) (4) [which permits but does not require the use of subsidiary ledgers], on its face is deemed not reimbursable". [Hearing transcript, in pertinent part, attached as Exhibit 3, on page 6.] However, Mr. Hori notes, that maintaining such ledgers are reimbursable activities "if a subsidiary ledger is necessary to accomplish the documents for (b)(1), (2) and (3) ... [then] it would be subsumed in [the required and reimbursable activities found in] (b) (1), (2) and (3); and (b) (4) [permitting but not requiring the use of subsidiary ledgers and] would not stand on its own". [Hearing transcript, page 6.]

Therefore, the question here is whether a subsidiary ledger or daily transaction tracking is necessary to accomplish the documents for (b)(1), (2) and (3) in Los Angeles County's particular case. And the only evidence in the record, regarding Los Angeles County's investment program, unambiguously supports a finding that performing daily transaction tracking is necessary to render investment reports pursuant to subdivision (b)(1), (2) and (3) of Section 53646 and, as such, is reimbursable as claimed herein.

SCO's 'Business Practice' Evidence is Not Relevant

Shawn B. Silva, SCO's Staff Counsel, does not support its position that frequent investment data input, monitoring and analysis is not necessary to render investment reports set forth in subdivisions (b)(1), (2) and (3) of Section 53646 with their 5 page academic treatise on "Data Entry And Monitoring Practices For Business Operations", prepared by Dennis Tootelian, Professor of Marketing, California State University at Sacramento[3]. [Silva letter, page 1.]

Professor Tootelian's remarks are not relevant here because he does not address the issue here: the frequency of investment data input, monitoring and analysis which is necessary to render Section 53646 investment reports. Professor Tootelian plainly admits this and indicates that:

> "It is important to note that the scope of this analysis did not include any possible legal requirements that might exist for such data entry and monitoring." [Tootelian declaration, page 2, emphasis added.]

Professor Tootelian, then, simply did not consider Section 53646. Further, he did not consider subsidiary ledgers or "investment operations undertaken by particular organizations". [Tootelian declaration, page 2] Only the "essential elements" of investing for "nearly every business" were discussed. [Tootelian declaration, page 2]

Therefore, Mr. Silva's reliance on Professor Tootelian's declaration is misplaced. Certainly, Professor Tootelian did not say, as claimed by Mr. Silva, that "the investment position of the County [of Los Angeles] should be reviewed no less than once a month, preferably once a week, a frequency far greater than that imposed by Section 53646". [Silva letter, page 1]. Indeed, as noted above, Professor Tootelian did not consider Section 53646 or "any possible legal requirements".

[3] Mr. Silva also attaches declarations of Dick Kurth, Deputy Director of Administrative Services for the City of Newport Beach and Vee-Jay Brann, Kings County Treasurer. While his purpose here appears to be to support his position, just the opposite occurs as both Mr. Kurth and Mr. Brann indicate that frequent or daily data input and analysis is necessary in order to render Section 53646 reports.

Therefore, the only relevant evidence and findings supports the County's position that frequent investment data input, monitoring and analysis is necessary to render investment reports set forth in subdivisions (b)(1), (2) and (3) of Section 53646.

Conclusion

Daily investment data input, monitoring and analysis which is necessary to render investment reports pursuant to subdivision (b)(1), (2) and (3) of Section 53646 is reimbursable.

Substantial evidence and findings, that daily investment data input, monitoring and analysis is necessary to render investment reports pursuant to subdivision (b)(1); (2) and (3) of Section 53646, was provided. There is no relevant evidence or finding to the contrary.

Therefore, prompt reinstatement of the County's mandated investment reporting costs, including its daily investment input, monitoring, and analysis costs, totaling $327,187 for 1997/98 and $301,750 for 1996/97, is required.

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

Celebrating Los Angeles County 150TH 1850 2000

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

Declaration of Leonard Kaye

Leonard Kaye makes the following declaration and statement under oath:

I, Leonard Kaye, SB90 Coordinator, in and for the County of Los Angeles, am responsible for filing test claims , reviews of State agency comments, Commission staff analyses, and for proposing parameters and guidelines (Ps&Gs) and amendments thereto, and for filing incorrect reduction claims, all for the complete and timely recovery of costs mandated by the State. Specifically, I have prepared the attached review of State Controller's Office [January 18, 2001] comments on the subject Incorrect Reduction Claim; seeking reinstatement of the $327,187 reduction of the County's 1997/98 reimbursement claim and of the $301,750 reduction of the County's 1996/97 reimbursement claim.

Specifically, I declare that I have examined the County's State mandated duties and resulting costs, in implementing the subject law, and find that such costs as set forth in the attached document, are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " ' Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters which are therein stated as information or belief, and as to those matters I believe them to be true.

2/28/01; Los Angeles, CA — L. Kaye

Date and Place — Signature

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

GRAY DAVIS, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

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COMMISSION ON
STATE MANDATES

November 22, 2000

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

Per your letter of October 25, 2000, the Department of Finance has reviewed the proposed amendments to parameters and guidelines for costs incurred under Chapter Nos. 783, Statutes of 1995 (SB 564, P. Johnston, et al.), 749, Statutes of 1996 (SB 109, Kopp), and 156, Statutes of 1996 (SB 864, W. Craven, et al.), "Investment Reports". We concur with the proposed changes to include the preparation and maintenance of a subsidiary portfolio ledger system as part of the reimbursable activities with the following assumption.

The claimant included "audit and reconcillation of the portfolio for preparation of investment reports" as part of preparation and maintenance of a subsidiary portfolio ledger system. We understand the mandate does not require a formal audit to be performed. Therefore, our concurrence of the proposed amendments is based on the assumption that "audit" as used in this context refers to internal verification/review, not a formal audit performed by an auditor.

As required by the Commission's regulations, we are including a "Proof of Service" indicating that the parties included on the mailing list which accompanied your October 25, 2000, letter have been provided with copies of this letter via either United States Mail or, in the case of other state agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Veronica Chung-Ng, Principal Program Budget Analyst at (916) 445-5332 or James Lombard, State Mandates Claims Coordinator for the Department of Finance, at (916) 445-8913.

Sincerely,

Carl Rogers

Carl Rogers
Program Budget Manager

Attachments

MINUTES
COMMISSION ON STATE MANDATES
Thursday, November 20, 1997
9:30 a.m.
State Capitol, Room 437
Sacramento, California

Present: Chairperson Robin Dezember
Representative of the Director of the Department of Finance
Member Bruce VanHouten
Representative of the State Treasurer
Member Richard Chivaro
Representative of the State Controller
Member Terry Rivasplata (arrived at 9:35 a.m.)
Representative of the Director of the Office of Planning and Research
Member Dave Cox
Representative of County Boards of Supervisors
Member Joann Steinmeier
Representative of School Boards

Absent: Member Albert Beltrami
Public Member

There being a quorum present, Chairperson Dezember called the meeting to order at 9:30 a.m. Paula Higashi, Executive Director to the Commission, noted for the record that Members Beltrami and Patton were attending California State Association of Counties' (CSAC's) annual conference and were therefore absent for today's meeting. Mr. Rivasplata and Mr. VanHouten were the designees for the Director of the Office of Planning and Research and the State Treasurer, respectively.

Consent Calendar: Action On Mandate Claims

Item 3 *Investment Reports* – CSM 96-358-02
County of Santa Clara
City of Newport Beach
Government Code Section 53646
Chapter 783, Statutes of 1995; Chapter 156, Statutes of 1996
Chapter 749, Statutes of 1996

Item 5 *Prisoner Parental Rights* – CSM 4427-PGA-1
County of San Bernardino, Claimant/Requester
Penal Code Section 2625
Chapter 820, Statutes of 1991

The Consent Calendar consisted of Items 3 and 5. Regarding Item 3, Member Cox noted his concern that the requirements should be broad enough to allow discretion in the reporting aspect. Gary Hori, Legal Counsel to the Commission, responded that, if a subsidiary ledger is necessary to accomplish the documents for subdivisions (b)(1), (2) and (3), it would be

subsumed in those subdivisions and subdivision (b)(4) would not stand on its own. Member Cox was satisfied with that clarification and moved for adoption of the consent calendar. Member Steinmeier seconded the motion, which passed unanimously.

Postponements

Paula Higashi announced that Item 1 was postponed to the December hearing because the parties and the members who voted on the matter would be present at that hearing. Items 4 and 6 were also postponed to the December hearing.

Proposed Parameters and Guidelines

Item 2 *Pupil Suspensions From School* - CSM-4456
San Diego Unified School District
Education Code Sections 48900, 48900.2 and 48911
Chapter 965, Statutes of 1977; Chapter 668, Statutes of 1978;
Chapter 73, Statutes of 1980; Chapter 318, Statutes of 1982;
Chapter 498, Statutes of 1983; Chapter 536, Statutes of 1984;
Chapter 318, Statutes of 1985; Chapter 856, Statutes of 1985;
Chapter 1136, Statutes of 1986; Chapter 134, Statutes of 1987;
Chapter 383, Statutes of 1987; Chapter 1306, Statutes of 1989;
Chapter 909, Statutes of 1992.
Amended to Include:
Education Code Sections 48900.3 and 48900.4
Chapter 146, Statutes of 1994; Chapter 1017, Statutes of 1994

Paula Higashi introduced the item and noted that the proposed parameters and guidelines were based on staff's review of claimant's proposals and state agency comments. The three areas of dispute remaining are in Sections 1 and 2, which include staff's language, and Section 5, which includes language objected to by the State Controller's Office. The latest draft was released in late October. No comments had been received by staff until November 17 when Girard & Vinson, representing Mandated Cost Systems, submitted a late filing. This filing was not served upon the test claim parties as required by Commission regulations. Staff faxed copies to the claimant and interested parties. [Member Rivasplata arrived.] Staff recommended the Commission approve the parameters and guidelines, as presented.

Jim Cunningham, of the San Diego Unified School District, noted his disapproval of the delays on this claim. He further submitted that many of staff's language changes were not substantive, but were instead the preferred style of the staff. He added that Commission regulations require the claimant to prepare the draft parameters and guidelines, but did not require a particular form or style.

Mr. Cunningham suggested that Section 1 was intended to provide a background explanation. He believed the claimant's draft offered a user-friendly explanation to a layman. He did not agree that claimant's should be required to use the same language that is used in the statement of decision in the parameters and guidelines. Again, in Section II, Mr. Cunningham submitted that claimant's proposed language was easier to read than staff's.

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STATE MANDATES

PUBLIC HEARING

COMMISSION ON STATE MANDATES

--oOo--

TIME: 9:30 AM
DATE: Thursday, November 20, 1997
PLACE: State Capitol, Room 437
Sacramento, California

--oOo--

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

--oOo--

Reported By: DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

A P P E A R A N C E S

COMMISSIONERS PRESENT

ROBIN J. DEZEMBER, *Chairperson*
State Department of Finance

RICHARD CHIVARO
State Controller's Office

DAVE COX
County of Sacramento
Board of Supervisors

TERRY RIVASPLATA,
State Office of Planning and Research

JOANN STEINMEIER
School Board Member

BRUCE VANHOUTEN
State Treasurer's Office

STAFF PRESENT

PAULA HIGASHI, Executive Director
Commission on State Mandates

GARY D. HORI, Legal Counsel
Commission on State Mandates

SHAWN SILVA, Staff Member
Commission on State Mandates

ALSO PRESENT

JIM CUNNINGHAM
San Diego Unified School District

CINDY CHAN
State Department of Finance

I N D E X

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II.	Approval of Minutes	
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III.	Hearings and Decisions Pursuant to California Code of Regulations, Title 2, Chapter 2.5 (Action Items)	
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Item 2	Pupil Suspensions From School CSM-4456 San Diego Unified School District	7
Item 3	Investment Reports - CSM-96-358-02 County of Santa Clara City of Newport Beach *(Consent item)*	5
Item 4	Threats Against Peace Officers 96-365-02 *(This item was moved to the December hearing.)*	7
V.	Proposed Amendment of Parameters and Guidelines	
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Item 6	Absentee Ballots - CSM-3713-PGA San Diego Unified School District *(This item was moved to the December hearing.)*	7
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	Adjournment of Hearing	20

BE IT REMEMBERED that on Thursday, November 20, 1997, commencing at the hour of 9:30 a.m., thereof, at the State Capitol, Room 437, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the proceedings were as follows:

--oOo--

MR. DEZEMBER: Good morning. I'm Robin Dezember. I'm Chief Deputy Director, State Department of Finance, sitting on this Commission under the delegation of Craig Brown, the Director of Finance. And I'd like to call to order the meeting of the Commission on State Mandates.

Ms. Higashi, would you please call the roll?

MS. HIGASHI: Yes.

Mr. Chivaro?

MR. CHIVARO: Present.

MS. HIGASHI: Mr. Cox?

MR. COX: Present.

MS. HIGASHI: Mr. Rivasplata?

Ms. Steinmeier?

MS. STEINMEIER: Here.

MS. HIGASHI: Mr. Vanhouten?

MR. VANHOUTEN: Present.

MS. HIGASHI: Mr. Dezember?

MR. DEZEMBER: Present.

MR. COX: The "presents" have it, Mr. Chairman.

MR. DEZEMBER: Thank you very much.

I will note, too, that we started exactly at 9:30.

MR. COX: Absolutely. Thank you, sir.

MS. HIGASHI: Mister --

MR. DEZEMBER: And we do have a quorum.

MS. HIGASHI: Yes. Mr. Dezember, I'd like to read into the record, Mr. Beltrami and Ms. Patton are attending CSAC's annual conference this week, which is why they're absent from the meeting. And Mr. Rivasplata, who has not yet joined us, he will be the designee for the Director of the Office of Planning and Research. And Mr. Vanhouten is designee of the State Treasurer.

MR. DEZEMBER: Thank you.

And what is our first item?

MS. HIGASHI: The first item is the Commission's proposed consent calendar. Staff is proposing that the consent calendar consist of: Item three, the proposed parameters and guidelines for "Investment Reports"; and item five, the proposed amendment of parameters and guidelines for "Prisoner Parental Rights."

To date, we've received no indications of any objection to these items moving forward.

MR. DEZEMBER: Okay.

MR. COX: Mr. Chairman?

MR. DEZEMBER: Yes.

MR. COX: With respect to item three, I just have one question; and then I'd like staff's assurance that the report that we're about to adopt is sufficient.

My only concern is that we allow the -- we allow the

documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that from the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting aspect.

MR. HORI: It was a -- what Mr. Cox is referring to was where staff addressed the outright necessity of, in particular, subsidiary ledgers with respect to Subdivision (b)(4). (b)(4), on its face, is deemed not reimbursable. However, under items (b)(1), (2) and (3), the P's and -- parameters and guidelines do indicate that reimbursable activities associated with compiling and accumulating any debt unnecessary to prepare a quarterly report.

In that situation, if a subsidiary ledger is necessary to accomplish the documents for (b)(1), (2), and (3), it would be subsumed in (b)(1), (2), and (3); and (b)(4) would not stand on its own.

MR. COX: Okay. That would be fine. I just wanted that clarification, Mr. Chairman --

MR. DEZEMBER: Certainly.

MR. COX: -- and then would move the consent calendar.

MS. STEINMEIER: Second.

MR. DEZEMBER: Okay. All those who want to move the consent calendar, signify by "aye"?

(Response by all Commission members.)

MR. DEZEMBER: The consent calendar is moved.

MS. HIGASHI: Mr. Chair, back to the regular agenda, I'd like to note for the record, that item one, the minutes of the October hearing, will be presented at the December hearing, because it is the -- it's the minutes for special education; and the parties on that matter will be back in December and also all the members who voted on that matter.

MR. DEZEMBER: Will be here in December?

MS. HIGASHI: Back in December.

Items four and six are postponed until the December hearing.

And now this brings us to item two, which is the proposed parameters and guidelines on "Pupil Suspensions."

MR. DEZEMBER: Okay.

MS. HIGASHI: The proposed parameters and guidelines before you are based on staff's review of claimant's proposals and state agency comments.

There are only three remaining areas of dispute. Sections 1 and 2 include staff's proposed language; and Section 5 includes the language which the Controller's office had found to be objectionable.

Since this draft was released in late October, no new comments were received until Monday, November 17th. This week, the Commission received a late filing from Girard & Vinson, a law firm representing Mandated Cost

REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings were reported by me at the time and place therein named; that the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings, nor in any way interested in the outcome of the cause named in said matter.

In witness whereof, I have hereunto set my hand this 21st day of November, 1997.

Daniel P. Feldhaus

DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

EXHIBIT H

KATHLEEN CONNELL
Controller of the State of California

March 16, 2001

RECEIVED
MAR 19 2001
COMMISSION ON
STATE MANDATES

Ms. Shirley Opie
Assistant Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
U.S. Bank Plaza Building
Sacramento, CA 95814

Re: Incorrect Reduction Claim of the County of Los Angeles
CSM 00-9635802-I-01
Government Code section 53646
Statutes of 1995, Chapter 783
Investment Reports

Dear Ms. Opie:

This letter is a supplement to our original response to the Incorrect Reduction Claim noted above, dated December 5, 2000. After the pre-hearing conferences on the Request to Amend the Ps&Gs for the Test Claim that is the basis of this IRC, two new issues appear to be relevant, but were not previously addressed.

The first issue is that of the fiduciary duty. It is in respect to that issue that comments were solicited from Professor Tootelian. The fiduciary duty is a legal duty that exists apart from the code sections in question. It is a duty that places a certain standard of care on those in a position of trust who deal with the money of others. Since it is an objective standard, we felt that relevant comments as to appropriate business practices would be of assistance. The standard is often phrased in the context of "reasonable care" or "simple business prudence." This reference to objective standards of reasonableness makes the standard, or appropriate business practices in the field, highly relevant. It is for that purpose that we placed Professor Tootelian's comments on the record.

The second issue raised by the pre-hearing conferences is the reliance, on the part of some, on code sections that were not made a part of the initial test claim. Specifically,

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SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636
LOS ANGELES 600 Corporate Pointe, Suit8610, Culver City, CA 90230 (310) 342-5678

they are Government Code Sections 53600.5, 53601, and 53635. During discussions, the central issue became the frequency of data entry and tracking, necessary to comply with the reporting statute. It was noted that in many cases both investment policy, and the code sections cited above, placed specific ongoing limitations on types of investments and permissible balances. It was asserted that to comply with these restrictions, continuous data entry and tracking were required. However, since restrictive investment policies are voluntarily adopted by the governing bodies of the local governmental agencies, the only relevant factor is the applicable sections of the Government Code. This reliance presents two specific problems; First, the government code sections cited do not require that the local agency purchase in investment vehicles with specific percentage limits, and secondly, those sections have not been subjected to the test claim procedures. In fact, the cited sections have two levels of choice; First, they provide that fund managers "may" invest available funds, and secondly, they provide several investment vehicles that do not have specific percentage limitations, eliminating the need for daily tracking. In addition, those sections of the Government Code have not undergone the necessary scrutiny to be considered "state mandates." We believe that it is inappropriate, if not impermissible, to base a determination of necessity on code sections which have not undergone the test claim process. Therefore, we believe that daily tracking is not a state mandated, reimbursable activity.

Sincerely,

Shawn D. Silva

SHAWN D. SILVA
Staff Counsel

Cc: Leonard Kaye
Ginny Brummels, DAR

00-

EXHIBIT I

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

April 12, 2001

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

RECEIVED
APR 16 2001
COMMISSION ON
STATE MANDATES

Dear Ms. Higashi:

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

We submit and enclose herein our review of the State Controller's Office [March 16, 2001] comments on the subject incorrect reduction claim.

Leonard Kaye of my staff is available at (213) 974-8564 to answer questions you may have concerning this submission.

Very truly yours,

J. Tyler McCauley
Auditor-Controller

JTM:JN:LK
Enclosures

CC: Shawn D. Silva, SCO Staff Counsel

Review of State Controller's Office Supplemental Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

On March 16, 2001, Mr. Shawn D. Silva, Staff Counsel in the State Controller's Office [SCO] wrote Shirley Opie, Commission's Assistant Executive Director, for the third time, to request that the Commission not approve reimbursement for the County's daily investment tracking required to meet investment reporting requirements set forth in Commission's parameters and guidelines [Ps&Gs].

Mr. Silva argues, as he has in his past two commentaries, that the County must meet an investment reporting "fiduciary duty", "an objective standard" which encompasses all the requirements set forth in subdivisions (b)(1), (2) and (3) of Section 53646 of the Government Code.

However, Mr. Silva's "objective standards" are based on Dennis H. Tootelian's analysis entitled "Data Entry and Monitoring Practices For Business Operations", "which did not include any possible legal requirements that might exist for such data entry and monitoring" [Tootelian Analysis, page 2], including subdivisions (b)(1), (2) and (3) of Section 53646 [the test claim legislation].

Plainly, Tootelian's analysis is general, not specific to the test claim legislation. As such, it is irrelevant in this matter. Mr. Silva accomplishes nothing by simply repeating it. He provides no answer to the question of what duties are necessary or reimbursable in complying with the test claim legislation. Apparently, he forgot the question.

As noted by Mr. Joseph H. Spillane, Assistant Treasurer and Tax Collector for the County, in his declaration [attached], there are many unique duties imposed by the test claim legislation, and such duties are not part of the County's fiduciary duty.

For example, the County's fiduciary duty to select appropriate types and amounts of investments does not require rendering a statement of investment

policy. This statement is rendered only to comply with the test claim legislation as explicitly required in Section 53646(a)(1):

> "In the case of county government, the treasurer shall annually render to the board of supervisors a statement investment policy, which the board shall review and approve at a public meeting." [Emphasis added.]

Therefore, irrespective of the types and amounts of investments made by the County, the County's investment policy shall be rendered, reviewed and adopted [Section 53646(a)(1)] and, subsequently, the County treasurer shall state its compliance with the County's adopted policy [Section 53646(b)(2)] as follows:

> "The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance."

Compliance Statement

As noted by Mr. Spillane, in his declaration [attached], "[d]aily review of the portfolio is required to state compliance with the investment policy irrespective of the complexity of the policy. If the investment policy is to have no investments then a review to insure that no investments have been made is still mandated. The resources and associated costs to monitor compliance will vary depending the established investment policy but the complexity of this policy is not the issue. The issue remains, that whatever the policy, as established by county government, it must be monitored."

Six Month Cash Flow Statement

As further noted by Mr. Spillane, in his declaration [attached], "[s]imilarly, county treasurers are required to state that the local agency has the ability to meet its pool's expenditure requirements for the next six months.

> Section 53646(b)(3) The quarterly report shall include a statement demonstrating the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an

explanation as to why sufficient money shall, or may, not be available.

The issue is not how extensively the local agency performs a cash flow analysis but rather, that it be performed. The costs associated with performing the task should be recoverable."

Arbitrary Reductions

SCO's specific reductions of County's claim are still not addressed by Mr. Silva and continue to appear arbitrary. For example, SCO's 32 hour per person per year limit on labor costs for the 1996-97 year[1] is not found in Commission's Investment Reporting parameters and guidelines [Ps&Gs] or in SCO's claiming instructions. To date, SCO has not provided any basis for imposing this funding limitation or, so to speak, promulgating this 'underground regulation'.

Further, Mr. Silva does not address SCO's arbitrary reduction of essentially all claimed costs. In fact, only $361[2] was reimbursed the County for 1997/98 even though $327,512 was claimed. Even Mr. Silva admits, on page 3 of his December 5, 2000 letter, that "more" investment reporting, although not much more, is required, than under prior law. However, Mr. Silva does not quantify his conclusion. He does not state that $361 is reasonable and proper reimbursement for the County's annual $32 Billion investment reporting duties under the subject law. Clearly, $361 is not.

Data Base Costs are Reimbursable

Mr. Silva states that data base costs are reimbursable but does not recommend reinstating data base cost reductions. According to Mr. Silva, reimbursable costs may be incurred "to pull together the information already under the control of the treasurer, i.e. access the data base and pull out relevant information". [Silva, December 5, 2000 memo, page 2, emphasis added.]

---

1 For the 1997-98 fiscal year, no labor costs were paid by SCO.

2 This payment amount was also erroneously computed by SCO review staff. On form INR-1, line (05)(f) of the 1997-98 claim, included in Tab 4 of County's Incorrect Reduction Claim filed on August 31, 2000, SCO staff added $278 to $78 to incorrectly obtain $278.

Mr. Silva further indicates that reimbursable data base costs include costs incurred to access, format, analyze, and report information on the County's investments, such as: type of investment and maturity, compliance with the investment policy and detailed cash flow projections to meet future obligations. [Silva, December 5, 2000 memo, page 2.]

However, Mr. Silva does not recommend reinstatement of any of the County's data base and related costs, including $27,772.63 of software costs incurred in 1996/97 and $44,027.09 of such costs incurred in 1997/98. Further, Mr. Silva does not dispute that the amounts of such costs are reasonable and proper. Indeed, such costs are very small considering the size of the County's investment program: $32 Billion.

Therefore, reimbursement for the reasonable and proper data base costs claimed by the County is now required.

Conclusion

SCO has provided no explanation of its omissions and errors in incorrectly reducing County's claims. No basis is provided for limiting labor costs in one year and denying all such costs incurred during the following year. No allowable data base costs were approved. Without justification, SCO arbitrarily denied substantially all of County's claims.

According to SCO's expert, Professor Tootelian, SCO's analysis did not consider subdivisions (b)(1), (2) and (3) of Section 53646 of the Government Code and, as such, SCO's evidence is irrelevant.

The only relevant evidence in the record supports finding that the County incurred reasonable and proper costs in complying with the unique requirements of subdivisions (b)(1), (2) and (3) of Section 53646 of the Government Code.

Therefore, reinstatement of County's reimbursable costs as originally claimed is now required.

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 462
P. O. BOX 4917
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2139 FAX: (213) 626-1701

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

Los Angeles County - Incorrect Reduction Claims
1997/98: $327,512 Claimed - $327,187 Reduction
1996/97: $308,252 Claimed - $301,750 Reduction
Investment Reporting (Chapter 783/95) Claims

Declaration of Joseph H. Spillane

Joseph H. Spillane makes the following and declaration and statement under oath:

I, Joseph H. Spillane, am Los Angeles County's Assistant Treasurer and Tax Collector. I am responsible for ensuring that the County of Los Angeles (County) complies with investment reporting requirements, including those imposed under the subject law.

I declare that I have examined the County's State-mandated costs in complying with the subject investing reporting law and find them to be $327,512 for 1997/98 and $308,252 for 1996/97.

It is my information or belief that the State Controller's Office (SCO) reductions of $327,187, or 99% of costs claimed for 1997-98, and $301,750, or 98% of costs claimed for 1996-97, were arbitrary, capricious and contrary to law.

It is my information or belief that Government Code Section 53646 is very specific as to the requirements imposed by the Legislature.

I declare that Government Code Section 53646(b)(1) requires that the Treasurer prepare a quarterly report of investments that includes the type of investment, issuer, date of maturity, par and cost amounts of all securities held by the local agency.

I declare that Government Code Section 53646(b)(2) requires that the investment report shall state compliance of the portfolio to the statement of investment policy or manner in which the portfolio is not in compliance.

It is my information or belief that Government Code Section 53646 requires reporting of securities held throughout the reporting period. Each report must contain a statement of compliance and exceptions to the investment policy for transactions held throughout the reporting period. To conclude otherwise, in my opinion, the State Controller's Office would have to believe that the Legislature was only concerned with investment activities four days per year.

I declare that I have reviewed the March 16, 2001 comments of Shawn D. Silva, Staff Counsel, State Controller's Office and the declaration of Dennis H. Tootelian, referred to by Mr. Silva.

I declare that, in my opinion, the County's fiduciary duty to select appropriate types and amounts of investments does not require rendering a statement of investment policy. I declare that this statement is rendered to comply with Section 53646(a)(1):

> "In the case of county government, the treasurer shall annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting." [Emphasis added.]

I declare that irrespective of the types and amounts of investments made by the County, the County treasurer shall state its compliance with the County's adopted policy [Section 53646(b)(2)] as follows:

> "The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance." [Emphasis added.]

I declare that daily review of the portfolio is required to state compliance with the investment policy irrespective of the complexity of the policy.

I declare that resources and associated costs to monitor compliance will vary depending on the established investment policy but the complexity of this policy is not the issue. The issue remains, that whatever the policy, as established by county government, it must be monitored.

I declare that county treasurers are required to state that the local agency has the ability to meet its pool's expenditure requirements for the next six months.

> "Section 53646(b)(3): The quarterly report shall include a statement demonstrating the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available"

I declare that the issue is not how extensively the local agency performs a cash flow analysis but rather, that it be performed and that the costs associated with performing the task should be recoverable as provided for in Government Code Section 17514.

It is my information or belief that SCO's reductions of substantially all of the County's 1997-98 and 1996-97 claims are contrary to law as set forth above.

Further, I declare that I have reviewed all compliance duties and resulting costs, in implementing the subject law, and find that all claimed costs are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " 'Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters that are therein stated as information or belief, and as to those matters I believe them to be true.

4/11/01 Los Angeles County
Date and Place

Signature

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

Review of State Controller's Office Comments
County of Los Angeles Incorrect Reduction Claim
Investment Reporting, Chapter 783, Statutes of 1995

Declaration of Leonard Kaye

Leonard Kaye makes the following declaration and statement under oath:

I, Leonard Kaye, SB90 Coordinator, in and for the County of Los Angeles, am responsible for filing test claims , reviews of State agency comments, Commission staff analyses, and for proposing parameters and guidelines (Ps&Gs) and amendments thereto, and for filing incorrect reduction claims, all for the complete and timely recovery of costs mandated by the State. Specifically, I have prepared the attached review of State Controller's Office [March 16, 2001] comments on the subject Incorrect Reduction Claim, seeking reinstatement of the $327,187 reduction of the County's 1997/98 reimbursement claim and of the $301,750 reduction of the County's 1996/97 reimbursement claim.

Specifically, I declare that I have examined the County's State mandated duties and resulting costs, in implementing the subject law, and find that such costs as set forth in the attached document, are, in my opinion, reimbursable "costs mandated by the State", as defined in Government Code section 17514:

> " ' Costs mandated by the State' means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution."

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters which are therein stated as information or belief, and as to those matters I believe them to be true.

4/12/01; Los Angeles, CA — Leonard Kaye

Date and Place — Signature

KATHLEEN CONNELL
Controller of the State of California

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COMMISSION ON
STATE MANDATES

September 21, 2001

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Leonard Kaye, Esq.
Office of the Auditor-Controller
Kenneth Hahn Office of Administration
500 West Temple, Room 603
Los Angeles, CA 90012

And Interested Parties (See Mailing List)

RE: **Expert Consultant Report/Prehearing Conference 2**
Incorrect Reduction Claim of the County of Los Angeles
Investment Reports
CSM 00-9635802-I-01
Statutes of 1995, Chapter 783

Dear Ms. Higashi and Mr. Kaye:

We have reviewed the expert's report, and unfortunately it does not alleviate our core concern. Our major concern from the outset has been that this claim involves financial accounting activities that are simply a part of the normal operation of a local treasurer's office. This is confirmed by reference to page four of the report, the final bullet. In that section Ms. Jamison concurs with our belief that the activities claimed are a part of the fiduciary duties of local treasurers. Since a fiduciary duty is a pre-existing legal obligation, any activities performed under such duty would not be reimbursable. Based upon that conclusion we are unable to make any changes to the adjustments made to the

County of Los Angeles' claim.

Sincerely,

SHAWN D. SILVA
Staff Counsel

cc: Mailing List

F EXHIBIT K

OCT 15 2001

COMMISSION ON STATE MANDATES

KATHLEEN CONNELL
Controller of the State of California

October 12, 2001

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
U.S. Bank Plaza Building
Sacramento, CA 95814

Leonard Kaye, Esq.
Office of the Auditor-Controller
Kenneth Hahn Office of Administration
500 West Temple, Room 603
Los Angeles, CA 90012

Re: Incorrect Reduction Claim of the County of Los Angeles
CSM 00-9635802-I-01
Government Code section 53646
Statutes of 1995, Chapter 783
Investment Reports

Dear Ms. Higashi:

This letter is in response to the prehearing conference of September 27, 2001. As stated at the conference the Controller believes that the obligation to enter and manage data is not derived from the test claim legislation, but comes from the fiduciary duty of a treasurer, to the public they serve. Below we set forth the arguments and law which support this proposition.

As a county officer, a treasurer owes a fiduciary duty to the public for whom he works. This requires him to diligently manage the funds under his control, including the frequent entry of data, as based upon the statements of two expert witnesses. The logical and legal support for each element of these assertions is set forth infra. A county treasurer is a county officer, as are the county controller and auditor.[1] A county officer is considered a public officer[2], as well as an agent of the state.[3] A public officer, is by definition the holder of a public office.[4] A public office is created for the benefit of the public and as such, constitutes a public trust.[5]

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[1] See Government Code Section 24000 (Exhibit 1).

[2] See *Coulter v. Pool* (1921) 187 Cal. 181, 187 (Exhibit 2).

[3] See *Miller & Lux v. Baiz* (1904) 142 Cal. 447, 450 (Exhibit 3).

[4] See *Miller v. Board of Supervisors* (1864) 25 Cal. 93, 98 (Exhibit 4).

[5] See *Patton v. Board of Health* (1899) 127 Cal. 388, 393-94 (Exhibit 5).

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250
SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636
LOS ANGELES 600 Corporate Pointe, Suite 1150, Culver City, CA 90230 (310) 342-5678

Thus, the officers of a governmental body are trustees of the public weal, or well being.[6] As trustees, they have a fiduciary duty to the public they serve.[7] To meet this obligation a public officer must act with at least that degree of care and diligence that an ordinarily prudent person would use in connection with the particular transaction[8] in the management of his or her own affairs[9], or in the care of his or her own property under the same circumstances[10]. In addition, California recognizes the "Prudent Investor Rule",[11] codifying it in 1943 as subdivision (1) of Section 2261 of the Civil Code.[12] Both experts who have commented, Dr. Tootelian and Ms. Carson, indicate that an entity with such a large budget and with such numerous transactions as Los Angeles County, should enter data at least weekly. As experts in business and local governmental treasury operations respectively, their statements are substantial evidence that a standard of at least weekly is what is required to meet fiduciary obligations. There is no requirement found in the test claim statutes, Statement of Decision, or Parameters & Guidelines for more frequent data entry. Therefore, the requirement for frequent data entry comes from a pre-existing, as well as co-existing, fiduciary obligation, and not the state mandate, thus those costs are not reimbursable.

Although the use of the common law may be "novel" in this situation, the status of common law is well recognized. In fact, the validity of the common law is codified in the Civil Code of California.[13] Courts have found this provision to mean that when California became a state, the common law was adopted and put in force except where superseded by statute.[14] Thus, absent a statute or constitutional provision to the contrary, the above analysis would prevail, and data input and management would not be reimbursable.

In addition, we believe that the provisions of Government Code Section 17556 are inapplicable to this case as that section, by its very own terms, applies only to claims.

Sincerely,

Shawn D. Silva

SHAWN D. SILVA
Staff Counsel

Cc: Interested Parties and Affected State Agencies (See Mailing List)

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[6] See *Terry v. Bender* (1956) 143 Cal.App.2d 198, 206 (Exhibit 6).

[7] See *Nussbaum v. Weeks* (1989) 214 Cal.App.3d 1589, 1597-98 (Exhibit 7).

[8] See *In re Estate of Hamon* (1922) 60 Cal.App. 154, 157 (Exhibit 8).

[9] See *In re Estate of Whitney* (1926) 78 Cal.App. 638, 645 (Exhibit 9).

[10] See *Bermingham v. Wilcox* (1898) 120 Cal. 467, 472 (Exhibit 10).

[11] See *Estate of Talbot* (1956) 141 Cal.App.2d 309, 317 (Exhibit 11).

[12] See statute and historical note, statute was subsequently recodified to Probate Code Section 16040(b) (Exhibit 12).

[13] Section 22.2 provides that "[t]he common law of England, so far as it is not repugnant to or inconsistent with the Constitution of the United States, or the Constitution or laws of this State, is the rule of decision in all the courts of this State." (Exhibit 13.)

[14] See *In re Farley's Estate* (1944) 63 Cal.App.2d 130, 133 (Exhibit 14).

PROOF OF SERVICE VIA FIRST CLASS UNITED STATES MAIL

CSM 00-9635802-I-01

I am a citizen of the United States and a resident of the County of Sacramento. I am over the age of 18 years and not a party to the within entitled action. My place of employment and business address is 300 Capitol Mall, Suite 1850, Sacramento, California 95814.

On October 12, 2001, I served the foregoing **IRC SUPPLEMENTAL BRIEF** by causing the same to be deposited in the United States Mail to the person(s) named below at the address(es) shown:

Ginny Brummels
State Controller's Office
Division of Accounting & Reporting
3301 C Street Suite 500
Sacramento, CA 95816

Mr. Allan Burdick
DMG-Maximus
4320 Auburn Blvd., Suite 2000
Sacramento, CA 95841

Ms. Annette Chinn
Cost Recovery System
705 – 2 East Bidwell Street, #294
Folsom, CA 95630

Mr. Glen Everroad, Revenue Manager
City of Newport Beach
3300 Newport Blvd., P.O. Box 1768
Newport Beach, CA 92659

Ms. Deborah Kanner, (C-15)
State Treasurer's Office
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Auditor-Controller's Office
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Ms, Cynthia Stitely
State Humane Association of California
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Mr. David Wellhouse,
David Wellhouse & Associates, Incorporated
9175 Kiefer Boulevard, Suite 1214
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Mr. William A. Doyle
San Jose Unified School District
1153 El Prado Drive
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State Controller's Office
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Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
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Hand Delivery!!!!!

Lawrence Hendee, Director, Financial Operations
Sweetwater Union High School District
1130 Fifth Ave
Chula Vista, CA 91911-2896

Mr. Wayne Martin, Director of Fiscal Ser
Stockton Unified School District
401 Noith Madison St.
Stockton, CA 95202-1687

Ms. Linda McAtee, General Counsel
State Treasurer's Office
915 Capitol Mall, Room 106
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Mr. Paul Minney
Spector, Middleton, Young & Minney, LLP
7 Park Center Drive
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Mr. Andy Nichols, Senior Manager
Centration, Inc.
12150 Tributary Point Drive, Suite 150
Gold River, CA 95670

Mr. Keith B. Petersen, President
Sixten & Associates
5252 Balboa Ave, Suite 807
San Diego, CA 92117

Mr. Ram Venkatsan, SB 90 Coordinator
County of Santa Clara
Controller – Treasurer Dept.
70 West Hedding Street – East Wing 2nd Floor
San Jose, CA 95110

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on October 12, 2001, at Sacramento, California.

Shawn D. Silva

SHAWN SILVA

Exhibit 1

Part 1

OFFICERS GENERALLY

Chapter 1

COUNTY OFFICERS

Section		Section	
24000.	Enumeration of officers.	24008.	County fire warden, assistants and deputies, appointments; duties; arrests.
24001.	Eligibility requirements; waiver.	24009.	Elective or appointive offices; procedure for change in designation.
24002.5.	County assessor; qualifications.	24011.	Elective or appointive offices; exceptions for specified counties.
24003.	Eligibility, county veterinarian.		
24004.	Sheriff, clerk, or deputies; restrictions.		
24004.3.	Sheriff; eligibility criteria; grandfather rights.		

Cross References

County office defined, see Elections Code § 313.
County officers as elected officers, see Elections Code § 314.

§ 24000. Enumeration of officers

The officers of a county are:

(a) A district attorney.

(b) A sheriff.

(c) A county clerk.

(d) A controller.

(e) An auditor, who shall be ex officio controller.

(f) A treasurer.

(g) A recorder.

(h) A license collector.

(i) A tax collector, who shall be ex officio license collector.

(j) An assessor.

(k) A superintendent of schools.

(l) A public administrator.

(m) A coroner.

(n) A surveyor.

(o) Members of the board of supervisors.

(p) A county veterinarian.

(q) A fish and game warden.

(r) A county librarian.

(s) A county health officer.

(t) An administrative officer.

(u) A director of finance.

(v) A road commissioner.

(w) A public guardian.

(x) Such other officers as are provided by law.

(Amended by Stats.1998, c. 1195 (S.B.405), § 6.)

Additions or changes indicated by underline; deletions by asterisks * * *

Historical and Statutory Notes

[illegible] findings and declarations for [illegible], see Historical and Statutory Notes under Government Code § 4201.

Cross References

County officers as elected officers, see Elections Code § 314.

Library References

Legal Jurisprudences

Cal Jur 3d Aff § 10; Brok § 12; Dec Est § 88; Dist Attys § 11; Fish & G § 85; Law Enf O § 13; Muni § 257; Oath § 8; Prop Tax §§ 47, 133; Pub Off § 27.

Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 231 et seq.

Treatises and Practice Aids

Witkin, Procedure (4th ed) Courts § 393.

Witkin & Epstein, Criminal Law (2d ed) § 1789.

§ 24001. Eligibility requirements; waiver

Except as otherwise provided in Sections 27550.1 and 27641.1 * * * or in this section, or in Section 21123 or 34711 of the Water Code, or in any landowner voting district, as defined in paragraph (9) of subdivision (b) of Section 10500 of the Elections Code, a person is not eligible to a county or district office, unless he or she is a registered voter of the county or district in which the duties of the office are to be exercised at the time that nomination papers are issued to the person or at the time of the * * * appointment of the person.

The board of supervisors or any other legally constituted appointing authority in a county or district may, if it finds that the best interests of the county or district will be served, waive the requirements of this section for an appointed county or district office.

(Amended by Stats.1991, c. 52 (A.B.490), § 3; Stats.1994, c. 923 (S.B.1546), § 53.)

Historical and Statutory Notes

1994 Legislation

Subordination of legislation by Stats.1994, c. 923 (S.B. 1546), see Historical and Statutory Notes under Code of Civil Procedure § 203.

Library References

Legal Jurisprudences

Cal Jur 3d Dist Attys § 13; Law Enf O § 12; Muni § 253; Prop Tax § 47; Pub Off §§ 35, 40.

Am Jur 2d (Rev) Public Officers and Employees §§ 36, 37, 39-47, 52, 55, 56, 60-62.

Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 246-248.

Treatises and Practice Aids

Witkin, Summary (9th ed) Const Law § 797.

Notes of Decisions

District attorneys 8

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2. Persons eligible

A county board of supervisors, in appointing a person to the office of district attorney to serve the remainder of the term of the prior officeholder, may not waive the requirement that the appointed officer be a citizen of the State of California. 80 Op.Atty.Gen. 332, 11-21-97.

5. Dual employment

An individual may simultaneously serve as a San Bernardino County Sheriff's Deputy Chief and Yucaipa City Councilman. 78 Op.Atty.Gen. 362, December 29, 1995.

8. District attorneys

Under California law, district attorney acted as state, rather than county, official when he decided to proceed with criminal prosecution of accused granted new trial, given that Attorney General, rather than county, had authority to oversee district attorney's conduct with respect to investigation and prosecution of crimes; therefore, county could not be liable to accused under §§ 1983 for alleged wrongful prosecution. Weiner v. San Diego County, C.A.9 (Cal.)2000, 210 F.3d 1025.

California district attorney is a state officer when deciding whether to prosecute an individual. Weiner v. San Diego County, C.A.9 (Cal.)2000, 210 F.3d 1025.

District attorney represents state, and is not a policymaker for county, when preparing to prosecute and when

Exhibit 2

Service: Get by LEXSEE®
Citation: 187 Cal 181

*187 Cal. 181, *; 201 P. 120, **;*
*1921 Cal. LEXIS 346, ****

PAUL COULTER, Appellant, v. C. A. POOL, as Auditor, etc., et al., Respondents

S. F. No. 9792

Supreme Court of California

187 Cal. 181; 201 P. 120; 1921 Cal. LEXIS 346

October 7, 1921

PRIOR HISTORY: [*1]**

APPEAL from a judgment of the Superior Court of Sonoma County. Emmett Seawell, Judge.

DISPOSITION: Reversed.

CORE TERMS: engineer, board of supervisors, duty, county surveyor, appointment, county officer, ordinance, appointed, uniformity, salary, county government, public office, road commissioner, electors, highway, legislative declaration, uniform system, public officer, general law, supervisor, ex-officio, elected, fixing, county treasury, entirety, tenure, supervisorial district, supervision, prescribed, appointing

SYLLABUS: The facts are stated in the opinion of the court.

COUNSEL: W. F. Cowan and R. M. F. Soto, for Appellant.

G. W. Hoyle, for Respondent.

JUDGES: In Bank. Lennon, J. Sloane, J., Wilbur, J., Angellotti, C. J., and Lawlor, J., concurred.

OPINIONBY: LENNON

OPINION: [*183] [121]** In this proceeding the plaintiff sought, and was denied, *mandamus* to compel the defendants, respectively the auditor and the treasurer of the county of Sonoma, to audit and pay the claim of plaintiff presented against said county in the sum of $ 39.24 for labor alleged to have been performed by the plaintiff upon certain of said county's highways.

The claim in controversy is founded primarily upon the admitted fact that plaintiff performed labor upon said highways under and by virtue of the direction and authority of one of the supervisors of said county elected from and representing the supervisorial district in which the labor was performed and who, by virtue of his office, was road commissioner for said district and, as such commissioner, was given supervision of the highways in his district. (Pol. **[***2]** Code, secs. 2641, 2645.) The labor which is the basis of the claim in controversy was performed on July 26, 1919, subsequent to the appointment by the board of supervisors of a county engineer, made pursuant to the provisions of an act entitled "An act providing for a county engineer for **[*184]** each county in the state, . . . his appointment, manner of removal, qualifications, compensation and duties; transferring to such engineer certain

powers, functions and duties heretofore vested in and performed by the county surveyor and members of the board of supervisors; . . . to provide for abolishing the office of county surveyor and for the fixing and levying of taxes for road purposes." (Stats. 1919, p. 1290.) Section 13 of this act provides that it shall be known and designated as "the County Engineer Act," and it will be hereinafter referred to by that title. (Stats. 1919, pp. 1290, 1295.) In keeping with the provisions of this act, the board of supervisors, when appointing the county engineer for a term of four years, fixed his salary at the sum of $ 350 per month, and the number and compensation of his assistants. Said labor was performed by plaintiff without, and never has [***3] had, the authority, inspection, and approval of said county engineer as required by the provisions of subdivision b of section 5 of [**122] said act. The claim in question was, however, approved and allowed by the board of supervisors as a legal charge against the county, apparently upon the theory that, inasmuch as an ordinance, passed subsequent to the ordinance appointing the county engineer, with apparent intent to do so, excluded the supervisorial district in which the labor involved was performed from the scope and operation of the ordinance appointing the engineer, it thereby, in effect, left the supervisor of that district as the *ex-officio* road commissioner thereof in control of the work to be done on the highway therein to the exclusion of the authority and direction of the county engineer. The writ seeking an order directing the auditing and payment of the claim thus allowed was denied by the court below upon the theory that the County Engineer Act, having been adopted by the board of supervisors of Sonoma County, applied throughout that county; that the board of supervisors had no authority to except one district of that county from the operation of the act, and [***4] that plaintiff's claim was, therefore, void on its face because the work performed by plaintiff was not performed under the provisions of the County Engineer Act. The proceeding in *mandamus* is now here upon appeal of the plaintiff.

We shall concern ourselves only with the constitutionality of the act, for if it be held, as we think it must, to be unconstitutional, [*185] then it does not invalidate the plaintiff's claim and there is no need to discuss and decide the several remaining questions involved in the appeal.

At the outset we are satisfied that the act in question contemplates the creation of a county office and does, in fact, provide for something more than a mere employment by the board of supervisors of a person to be known as the county engineer. And we are convinced that this is so despite the verbiage of the act, industriously employed, which, among other things, declares that the county engineer appointed by the board of supervisors "shall be deemed an employee and not a county officer . . . subject to the control and supervision of the board of supervisors." We are not unmindful of the cardinal rules of statutory construction which require an interpretation [***5] of a statute which will give effect to the legislative intent which, if consistent with the real object and purpose of the statute, must be adopted, and, doubtless, the express legislative declaration found in section 1 of the act purporting to designate the official character of the county engineer and specifying the category in which, when appointed, he and his duties must be considered and treated, tends in some degree to show the legislative intent to provide that the county engineer was to be a mere employee of the board of supervisors and not a county officer who was to be part and parcel of that uniform system of county government contemplated and commanded by the constitution. (Const., art. XI, sec. 4.) While ordinarily it is the rule that, when the law-making power distinctly states its design in the enactment of a particular statute, no room is left for construction, nevertheless, as the district court of appeal well said during its discussion of this phase of the case, "The label placed by the legislature upon its work cannot be permitted to give it a meaning not fairly contemplated within its terms." In other words, a legislative declaration, whether contained in the title [***6] or in the body of a statute, that the statute was intended to promote a certain purpose is not conclusive on the courts, and they may and must inquire into the real, as distinguished from the ostensible, purpose of the statute, and determine the fact whether, after all has been said and done by the legislature, the statute, in its scope and effect, departs from the declared legislative design and contravenes [*186] the fundamental and supreme law of the state. (*Matter of Jacobs*, 98

N. Y. 98, 110, [50 Am. Rep. 636]; *State* v. *Redmon*, 134 Wis. 89, 107, [126 Am. St. Rep. 1003, 15 Ann. Cas. 408, 14 L. R. A. (N. S.) 229, 114 N. W. 137]; *Mugler* v. *Kansas*, 123 U.S. 623, [31 L. Ed. 205, 8 Sup. Ct. Rep. 273, see, also, Rose's U. S. Notes].) This being so, it cannot be rightfully held that, standing alone, the legislative declaration, in the instant case, compels the conclusion without more ado that the act in question did no more than provide for the mere employment of a county engineer and did not, in truth and in fact, attempt to create a county officer to be known as the county engineer. A proper construction of the act requires that due regard be given to **[***7]** the real object of the act. (*People* v. *Dana*, 22 Cal. 11; *Genilla* v. *Hanley*, 6 Cal. App. 614, [92 Pac. 752].) This may, we think, be readily ascertained, despite the legislative declaration to the contrary, by a consideration of the requirements of the act as gathered from the context of the act in its entirety.

Looking, then, to the context of the act in its entirety for the purpose of ascertaining its real, as distinguished from its ostensible, purpose, we are first brought to a consideration of the question of what distinguishes a public office from a mere employment. The words "public office" are used in so many senses that it is hardly possible to undertake a precise definition of the meaning and purpose of the phrase which will adequately and effectively cover every situation. It is far less difficult to conceive and comprehend the requirements which characterize a public office than it is to formulate a definition thereof which will have universal application **[**123]** and be entirely free from fault. Its definition and application depend not upon what the particular office in question may be called, nor upon what a statute may call it, but upon the power **[***8]** granted and wielded, the duties and functions performed and other circumstances which manifest the true character of the position and make and mark it a public office, irrespective of its formal designation. (*Knox* v. *Los Angeles County*, 58 Cal. 59; Mechem on Public Offices, sec. 4; *Hartigan* v. *Board*, 49 W. Va. 14, [38 S. E. 698].) A public office is ordinarily and generally defined to be the right, authority, and duty, created and conferred by law, the tenure of which is not transient, **[*187]** occasional, or incidental, by which for a given period an individual is invested with power to perform a public function for the benefit of the public. (*State* v. *Jennings*, 57 Ohio St. 415, [63 Am. St. Rep. 723, 49 N. E. 404].) A public officer is a public agent and as such acts only on behalf of his principal, the public, whose sanction is generally considered as necessary to give the act performed by the officer the authority and power of a public act or law. The most general characteristic of a public officer, which distinguishes him from a mere employee, is that a public duty is delegated and entrusted to him, as agent, the performance of which is an exercise **[***9]** of a part of the governmental functions of the particular political unit for which he, as agent, is acting. There are other incidents which ordinarily distinguish a public officer, such, for instance, as a fixed tenure of position, the exaction of a public oath of office and, perhaps, an official bond, the liability to be called to account as a public offender for misfeasance or nonfeasance in office and the payment of his salary from the general county treasury. (*United States* v. *Hartwell*, 6 Wall. 385, [18 L. Ed. 830, see, also, Rose's U. S. Notes]; *United States* v. *Germaine*, 99 U.S. 508, 511, [25 L. Ed. 482]; *People* v. *Langdon*, 40 Mich. 673; *State* v. *Jennings*, *supra*; *Knox* v. *Los Angeles County*, *supra*.) As a matter of course, in keeping with these definitions, a *county* officer is a *public* officer and may be specifically defined to be one who fills a position usually provided for in the organization of counties and county governments and is selected by the political subdivision of the state called the "county" to represent that governmental unit, continuously and as part of the regular and permanent administration of public power, in **[***10]** carrying out certain acts with the performance of which it is charged in behalf of the public. (*Sheboygan Co.* v. *Parker*, 70 U.S. 93, [18 L. Ed. 33]; *State* v. *Samuelson*, 131 Wis. 499, [111 N. W. 712]; *State* v. *Higginbotham*, 84 Ark. 537, [106 S. W. 484].)

Measuring the provisions of the act hereinabove referred to by the authorities just cited, it seems evident, beyond argument, that the so-called "employee" provided for in the statute in question is, in fact, a public and a county officer. The act specifies that the tenure of the position of county engineer shall be a term of four years from the date of his **[*188]** "appointment," providing for removal only in the event of inefficiency, malfeasance, or

misconduct in office and then upon written charges filed with the board of supervisors and after a hearing of the charges by said board, and, if found guilty, the board must forthwith remove him from "office" and shall immediately appoint his "successor" in the manner provided in the act. The act also requires that "Prior to entering upon the duties of his employment the county engineer shall file with the county clerk the *oath of office as prescribed* [***11] *for the county officers* and a bond conditioned upon the faithful performance of his duties, with sufficient sureties approved by a judge of the superior court, in the sum of five thousand dollars." (Italics ours.) The salary, which is to be fixed by the board of supervisors, "shall be paid monthly out of the county treasury of the county in which he is appointed and in the same manner as county officers. . . . *provided, however*, that the compensation of the county engineer in any county shall not be less than the compensation received by the county surveyor of that county at the time said county engineer is first appointed." With respect to duties, it is provided that, among other things, "The county engineer shall be *ex-officio* road commissioner of and for each and every road district of his county and, subject to the control and supervision of the board of supervisors as herein provided, shall . . . make, or cause to be made, all surveys, maps, plans, specifications and estimates necessary or required for the construction, improvement, maintenance and repair of the county roads, highways and bridges, and shall, from and after the first Monday in September, 1919, have and [***12] exercise all the powers and duties, and perform all the functions which are now by law conferred or imposed upon county surveyors. . . ." The act further provides that the county engineer "may also hold and perform the duties of the office of county surveyor, but in all such cases no salary or other compensation shall be paid to him as county surveyor," and that he shall, at regular monthly meetings of the board, make a report to the board containing "the recommendation of acceptance or rejection of any public work completed, and all official announcements or statements which the engineer is required to make to the board" and "submit to the board of supervisors a certificate over his own signature. [*189] and official seal to the effect that such work by the contractors thereof has [**124] been completed in accordance with the specifications thereof and recommending its acceptance." The act in terms provides that, upon the appointment of the county engineer, the county office of county surveyor shall, in certain specified contingencies, be deemed abolished; nevertheless, as is evidenced by some of the provisions above set forth, the office and duties of the county surveyor [***13] are, in effect, by the act in question, merged into the office and duties of the county engineer. The county surveyor, under the general law in force throughout the state, is a county officer (Pol. Code, sec. 4013), and as such is required to do certain designated county work, not specially mentioned in the act in question, pertaining to the governmental functions of the county. (Pol. Code, sec. 4214 et seq.) The legislature, therefore, attempted to transfer the burden of the duties of the county surveyor to the so-called county engineer, in conjunction with the added and different duties imposed upon him by the act in question. That this is so is further evidenced by an amendment to the County Engineer Act, in 1921, by which a provision was added to the effect that, upon the petition of a certain percentage of qualified electors of the county, the board of supervisors in any county which shall have adopted the provisions of the act "shall discontinue such office of county engineer by ordinance declaring their intention so to do and in such ordinance the board shall provide that the person holding the office of county engineer at the time the ordinance becomes effective shall be [***14] and become the county surveyor of such county until the next ensuing general election . . ." (Stats. 1921, p. 934.)

That the position of county engineer is in fact a county office is apparent, in view of the authorities previously cited, from the provisions of the act above quoted and referred to, namely, the provision for trial and removal of the county engineer in the event of misfeasance or nonfeasance in office, the fixing of the tenure of office, the requirement of a bond and the taking of the oath prescribed for county officers, payment of salary from the general county treasury, the political and governmental nature of his duties and the relation between the position of county engineer and the office of county surveyor. "Clearly, it was a county [*190] office." (*Reed* v. *Hammond*, 18 Cal. App. 442, [123 Pac. 346].) This being

so, it may be stated, in passing, that it follows that the County Engineer Act is practically inoperative for the reason that the act itself specifies no compensation for the office, and any ordinance of a board of supervisors attempting to fix the salary of a person appointed to the position of county engineer is void to that extent for [***15] the reason that the constitution imposes upon the legislature, exclusively, the duty of regulating the compensation of all county officers, unless a county has adopted a charter in accordance with the provisions of sections 7 1/2 or 7 1/2a of article XI of the constitution, or there is some other express constitutional exception. The state legislature cannot directly delegate to the boards of supervisors of the various counties the power of fixing the compensation of a county officer. (Const., art. XI, sec. 5; *Dougherty v. Austin*, 94 Cal. 601, [16 L. R. A. 166, 28 Pac. 834, 29 Pac. 1092].)

Concluding, as we do and must, that the position of "county engineer" which the legislature attempted to provide for by the act under consideration is in truth and in fact a county office, we are then confronted with the question of whether or not the act, if permitted to become operative, is in keeping with and does not violate the mandatory provision of the constitution, which requires that "The Legislature shall establish a system of county governments which shall be uniform throughout the State . . ." (Const., art. XI, sec. 4.)

We may concede, for the purpose of discussion, that [***16] the rule prohibiting the delegation of legislative powers by a state legislature does not necessarily prohibit a conditional statute, the taking effect of which, in each locality, may be made to depend upon such subsequent event as its approval by the electors of that locality. Likewise, it may be conceded that the act in question may be said to be a general and uniform law because the general provisions thereof are applicable alike to every county in the state. The fact remains, however, that the constitution contemplates and commands that *the system of county governments shall be uniform throughout the state*, except in those special instances where the constitution itself sanctions a departure from uniformity, such, for instance, as in the case of counties or consolidated cities and counties which [*191] adopt charters in accordance with the provisions of sections 7 1/2 and 7 1/2a of the constitution. There is no section of the constitution which specially excepts the political functions dealt with by the act in question from the requirement that the general scheme of county governments provided for by the legislature must be uniform throughout the state. Therefore, [***17] if the County Engineer Act will, in its operation, necessarily tend to interfere with this uniformity, it is unconstitutional and void.

Section 1 of the act provides that "The board of supervisors of any county at their option may appoint, and upon petition therefor signed by qualified electors of the county equaling in number not less than twenty-five per cent of the total vote cast in the county for governor at the last preceding election at which a governor was elected, they must appoint a competent civil engineer . . . as county engineer." [**125] Section 11 provides that, if the provisions of the act are adopted in a county by the appointment of a county engineer, the office of the county surveyor shall be abolished either upon the date upon which the appointment is made and accepted if the person who holds the office of county surveyor is the one appointed county engineer, or, in other cases, upon the expiration of the term of the person who holds the office of county surveyor at the time the appointment of county engineer is made. By the 1921 amendment, previously mentioned, the office of county engineer may be abolished and that of county surveyor reinstated, upon the [***18] petition of a certain percentage of electors. It is evident, therefore, that the act is not mandatory in its operation. To the contrary, it is provided in the act that the question as to whether its provisions shall become operative in any particular county or whether that county shall continue under the provisions of the general law on the subject heretofore in force, is a matter to be determined, in the last analysis, solely by a percentage of the electors of that county. This being so, the act by its express terms renders possible, and probable, a situation where, in one or more of the counties of the state, the duties of surveying and fixing the boundaries of the public lands and roads, etc., would be performed by the county surveyor, an officer elected by the people

of the respective counties and subject to the rules governing elected officials, while in [*192] another or other counties there might be an arrangement whereby these same duties would be performed by an official appointed by the board of supervisors, which official would, in addition to the duties prescribed by the general law for county surveyors, also perform the various duties set forth in section 5 of [***19] the County Engineer Act. In the counties operating under the general law, each supervisor is *ex-officio* road commissioner in his supervisorial district, whereas, in counties electing to adopt the provisions of the County Engineer Act, the county engineer would be "*ex-officio* road commissioner of and for each and every road district of his county."

The word "system," as employed in the constitution, means an organized plan or scheme in keeping with which the constituent parts thereof are rendered similar and are connected and combined into one complete, harmonious whole, and it necessarily imports both a unity of purpose and entirety of operation. (*Welsh* v. *Bramlet*, 98 Cal. 219, [33 Pac. 66]; *Board* v. *State*, 26 Okl. 366, [109 Pac. 563]; *State* v. *Riordan*, 24 Wis. 484.) As previously indicated, uniformity means consistency, resemblance, sameness, a conformity to one pattern. In this resemblance, in this sameness, in this conformity of a class to one pattern, consists the uniformity of system which is essential to the creation and continuity of a uniform system. And, therefore, the constitutional mandate to establish a uniform system of county government [***20] throughout the state means one system applicable alike in all its parts and continuously operating equally in all of the counties of the state. If a particular county were expressly exempted from the operation of the act in question, there would be no doubt but that it would violate the uniformity of system contemplated and required by the constitution. And, while in the act under consideration, no particular county is expressly exempted from the operation of the law, nevertheless people of any one or more counties may, without regard to any action taken by the remaining counties, determine that they will or will not be subject to the operation of the law and thereby, of their own volition, create an exception to the general and uniform system of county government. In other words, the legislature by the act in question attempted to do by indirection that which it could not do directly. [*193] That is to say, having no power to exempt one or more counties from the operation of the act, it could not confer that power upon the people of the different counties. The legislature itself must by its own enactment establish in the first instance a system of county government uniform [***21] throughout the state, and it necessarily follows that such system, when once established, must, in so far as its uniformity is concerned, be kept intact by the legislature and must not be impaired by any subsequent legislation authorizing in counties a material difference in the manner of performing functions of government intrusted to them.

Inasmuch as the County Engineer Act provides for a county office, involving the exercise of political functions, we conclude that the said act violates the constitutional requirement that the system of county governments prescribed by the legislature shall be uniform throughout the state, by reason of the fact that it is not mandatory in its operation, but that it is optional with each county whether or not the office provided for by the act shall be established therein. (*Los Angeles County* v. *Kirk*, 148 Cal. 385, [83 Pac. 250].)

This conclusion is not in conflict with the cases relied upon by respondents. In *Scott* v. *Boyle*, 164 Cal. 321, [128 Pac. 941], the court had under consideration a statute which authorized the appointment of sealers of weights and measures but left the determination as to whether or not this authorization [***22] should be availed of to the different counties and municipalities. The statute dealt with an office which was specifically provided for by a special section of the constitution. (Const., art. XI, sec. 14), and which the court held was "distinct from the general political functions of counties and cities and [**126] the general scheme of county or municipal government." Likewise, the statute upheld in the case of *Board of Law Library Trustees* v. *Board of Supervisors*, 99 Cal. 571, [34 Pac. 244], left to the election of the different counties the matter of the establishment of law libraries, but such institutions are not part of the system of county government, at least in so far as the execution of

"political functions" is concerned, and, consequently, the point here presented was not discussed in that case. In *Tulare County v. May*, 118 Cal. 303, [50 Pac. 427], the act provided for one additional deputy sheriff and two deputy **[*194]** clerks in any county in which an additional judge of the superior court was created by the legislature. This provision was valid, for, as stated in the opinion, it operated in each county alike upon the creation of an additional **[***23]** judge in that county *by the legislature*.

The employment of plaintiff to perform the work in question was ratified by the board of supervisors by allowing his claim for compensation for the work (*Power v. May*, 123 Cal. 147, [55 Pac. 796]), and, in view of the fact that the County Engineer Act must be held unconstitutional, the record discloses no valid objection to the payment of the claim thus allowed. Disregarding the findings concerning the proceedings under the said County Engineer Act, the remaining findings of the trial court are sufficient to support a judgment in plaintiff's favor. Accordingly, the judgment is reversed, with directions to the trial court to grant the relief prayed for in plaintiff's petition.

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Exhibit 3

Service: Get by LEXSEE®
Citation: 142 Cal. 447

*142 Cal. 447, *; 76 P. 42, **;*
*1904 Cal. LEXIS 960, ****

MILLER & LUX, Appellant, v. J. B. BATZ, Treasurer of Kern County, Respondent

L. A. No. 1353

Supreme Court of California, Department One

142 Cal. 447; 76 P. 42; 1904 Cal. LEXIS 960

March 10, 1904

PRIOR HISTORY: [***1]

APPEAL from a judgment of the Superior Court of Kern County. J. W. Mahon, Judge.

DISPOSITION: For the reasons given in the foregoing opinion the judgment is reversed, with directions to overrule the demurrer.

CORE TERMS: purchaser, swamp-land, statute of limitations, reclamation, register, county treasurer, amount paid, pleaded, per acre, treasurer, treasury, demurrer, dollars, purchase money, computation, surplus, patent, duty, express trust, begin to run, expenditure, chargeable, annexation, expended, assignors, board of supervisors, liability created, taxing district, cause of action, general fund

SYLLABUS: The facts are stated in the opinion.

COUNSEL: Joseph R. Garber, for Appellant.

J. W. Ahern, and J. R. Dorsey, for Respondent.

JUDGES: Chipman, C. Gray, C., and Cooper, C., concurred. Angellotti, J., Shaw, J., Van Dyke, J.

OPINIONBY: CHIPMAN

OPINION: [*447] [**42] *Mandamus*. The principal question raised is on plea of the statute of limitations raised by the demurrer. It does not appear by the transcript when the original petition for the writ was filed, but the respondent states that it was on January 6, 1898, and we will assume that to be the date. The demurrer was sustained, and defendant had judgment, from which plaintiff appealed. The purpose of the writ was to compel [**43] defendant to pay the plaintiff certain moneys alleged to be due plaintiff out of the swamp-land fund held by defendant.

It appears that the amount paid into the treasury of Kern County by plaintiff's predecessors and assignors on account of the purchase price of the land in swamp-land district [***2] No. [*448] 457 as originally defined was $ 1,931.38, and the amount paid on account of the purchase price of land in the annexation was $ 414.37. More than two dollars per acre was expended by plaintiff and its assignors in the reclamation of the land in the original district, and the fact was duly certified by the trustees of the district, as provided by section 3476 of the Political Code, and was also so certified to the register of the state land office on

March 9, 1891, and on March 11, 1891, agreeably to section 3477 of the same code, the register forwarded to the treasurer of Kern County a statement that the amount paid by the purchaser was as above shown. Similar expenditures, to the amount of $ 414.33, were made in reclaiming the land in the annexation, and were duly certified by the trustees of the district April 4, 1893, and were certified back by the register to the treasurer of the county on April 14, 1893. There was no amount at any time chargeable against the district or its annexation by reason of moneys drawn from the swamp-land fund, nor had the district ever had any indebtedness represented by controller's warrants drawn on the state treasury.

Under section [***3] 3477 of the Political Code the right accrued to demand the sum of $ 1,931.38 out of the swamp-land fund of the county at least as early as March 11, 1891, and the sum of $ 414.37 on April 14, 1893. It is alleged, however, that from March 10, 1891, to and including December 28, 1897, the total amount of money in the swamp-land fund of said county was less than $ 1,894. On December 28, 1897, payment was demanded of the several sums due, "or as much thereof as there remained in the swamp-land fund, which demand was refused." At this time the amount in the fund was $ 1,098.09.

The alleged insufficiency of the facts to constitute a cause of action is not urged by respondent, nor is the question as to an alleged defect of parties defendant; these points will be deemed waived. Respondent rests upon the claim that the action is barred by the statute of limitations. The cause was here once before (*Miller & Lux v. Batz*, 131 Cal. 402), and the only statute then pleaded in bar was subdivision 1 of section 338 of the Code of Civil Procedure, the theory of defendant then being that the action was upon a liability created by statute other than a penalty or forfeiture. The [*449] [***4] court said: "The plaintiff's cause of action herein is not founded upon a liability created by statute, but is based upon a contract between him and the state, and is subject only to those provisions of the statute of limitations which are applicable to causes of action arising out of contractual relations." No other statute being pleaded, the cause was remanded on rehearing, with leave to plaintiff to amend so as to obviate the objection pointed out in the Department decision affirming the judgment. (61 Pac. Rep. 935.) The statute requires the county treasurer to retain all moneys arising from the sale of swamp or overflowed lands, and place the same to the credit of the "swamp-land fund" of the county. (Pol. Code, sec. 3426.) The statute also provides that when the works of reclamation are completed, or when two dollars per acre has been expended on such works, and the facts are certified to the board of supervisors, the latter must certify the facts to the register (Pol. Code, sec. 3476), and the register must thereupon credit each purchaser with payment in full for such lands who is then entitled to patent. The register must also make a statement to the county treasurer showing [***5] the amount paid by each purchaser. After making certain deductions chargeable against the swamp-land fund of the county by reason of moneys drawn therefrom, the county treasurer "must divide the balance *pro rata* among the original purchasers of the land or their assigns, and must pay to each purchaser on demand the amount found to be due from such computation, out of the moneys in his hands to the credit of the swamp-land fund of the county." In the present case there were no amounts chargeable against the fund, and the whole amount paid as above stated was due plaintiff out of this fund. Except to meet demands on the fund provided by statute (and there were none in this case), there is no authority given to use the fund for any purpose, except upon a transfer to the general county fund by way of loan (Stats. 1880, p. 399); and when necessary to repay the amount so loaned, the act authorized warrants to be drawn upon the general county fund for the amount so loaned, or any part thereof, and such claims become preferred claims against that fund, to be paid out of the first moneys received in such fund.

[*450] According to the petition, there was about $ 1,894 in the swamp-land [***6] fund from the time plaintiff could have demanded the money up to the time (December 28, 1897,) when the demand was made, and there was $ 1,098.09 when the petition was filed. The balance of the money standing to the purchaser's credit must be presumed to have been in the general fund by transfer, as there was no authority to make other disposition of it

(Code Civ. Proc., sec. 1963, subd. 15), and on demand it became the duty of the board of supervisors to retransfer the money to the swamp-land fund or issue warrants against the general fund, as provided by the act of 1880. (Stats. 1880, p. 399.)

Appellant contends that the treasurer holds the money as trustee of an express trust, [**44] and therefore the statute did not begin to run until appellant's demand was made, and until the trust is expressly repudiated the statute does not run; that the money is held in trust as is the land, and the purchaser may demand either at his pleasure. It is also claimed that if the treasurer is not the trustee of an express trust the demand was made within a reasonable time after the right accrued, and nothing more was required.

The question then is, Was the statute of limitations set in motion [***7] at the time when plaintiff or its assignors had the right to demand payment? We think the answer must be in the negative.

The original grant of swamp and overflowed land by the general government to the state was by its nature and object a trust to bring about the reclamation of the land, although title to the land passed to the state. In its disposition by the state to purchasers reclamation was contemplated, -- hence the machinery for organizing reclamation districts; the creation of a swamp-land fund, of which the money paid by the purchaser was a part; the provisions for carrying on the work of reclamation by trustees, or by the purchasers themselves out of this fund, and for the repayment to the purchasers the unexpended purchase money on completion of the reclamation or the expenditure of two dollars per acre for that purpose. The history and object of the grant and the successive state enactments will be found quite fully set forth in the *County of Kings* v. *County of Tulare*, 119 Cal. 509. It was there held that the officers of the county, so far as called upon [*451] to execute the law, were but agents of the state, and had no property right in the fund or in [***8] the land. The fund was placed in the county treasury merely to facilitate the purpose of the grant to the state, which was to cause the land to be reclaimed, and that the state had not transferred its trust. Upon proof made of complete reclamation to the register of the state land office, or to the expenditure of two dollars per acre therefor, the purchaser became entitled to a patent; and it became the duty of the register to certify to the county treasurer the amount paid by each purchaser; and the county treasurer was then required, after making computation of charges against the fund to "pay to each purchaser, or his assigns, on demand, the amount found to be due him from such computation out of the moneys in his hands to the credit of the 'swamp-land fund' of the county." (Pol. Code, sec. 3477.) Under the provisions of the law the purchaser acquires an equitable interest in the land by the deposit of his purchase money, and likewise a similar interest in the swamp-land fund, where his money is deposited, upon doing the reclamation work, and it seems to us that the land and money are both held by the state in trust for the purchaser.

This swamp-land fund is a special fund, separate [***9] from all other funds of the state or county which became vested in the state upon payment by the purchaser. The state agreed, however, on certain conditions, not only to convey the title to the land to the purchaser, but to restore to him the purchase money in the event of his reclaiming the land. It was not the purpose of the law that the state should profit pecuniarily by the transaction. The main object was to cause the land to be reclaimed, and to bring otherwise profitless land under cultivation and make it productive and habitable. The state could retain the money only upon failure of the purchaser to do what the law required of him, which, when done, entitled him not only to a patent to the land, but a return of the money paid whenever he might apply for it.

An act of Congress imposed a direct tax upon certain property, and provided that in case of sale the surplus of the proceeds "shall be paid to the owner of the property," and if not paid "shall be deposited in the treasury of the United States, to be there held for the use of the owner, or his legal [*452] representative, until he or they shall make application therefor

to the secretary of the treasury, who, upon [***10] such application, shall, by warrant on the treasury, cause the same to be paid to the applicant." Suit was brought in the Court of Claims, and the bar of the statute of limitations was pleaded. The court held that the law imposing the tax fixed no limit of time within which the application should be made, and the secretary was not authorized to fix a limit; that the government held the money as trustee, and that the statute did not begin to run against the *cestui que trust* until the trustee had unequivocally repudiated the trust. (*United States* v. *Taylor*, 104 U.S. 216.)

A gas company contracted with the municipality to furnish gas to the city, "and was to be paid ten cents on the $ 100, the tax levied for lighting purposes, whenever said taxes were collected." In a suit by the company the city pleaded the statute of limitations. It was held that the tax was levied for a specific purpose in pursuance of a lawful contract made by the city, and the gas company became the equitable owner of those taxes. The charter made it the duty of the commissioners of the taxing district to disburse taxes for the purpose for which they were levied, and a creditor could look only to [***11] the particular tax levied. The court said: "We are, therefore, of the opinion that, in view of the provisions of this charter, the commissioners are made express trustees of those taxes. The board of commissioners constitutes an agency or instrumentality of the taxing district, and the plea of the statute of limitations is unavailing as a defense to the city." (*Memphis Gas Light Co.* v. *Memphis*, 93 Tenn. 612.)

A statute of Maine provided for equalizing the burden of war debts of the towns in the state by a limited assumption on the part of the state. [**45] It was provided that where, in the process of equalizing bounties, a town had received a surplus over what it had expended, this surplus should belong to the soldiers who served on the town's quota without receiving any bounty therefrom. The court held that this legislation constituted an express trust, and the statute of limitations did not begin to run in favor of the town until disavowed by it; that mere delay on the part of the soldier in demanding payment, after his share became payable, did not bar his right of recovery. (*McGuire* v. *Linnens*, 74 Me. 344.)

[*453] The controlling principle of these [***12] cases appears applicable to the case now here, and warrants us in holding that the statute of limitations does not stand in the way of paying the plaintiff's claim.

We find nothing in what was said in the case when here before, nor in *Carpenter* v. *San Francisco Savings Union*, 128 Cal. 516, contrary to this view. In the latter case no question arose as to the statute of limitations.

It is advised that the judgment be reversed, with directions to overrule the demurrer.

For the reasons given in the foregoing opinion the judgment is reversed, with directions to overrule the demurrer.

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Exhibit 4

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Citation: 25 cal 93

*25 Cal. 93, *; 1864 Cal. LEXIS 13, ***

J. E. MILLER v. THE BOARD OF SUPERVISORS OF SACRAMENTO COUNTY

[NO NUMBER IN ORIGINAL]

SUPREME COURT OF CALIFORNIA

25 Cal. 93; 1864 Cal. LEXIS 13

April 1864

PRIOR HISTORY: [**1] Certiorari to the Board of Supervisors of Sacramento County.

CORE TERMS: incumbent, resignation, elected, exceeded, oath of office, assigned, resigned, Practice Act, appellate jurisdiction, appointed, invested, tendered, neglect, vacant, sureties, oath, power to issue, stood, writ of certiorari, general election, adequate remedy, transmitted, prescribed, withdrawal, affirming, exhibited, modifying, annulling, complains, election

SYLLABUS: The facts are stated in the opinion of the Court.

COUNSEL: *H. H. Hartley*, for Petitioner.

Upton and *Estee*, for Respondent.

JUDGES: Currey, J. Mr. Justice Sawyer expressed no opinion.

OPINIONBY: CURREY

OPINION: [*94] The petitioner, John E. Miller, was elected at the general election of the year 1863 to the office of Public Administrator of Sacramento County, for the term to commence on the first Monday of March, 1864, and a certificate of his election was duly issued to him by the proper officer. On the first Monday of March, 1864, before Miller had taken the oath of office or executed the proper bond, with sureties, he tendered, in writing, to the Judge of the County Court of the county, his resignation of the office to which he had been elected, which was accepted by such Judge, and by him transmitted to the Board of Supervisors, and the same was placed on file with the Clerk of the Board. Afterward, on the 15th of March, the petitioner gave notice, in writing, to the Supervisors that he withdrew his resignation, and at the same time exhibited to them proof that he had duly taken the official oath required by law, [**2] and tendered to the Board his official bond, executed in the amount and form prescribed by law, which was received and filed with the Clerk of the Board. The Board met on the 5th of April, and proceeded to consider the matten in relation to the resignation of Miller; and, upon motion of one of its members, the same was in form accepted, and so entered in the minutes of their proceedings; and on the following day the Board met again and rejected the bond, for reasons specially assigned. The reasons so assigned were not because the bond was not in substance and form in compliance [*95] with the requirements of the statute in such cases made and provided, nor because the sureties were not sufficient and responsible; but, in effect, because the petitioner had resigned the office. Immediately before the petitioner gave the Board notice of his withdrawal of his resignation he applied to the County Judge and requested to be permitted to withdraw his resignation, and the Judge consented thereto and advised him that, as his resignation

had been transmitted to the Board of Supervisors, to notify the Board of his withdrawal of it.

In the petition presented to this Court, the petitioner [**3] complains that the Board of Supervisors, by their action rejecting the bond for the reasons by them assigned, acted in violation of law and exceeded their jurisdiction, to the manifest injury of the petitioner; and he therefore prays this Court to order that a writ of certiorari be issued to said Board to certify up to this Court for review their records and proceedings in the premises, that this Court may render such judgment concerning the matter as may be proper in the case.

This writ was granted without any prejudice to any defense the Board of Supervisors might have made upon the return of an order to show cause why the writ should not be granted. The Board has caused to be certified and brought before the Court all their proceedings; and upon the record thus made up it is maintained, on behalf of the Supervisors:

First -- That this Court has not jurisdiction to grant a writ of certiorari, except in aid of its appellate jurisdiction.

Second -- That if the Court has such jurisdiction, the case exhibited by the record does not show that the Board of Supervisors exceeded their jurisdiction by performing the acts of which the petitioner complains.

I. The Constitution as amended [**4] provides that the Supreme Court shall "have power to issue writs of mandamus, certiorari, prohibition and habeas corpus, and also all writs necessary or proper to the complete exercise of its appellate jurisdiction." (Art. VI, Sec. 4.) This section of the Constitution as it stood before it was amended, after enumerating the appellate powers of the Supreme Court, provided that it [*96] should have power to issue all writs and process necessary to the exercise of its appellate jurisdiction. The change effected by the amendment seems to have been designed to enlarge the powers of the Court by conferring upon it original jurisdiction in the particulars specified in the fourth section of the Sixth Article. The language of this section is too clear and explicit to leave it open to any other construction, however much the Court might be disposed to decline this new jurisdiction, in view of the inconveniences and embarrassments that may attend its exercise. (*Tyler* v. *Houghton*, 25 Cal. 26.)

II. The main point in the case is involved in the second objection, namely: that from the record certified to this Court it does not appear that the Board of Supervisors exceeded their jurisdiction [**5] in accepting the resignation of the petitioner and in the rejecting of his bond filed with the Board.

The writ of certiorari shall be granted in all cases where an inferior tribunal, Board, or officer, exercising judicial functions, has exceeded the jurisdiction of such tribunal, Board, or officer, and there is no appeal, nor in the judgment of the Court any plain, speedy, and adequate remedy. This is so provided by the four hundred and fifty-sixth section of the Practice Act; and the only question to be considered under the authority of this statute is, whether the case presented by the record before us embodies the elemental conditions authorizing the issuing of the writ in the first place; and the giving of judgment, either affirming, annulling, or modifying the proceedings of the Board, in the second place; for the power of review possessed by the Court in this case cannot be extended further than to determine whether the Board has regularly pursued its authority, (Practice Act, Section 462,) and to give judgment either affirming, annulling, or modifying the proceedings of the Board. (Practice Act, Section 463.)

By the twenty-fourth section of the Act providing for the government [**6] of the County of Sacramento, passed April 25th, 1863, (Laws 1863, p. 512,) the Board of Supervisors are required to fix the amount of the official bonds of the several county officers, and such bonds are to be approved by such [*97] Board in open session, which fact is required to be

entered in the minutes of their proceedings and indorsed on the bond by the Clerk, and it shall then be approved by the County Judge. In the matter of the approval or disapproval of the bond, the Board exercises judicial functions. (*Robinson v. Board of Supervisors of Sacramento*, 16 Cal. 208, and cases therein cited; *People v. El Dorado County*, 8 Cal. 58; *People v. The Supervisors of Marin County*, 10 Cal. 344.)

The act performed by the Board of Supervisors, alleged to have been an excess of their jurisdiction, consisted in determining, in effect, that the petitioner had resigned the office to which he was elected, and in rejecting the bond for that reason, and because of a previous attempt on his part to sell the office. Whatever may have been the truth as to such attempt, and however open to animadversion, conduct of this kind may be, that was a question with which the Board had no authority [**7] to deal, and the inquiry must be narrowed down to the point whether the petitioner had resigned the office to which he was elected by the people of the county, and whether his resignation was a subsisting fact at the time the Board acted. If this inquiry be answered in the negative, then the Board, according to the case cited from 10 Cal. 344, exceeded its jurisdiction in treating the alleged resignation as effectual, and rejecting the bond tendered and filed for the reasons by them assigned.

At the time the petitioner undertook to resign the office of Public Administrator he was not in fact invested with that office. Before he could become so he was required by law to take the constitutional oath, and execute with sureties a proper bond to be approved by the Board. Had these things been done within the ten days allowed for the purpose, he would have become the Public Administrator of Sacramento County, and fully invested with the office. Having the mere naked right to the office of Public Administrator, the taking of the constitutional oath of office and executing the bond prescribed were conditions which, fully completed, were essential to the constituting of the petitioner such [**8] officer.

[*98] The first section of the Act concerning Public Administrators is as follows: "There shall be elected at the general election in and for each of the counties of this State, by the electors thereof, a Public Administrator, who shall continue in office for the term of two years, and until his successor is elected and qualified." (Wood's Digest, 51.)

There can be but one incumbent of the office of Public Administrator at the same time, and he who held the office prior to the first Monday in March remained the incumbent on that day, notwithstanding the petitioner was then entitled to the office upon taking the oath and filing the necessary bond. The petitioner's term, or the term for which he was elected, commenced on the first Monday of March; but that fact alone could not constitute him the incumbent of the office, because an incumbent is one who is in the present possession of an office. (Webster.) An officer is one who is lawfully invested with an office; and an office is a right to exercise a public function or employment and to take the fees and emoluments belonging to it. (7 Bac. Ab. 279; title -- Offices and Officers.)

The twenty-third section of the Act concerning [**9] office is as follows: "Every office shall become vacant upon the happening of either of the following events before the expiration of the term of such office: 1. The death or resignation of the incumbent. 2. The removal of the incumbent from office. 3. The confirmed insanity of the incumbent, etc. 4. A conviction of the incumbent of a felony, etc. 5. A refusal or neglect of the person elected or appointed to take the oath of office, as prescribed in the seventeenth section of this Act; or when a bond is required by law, his refusal or neglect to give the bond within the same time in which he is required to take the oath of office. 6. The ceasing of the incumbent to be a resident, etc. 7. The ceasing of the incumbent to discharge the duties of the office for the period of three consecutive months, except, etc. 8. The decision of a competent tribunal declaring the election or appointment void, or the office vacant." (Laws of 1863, p. 389.)

By reference to these subdivisions of section thirty, it will [*99] be observed that the term "incumbent" refers to him alone who has become qualified and has entered into the

possession of the office; and that the person who has been elected [**10] or appointed to an office, who refuses or neglects to take the oath of office, or to give a bond when required, within the time prescribed by law, is not denominated an incumbent; and nothing is said as to the resignation of any other than an incumbent of the office.

In *The People* v. *Van Horne*, 18 Wend. 515, Mr. Chief Justice Savage said: "An office cannot be said to be vacant while any person is authorized to act in it, and does so act." And in reference to a statute like the first section of our Act concerning Public Administrators, he said: "In such cases there is, in fact, no vacancy, because the officers of the preceding year hold the offices until others are chosen or appointed in their places and have qualified."

If the petitioner had not become the incumbent of the office which he was elected to fill, he had no office to resign; and though he may have supposed he had, yet that did not alter the fact, and his attempted resignation and the acceptance of it by the County Judge was abortive and ineffectual.

The petitioner having taken the oath and filed the bond required by law, the Board of Supervisors ought to have approved it, if no other objection stood in the way than [**11] those assigned for rejecting it. We think the Board, by their action, which we are called upon to review, exceeded their jurisdiction. (*People* v. *Supervisors of Marin County*, 10 Cal. 344.) For the correction of this error there is no appeal, nor in our judgment, any plain, speedy, and adequate remedy other than by certiorari.

It is therefore ordered and adjudged that the proceedings of the Board of Supervisors of Sacramento County, in holding that the petitioner had resigned the office of Public Administrator, and in rejecting his bond filed, be annulled and held for naught.

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Exhibit 5

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Citation: 127 cal 388

*127 Cal. 388, *; 59 P. 702, **;*
*1899 Cal. LEXIS 659, ****

A. T. PATTON, Respondent, v. BOARD OF HEALTH OF CITY AND COUNTY OF SAN FRANCISCO et al., Appellants

S. F. No. 1853

Supreme Court of California

127 Cal. 388; 59 P. 702; 1899 Cal. LEXIS 659

December 29, 1899

SUBSEQUENT HISTORY: [***1]

Rehearing denied.

PRIOR HISTORY:

APPEAL from a judgment of the Superior Court of the City and County of San Francisco and from an order denying a new trial. William R. Daingerfield, Judge.

DISPOSITION: For the reasons given in the foregoing opinion the judgment is reversed, with directions to dismiss the writ.

CORE TERMS: duty, inspector, board of health, appointed, appointment, prescribed, public officer, tenure, pleasure, salary, occasional, delegated, appointee, station, emolument, harbor master, public office, duration, incumbent, permanent, conferred, governor, appoint, clerk, appointing power, power to prescribe, public service, public charge, standing laws, public trust

SYLLABUS: The facts are stated in the opinion.

COUNSEL: Garret W. McEnerney, and Sidney M. Ehrman, for Appellants.

A health inspector of the city and county of San Francisco is a public officer within the provisions of section 16 of article XX of the constitution. His salary is fixed by section 3010. The provision in section 3009, in regard to removal for cause only, being in violation of the constitutional provision as to the pleasure of the appointing power, is unconstitutional and void. (*People v. Hill*, 7 Cal. 97; *Smith v. Brown*, 59 Cal. 672; *People v. Shear* (Cal., Sept. 24, 1887), 15 Pac. Rep. 92.) A health inspector falls within the recognized definitions and authorities as to what constitutes a public office or officer. (Bacon's Abridgment, tit. Office and Officers, A; Burrill's Law Dictionary, tit. Office; *Henley v. Mayor*, 5 Bing. 91; *United States v. Hartwell*, 6 [***2] Wall. 385, 393; *United States v. Maurice*, 2 Brock. 96, 103; *Shelby v. Alcorn*, 36 Miss. 273; 72 Am. Dec. 169; *Bradford v. Justices*, 33 Ga. 332; *Bunn v. People*, 45 Ill. 397; *Attorney General v. Drohan*, 169 Mass. 534; 61 Am. St. Rep. 301; *Brown v. Russell*, 166 Mass. 14; 55 Am. St. Rep. 357; *People ex rel. Armsted v. Nostrand*, 46 N. Y. 381; *People ex rel. Kelley v. Common Council*, 77 N. Y. 503; 33 Am. Rep. 659; *Opinion of Judges*, 3 Me. 481; *Rowland v. Mayor*, 83 N. Y. 376; *Moser v. Mayor*, 21 Hun, 163; *In re Hardy*, 17 Misc. Rep. 667; 41 N. Y. Supp. 469; *Ricketts v. New York*, 67 How. Pr. 320; *Vaughn v. English*, 8 Cal. 40.)

James P. Langhorne, W. F. Fitzgerald, and A. T. Patton, *In pro. per.*, for Respondent.

The only person designated as an officer in the clause of section 3009 providing for health inspectors is the "quarantine officer." In other clauses certain "officers" are mentioned, and also "other employees." The nature of the functions of an employee determine the official or unofficial character of his employment. (*State v. Kennon*, 7 Ohio St. 557.) The health inspector is a mere agent, servant, or messenger of the board **[***3]** of health, and is not an officer. (*Smith v. Mayor*, 67 Barb. 223; *Olmstead v. Mayor*, 42 N. Y. Sup. Ct. 482; *People v. Pinckney*, 32 N. Y. 377; *Bunn v. People*, 45 Ill. 397.) Treating the "position" of health inspector as analogous to an office, still he could only be removed for "cause" after hearing. (*State ex rel. Lewis v. Board of Public Works*, 51 N. J. L. 240; *Kennedy v. Board of Education*, 82 Cal. 483; *Marion v. Board of Education*, 97 Cal. 608; *State ex rel. Denison v. St. Louis*, 90 Mo. 22; *State ex rel. Dally v. Essex County Freeholders*, 58 N. J. L. 319; *State ex rel. Reid v. Walbridge*, 119 Mo. 383; 41 Am. St. Rep. 663; *Haight v. Love*, 39 N. J. L. 22; *Dullam v. Willson*, 53 Mich. 392; 51 Am. Rep. 128; *Hallgren v. Campbell*, 82 Mich. 260; 21 Am. St. Rep. 557; *State ex rel. Hastings v. Smith*, 35 Neb. 13; *Ham v. Boston Board Police*, 142 Mass. 95; *People v. Carver*, 5 Colo. App. 159; *People ex rel. Munday v. Fire Commrs.*, 72 N. Y. 448; Mechem on Public Offices and Officers, sec. 454.) Every presumption is to be indulged in favor of the constitutionality of the express provision against removal of health inspectors, except **[***4]** for cause, contained in the section providing for their appointment. (*Bourland v. Hildreth*, 26 Cal. 161; *People v. Frisbie*, 26 Cal. 135; *University v. Bernard*, 57 Cal. 612; *People v. Hayne*, 83 Cal. 111; 17 Am. St. Rep. 217.)

JUDGES: In Bank. Chipman, C. Cooper, C., and Gray, C., concurred. Harrison, J., Garoutte, J., McFarland, J., Henshaw, J.

OPINIONBY: CHIPMAN

OPINION: **[*391]** **[**703]** Plaintiff brings this action against the board of health of the city and county of San Francisco for a writ of mandate requiring it to admit plaintiff to the position of health inspector and to approve certain of his demands on the treasury for salary accruing since his removal.

The court found as facts that the board of health appointed plaintiff on August 6, 1895, as one of the six health inspectors provided to be appointed by section 3009 of the Political Code; that the board of health, in its order appointing plaintiff, did not specify or in any manner limit the term for which plaintiff should hold or exercise the position; that plaintiff entered upon the discharge of his duties pursuant to such appointment, and discharged the duties required of him by the board until about November **[***5]** 6, 1896, at which time, and while plaintiff was proceeding to perform his duties, the board passed a resolution purporting by its terms to remove plaintiff from his said position, "but the said resolution was so passed without plaintiff's knowledge or consent, and without any notice to him that any charge whatever had been made against him, or that any charge against him would be heard by said board, ... and plaintiff had no opportunity to be heard in his own behalf before said board of health or its members before the passage of said resolution." It is further found that solely upon the authority of said resolution plaintiff has been denied his right to be and act as such health inspector, and has been deprived of the emoluments pertaining to said position; that the duties of plaintiff as such inspector, prescribed by the board, were "to inspect premises concerning which complaints have been made to said board, and to report thereon to said board, and to serve notices issued by said board to persons to abate nuisances on their premises."

As conclusions of law, the court found that plaintiff has never been legally removed from the position of health inspector, and that he is still **[***6]** one of the six health inspectors appointed by the board of health August 6, 1895, and that "It is not material whether plaintiff

was guilty of insolence, insubordination, or neglect, as he had no trial on such charge or charges"; that plaintiff is not an officer or commissioner within the meaning [*392] of section 16, article XX, of the constitution of this state, and that plaintiff is entitled to the writ, etc. At the trial plaintiff testified: "When I became a health inspector no written commission was issued to me. I took no oath of office, nor filed any bond." Plaintiff had judgment, from which and from the order denying new trial defendant appeals. Appellant relies principally upon the following proposition: The plaintiff's term of office as health inspector not having been fixed by the constitution or by law, he held at the pleasure of the appointing power; and that portion of section 3009 of the Political Code prohibiting his removal without just cause is unconstitutional and void, because in violation of section 16, article XX, of the constitution.

This provision of the constitution reads as follows: "When the term of any officer or commissioner is not provided for [***7] in this constitution, the term may be declared by law; and, if not so declared, such officer or commissioner shall hold his position as such officer or commissioner during the pleasure of the authority making the appointment; but in no case shall such term exceed four years." It is conceded that the term of the position of health inspector is not prescribed either in the constitution or by any law. Section 3009 of the Political Code contains the following, among other provisions: "The board of health must appoint . . . . six health inspectors . . . . whose duties must be fixed by the board of health. . . . The appointing power aforesaid is vested solely in said board of health, and said board shall have power to prescribe the duties of said appointees (referring to health inspectors and many other appointees), and shall not remove the same without just cause." It cannot be doubted that the legislature may authorize the employment of persons to perform certain duties in their nature public, to be prescribed by the authority making the appointment of such persons, and may provide in the law that such persons shall not be removed without just cause, if the employment is not an office [***8] within the meaning of the constitution; and it is well settled that under such a clause in the statute the appointee is entitled to notice and opportunity to be heard before he can be legally removed. (*Kennedy v. Board of Education*, 82 Cal. 483; *Marlon v. Board of Education*, 97 Cal. 608; *Fairchild v. Board of Education*, 107 Cal. 92.)

[*393] With the policy of such a law we have nothing to do; its wisdom or unwisdom is for the legislature alone to determine. We are only concerned, in the present case, with the question, Is the health inspector an officer within the meaning of the provision of the constitution above quoted?

Many of the cases and authors giving definitions of the word "office" and "officer" as used in statutes and constitutions will be found cited in chapter 1 of Mechem on Public Offices and Officers. Counsel in their briefs have called attention to some others. I do not think it possible from this mass of learning [**704] to deduce a definition universally applicable, although nearly every conceivable case has arisen and has been passed upon. It seems to be agreed by all writers that certain things are requisite to make a given employment [***9] a public office and its incumbent a public officer. Then there are numerous criteria which, while not in themselves conclusive, are yet held to indicate more or less strongly the legislative intent to create or not to create an office. One of the requisites is that the office itself must be created by the constitution of the state or it must be authorized by some statute. The section of the constitution in question embraces all classes of officers, statutory as well as constitutional. (*People v. Perry*, 79 Cal. 105.) But not all employments authorized by law are public offices in the sense of the constitution. The presidency of a private corporation may be spoken of as an office; an executor, guardian, a referee for the decision and trial of an action, are all officers who derive their existence from statutes, but they are not public officers in the constitutional sense; "their authority is restricted to specific matters, and no general powers are conferred upon them authorizing them to act in respect of all cases, or in any case or matter other than specified and named in their appointment. They owe no duty to the public, and could perform no service for the public. . . [***10] . 'Public office,' as used in the constitution, has respect to a permanent trust to be exercised in behalf of the government,

or of all citizens who may need the intervention of a public functionary or officer, and in all matters within the range of the duties pertaining to the character of the trust. It means a right to exercise generally, and in all proper cases, the functions of a public trust or employment, and to receive [*394] the fees and emoluments belonging to it, and to hold the place and perform the duty for the term and by the tenure prescribed by law." (*In re Hathaway*, 71 N. Y. 238.) Danforth, J., in *Rowland v. Mayor*, 83 N. Y. 376, said: "Whoever has a public charge or employment, or even a particular employment affecting the public, is said to hold or to be in office." Platt, J., in *Matter of Oaths*, 20 Johns. 492, speaks of "office" as "an employment on behalf of the government in any station or public trust, not merely transient, occasional, or incidental." Pearson, C. J., in *State v. Stanley*, 66 N. C. 59, 8 Am. Rep. 488, said: "A public office is an agency for the state, and the person whose duty it is to perform this agency is a public officer. [***11] . . . The essence of it is the duty of performing an agency -- that is, of doing some act or acts, or series of acts, for the state." It has hence been held by most courts, as was said in the opinion of the judges, given to the governor, reported in appendix to 3 Me. 481: "The term 'office' implies a delegation of a portion of the sovereign power to, and possession of it by, the person filling the office, and the exercise of such power, within legal limits, constitutes the correct discharge of the duties of such office." The opinion proceeds to further point out the distinction between an office and an employment under the government. "The power thus delegated and possessed may be a portion belonging to some one of the three great departments, and sometimes to another; still it is a legal power, which may be rightfully exercised, and in its effects it will bind the rights of others, and be subject to revision and correction only according to the standing laws of the state. An employment merely has none of these distinguishing features. A public agent acts only on behalf of his principal, the public, whose sanction is generally considered as necessary to give the acts performed [***12] the authority and power of a public act or law. And if the act be such as not to require such subsequent sanction, still it is only a species of service performed under the public authority and for the public good, but not in the execution of any standing laws, which are considered as the rules of action and the guardians of rights." In *United States v. Maurice*, 2 Brock. 96, Chief Justice Marshall, in determining that the "agent of fortifications" is an officer of the United States, said: "An office [*395] is defined to be 'a public charge or employment,' and he who performs the duties of the office is an officer. . . . Although an office is 'an employment,' it does not follow that every employment is an office. A man may certainly be employed under a contract, express or implied, to do an act or perform a service without becoming an officer. But if the duty be a continuing one, which is defined by rules prescribed by the government, and not by contract, which an individual is appointed by government to perform, who enters on the duties appertaining to the station without any contract defining them, if those duties continue, though the person be changed -- it seems very [***13] difficult to distinguish such a charge or employment from an office, or the person who performs the duties from an officer. If it may be converted into a contract, it must be a contract to perform the duties of the office of agent of fortifications, and such an office must exist with ascertained duties, or there is no standard by which the extent of the condition can be measured." Judge Cooley distinguished the "officer" from the "employee" in the "greater importance, dignity, and independence of his position; in being required to take an official oath, and perhaps to give an official bond; in the liability to be called to account as a public offender for misfeasance or nonfeasance in office, and usually, though not necessarily, in the tenure of the position." (*Throop v. Langdon*, 40 Mich. 673.) But it has been held that an oath of office is not a necessary criterion; nor is salary. These are but incidents and form no part of the office, though they may aid in determining the nature of the position. Duration or continuance have been said to be embraced in the term "office" and Chief Justice Marshall, in the case cited, spoke of the [**705] duty being a continuing one as an [***14] important element. But Chief Justice Pearson, in the North Carolina case cited, said "that it made no difference whether there be but one act or a series of acts to be done -- whether the office expires as soon as the one act is done, or is to be held for years or during good behavior" -- the service being performed for the state. Our court at an early day, in *Vaughn v. English*, 8 Cal. 40, held that the clerks in the offices of secretary of state and controller

and treasurer of state were officers within the meaning of the act of April 21, 1856. (Stats. 1856, p. 224.) It was there said: "The term [*396] 'officer,' in its common acceptation, is sufficiently comprehensive to include all persons in any public station or employment conferred by government." The definition given in 4 Jacob's Law Dictionary, 433, was quoted as follows: "It is said every man is a public officer who hath any duty concerning the public, and he is not the less a public officer where his authority is confined to narrow limits, because it is the duty of his office and the nature of that duty which makes him a public officer, and not the extent of his authority." The opinion continues: "The respondent [***15] was appointed by government; the duties which he is to perform concern the public, and he is paid out of the public treasury; he is, therefore, a public officer." It was held that because there was no definite term of the office could not be urged as an objection, for the clerks are appointed for the term of the officer making the appointment, subject to the power of removal.

It was held in *United States v. Germaine*, 99 U.S. 508, that civil surgeons appointed by the commissioner of pensions are not officers of the United States, because they are not appointed by a head of a department, nor are the appointments approved by such head, and this distinguished the case from *United States v. Hartwell*, 6 Wall. 385, where it was held that a clerk in the office of the assistant treasurer of the United States is an officer within the meaning of the act of Congress of June 14, 1866 (14 Stats. at Large, 65), punishing embezzlement. It was there said: "An office is a public station, or employment, conferred by the appointment of government. The term embraces the ideas of tenure, duration, emolument, and duties. The employment of defendant was in the public service of the United States. [***16] He was appointed pursuant to law, and his compensation was fixed by law. Vacating the office of his superior would not have affected the tenure of his place. His duties were continuing and permanent, not occasional or temporary."

In the case of *Bunn v. People* (1867), 45 Ill. 397, the cases were very fully examined and the conclusion reached that the commissioners appointed under an act of the legislature to superintend the construction of the statehouse were not officers within the meaning of the constitution, but were agents or employees for a single and special purpose, whose functions ceased [*397] upon the completion of the work. The question was subsequently regarded in that state of sufficient importance to call for a constitutional definition, and hence in 1870 the constitution ordained the following: "An office is a public position created by the constitution or law, continuing during the pleasure of the appointing power or for a fixed term, with a successor elected or appointed. An employment is an agency for a temporary purpose, which ceases when that purpose is accomplished." (Ill. Const. 1870, art. 5, sec. 24.)

Somewhat in line with the Illinois case last [***17] above cited is the case of *McDaniel v. Yuba County*, 14 Cal. 444, where it was held that the examining physician of the county hospital was not an officer but an employee, to be paid under the terms of his contract, though his services were rendered in a capacity in the nature of a public office or appointment. And so it was held recently in *White v. Alameda*, 124 Cal. 95, that the position of driver of a street wagon, with a salary fixed by the board of trustees, was not an office, but a mere employment held at the pleasure of the board.

In the case of *Quigg v. Evans*, 121 Cal. 546, the question was whether the harbor master of the port of Eureka was an officer within the meaning of section 8, article V, of the constitution, which reads: "When an office from any cause becomes vacant, and no mode is provided by law for filling such vacancy," the governor may appoint, etc. The act creating the position reads: "The town marshal of Eureka is the harbor master of the port of Eureka," etc. By the act he was to enforce the rules and regulations of the harbor commissioners, and his compensation was to be fixed by them. It was held that the office of harbor master was created, [***18] and that when, by the adoption of a new charter, the city of Eureka no longer had a town marshal, there existed a vacancy in the office which the governor could

fill.

Illustrations might be multiplied, but it would only emphasize what must already be apparent, that the definitions of the term "office," while not inaccurate, taken in a general sense, are quite inadequate when applied to particular cases. An examination of adjudicated cases will show that the disagreement among judges has not been so much as to definitions as in their application to the circumstances of each particular case.

[*398] Turning to the statute we find that it is made the duty of the board of health to appoint a large number of persons to various positions therein named, of greater or less importance (Pol. Code, sec. 3009); among which are six health inspectors. In every case "the duties must be fixed by the board of health," except in the single instance of the two police surgeons, who, in addition to the duties to be prescribed by the board, "shall make all autopsies required of them by the coroner." Certain "medical attendants" and "employees" are to be paid such compensation as the board shall [***19] fix, but most of the [**706] appointees named are to be paid salaries fixed by section 3010 of the Political Code, while others are to be paid such sums as may be authorized by law: "Health inspectors, twelve hundred dollars each." It seems to be reasonably well settled that where the legislature creates the position, prescribes the duties, and fixes the compensation, and these duties pertain to the public and are continuing and permanent, not occasional or temporary, such position or employment is an office and he who occupies it is an officer. In such a case, there is an unmistakable declaration by the legislature that some portion, great or small, of the sovereign functions of government are to be exercised for the benefit of the public, and the legislature has decided for itself that the employment is of sufficient dignity and importance to be deemed to be an office.

It is only where the legislature has delegated its power to create the office and to prescribe the duties and compensation, that differences of opinion have arisen in the courts. Without attempting a reconciliation of these differences, it appears that the legislature in the present case has created the office [***20] and has fixed the salary attaching to it; the employment is a continuing one and not transient, occasional, or incidental, and its incumbent would remain in office should the officers of the board of health cease to act as such, and the office of health inspectors would continue if the incumbents were removed or for any cause ceased to act. The health inspector is invested with some portion of the sovereign functions of government, to be exercised for the benefit of the public; his duties are not prescribed by contract, but are defined by the government through the board of health, and we find in the employment all the elements [*399] mentioned in the Hartwell case, *supra*, viz., tenure, duration, emoluments, duties, and a compensation fixed by law. The element of duties to be performed involved in the creation of an office under all definitions and under most of the decisions was not directly determined by the legislature; to the board was delegated the power to prescribe the duties. But many cases hold, we think properly, that an employment may be none the less an office, although the duties are to be prescribed by a superior officer.

"The board of health have general [***21] supervision of all matters appertaining to the sanitary condition of the city and county," etc. (Pol. Code, sec. 3012); their powers and duties are large and important, and the statute authorizes the board to devolve upon the health inspectors such portion of these powers and duties as the board may deem best for the good of the public service. So far as the evidence shows, the duties thus delegated to the inspectors are not extensive, but they cannot be said to be unimportant or purely ministerial, or lacking in the requirements of judgment and discretion; and the board may at any time enlarge them. It is difficult to take this case out of the rules which governed the case of *Quigg v. Eureka, supra*, or the case of *United States v. Hartwell, supra*, or *United States v. Maurice, supra*, or the principles laid down in the opinion of the judges reported in 3 Maine, *supra*, or to distinguish it from *Vaughn v. English, supra*.

In the case of *Kennedy v. Board of Education, supra,* it was conceded by both parties and assumed by the court in the majority opinion that the position of teacher in the public schools of the city and county of San Francisco is not an office, **[***22]** and hence that case cannot aid us in reaching a decision here.

Our conclusion is that the intention of the legislature was to make the health inspectors officers within the meaning of the constitution, and, having failed to declare the term of the office, they hold during the pleasure of the board of health. (*People v. Perry, supra; People v. Hill,* 7 Cal. 97; *Smith v. Brown,* 59 Cal. 672.)

It is advised that the judgment be reversed, with directions to dismiss the writ.

[*400] For the reasons given in the foregoing opinion the judgment is reversed, with directions to dismiss the writ.

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Exhibit 6

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Citation: 143 calapp2d 198

*143 Cal. App. 2d 198, *; 300 P.2d 119, **;*
*1956 Cal. App. LEXIS 1591, ****

JAMES TERRY, Appellant v. JOHN F. BENDER, Respondent

Civ. No. 21485

Court of Appeal of California, Second Appellate District, Division Two

143 Cal. App. 2d 198; 300 P.2d 119; 1956 Cal. App. LEXIS 1591

July 17, 1956

PRIOR HISTORY: [*1]**

APPEAL from a judgment of the Superior Court of Los Angeles County. Bayard Rhone, Judge.

Action for injunctive relief.

DISPOSITION: Reversed. Judgment of dismissal after sustaining demurrers to third amended complaint, reversed.

CASE SUMMARY

PROCEDURAL POSTURE: Appellant taxpayer challenged a decision of the Superior Court of Los Angeles County (California) that dismissed his complaint against respondent special city attorney in which he sought an injunction pursuant to Cal. Civ. Proc. Code § 526a to enjoin the payment of a warrant to respondent on grounds that it was illegal and against public policy.

OVERVIEW: Appellant taxpayer's action under Cal. Civ. Proc. Code § 526a to enjoin a city's payment of a warrant to respondent special city attorney on grounds that respondent had bribed the city mayor was dismissed after the trial court sustained respondent's demurrers. The court reversed the judgment below, holding that because appellant was a citizen and taxpayer and his complaint alleged an unlawful disbursement of municipal funds, he had express statutory authorization to maintain the action. The court also concluded that the complaint alleged facts that stated the essentials of a cause of action and a demurrer should not have been sustained without granting leave to amend. Facts alleged were sufficient if proven to establish that public officials had been bribed and had violated the public trust, and payments were not made pursuant to contracts that so violated public policy. In addition, the complaint prima facie established respondent's fraud in the performance of his contract with the city because it alleged that he deceptively represented the state of the law, and such fraud defeated his right to compensation.

OUTCOME: The court reversed the judgment below, which dismissed appellant taxpayer's complaint against respondent special city attorney because appellant's complaint stated the essentials of a cause of action for bribery and fraud involving public contracts that would prevent the payment of the warrant.

CORE TERMS: city council, duty, charter, cause of action, specifications, tax-deeded, demurrer, void, public officer, enjoin, special demurrer, city attorney, purchasing, secret, governmental body, personal interest, public policy, misrepresentation, treasurer, quitclaim

deed, city charter, first cause, voted, dummy, rents, fiduciary relationship, secret profits, misconduct, merchantable title, special assessment

CORE CONCEPTS - + Hide Concepts

Civil Procedure : Pleading & Practice : Pleadings : Amended Pleadings

The general rule is that an amended pleading supersedes the original complaint, which thereafter serves no function as a pleading. An exception is recognized where there are allegations in the prior complaint destructive of the cause of action which are omitted in the subsequent pleading without a valid explanation.

Governments : Local Governments : Powers & Duties

A public office is a public trust created in the interest and for the benefit of the people. Public officers are obligated, virtute officii, to discharge their responsibilities with integrity and fidelity. Since the officers of a governmental body are trustees of the public weal, they may not exploit or prostitute their official position for their private benefits. When public officials are influenced in the performance of their public duties by base and improper considerations of personal advantage, they violate their oath of office and vitiate the trust reposed in them, and the public is injured by being deprived of their loyal and honest services.

Governments : Local Governments : Powers & Duties

A transaction in which the prohibited interest of a public officer appears is held void both as repugnant to the public policy expressed in the statutes and because the interest of the officer interferes with the unfettered discharge of his duty to the public. The public officer's interest need not be a direct one, since the purpose of the statutes is also to remove all indirect influence of an interested officer as well as to discourage deliberate dishonesty. Statutes prohibiting such conflict of interest by a public officer are strictly enforced.

Civil Procedure : Justiciability : Standing

Governments : Local Governments : Claims By & Against

A taxpayer has express statutory authorization to maintain an action to prevent the alleged illegal expenditure of municipal funds. Cal. Civ. Proc. Code §526a. A municipality whose funds are to be expended pursuant to a corrupt agreement to inject the personal influence of a public officer in the procurement of action by a governmental body suffers incalculable harm to the vitality and efficiency of its public service, and a taxpayer may sue to enjoin such an imposition on the public.

Business & Corporate Entities : Agency : Causes of Action & Remedies

An officer and agent of a city is not entitled to represent secretly a party claiming adversely to the city and to accept a fee for such service. A public officer may not make an unauthorized profit out of the particular public business which has been entrusted to his care. An agent stands in a fiduciary relationship to his principal, and if he makes a secret profit from the subject matter of his agency, the principal may recover such profit.

Civil Procedure : Pleading & Practice : Defenses, Objections & Demurrers

A general demurrer admits the material allegations of the pleading to which it is directed.

Business & Corporate Entities : Agency : Causes of Action & Remedies : Breach of Fiduciary Responsibility

A faithless trustee must disgorge to his principal the secret profits and unauthorized

benefits and advantages he acquires as an outgrowth of the agency.

Civil Procedure : Justiciability : Standing
A taxpayer may sue in a representative capacity in cases involving the failure of a governmental body to perform a duty specifically enjoined.

Legal Ethics : Client Relations : Conflicts of Interest
Legal Ethics : Client Relations : Effective Representation
Where parties occupy a confidential or fiduciary relationship, deception as to the state of the law constitutes a fraudulent representation.

Business & Corporate Entities : Agency : Causes of Action & Remedies : Breach of Fiduciary Responsibility
Dependent on the character of the misconduct involved and the severability of the services rendered, an agent's fraud against his principal or some other serious breach of fealty on his part defeats the agent's right to compensation either in whole or to an extent equivalent to the injury caused the principal by his offensive conduct.

Governments : Local Governments : Powers & Duties
Public policy requires that the duties imposed by statute be discharged; therefore the requirements of a law or ordinance enacted for a public reason may not be waived by an official or a governmental body.

COUNSEL: Albert Vieri for Appellant.

Robert E. Rosskopf for Respondent.

JUDGES: Fox, J. Moore, P. J., and Ashburn, J., concurred.

OPINIONBY: FOX

OPINION: **[*201]** **[**121]** Plaintiff brought an action as a taxpayer for an injunction under section 526a, Code of Civil Procedure, to enjoin the payment of **[**122]** a warrant in the sum of $ 15,095.74. Such payment had been authorized by the City Council of Compton, California. The payee of the warrant was John F. Bender, employed as a special attorney by the city of Compton. The defendants named, in addition to Bender, are Frank G. Bussing, mayor of Compton, and Gerald L. Chapman, city treasurer.

The appeal is from a judgment of dismissal entered after the court sustained demurrers to the third amended complaint. Leave to amend the first count was granted, but plaintiff declined to do so. Demurrers to the remaining three counts were sustained without leave to amend.

The clerk's transcript contains both the original **[***2]** complaint and the third amended complaint for an injunction. The original complaint has been made a part of the record because Bender, the respondent herein, makes reference thereto in certain specifications of his special demurrer and contends that in determining the sufficiency of the third amended complaint we should examine the allegations in the original pleading. The third amended complaint will be subsequently designated as the complaint and the initial pleading will be referred to as the original complaint.

It should be emphasized at the outset that this court is confronted with questions of law only and must accept the allegations of the complaint as true for the purposes of this appeal.

[*202] Count One

The first cause of action is predicated on a financial transaction between Bender and Bussing which is denominated a bribe and charges that Bussing was induced to use his influence in procuring approval of the warrant in favor of Bender at a secret meeting of the city council because of Bussing's unlawful interest in the warrant. The following facts are alleged:

(a) Plaintiff is a citizen, resident and taxpayer of the city of Compton, California, which is a chartered [***3] municipal corporation, and brings the suit in his representative capacity as a taxpayer. Bussing is mayor of Compton and a member of its city council, having been elected for a four-year term of office in July, 1953, and Chapman is city treasurer.

(b) Defendant John F. Bender has been and is employed as special attorney for the city pursuant to a written contract executed on January 11, 1944, a copy of which is attached. This agreement recites that Bender's employment by the city was for the purpose of restoring to the tax rolls all tax-deeded parcels in the city and liquidating all special assessment delinquencies on all properties within the city. To accomplish these purposes, the agreement enumerates Bender's duties, in part, as follows:

(1) Obtaining tax analysis reports on all parcels of tax-deeded or special assessment delinquent property, and furnishing reports to the council in respect thereto.

(2) To appear before any court, board or tribunal in respect to the acquisition by the city of said tax deeds, the clearing of the titles to any of the tax-deeded properties acquired by the city, or the disposal of any such properties.

(3) To perform all legal services required [***4] to endeavor to vest merchantable title in such tax-deeded properties in the city.

(4) To handle all escrows or other matters in respect to the resale of said properties.

Bender's compensation was fixed at 25 per cent of the gross amount received on settlements of special assessments and 25 per cent of the gross sales of tax-deeded property sold by the city. The contract was terminable on 90 days' written notice.

(c) On or about October 13, 1953, the city attorney offered to render to the city as a part of the general services of the city attorney, the services which Bender was performing under his contract.

(d) Sometime between October 13, 1953, and November 17, [*203] 1953, in order to prevent the city from cancelling or terminating the contract and to obtain the payment of fees thereunder, Bender gave Bussing $ 500 in cash, as well as the sum of $ 6,550 for the [**123] purchase of real property. These payments were made with the intent to influence Bussing's vote as mayor and councilman, the parties orally agreeing: (1) that Bussing would have the free use of the property and collect rents therefrom for his own benefit as long as he was able to prevent termination [***5] of the contract; and (2) that Bender would finance further improvements on the property and assist Bussing in the real estate business if Bender was successful in retaining his contract with the city and in keeping certain properties which he purchased from the city in the names of Alzola and Webster.

(e) Bussing solicited and received the payments last described from Bender at a time when he was in financial distress, and with the corrupt intent of allowing his vote to be influenced to obtain approval of the warrant of $ 15,095.74 for Bender. Thereafter, Bussing purchased the real property with Bender's funds and obtained and kept $ 800 in rents from said property without paying Bender for the use of the property or making any other payments to him. In addition, Bender paid the 1954 taxes due on the property.

(f) In exchange for the money received and in consideration of the promises made, Bussing voted on November 17, 1953, to reject the offer of the city attorney to take over Bender's work and to instruct the city attorney to refrain from filing any civil action against Bender on behalf of the city by reason of certain wrongdoing of Bender. On March 9, 1954, the city council [***6] held a hearing on charges made by the city attorney against Bender, whereupon Bussing, pursuant to the corrupt understanding voted to instruct the city attorney that the city council did not wish to take any action against Bender.

(g) In December, 1954, and January, 1955, the city council held secret meetings at which Bussing induced the members to approve a warrant in the sum of $ 15,095.74 to Bender for services under his contract rendered during the period January 11, 1944, to June 21, 1954. On January 4, 1955, the stage having been set by Bussing's influence on the city council at its secret meetings pursuant to his corrupt agreement with Bender, the city council held its regular meeting at which time Bussing stated he favored approval of the warrant. The city council thereupon voted to approve the warrant. Because [*204] of the bribery of Bussing and his acquisition of an unlawful interest in the payment of the warrant to Bender, the resolution approving the warrant is void and the city treasurer has no authority to disburse funds pursuant thereto.

(h) The city charter of Compton contains certain provisions prohibiting officials and employees of the city from having [***7] an interest in certain contracts and transactions involving the city, which are set forth *in haec verba*. *

----------Footnotes----------

* From 1925 until March 11, 1948, section 6, article 26, of the city charter provided: "No member of the Council, or of any Board, and no officer or employee of the City shall be or become directly or indirectly interested in any contract, work or business, or in the sale of any article, the expense price or consideration of which is payable from the City Treasury, nor shall either or any of them receive any gratuity or advantage from any contractor or person furnishing labor or material for the same, and any contract with the City, in which any such officer or employee is or becomes interested, shall be declared void by the Council." (Stats. 1925, ch. 20, pp. 1212, 1245.)

Since March 11, 1948, section 1202, article 12, of the charter provides: "No member of the City Council, officer or employee of the City, shall be financially interested, directly or indirectly, in any contract, sale or transaction to which the City is a party . . . Any such contract or transaction in which there shall be such an interest shall become void at the election of the City, when so declared by resolution of the City Council . . . If any member of the City Council, officer or employee of the City . . . shall so vote or participate or be financially interested as aforesaid, upon conviction thereof, he shall forfeit his office." (Stats. 1948, ch. 11, pp. 236, 259.)

Section 601, article 6, of the 1948 charter reads: "It shall be the duty of the City Council to enforce the provisions of the Charter." (Stats. 1948, ch. 11, pp. 236, 242.)

----------End Footnotes---------- [***8]

(l) By reason of his corrupt agreement with and his receipt of money from Bender, Bussing has acquired a personal interest in the retention of Bender's contract with the city and in the payment of the warrant which is in conflict with the faithful discharge of his duty as mayor. The greater [**124] the payments to Bender and the longer Bender retains his contract, the greater will be Bender's ability to carry out his promise of economic reward to Bussing pursuant to their agreement. The payment of bribes to Bussing is an illegal payment under section 526a of the Code of Civil Procedure and contrary to public policy.

(j) Unless Chapman is restrained from signing and paying the warrant and Bussing is restrained from participating in deliberations, discussions and votes of the city council relating to Bender, the city will suffer irreparable damage.

As has been previously stated, Bender's general demurrer to the first cause of action was overruled, and his special demurrer sustained with leave to amend. Following plaintiff's [*205] election to stand upon his pleading, the court dismissed the complaint. A review of the propriety of this action requires a statement of the [***9] several grounds of special demurrer.

There are eight specifications in the special demurrer based on the grounds of ambiguity, uncertainty and unintelligibility of the first cause of action. In the first two specifications, reference is made to the original complaint in which it is asserted the entire transaction between Bussing and Bender was alleged to be in writing, whereas the amended complaint alleges an oral agreement. In this connection, Bender's brief makes much of the fact that the original complaint alleges Bussing executed a note secured by a trust deed on the property he acquired through Bender and gave an assignment of rents as further security. The trust deed, in which one Danciu, Bender's nominee and agent, is named as beneficiary, was attached as an exhibit. The amended complaints omit these matters, and contain a slightly different version of the transaction by which property passed to Bussing. Bender purports to regard this as fatally inconsistent and ambiguous. His argument is founded on an entirely untenable premise. The general rule is that an amended pleading supersedes the original complaint, which thereafter serves no function as a pleading. (*Meyer* [***10] v. *State Board of Equalization*, 42 Cal.2d 376, 384 [276 P.2d 257]; *Schaefer* v. *Berinstein*, 140 Cal.App.2d 278, 284 [295 P.2d 113].) An exception is recognized where there are allegations in the prior complaint destructive of the cause of action which are omitted in the subsequent pleading without a valid explanation. (*Owens* v. *Traverso*, 125 Cal.App.2d 803, 808 [271 P.2d 164].) This is not such a case. All that was omitted were certain evidentiary facts relating to the technique of consummating the Bender-Bussing transaction, which were not essential to the allegation of a cause of action; and all that was varied were unsubstantial details which in no way changed the fundamental character of that transaction. Under such circumstances, Bender's challenge to the sufficiency of the amended complaint must be determined without reference to the superseded pleading.

Specifications 3 through 5, and other elements of specifications 1 and 2, all of which purport to attack the pleading on the ground of ambiguity, uncertainty and unintelligibility, seem to be concerned less with these features than with the sufficiency of the facts to state a cause of action. But [***11] viewed from either aspect, they are not well taken. In essence, it is claimed that the facts alleged do not constitute any defense [*206] to the payment of the warrant nor do they show any prohibited interest by Bussing in Bender's contract; that it not appearing that Bender did not earn his compensation, Bussing's vote to approve the warrant is immaterial; and that it does not appear that Bussing's participation or vote affected or influenced the approval of the warrant or that the transaction between Bender and Bussing is of any materiality so far as Bender's [**125] right to payment of the warrant is concerned. Since these specifications pertain to matters fundamental both to this count as well as others which may be subsequently discussed, it may be profitable to explore the controlling principles at this point.

These principles have been instructively set forth in the ably-considered opinion of Mr. Justice Vallee in *Schaefer* v. *Berinstein*, 140 Cal.App.2d 278 [295 P.2d 113] (hear. den.), which may well be viewed as a companion case. There, as here, Bender is the chief protagonist, and his questioned activities during his tenure as special city attorney are [***12] the focal point of the litigation. We epitomize and distill what is there stated, so far as it is here germane and without immediate reference to the numerous authorities cited therein (pp. 288-291): A public office is a public trust created in the interest and for the benefit of the people.

Public officers are obligated, *virtute officii*, to discharge their responsibilities with integrity and fidelity. Since the officers of a governmental body are trustees of the public weal, they may not exploit or prostitute their official position for their private benefits. When public officials are influenced in the performance of their public duties by base and improper considerations of personal advantage, they violate their oath of office and vitiate the trust reposed in them, and the public is injured by being deprived of their loyal and honest services. It is therefore the general policy of this state that public officers shall not have a personal interest in any contract made in their official capacity. The charter provisions of the city of Compton are in harmony with the established policy of the state in this regard by prohibiting a city officer from being financially interested **[***13]** in any contract or transaction to which the city is a party. A transaction in which the prohibited interest of a public officer appears is held void both as repugnant to the public policy expressed in the statutes and because the interest of the officer interferes with the unfettered discharge of his duty to the public. The public officer's interest need not be a direct one, since the **[*207]** purpose of the statutes is also to remove all indirect influence of an interested officer as well as to discourage deliberate dishonesty. Statutes prohibiting such "conflict of interest" by a public officer are strictly enforced. These propositions are supported by a plethora of authority, most notably, Government Code, sections 1090- 1092; *Moody* v. *Shuffleton*, 203 Cal. 100, 105 [262 P. 1095]; *Miller* v. *City of Martinez*, 28 Cal.App.2d 364, 370 [82 P.2d 519]; *Stockton Plumbing & Supply Co.* v. *Wheeler*, 68 Cal.App. 592, 601-602 [229 P. 1020].

This court has had occasion to give expression and definition to similar pronouncements in two recent cases involving the unlawful interests of members of the Los Angeles Board of Education. In *People* v. *Darby*, **[***14]** 114 Cal.App.2d 412, 426 [250 P.2d 743], we pointed out that the conduct denounced by the law was "the defendant's creation of a situation whereby he becomes interested in a public contract while he is a member of the board. The interest comes under the ban of section 1090 [of the Government Code] whether the member brings about the situation or continues to be interested after knowledge of its existence. For a school trustee to have an 'interest' he is not required to share directly in the profits to be realized. He has an interest the moment he places himself in a situation 'where his personal interest will conflict with the faithful performance of his duty as trustee.' [Citations.]" In *People* v. *Elliott*, 115 Cal.App.2d 410, 418 [252 P.2d 661], it was observed that "the unlawful interest of a public officer in a public contract which is prohibited, is a 'personal interest which might interfere with the unbiased discharge of his duty to the public or prevent the exercise of absolute loyalty and undivided allegiance to the best interests of the governmental unit which he represents.' [Citations.]"

Tested by these prevailing concepts of public morality, and accepting **[***15]** as true the allegations of the complaint, it is beyond question that at the time Bussing **[**126]** voted for approval of the warrant to Bender he had acquired such an interest in the latter's contract as restricted the free exercise of the discretion vested in him for the public good. He had placed himself in a position of economic servitude to Bender, his continued free use of the property passing to him from Bender and his appropriation of the rents therefrom being dependent on Bender's retention of his contract with the city. Bussing agreed to use his official position and influence in Bender's behalf in exchange for the monetary benefits flowing from Bender's largesse towards him. The fact that Bussing's **[*208]** interest might be small or indirect is immaterial so long as it is such as deprives the city of his overriding fidelity to it and places him in the compromising situation where, in the exercise of his official judgment or discretion, he may be influenced by personal considerations rather than the public good. (*Schaefer* v. *Berinstein*, 140 Cal.App.2d 278, 289-290 [295 P.2d 113].) The interest revealed by the pleading was plainly a disqualifying one, for **[***16]** it was clearly to Bussing's pecuniary advantage to insure the perpetuation of Bender's contract. (*People* v. *Elliott, supra*, p. 419.) As long as it continued, he was assured of the gratuitous use of, and income from property he had acquired through Bender. Such an interest by Bussing tainted Bender's contract with illegality and rendered payment for services performed thereunder, at least during the existence of such prohibited interest, contrary to public policy. (*Miller* v. *City*

of Martinez, supra; County of Shasta v. Moody, 90 Cal.App. 519, 523 [265 P. 1032]; Hobbs, Wall & Co. v. Moran, 109 Cal.App. 316, 319-320 [293 P. 145].)

In disavowing the proposition that Bussing had a prohibited interest in the contract under consideration, Bender relies on Commonwealth v. Strickler, 259 Pa. 60 [102 A. 282]. A similar argument based on the Strickler decision was repelled in People v. Darby, supra, page 432, this court pointing out that the Pennsylvania decision is out of harmony with the California law.

Specifications 6 through 8 of the special demurrer attack the adequacy of plaintiff's allegations of irreparable damage as a basis [***17] for enjoining payment of the warrant. Plaintiff is suing as a resident citizen and taxpayer of Compton and his complaint alleges facts which indicate that payment of the warrant as drawn will result in the unlawful disbursement of municipal funds. As such taxpayer, he has express statutory authorization to maintain an action to prevent the alleged illegal expenditure. (Code Civ. Proc., § 526a; Simpson v. City of Los Angeles, 40 Cal.2d 271, 276 [253 P.2d 464]; Wirin v. Horrall, 85 Cal.App.2d 497, 504 [193 P.2d 470].) It may not be amiss to observe that the integrity of its officials is of vital concern to the public. A municipality whose funds are to be expended pursuant to a corrupt agreement to inject the personal influence of a public officer in the procurement of action by a governmental body would suffer incalculable harm to the vitality and efficiency of its public [*209] service, and a taxpayer may sue to enjoin such an imposition on the public.

As far as concerns the claimed uncertainties in the first cause of action, they relate to matters which lie within the knowledge of defendant. Demurrer does not lie to such matters. (Schaefer v. [***18] Berinstein, supra, p. 298.)

The Second Count

Count II generally alleges that during the period for which compensation for services was authorized under the warrant, Bender violated the city charter by purchasing property from the city through "dummies"; and that he had an interest adverse to the city in certain transactions wherein he represented private purchasers of land from the city and received fees upon such sales. It is particularly alleged:

1. Bender, as special attorney for the city of Compton in matters relating to [**127] the sale of its tax-deeded real property, was required by the city council to advise them on its sales and give his opinion (a) whether sales should be made by quitclaim deed only or by merchantable title, and whether such merchantable title should be obtained in quiet title proceedings or by purchasing outstanding clouds, and (b) whether the price for which properties sold by quitclaim deed was fair in view of the condition of its particular title. As to sales of property to be hereafter described, Bender advised the city council that it was to the city's best interest to sell by quitclaim deed only and that the price offered was fair and [***19] reasonable because of the condition of the title. In approving those sales, the city believed Bender's representations and relied on his judgment.

2. In 1945, unknown to the city, Bender purchased numerous lots from the city in the names of John M. Alzola and Grayce W. Webster for a total of $ 3,830 by representing that the price was fair because of the condition of the title. The fair and reasonable value of those properties was not less than four times the price paid. Bender knew when he made his representation to the city that the purchase price was not fair, and intended to purchase them for his own account, clear title, and realize a secret profit at the city's expense. The city relied on Bender's representations without knowing he was buying for his own account in making the sale and paid him $ 951 as attorney's fees and $ 169 as reimbursement of costs under his contract. The city's damage on these transactions was $ 11,320.

[*210] 3. In 1947 and 1948, a corporation known as Elbert, Ltd., bought various parcels of

property from the city for a total consideration of $ 17,340. Elbert claimed an interest as lienholder in those properties adverse to the city. In connection [***20] with those sales, Bender falsely represented to the city that he had knowledge that Elbert held valid liens on the properties which it could enforce against any purchaser from the city and that the sales price to them was a fair one. He therefore advised the city to sell to Elbert by quitclaim deed without attempting to clear its title to the properties. Relying on Bender's false representations, the city sold to Elbert at a price which was one-fifth of the true value of the property, suffering damage in the sum of $ 69,000. Bender was paid over $ 4,000 as attorney's fees under his contract with the city. Unknown to the city and without its consent, Bender also acted as attorney for Elbert in these transactions and received compensation for his services in an amount unknown to plaintiff.

4. Because of Bender's fraudulent concealment, Bender's dual representation of both the city and Elbert, Ltd., and his purchase of city property through dummies was not known to the city, which was unaware of any facts that might put it on notice of wrongdoing on the part of Bender. In March and April, 1953, the city acquired knowledge of these facts through statements made by a private citizen [***21] at a hearing held by the city council, and subsequently through statements to the city council by the city attorney of Compton.

5. On January 4, 1955, the city council approved payment of a warrant to Bender for services rendered under his contract between January 11, 1944, and June 21, 1954, despite knowledge of the violations by Bender of the city charter. By reason of Bender's violation of the charter and his breach of a fiduciary duty, Bender was not entitled to receive any compensation from the city and payment of the warrant is illegal.

As has been stated, the court below sustained a demurrer to this count without leave to amend. This was error.

The crucial allegations of the complaint are (1) that Bender made secret profits at the city's expense by purchasing, through dummies, city property at grossly undervalued prices because of his misrepresentations to the city council, and (2) that while special city attorney, he represented and received fees from a private client with an interest adverse to [*211] the city, [**128] and by his misrepresentations to the city enabled that client to purchase city property at a fraction of its value. That Bender's action in purchasing [***22] property from the city in 1945 was a violation of section 6, article 26 of the city charter of Compton, as it then existed is established by the case of *Schaefer v. Berinstein, supra.* In rejecting Bender's argument that the charter provision covered only sales *to* the city and not a sale *by* the city, the court stated (p. 291): "The charter provision cannot be given such a narrow construction. The distinction is unsound since the evil is involved in both transactions." Continuing its discussion, the court pointed out that Bender's conduct was also prohibited by section 1090 of the Government Code and characterized his clandestine purchases as follows: "Bender was employed by the city of Compton as a special city attorney for the purpose of rehabilitating tax deeded and special assessment frozen properties situated within the city. He was an officer and agent of the city and as such was in a position to advise the city council as to what action should be taken relative to the property involved. He could not buy the property in his own name and he could not do so through a dummy. The contracts to purchase from the city and the ultimate sales were contrary to public [***23] policy and are void [citations]." According to the pleading, this violation of the statutes relating to "conflicts of interest" damaged the city in an amount over $ 11,000.00. Equally improper was Bender's activity in representing as an attorney a private purchaser from the city, with interests antagonistic to the city, at a time when it was his official duty to give legal counsel to the city with respect to those transactions. As an officer and agent of the city, he was not entitled to represent secretly a party claiming adversely to the city and to accept a fee for such service. A public officer may not make an unauthorized profit out of the particular public business which has been entrusted to his care. An agent stands in a fiduciary relationship to his principal, and if he makes a secret profit from the subject matter of his agency, the

principal may recover such profit. (*Adams* v. *Herman*, 106 Cal.App.2d 92, 98-99 [234 P.2d 695]; *Steiner* v. *Rowley*, 35 Cal.2d 713, 717 [221 P.2d 9].)

A general demurrer admits the material allegations of the pleading to which it is directed (*Steiner* v. *Rowley, supra.*) Count II alleges that Bender bought property **[***24]** from the city at one-fourth its value and that he received attorney's fees from both the city and Elbert, Ltd., while the undisclosed **[*212]** agent of both parties. A faithless trustee must disgorge to his principal the secret profits and unauthorized benefits and advantages he has acquired as an outgrowth of the agency. (*Savage* v. *Mayer*, 33 Cal.2d 548, 551 [203 P.2d 9].) Having in his possession money and property rightfully belonging to the city which he received as secret profits from void transactions and from an undisclosed dual representation, Bender is required to account to the city for the benefits and profits so received. (*Schwarting* v. *Artel*, 40 Cal.App.2d 433, 441 [105 P.2d 380]; *Eaton* v. *Thieme*, 15 Cal.App.2d 458, 473 [59 P.2d 638].) Until such accounting is rendered and it is ascertained what balance, if any, is due him, Bender is not entitled to payment under his contract and clearly not to the full amount of the warrant. Section 601 of the 1948 Compton charter enjoins on the city council the duty of enforcing the charter. A taxpayer may sue in a representative capacity in cases involving the failure of a governmental body to perform **[***25]** a duty specifically enjoined. (*Pratt* v. *Security Trust & Sav. Bank*, 15 Cal.App.2d 630, 636 [59 P.2d 862]; *Schaefer* v. *Berinstein, supra*, p. 289.) The facts show not only a failure on the part of the city council to perform a specifically enjoined duty in its refusal to declare void Bender's transactions, but a willingness to compensate him after being informed of his violation of the charter and his derelictions of duty. **[**129]** Under such circumstances, plaintiff as a taxpayer has the capacity to maintain this action to enjoin the illegal expenditure and waste of city funds. (Code Civ. Proc., § 526a.)

Count III

As distinguished from Count II, which concerns itself with Bender's violation of the conflict of interest provisions and his breach of a fiduciary relationship, the third cause of action, after realleging the facts of the first and second counts, adds additional allegations which dwell on Bender's fraudulent misrepresentation of the law to the city council for the benefit of his private clients and to conceal his own acts of misfeasance. While there is an abundance of surplusage incorporated into this count, the following facts are alleged which **[***26]** state the essentials of a cause of action and demonstrate the impropriety of sustaining Bender's demurrer without leave to amend:

1. In 1953, Elbert, Ltd., a private client of Bender, received payments from the city treasurer as alleged holder of liens on property created by a 1911 bond issue. Bender **[*213]** knowingly and intentionally failed to inform the city council of legislation and judicial decisions, of which he was aware, that Elbert's bond liens were presumably extinguished at the time of these payments. Bender falsely advised the city council with reference to payments to Elbert as lienholder for the purpose of promoting the interests of Elbert, which was then his client in connection with that matter.

2. In 1953, Bender falsely represented and exaggerated the rights to payments of certain holders of improvement bonds. Bender was at that time representing these bondholders, and misrepresented their rights for the purpose of furthering the interests of these private clients at the expense of the city, which he likewise represented.

3. Other instances are mentioned in which Bender is alleged to have misrepresented the state of the law relating to the rights of lienholders **[***27]** on tax-deeded property and to have concealed his representation of private clients having interests adverse to the city in their transactions with the city.

Accepting these facts as true, as we must, the third count *prima facie* establishes fraud on

the part of Bender in the course of performance of his contract. ⁋Where parties occupy a confidential or fiduciary relationship, deception as to the state of the law constitutes a fraudulent representation. (*Bank of America* v. *Sanchez*, 3 Cal.App.2d 238, 242 [38 P.2d 787]; *Mathewson* v. *Naylor*, 18 Cal.App.2d 741, 744 [64 P.2d 979].) Condensed to its ultimate factors, the count alleges that because of Bender's knowing misrepresentation of law the city was intentionally led into a misapprehension of the rights of bondholders whom Bender represented and relied on such representations to its detriment. These are the essential elements of fraud. (*Schaefer* v. *Berinstein, supra*, p. 294.) ⁋Dependent on the character of the misconduct involved and the severability of the services rendered, an agent's fraud against his principal or some other serious breach of fealty on his part will defeat the agent's right to compensation **[***28]** either in whole or to an extent equivalent to the injury caused the principal by his offensive conduct. (3 C.J.S., Agency, § 182.) More significantly, it must not be overlooked that by virtue of his contract, Bender's relations to the city were governed by the code of ethics binding upon attorneys in their relation to a client. "Misrepresentation of facts, practiced by an attorney as against his client, is conduct reprehensible in itself, and particularly so where it is used to perpetrate a fraud upon the client, or **[*214]** to cover up antecedent misconduct." (6 Cal.Jur.2d, § 91, p. 245.) In *Clark* v. *Millsap*, 197 Cal. 765, 785 [242 P. 918], it is declared that "a court may refuse to allow an attorney any sum as an attorney's fee if his relations with his client are tainted with fraud. 'Fraud or unfairness on the part of the attorney will prevent him from recovering for services rendered, **[**130]** as will acts in violation or excess of authority, and acts of impropriety inconsistent with the character of the profession, and incompatible with the faithful discharge of his duties' [citation]." We need not pass on whether the misconduct ascribed to Bender under **[***29]** the pleadings would disentitle him to any compensation; suffice it to say that because of the alleged fraud he would not be entitled to the full compensation embodied in the warrant.

Laches and Waiver

An additional ground of demurrer was the laches of plaintiff. This is without merit. The instant action is for the limited purpose of enjoining payment of a warrant. The warrant was approved on or about January 4, 1955. This suit was filed the following day to enjoin its payment. It would be difficult to conceive of greater alacrity. Regardless of other forms of relief that might have been pursued, as a taxpayer availing himself of section 526a of the Code of Civil Procedure to enjoin an illegal payment, plaintiff's cause of action commenced upon the city council's approval of the warrant, when such payment became a threatened possibility.

Another ground of demurrer was that the complaint discloses that the city council has waived any claim against Bender for his alleged wrongdoing. As has been noted, Bender's alleged conduct in purchasing property secretly from the city was a violation of the charter provisions. Laws of this nature are for the protection of the public by promoting **[***30]** honesty in governmental affairs. ⁋Public policy requires that the duties imposed by statute be discharged; therefore the requirements of a law or ordinance enacted for a public reason may not be waived by an official or a governmental body. (Civ. Code, § 3513; *Western Surgical Supply Co.* v. *Affleck*, 110 Cal.App.2d 388, 392-393 [242 P.2d 929]. See *Panzer-Hamilton Co.* v. *Bray*, 96 Cal.App. 460, 464 [274 P. 769].)

Plaintiff's fourth cause of action realleges the facts of the first and second causes of action. It is a mere restatement and duplication of those previous causes of action and relies **[*215]** on the same ultimate facts without adding other allegations of fact. Upon argument plaintiff has conceded that this count may be dismissed if the others are upheld as stating causes of action. This count is obviously surplusage. It may properly be dismissed by the trial court.

The judgment is reversed.

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Exhibit 7

Service: Get by LEXSEE®
Citation: 214 Cal.App.3d 1589

*214 Cal. App. 3d 1589, *; 1989 Cal. App. LEXIS 1096, **;*
*263 Cal. Rptr. 360, ****

VERNON BRADLEY NUSSBAUM et al., as Trustees, etc., Plaintiffs and Respondents, v. LOWELL WEEKS et al., Defendants and Appellants

No. E004893

Court of Appeal of California, Fourth Appellate District, Division Two

214 Cal. App. 3d 1589; 1989 Cal. App. LEXIS 1096; 263 Cal. Rptr. 360

October 30, 1989

SUBSEQUENT HISTORY: [1]**

A petition for a rehearing was denied November 17, 1989, and respondents' petition for review by the Supreme Court was denied February 1, 1990. Broussard, J., was of the opinion that the petition should be granted.

PRIOR HISTORY:

Superior Court of Riverside County, No. I-42821, Frank R. Moore, Judge.

DISPOSITION: The judgment is reversed.

CASE SUMMARY

PROCEDURAL POSTURE: Defendant buyer sought review of a judgment from the Superior Court of Riverside County (California), which awarded plaintiff seller monetary damages after a jury found that defendant had a duty to disclose material facts concerning a change in water policy, that he as the general manager of the water district would know about, to plaintiff, but intentionally withheld those facts.

OVERVIEW: Defendant buyer challenged a judgment that awarded plaintiff seller monetary damages. Plaintiff alleged that defendant breached a fiduciary duty as a public official by failing to disclose to plaintiff that canal water would soon be available to the subject 80-acre parcel. The trial court did not err in instructing the jury that defendant was a public official. If a public official violated the trust placed in him by privately profiting from information known to him in his public capacity, he breached the duty he owed to his constituency and was guilty of misconduct that could lead to his removal from office. However, his duty was to all his constituents generally, not to each constituent specifically, so there was no fiduciary or confidential relationship between plaintiff and defendant, and the trial court should have applied the appropriate jury instruction to find that there was no duty to disclose known facts. Instead, the trial court gave two erroneous instructions proposed by plaintiff. A buyer had a duty to disclose material facts only under certain limited circumstances not present in the case. There was no evidentiary basis for liability. The judgment was reversed.

OUTCOME: The judgment was reversed because, although defendant buyer was a public official, there was no fiduciary or confidential relationship between plaintiff seller and defendant, so defendant was not liable for any nondisclosure of facts.

CORE TERMS: water, duty, seller, buyer, public official, duty to disclose, general manager, public office, confidential relationship, material fact, disclose, board of directors, fiduciary, water district, disclosure, public officer, fiduciary relationship, distribution system, known facts, duty of disclosure, fiduciary duty, canal, public officers, state of mind, irrigation, pipeline, subject property, new policy, et seq, accessible

CORE CONCEPTS - + Hide Concepts

Civil Procedure : Appeals : Standards of Review : Substantial Evidence Rule

If the instructions are proper, the verdict is proper if there is substantial evidence to support it. In determining whether evidence is substantial, the court resolves all conflicts in plaintiff's favor and draws all permissible inferences necessary to support the judgment.

Torts : Business & Employment Torts : Fraud & Deceit

Deceit may be affirmative or negative. Affirmatively, it is a false statement. Negatively, it includes the suppression of a fact by a person who is obligated to disclose it. Cal. Civ. Code § 1710. The relevant test is that, where material facts are known to one party and not to the other, failure to disclose them is not actionable fraud unless there is some relationship between the parties which gives rise to a duty to disclose such known facts. A duty to disclose known facts arises when the party having knowledge of the facts is in a fiduciary or a confidential relationship.

Contracts Law : Contract Interpretation : Fiduciary Responsibilities

A fiduciary or a confidential relationship exists whenever under the circumstances trust and confidence reasonably may be and is reposed by one person in the integrity and fidelity of another.

COUNSEL: Gresham, Varner, Savage, Nolan & Tilden and Allen B. Gresham for Defendants and Appellants.

Kirshman & Harris, Norman H. Kirshman and Michael S. Harris for Plaintiffs and Respondents.

JUDGES: Opinion by Hollenhorst, J., with Campbell, P. J., and Dabney, J., concurring.

OPINIONBY: HOLLENHORST

OPINION: **[*1592]** **[***361]** Action for nondisclosure in the purchase of an 80-acre parcel of real property. The seller sued, alleging that the buyer, the general manager of a water district, had a fiduciary duty to disclose his intention to cause a change in water policy affecting the subject real property. The jury found in favor of the seller and the general manager appeals.

Historical Background

The Coachella Valley Water District (District) provides Colorado River water to the Coachella Valley through the Coachella Canal. The District maintains a water distribution system which provides irrigation water to certain **[**2]** properties in the valley. Properties originally classified as soil types 1 through 5 receive water through the distribution system. The subject property, located south of Indio, has class 6 soil. Class 6 soil was originally thought to be less suitable for agricultural purposes and was therefore excluded from the distribution system. Nevertheless, in the late '40's, class 6 lands were able to receive water in some circumstances by applying to the District.

In 1954, the board of directors of the District decided to cease approving applications [***362] for water to class 6 lands. This decision was due to the commencement of proceedings in the U.S. Supreme Court to adjudicate water rights on the Colorado River. (*Arizona* v. *California* (1954) 344 U.S. 806 [97 L.Ed. 628, 73 S.Ct. 6]; 347 U.S. 985-986 [98 L.Ed. 1121, 74 S.Ct. 848].) The case was perceived as a threat to water supplies and, accordingly, the District wanted to limit expansion of its service until the threat was removed. As a result, owners of class 6 lands had to rely on well water.

In 1969, the board of directors of the District modified [**3] its policy to allow surplus water to be used for irrigation of class 6 lands under certain conditions. n1 These conditions included the following: (1) since the service was supplementary, the property served had to have adequate well water available; (2) the applicant would pay for delivery facilities; (3) the quantity would be limited and the price would be higher than standard irrigation water; (4) the service would be delivered through a District pipeline only if there was sufficient capacity in the pipeline; and (5) the service was interruptible. The subject property qualified to receive supplementary water under these conditions for 44 of its 80 acres, but water was not actually received prior to 1984 because of the lack of a distribution system.

----------Footnotes----------

n1 The policy change was triggered by a request by Nussbaum for emergency service to other class 6 property owned by him.

----------End Footnotes----------

[*1593] On March 20, 1983, the U.S. Supreme Court issued a decision in *Arizona* v. *California* (1983) 460 U.S. 605 [75 L.Ed.2d 318, 103 S.Ct. 1382]. [**4] Under this decision, the court declined to reopen its 1964 decision (376 U.S. 340 [11 L.Ed.2d 757, 84 S.Ct. 755]) to allow Indian tribes to assert claims for allegedly omitted lands. As a result, the threat that available water would be limited to serve Indian lands was greatly lessened. Shortly after that decision, the District's counsel advised the District that the legal reasons for limiting water service to class 6 lands no longer existed. The events in this lawsuit occurred in the next year and a half.

Following a study by the District staff in June 1984, the board of directors of the District adopted a new policy for water service to class 6 lands. Under the new policy, a landowner could elect to remain under the 1969 policy but no new applications would be granted under the 1969 policy. If the landowner did not elect to remain under the old policy, he would be able to obtain canal water for drip irrigation without a quantity limit. However, since capacity in the existing distribution system was limited, he would generally have to bear the cost of a pipeline from the canal to his property, either alone or as part of an assessment [**5] district. The evidence here was that the cost of building a pipeline to the subject property is $ 300,000.

The Subject Litigation

Plaintiff Nussbaum (Nussbaum), the seller, alleged that defendant Lowell Weeks (Weeks), the buyer and general manager of the District, learned in March 1983, that the reasons for denying canal water to class 6 properties had ceased to exist, that Weeks then formed a plan to buy class 6 properties before the policy changed, that Weeks did purchase Nussbaum's class 6 property, and that Weeks then caused the policy to be changed by recommending the change to the board. He contended that Weeks profited from the resulting increase in the value of class 6 land, since property with water is generally more valuable than property without water. (*United States* v. *Coachella Valley Water Dist.* (S.D.Cal. 1953) 111 F.Supp. 172, 173.) Specifically, the complaint alleges that Weeks breached an alleged fiduciary duty

as a public official by failing to disclose to Nussbaum that canal water would be made available to the subject 80-acre parcel in the near future.

Although Nussbaum also alleged that Ray Rummonds, a realtor and chairman of the board [**6] of directors, conspired with Weeks and Weeks's son to carry out this plan, the trial court entered a nonsuit as to [***363] Mr. Rummonds, and the jury found that no conspiracy existed.

[*1594] The jury did find that Weeks had a duty to disclose material facts to Nussbaum, that he intentionally failed to do so, and that Nussbaum was damaged in the sum of $ 75,360. n2 This appeal followed.

----------Footnotes----------

n2 The jury also found that defendant K & W Farms, Inc. was the alter ego of Lowell Weeks and judgment was entered against it for punitive damages in the sum of $ 3,467.

----------End Footnotes----------

Standard of Review

Like all juries, the jury here determined the facts and applied them to the legal standards given to the jury in the instructions. In reviewing the jury's decision, we are primarily concerned with the issue of whether the jury was properly instructed on the legal standards involved. ↑If the instructions are proper, the verdict is proper if there is substantial evidence to support it. Obviously, we cannot disturb the verdict of a properly instructed jury [**7] if there is substantial evidence to support it. (See, generally, 9 Witkin, Cal. Procedure (9th ed. 1985) Appeal, §§ 241-242, 278-282, pp. 246-249, 289-294.) In determining whether evidence is substantial, we resolve all conflicts in Nussbaum's favor and draw all permissible inferences necessary to support the judgment. (*Hobart v. Hobart Estate Co.* (1945) 26 Cal.2d 412, 422 [159 P.2d 958].)

A reminder of the distinction is necessary here because Weeks emphasizes the legal standards given to the jury, while Nussbaum emphasizes the factual determinations made by the jury.

Issues Presented

↑Deceit may be affirmative or negative. Affirmatively, it is a false statement. Negatively, it includes the suppression of a fact by a person who is obligated to disclose it. (Civ. Code, § 1710.) BAJI No. 12.36 (7th ed. 1986) sets forth the relevant test: ". . . where material facts are known to one party and not to the other, failure to disclose them is not actionable fraud unless there is some relationship between the parties which gives rise to a duty to disclose such known facts. [para.] A duty to disclose known facts arises when the party having knowledge [**8] of the facts is in a fiduciary or a confidential relationship." n3

----------Footnotes----------

n3 The last paragraph of BAJI No. 12.36 (7th ed. 1986) was not given but is discussed below. It reads: "[A duty to disclose known facts arises [in the absence of a fiduciary or a confidential relationship] where one party knows of material facts and also knows that such facts are neither known nor readily accessible to the other party.]"

----------End Footnotes----------

Nussbaum argued below, and argues here, that this test applies because Weeks was a public

official who therefore was in a fiduciary relationship with all members of the public, including Nussbaum.

[*1595] On appeal, Weeks contends that he was not a public official and that, even if he was, he had no fiduciary relationship with members of the public while conducting his own private business. Weeks also contends that the duty of disclosure is limited to sellers of real property and does not apply to buyers. Next, Weeks argues that, even if he had a duty of disclosure, there were no facts known to him which he failed [**9] to disclose.

We consider each of these issues in turn.

Is the General Manager of a Water District a Public Official?

The Coachella District Merger Law (Wat. Code, § 33100 et seq.) provides that the Coachella Valley County Water District is a public agency of the State of California. (Wat. Code, §§ 33117, 33118.) Its directors and officers are elected or appointed in the same manner as the directors and officers of other county water districts. (Wat. Code, § 33135.) The general manager of a county water district is appointed by the board of directors of the District. (Wat. Code, § 30540.)

Water Code sections 30580 and 30581 give the general manager the power to (1) have full charge and control of the maintenance, operation, and construction of the water works of the District; (2) employ and discharge employees of the District; (3) fix [***364] the duties and compensation of District employees; and (4) perform other duties assigned by the board.

Weeks contends that he was only an employee of the District, serving at the pleasure of the board of directors. He contends that he took no oath of office, had no vote on policy matters and never had an employment contract.

We think Weeks is too [**10] modest. Weeks held the title of general manager and chief engineer of the district, and had held that position for almost 30 years. He was chief operating officer with over 400 employees reporting to him. Mr. Rummonds, president of the board of directors of the District, testified that Weeks conducted the day-to-day operations of the District. Under the circumstances, Weeks was an officer holding a public office, not a mere employee. (67 Ops.Cal.Atty.Gen. 409, 413 (1984): the general manager of a county water district holds a public office; 24 Ops.Cal.Atty.Gen. 188, 189 (1954): the general manager of a public utility district is a public officer.) "The officers of [an irrigation] district are public officers, and their duties are public official duties." (63 Cal.Jur.3d, Water, § 939, p. 341.)

Nussbaum supports this conclusion by referring us to the discussion in the early case of *Patton v. Board of Health Etc.* (1899) 127 Cal. 388 [59 P. [*1596] 702], in which a health inspector was held to be a public officer. The court said: "It seems to be reasonably well settled that where the legislature creates [**11] the position, prescribes the duties, and fixes the compensation, and these duties pertain to the public and are continuing and permanent, not occasional or temporary, such position or employment is an office and he who occupies it is an officer." (*Id.*, at p. 398.)

Similarly, in *Coulter v. Pool* (1921) 187 Cal. 181 [201 P. 120], a county engineer was held to be a county officer. The court said: "A public office is ordinarily and generally defined to be the right, authority, and duty, created and conferred by law, the tenure of which is not transient, occasional, or incidental, by which for a given period an individual is invested with power to perform a public function for the benefit of the public. [Citations.] [para.] . . . The most general characteristic of a public officer, which distinguishes him from a mere employee, is that a public duty is delegated and entrusted to him, as agent, the performance

of which is an exercise of a part of the governmental functions of the particular political unit for which he, as agent, is acting." (*Id.*, at pp. 186-187; see, also, *People* v. *Olsen* (1986) 186 Cal.App.3d 257, 265-266 **[**12]** (law enforcement officers are public officers); *People* ex rel. *Chapman* v. *Rapsey* (1940) 16 Cal.2d 636, 639-640 [107 P.2d 388] (city attorney is a public officer); *Perry* v. *Otay Irrigation District* (1900) 127 Cal. 565, 567 [60 P. 40] (treasurer of an irrigation district is a public officer).) "[A]n office, as a general rule, is based on some law that defines the duties appertaining to it and fixes the tenure, and it exists independently of the presence of the person in it." (52 Cal.Jur.3d, Public Officers and Employees, § 12, p. 177; see, also, 3 McQuillin, Municipal Corporations (3d ed. 1982) §§ 12.29-12.31, pp. 148-160.)

The duties of the general manager of the water district are provided by statute and it is clear that the general manager has considerable responsibility for the day-to-day operations of the water district: ". . . the general manager of a county water district holds a public office . . . . His statutory duties make him the chief executive officer of the district. He has full authority to hire and fire personnel, prescribe the duties of all employees, and controls the operations of the **[**13]** district's property. As such, he exercises the sovereign functions of the district in his executive capacity sufficient to be classified as a public officer." (67 Ops.Cal.Atty.Gen. 409, 413 (1984).)

We therefore agree with Nussbaum that the trial court did not err in instructing the jury that Weeks was a public official.

[*1597] Does a Public Official Owe a Fiduciary Duty to the General Public?

Nussbaum relies on the truism that a public office is a public trust. (*People* v. **[***365]** *Harby* (1942) 51 Cal.App.2d 759, 773 [125 P.2d 874].) He quotes the following passage from *Hobbs, Wall & Co.* v. *Moran* (1930) 109 Cal.App. 316, 319 [293 P. 145]: "The theory of the law is that a councilman or other officer of a city sustains the same fiduciary relationship toward the citizens of his community that a trustee bears to his *cestui que trust*, and should therefore act with the utmost good faith." (See, also, *Terry* v. *Bender* (1956) 143 Cal.App.2d 198, 206 [300 P.2d 119]; 52 Cal.Jur.3d, Public Officers and Employees, § 17, p. 179; Rest.2d Trusts § 170; Rest., Restitution, **[**14]** § 190; Rest.2d Torts, § 551, com. e.)

Using this theory, Nussbaum contends that, as a member of the general public, he was owed a duty by the officeholder. Accordingly, he contends that this duty is sufficient to create the "fiduciary or confidential relationship" referred to in BAJI No. 12.36 and a duty to disclose known facts therefore arose. Under this theory, it is immaterial that Weeks purchased Nussbaum's property as a private citizen because Weeks was allegedly using, and profiting from, information which he learned in his official capacity. In effect, Nussbaum charges Weeks with a type of insider trading in using information obtained in his public capacity to profit in his private transactions. n4

----------Footnotes----------

n4 Nussbaum does not rely on specific conflict of interest statutes. For example, section 87100 of the Political Reform Act provides: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." (Gov. Code, § 87100; see, also, Gov. Code, §§ 87101, 1090-1091, 3060, 3600 et seq.) Instead Nussbaum relies on the more general principles stated above. For a discussion of the interrelation between the conflict of interest statutes and the common law in the water district context, see 67 Ops.Cal.Atty.Gen. 369 (1984).

----------End Footnotes---------- **[**15]**

Weeks relies on *Mazzola v. City and County of San Francisco* (1980) 112 Cal.App.3d 141 [169 Cal.Rptr. 127]. In *Mazzola*, the business agent of a plumber's union was also an airport commissioner at the time his union went on strike against the airport. The board of supervisors removed him from office for alleged official misconduct. The court discussed the meaning of official misconduct and concluded that the business agent was not guilty of official misconduct. The court found the concept of fiduciary duty inapplicable because the business agent never gained any monetary profit or advantage for his union by using his public office to do so. Accordingly, he did not violate the trust placed in him as a public official.

Here, however, it was alleged, and the jury found, that Weeks did violate the trust placed in him as a public official. Although *Mazzola* is therefore **[*1598]** inapplicable, Nussbaum has cited no authority for the proposition that a general fiduciary duty of a public official creates the specific fiduciary relationship contemplated by Civil Code section 1710, subdivision 3 and described in BAJI No. 12.36 (7th ed. 1986). **[**16]**

In our view, the duties are not the same. If a public official violates the trust placed in him by privately profiting from information known to him in his public capacity, he has breached the duty he owes to his constituency, and he is therefore guilty of misconduct that can lead to his removal from office. (52 Cal.Jur.3d, Public Officers and Employees, §§ 124-125, pp. 280-282.) In such a case, his duty is to all his constituents generally, not to each constituent specifically.

The duty described in BAJI No. 12.36, on the other hand, arises because of a specific relationship between the buyer and the seller. The relationship usually springs from specific personal or business dealings. (5 Witkin, Summary of Cal. Law (9th ed. 1988) Torts, § 698, p. 800.) Because of such a relationship, a reasonable buyer would expect disclosure and the breach of that duty gives rise to the cause of action. As the instruction states, "A fiduciary or a confidential relationship exists whenever under the circumstances trust and confidence reasonably may be and is reposed by one person in the integrity and fidelity of another."

[*366]** Since there was no fiduciary or confidential relationship here, the **[**17]** court should have applied BAJI No. 12.36 to find that there was no duty to disclose known facts. Instead, the trial court gave two additional instructions proposed by Nussbaum. The first instruction informed the jury that a fiduciary relationship did exist simply because Weeks held a public office. The second instruction told the jury that certain dealings between a public official and private citizens are against public policy. n5

----------Footnotes----------

n5 The two instructions read as follows: (1) "And you are instructed that Lowell Weeks is an official holding public office. And a public office is like a public trust that is created in the interest and for the benefit of members of the public. The individual who occupies a public office is a public agent and as such acts on behalf of his principal, the public. As such, a fiduciary relationship existed between Lowell Weeks on the one hand and the plaintiffs Nussbaums and Drakes as members of the public on the other hand"; (2) "Public officials are obligated to discharge their responsibilities with integrity and fidelity. And may not exploit their official positions for their private benefit. Dealings between a public officer and himself as a private citizen which brings [*sic*] him into conflict or collusion with other citizens are against public policy. This is so because public officials may not place themselves in a position in which their personal interest may come in conflict with the duty they owe to the public."

----------End Footnotes---------- **[**18]**

The giving of the two additional instructions was error because the general duty they state is

not the specific duty referred to in BAJI No. 12.36. The fact that Weeks was a public official with a general fiduciary responsibility [*1599] to members of his constituency does not mean that he had a specific fiduciary duty to Nussbaum as an individual member of the public.

Having held that there was no fiduciary or confidential relationship within the meaning of BAJI No. 12.36 simply because Weeks held public office, we next consider Nussbaum's alternative argument that a duty of disclosure existed in the absence of a fiduciary or confidential relationship.

The Purchaser's Disclosure Obligation

The fourth paragraph of BAJI No. 12.36 states: "[A duty to disclose known facts arises [in the absence of a fiduciary or a confidential relationship] where one party knows of material facts and also knows that such facts are neither known nor readily accessible to the other party.]" Although both parties requested that BAJI No. 12.36 be given, the trial court did not give this paragraph.

Nevertheless, Nussbaum argues that the paragraph is a correct statement of the law, and that it therefore [**19] provides an independent basis for finding that Weeks had a duty to disclose known facts to Nussbaum.

The Use Note states: "The decisions enunciating the rule stated in the last paragraph are in cases involving nondisclosure by the seller. Whether the same rule would apply to a nondisclosure by the buyer is uncertain." The Comment refers to 4 Witkin, Summary of California Law (8th ed. 1974) Torts, sections 459-462, pages 2724-2727. The comparable paragraphs of the ninth edition are sections 697-701. Section 697 states the general rule: "Although material facts are known to one party and not the other, failure to disclose them is ordinarily not actionable fraud unless there is some fiduciary relationship giving rise to a duty to disclose." (5 Witkin, Summary of Cal. Law (9th ed. 1988) Torts, § 697, pp. 799-800.) According to Mr. Witkin, an exception to this general rule exists "where the defendant alone has knowledge of material facts which are not accessible to the plaintiff." (*Id.*, at § 700, pp. 801-802.)

The cases cited in support of the exception are cases which require disclosure by the seller of real property. (E.g., *Lingsch v. Savage* (1963) 213 Cal.App.2d 729 [29 Cal.Rptr. 201, 8 A.L.R.3d 537]; [**20] *Barnhouse v. City of Pinole* (1982) 133 Cal.App.3d 171 [183 Cal.Rptr. 881].) Since the seller is likely to know of material facts affecting the value of the property which should be disclosed, the disclosure obligation normally falls on the seller. (1 Miller & Starr, Current Law of Cal. Real Estate, § 1:80, pp. 116-118.) Accordingly, it is well established that the seller is under an affirmative duty to disclose material facts concerning the property. [***367] (Cal. Real [*1600] Property Sales Transactions (Cont.Ed.Bar 1981) § 1.69, pp. 49-50.) More recent statutes describe the seller's disclosure obligation more specifically. (Civ. Code, § 1102 et seq.)

Does the buyer have an equal affirmative obligation to disclose a material fact affecting the value of the property? "The buyer has the same duty to disclose material facts affecting the property to the seller, but it is rare that the buyer has knowledge of such facts which would impose a disclosure duty. While the duty has been expressed in the context of a fact that would affect the 'value or desirability' of the property, the extent that a party must disclose matters which do not affect the [**21] physical integrity of the property, but which affect the property's value, has not been fully developed. If the buyer's duty were extended as broadly as the seller's duty, the rule would result in the ridiculous conclusion that a buyer must disclose to the seller factors that have or will indicate that the seller is selling the property below its true value. Absent affirmative representation, such a rule would eliminate the freedom to negotiate in the marketplace." (1 Miller & Starr, Cal. Real Estate 2d (1989) §

1.121, p. 414.)

Because the seller's duty of disclosure is now codified in statutes applicable only to seller (Civ. Code, § 1102 et seq.), we agree that the seller's duty of disclosure is greater than that of the buyer. Thus, under Civil Code section 1102 and prior case law, the seller has a general duty to disclose material facts that are not accessible to buyer. (5 Witkin, Summary of Cal. Law (9th ed. 1988) Torts, § 700, pp. 801-802.) This principle is contained in the fourth paragraph of BAJI No. 12.36.

The buyer, on the other hand, has a duty to disclose material facts only under certain limited circumstances not present here. n6 These circumstances are described **[**22]** in Restatement Second of Torts section 551. They include situations in which a fiduciary or confidential relationship exists, situations in which a partial or misleading disclosure is made, and situations in which the buyer knows that the seller would reasonably expect a disclosure to be made. In other circumstances, disclosure by the buyer is not **[*1601]** required but may be prudent to avoid liability based on fraud, misrepresentation or half-truths. (Cal. Real Property Sales Transactions (Cont.Ed.Bar 1981) § 1.82, p. 57.) It is therefore apparent that the fourth paragraph of BAJI No. 12.36 does not accurately state the buyer's duty of disclosure and a specific instruction should be given. There was no error here, however, because the trial court did not give the fourth paragraph to the jury.

----------Footnotes----------

n6 Some courts hold that no such duty exists. For example, in *Zaschak v. Traverse Corp.* (1983) 123 Mich.App. 126 [333 N.W.2d 191], the court held: "Michigan courts have not yet recognized a duty on the part of a vendee to disclose facts relevant to the value of the real estate in question even when specifically asked." (*Id.*, at p. 193.) Cases from other jurisdictions support the proposition that a buyer is not under a duty to disclose material facts known to him in the absence of a confidential relationship. (See, e.g., *Consolidated Oil & Gas, Inc. v. Ryan* (W.D.Ark. 1966) 250 F.Supp. 600, affirmed (8th Cir. 1966) 368 F.2d 177; *Finley v. Dalton* (1968) 251 S.C. 586 [164 S.E.2d 763, 35 A.L.R.3d 1364]; *Moser v. Spizzirro* (1968) 31 App.Div.2d 537 [295 N.Y.S.2d 188], affirmed (1969) 25 N.Y.2d 941 [305 N.Y.S.2d 153, 252 N.E.2d 632] (seller's silence not actionable fraud); 91 C.J.S. Vendor & Purchaser, § 57, pp. 914-916.)

----------End Footnotes---------- **[**23]**

Since there was no basis for a finding that Weeks had a duty to disclose here, and since Civil Code section 1710, subdivision 3, requires that a duty exist before deceit can be found, there was no basis for liability here. n7

----------Footnotes----------

n7 Civil Code section 1710, subdivision 3, defines deceit to include: "The suppression of a fact, by one who is bound to disclose it, or who gives information of other facts which are likely to mislead for want of communication of that fact . . . ."

----------End Footnotes----------

Although we have found that Weeks did not have a specific fiduciary relationship or a general obligation to disclose material facts, we will briefly consider whether, if there was such a duty, there was sufficient evidence for the jury to find that he did suppress a material fact.

[*368]** Was There Substantial Evidence to Support the Jury's Finding That Weeks Suppressed a Material Fact?

The jury found that Weeks intentionally concealed or suppressed a material fact with the intent to defraud Nussbaum. What was the material fact that was suppressed?

Nussbaum's [**24] argument is significant: "It is Mr. Weeks' state of mind, coupled with his power to implement that state of mind, that constitutes the material fact." n8.

----------Footnotes----------

n8 In the complaint, Nussbaum alleged that Weeks failed to disclose that canal water would be made available by the District to the subject property within the forseeable future. Under this allegation, Weeks would clearly be required to predict a future action by the board of directors of the District. As Weeks points out, if he had made this representation, he could have been sued on the same theories if the change did not take place.

----------End Footnotes----------

As evidence of this alleged material fact, Nussbaum cites evidence that (1) legal counsel informed Weeks in early 1983 that the legal reasons to deny canal water to class 6 lands had ended with the 1983 decision in *Arizona* v. *California*; (2) Weeks then purchased class 6 lands; (3) his children and a friend purchased class 6 lands; and (4) "Mr. Weeks had the practical ability to control the Board and did so at a time that suited [**25] him" by subsequently changing the policy applicable to class 6 lands.

Nussbaum then states: "The foregoing facts justify the jury's drawing of the inference that Mr. Weeks formed an intent to change the District's [*1602] water policy, that he knew he had the power to implement that intent and that he purchased plaintiffs' property without disclosing that intent."

In this case we have no secret material facts that Weeks used against the seller. We have only Weeks's alleged state of mind: an intention to change the District's water policy affecting the subject parcel. While a specific present intention can be a material fact (Rest.2d Torts, § 525, com. d; cf. Pilcher v. New York Life Ins. Co. (1972) 25 Cal.App.3d 717, 724 [102 Cal.Rptr. 82]), the question is whether the facts cited by Nussbaum were sufficient to allow the jury to draw the inference that the intention existed. Even if the intention existed, the intention would not be material unless, as Nussbaum urges, Weeks had the actual power to change water policy.

After examining the entire record, we find that the evidence does not support Nussbaum's contentions. One example will suffice. [**26]

The most important "fact" alleged was that Weeks had the practical ability to control the board of directors of the District, and did so here. However, there was no evidence to support this allegation except testimony that the board generally followed staff recommendations.

Mr. Rummonds testified that the policy was reconsidered in 1984 because three landowners had written to request reconsideration and that he appointed a study committee at a board meeting on March 27, 1984, as a result of these requests. Mr. Rummonds also testified that he did not consult Weeks before appointing the committee.

Several witnesses testified that, except for attending one meeting, Weeks did not participate in the formulation of the recommendations of the committee. Several directors testified that Weeks did not try to influence their vote on adoption of the new policy. Director Powell testified that he did not discuss the progress of the study with Weeks, that there were arguments on both sides of the policy change, and that he did not know if the proposal would be approved before the vote. Director Powell also testified that he did not discuss his vote with Weeks. Director Nichols testified through [**27] a deposition that he did not discuss

the study with Weeks before the vote. Director Rummonds also testified that he did not discuss his vote with anyone before the August board meeting, and that he did not know how the vote would come out before the vote was taken.

[*1603]

There was no evidence from which the jury could conclude that Weeks manipulated the political process to obtain a new [***369] policy favorable to him. n9 We therefore find that Nussbaum's theory that the undisclosed material fact was Weeks's state of mind, coupled with a power to change District policy, is simply unsupported by substantial evidence. n10

----------Footnotes----------

n9 As Weeks points out, if Weeks knew that the policy was changing, he could have drilled an additional water well on the former Nussbaum property, or he could have installed a larger pump to qualify the entire parcel for supplemental water under the old policy. He did not do so but only qualified for supplemental water on half of the parcel. Weeks also testified that he made no effort to influence the study committee report or the board vote, even though he knew that the policy change would adversely affect him. [**28]

n10 Weeks's state of mind was also immaterial because of Nussbaum's testimony that the property lacked a water distribution system. Under both the 1969 and 1984 policies, the landowner had to pay for water distribution facilities. Although Nussbaum had sufficient well capacity to qualify half of the parcel for supplemental water under the 1969 policy, he had no way to obtain that water without paying for a pipeline. Weeks was able to provide water to the property through a previously existing reservoir on his land. The limiting factor in obtaining water for the property under either policy was the lack of a distribution system, not the right to obtain water.

----------End Footnotes----------

Thus, even if Weeks had a disclosure obligation, which we find he did not, there was insubstantial evidence to allow the jury to conclude that Weeks failed to disclose a material fact.

The judgment is reversed.

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Exhibit 8

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*60 Cal. App. 154, *; 212 P. 399, **;*
*1922 Cal. App. LEXIS 35, ****

In the Matter of the Estate of MARY A. HAMON, Deceased

Civ. No. 3881

COURT OF APPEAL OF CALIFORNIA, SECOND APPELLATE DISTRICT, DIVISION TWO

60 Cal. App. 154; 212 P. 399; 1922 Cal. App. LEXIS 35

December 15, 1922, Decided

SUBSEQUENT HISTORY: [***1] A Petition to have the Cause Heard in the Supreme Court, after Judgment in the District Court of Appeal, was Denied by the Supreme Court on February 13, 1923.

PRIOR HISTORY: APPEAL from a judgment of the Superior Court of Los Angeles County. John M. York, Judge.

DISPOSITION: Affirmed.

CORE TERMS: testator, birthday, legacy, marriage, mortgage, thirtieth, dies, legatee, bequest, per acre, residue, birth, estate devised, devised, goes, absolute estate, market value, diligence, nephew, devise, water, dying, die, clear and distinct, foreclosure sale, real estate, thereupon, irreconcilable, unqualified, beneficiary

SYLLABUS: The facts are stated in the opinion of the court.

COUNSEL: Tanner, Odell & Taft for Appellant.

D. H. Laubersheimer for Respondent.

JUDGES: CRAIG, J. Finlayson, P. J., and Works, J., concurred.

OPINIONBY: CRAIG

OPINION: [*155] [**400] CRAIG, J. The appellant, Ada Miriam Parker, was appointed executrix of the will of Mary A. Hamon, and also a trustee to receive certain property devised thereunder and to manage it as directed by the will. The will was probated and in due time the court made its final decree of distribution by which one-half of the property was distributed to Ada Miriam Parker individually, and the other half, consisting of $ 3,695.14 in cash and small items of personal property, to her as trustee for Percival James Langdon. She loaned the money held in trust upon real estate security. A more detailed statement will be made of this transaction later. However, this mortgage was subsequently foreclosed and the appellant, at [***2] the foreclosure sale, as trustee, bought the property for $ 5,079.57, being the full amount of the principal, interest, judgment, and costs. The trustee reported to the court under section 1699 of the Code of Civil Procedure, and prayed for her discharge. Thereupon Langdon appeared and filed objections to the report on the ground that the real estate security was valueless and also of alleged negligence on the part of the trustee in making the loan. Upon the hearing the trial court sustained the objections to the report and ordered the mortgage representing the loan to be reassigned to Ada Miriam Parker, and

directed that she pay the cash legacy received by her as trustee with interest to the beneficiary Langdon. Findings of fact were made and judgment rendered as above indicated and from this judgment the trustee Ada Miriam Parker appeals.

The first ground of appeal, and the one most strongly urged, is that the evidence is insufficient to justify the findings [*156] that said trustee was grossly and wilfully negligent in making said loan in that she did not exercise ordinary care and diligence in the execution of her trust, or in ascertaining the value, character, or location [***3] of said land prior to making said loan; that said land had no commercial or market value at the time said loan was made; nor had it any commercial or market value since; that said trustee could have ascertained the value, character, and location of said land prior to making said loan had she exercised any or [**401] ordinary care or diligence in the execution of her trust, and similar findings concerning the trustee's purchase of the property at the foreclosure sale. The facts relating to this matter as they appear without substantial conflict are as follows: One Muncy was the first person to speak to the trustee, Mrs. Parker, concerning the loan; he informed her that J. P. Grantz and Mildred Grantz desired a loan upon a plot of ground consisting of 320 acres in Kern County. From Muncy, whom she had known for a period of thirty years, the trustee secured her principal information concerning the property. In one part of her testimony she said, "I took Mr. Muncy's word for it." She also received reports of three other persons, Ryder, Smith, and Boxrund, but she knew nothing of these men except what Muncy told her. She did not talk with Mr. Grantz until after the loan was made. A written report [***4] was made by Rider, Smith, and Boxrund stating that the land in question was "arable, fertile soil and all tillable," and placing an appraised value at twenty-five dollars per acre upon it. Grantz made a written application for the loan in which he stated that the land was of a cash value of twenty-five dollars per acre. The papers were approved by the trustee's attorney and she testified that she relied upon his judgment as well as upon that of Muncy's. Grantz furnished a certificate of title showing ownership in him and Mildred Grantz, his wife. Mrs. Parker made no investigation concerning Ryder, Smith, Boxrund or Grantz. She testified that after the loan was made Grantz paid some interest and then sold the land to one Knowles, who assumed the mortgage and kept up the interest for a time.

It appears from the evidence that previous to the making of the loan Muncy had purchased the land for five dollars per acre from a railroad company. Witnesses called [*157] by Langdon testified that the land is typical mesa desert land covered by sagebrush, yucca, greasewood, etc.; that it is impossible to place water on it by a practical pumping lift; that it was unimproved and had never been [***5] tilled; that it was not worth more than $ 2.50 per acre at the time the loan was made and that the value was the same at the date of the hearing. One witness testified that the land was practically worthless and that its only value would be for speculative purposes.

Before loaning the money Mrs. Parker was informed by Muncy where the property was located. Although it does not appear that she knew the true situation, it was shown at the hearing that Muncy and Ryder were the original purchasers of the land. That Grantz was practically only a dummy in the transaction. The deed was taken in his name and he executed a mortgage and immediately deeded the property in blank and delivered the deed to Muncy. Smith, one of the men who made the written report to Mrs. Parker, testified on the trial that it is very difficult to borrow money on raw desert land without water and that in commercial circles such property is not considered a good security.

It can hardly be doubted that Muncy and his associates misled the trustee and induced her to loan a substantial sum of money on commercially valueless property. To anyone at all informed concerning conditions in the desert region of this state it [***6] would be known that land situated as this was without water or any practical way of securing it has little or no market value and is not to be regarded as safe security for a loan without at least the lender subjecting it to a most careful scrutiny. A trustee must use at least the degree of care which

an ordinarily prudent person would in connection with the transaction involved. (Pomeroy's Equity Jurisprudence, sec. 1070.) The trial court was justified in concluding that ordinary prudence would have prevented the making of this loan and that the trustee did not exercise reasonable care and diligence and was therefore bound to make good the loss which would accrue to the trustee's estate.

The appellant further contends that the trial court erred in directing the trust money to be given to Langdon in absolute ownership. It is claimed that under the will of Mary A. Hamon, Langdon received only an estate [*158] analogous to a fee, terminable upon his decease without issue; that his estate is a contingent one unless and until he marry and have issue.

The sections of the will involved are the sixth and eighth. They are as follows: "Sixthly, I give, devise and bequeath to my nephew, [***7] Percival James Langdon, and to my niece, Ada Miriam Parker, all the rest, residue and remainder of my estate, being the money on hand or in the bank, and all mortgages due me, to be divided equally between them, share and share alike. Eighthly, It is my wish and desire that the share going to my nephew Percival James Langdon, shall be paid to him on the day of his marriage, or on his 30th birthday, in case he is not married before the age of thirty years, and it is my further wish and desire that at my death the share coming to my nephew Percival James Langdon, shall be placed in the hands of a trustee hereinafter named, and the same put at interest, and the interest paid semi-annually by said trustee to said Percival James Langdon up until the date of his marriage, or in case he is not married, until his 30th birthday, when in either case the entire share coming to said Percival James Langdon shall be paid to him without reservation of any kind whatsoever."

While the will is not free from ambiguity, the intent of the testator is expressed with reasonable clearness, as follows: That after disposing of certain specific articles the residue of the testator's estate is directed to be [***8] divided equally between Langdon and Mrs. Parker; that the legacy to Langdon be not delivered to him until his marriage or arrival [**402] at the age of thirty years; that upon the happening of either of these events he should receive all of his share without reservation, and lastly, that should he die before marriage and the birth of issue, or before his thirtieth birthday, his share should go to Mrs. Parker.

Two elements were contemplated by the testator: First, the interest bequeathed Langdon. This is designated in the sixth clause of the will and again in the latter part of the eighth clause; second, the time of delivery of the legacy.

This is found in the eighth clause, and in a separate paragraph of the same clause it is provided: "If said Percival James Langdon dies without issue, his share is to go to my niece," etc. Grammatically and logically this qualification [*159] applies to the main subject matter of the section in which it is contained. As so read, it must be held to constitute a provision for the disposition of the legacy in question in the event of Langdon dying without issue before the occurrence of the events giving him the right to receive the legacy.

The most extreme [***9] construction that can be placed upon this sentence by way of qualifying Langdon's estate is that even though he might marry, should he die before his thirtieth birthday without issue the legacy would go to Mrs. Parker. Having given an absolute estate, it will not be presumed that any later words were intended to qualify it further or in any particular not clearly expressed or necessarily implied. It must be supposed that the testator associated the idea of the birth of issue with marriage. There is no logical connection between the consideration of birth of issue and the event of Langdon reaching his thirtieth birthday. If it be held that Langdon's estate is defeasible to this extent it would avail the appellant nothing, because it was stipulated during the trial that he had arrived at his thirtieth birthday. Upon the occurrence of this event his estate became absolute regardless of the birth of issue.

The legal principles governing the construction of these sections of Mary A. Hamon's will are not in serious doubt. It is elementary that in all such cases the single object of inquiry is the intent of the testator. After considering various sections of our Civil Code bearing upon the [***10] matter, and in interpreting a will where the words "dies without issue" were pivotal in the determination of its meaning, the supreme court in the *Estate of Carothers*, 161 Cal. 588 [119 P. 926], concludes that the "only rule applicable to such expressions is that the intention of the testator is the primary object of search." *Estate of Tooley*, 170 Cal. 164 [Ann. Cas. 1917B, 516, 149 P. 574], is clearly distinguishable from the instant case. In the former the provision of the will made no statement of the estate devised except that, having given "all of my property" to Mattie Tooley, it directed that "if at her death she has neither husband or children" it should be divided among other heirs. The case of the *Estate of Carothers*, 161 Cal. 588 [119 P. 926], is apparently more nearly in point. By the will the testator [*160] devised his farm to his wife and son William "during the lifetime of my said wife, and at her death said land with all the improvements and proceeds thereof vests absolutely in and is the property of said William, that in case said William dies without issue his property herein specified becomes the property of John, and at his death goes [***11] to Elizabeth." It was there held that, upon the prior death of the wife, the son William did not become vested with an unconditional and unqualified fee, but that the fee was limited upon the condition of his dying at any time without issue, and that upon his so dying subsequent to the death of the wife the property would pass to John and Elizabeth, successively.

It must be noted that the language which apparently vests the estate absolutely in William is directly qualified. As the opinion puts it, the words vesting the property absolutely are *immediately followed*, however, *as part of the same sentence, separated only by a comma*, by the words, "*that in case said* William P. Carothers dies without issue his property herein specified becomes the property of John Thomas Carothers, and at his death goes to Elizabeth Witherspoon." (Italics ours.)

In the will being interpreted by us the estate to Langdon is devised absolutely in the sixth section, and the provision directing that it shall go to someone else if he dies without issue is contained in an entirely different and distinct section. Thus, while in the *Estate of Carothers* the entire clause being construed was not [***12] "a clear and distinct" bequest, in the instant case we have such a bequest of an absolute estate to Langdon. Hence, section 1322 of our Civil Code providing that "A clear and distinct devise or bequest cannot be affected . . . by any other words not equally clear and distinct," is relevant. Had the language limiting the estate devised to William been totally disconnected from that giving him an unqualified estate, and had such qualifying language upon a consideration of both words and context been susceptible of a construction which would have permitted the provision for an absolute estate to stand, it is apparent that the estate devised to William P. Carothers would have been held an absolute one. Certainty is preferred to uncertainty. Mary A. Hamon left no uncertainty in her devise of an absolute ownership of one-half of the [*161] residue of her estate, including the money here involved, to Langdon. That residue was bequeathed to Mrs. Parker and to him share and share alike. The most that can [**403] be said of the clause in the other section involved is that it creates an uncertainty as to whether the testator intended the words "dies without issue" to refer to death before the testator, [***13] or death before Langdon's marriage, or before his thirtieth birthday, or to death at any time. To hold that it means death at any time would place a higher value on uncertainty than upon certainty as a goal in interpretation. Nor is this a case within the scope of section 1321 of the Civil Code, in which it is provided that where there are irreconcilable provisions in a will, the latter must be adopted. These provisions are not irreconcilable.

We are not unmindful of the provision of section 1318 of the Civil Code that in the case of uncertainty arising upon the face of a will as to the application of any of its provisions the circumstances under which the will was made are to be looked to in ascertaining the intention of the testator. The circumstances shown by this record are of no great value.

There is nothing to indicate that Mary A. Hamon had a greater affection for one of her residuary legatees than for the other. Mrs. Parker was already a married woman, hence the reason which constrained the testator to attach a provision concerning marriage to her legacy to Langdon would have no place in her bequest to Mrs. Parker and its absence indicates nothing. These two legatees were [***14] related in the same degree to their deceased ancestor. There is some authority for the proposition that where a primary legatee is unmarried, and an absolute legacy is followed by a limitation over, if the legatee die without issue, there is a presumption that the testator means the limitation to refer to death at any time. However, this inference is less strong where the primary legatee is young than where he is advanced in age. In the former event there would be more reason to suppose that the testator anticipated the likelihood of the legatee marrying and having issue before the termination of the particular estate and therefore the presumption would be more probable that death without issue was intended by Mary A. Hamon to have reference to Langdon reaching his thirtieth birthday, for he was apparently less than twenty-four years of age. [*162] On the whole, there is nothing in the circumstances tending to indicate any different intention on the part of the testator than that which is shown by the wording of the will itself.

Another ground upon which appellant assails the judgment is the claim that the court had no jurisdiction to make the order that Langdon assign the mortgage [***15] to the trustee and deliver the assignment to the clerk of the court and that thereupon the trustee pay to Langdon the amount which the court found was due him. It is asserted that the power of the court was limited to finding the facts and settling the account as to its amount and the items that should be credited or not credited to the trustee, as shown by the report. *McAdoo v. Sayre*, 145 Cal. 344 [78 P. 874], construing the same code section here under consideration, expressly holds that the court upon final settlement at the termination of the trust has power to direct the trustees to turn over the property to the persons found to be entitled thereto. The same decision goes on to say that not only has the court such authority, but it is its duty to make all orders necessary to entirely invest the beneficiary with possession, title, and all required evidences of title to the property determined to be rightfully his upon distribution of the trust estate. Cases cited by the appellant not in accord with *McAdoo* v. *Sayre* were decided before the enactment of section 1699 of the Code of Civil Procedure, under the authority of which the appellant asked the court to grant [***16] her discharge.

For the foregoing reasons the judgment appealed from is affirmed.

Finlayson, P. J., and Works, J., concurred.

A petition to have the cause heard in the supreme court, after judgment in the district court of appeal, was denied by the supreme court on February 13, 1923.

All the Justices concurred.

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Exhibit 9

Service: Get by LEXSEE®
Citation: 78 calapp 638

*78 Cal. App. 638, *; 248 P. 754, **;*
*1926 Cal. App. LEXIS 366, ****

In the Matter of the Estate of WILLARD W. WHITNEY, Deceased. MARY E. WHITNEY et al., Appellants, v. GEORGE BURNHAM et al., Respondents

Civ. No. 5520

COURT OF APPEAL OF CALIFORNIA, FIRST APPELLATE DISTRICT, DIVISION ONE

78 Cal. App. 638; 248 P. 754; 1926 Cal. App. LEXIS 366

July 10, 1926, Decided

PRIOR HISTORY: [***1] APPEAL from an order of the Superior Court of San Diego County settling the first annual account of trustees under a will. C. N. Andrews, Judge.

DISPOSITION: Affirmed in part; reversed in part.

CORE TERMS: executors, beneficiaries, decree of distribution, dollars, two-thirds, final account, distribute, invested, credited, deceased, rents, duty, order settling, real estate, testator, omission, deposit, dispose, legacy, personal property, annual account, time to time, distributed, outstanding, collection, collected, belonging, decedent, prudence, manifest

SYLLABUS: The facts are stated in the opinion of the court.

COUNSEL: Adam Thompson and Ren Thompson for Appellants.

Haines & Haines and B. J. Bradner for Respondents.

JUDGES: TYLER, P. J. Knight, J., and Cashin, J., concurred.

OPINIONBY: TYLER

OPINION: [*641] [**756] TYLER, P. J. Appeal from certain portions of an order settling the first annual account of trustees under a will. The facts necessary for a discussion of the objections raised show that one Willard W. Whitney died testate in January, 1923, leaving a large estate consisting of real and personal property. His will was duly admitted to probate in San Diego County and George Burnham and Herbert E. Anthony were appointed his executors. They proceeded to administer upon the estate and regular proceedings were had leading up to the distribution which was made on the twenty-ninth day of February, 1924. Under the terms of the will as modified by its codicils, Mr. Burnham and Mr. Anthony, who were made executors, were also named trustees and the decedent's entire property [***2] was devised and bequeathed to them as such, in trust to manage and dispose of the same, [*642] for which purpose they were allowed a period of ten years to distribute the proceeds in aliquot parts among numerous beneficiaries, some of whom are appellants herein. Under the decree of distribution the assets of the estate on hand at the close of administration were accordingly distributed to them as such trustees and they have since managed them in that capacity. In due time they filed their first annual account as such trustees which embraced their transaction from February 29, 1924, the date of the decree of distribution, to and including March 24, 1925. This account was settled, the order being made June 5, 1925, and it forms the subject of the present appeal. We will discuss the various

objections in the order in which they are made. The first objection to the account is that it does not appear therefrom what amount of interest, if any, has been received by the trustees from any bank or other deposit source whatever under said trust; nor does it appear from the account what money, if any, has been invested by the trustees under the trust from the money collected from the various [***3] sources for said estate; nor does it appear in what banks the funds received were or are invested. It was and is claimed under this objection that the trustees had received not less than $ 2,500 per month as rents from the real property of the estate, and that they also had received some $ 25,389.89 distributed to them in cash under the decree of distribution, and it is charged that the trustees, from the commencement of their trusteeship, have had as high as $ 43,735.57 on deposit in a certain bank in the city of San Diego, without any interest being paid thereon, and that there was at the time the first account was presented over $ 25,000 belonging to the trust fund and was not credited with any interest whatsoever; that the trustees should under the provisions of section 2261 of the Civil Code be made to account for interest upon these items. That portion of the decedent's will which refers to the duties of the trustees concerning the investment of the funds reads as follows: "I hereby direct my said trustees to keep all monies that may come into their hands as rental, income or otherwise, and to invest and reinvest the same as in their judgment may seem best for the purpose of [***4] securing the highest and safest income therefrom for the uses and purpose of the estate." It also provides [*643] that "they are further authorized and empowered to dispose of surplus monies not necessary for the business-like management, maintenance and care of the estate from time to time, and in such amounts as they deem best, to the said hereinafter named legatees, said distributions to be *pro rata*." Then follows the further provision limiting the trustees to a period of ten years within which to sell and convert into cash all the real and personal property of the estate and to distribute the same to the beneficiaries. The record shows that at the time of distribution to the trustees of the assets of the estate, there came into their hands a cash balance of $ 25,389.89. This balance was on deposit in a bank at San Diego, of which the trustees were officers. It further shows that between the date of the distribution on February 29, 1924, and March 14, 1924, the collections of the trustees amounted to but a few hundred dollars. On the latter date, a period of about two weeks from the date of the making of the decree of distribution, the trustees made a *pro rata* distribution, [***5] in addition to proper disbursements, to the beneficiaries by checks which after deductions for certain taxes advanced on the distributive shares, aggregated the sum of $ 25,931.43. The result of this distribution substantially exhausted all the money in the hands of the trustees at this time. This true condition was not reflected on the ledger account for the reason that the beneficiaries are widely scattered throughout this country and Canada, and the checks sent them were for some time outstanding. The record further shows that the trustees had sold certain Michigan bank stock belonging to the estate, and had forwarded to the purchaser the certificate with draft attached for the amount due. At this time the trustees charged themselves with the amount of the [**757] sale, though the proceeds thereof did not reach their hands until some time later, the delay being caused by the state of Michigan demanding the sum of $ 841.08 as an inheritance tax on the same. The actual sale price had been credited to the estate. The amount ultimately received by the trustees for the sale of this stock was the sum of $ 25,920, which was some $ 874 less than the amount they had credited the estate with. The [***6] difference was thereupon charged back to the trustees' account. During this period of delay, as above described, [*644] the ledger sheet showed this amount to be actually in the estate from the time the amount of the draft was credited to it by the trustees when, as a matter of fact, the sum was not actually on hand. In September, 1924, the trustees made another distribution to the beneficiaries, and the greater portion of the checks representing the amount thereof were outstanding on October 1, 1924. The apparent balance shown by the books did not therefore correctly reflect the actual balance. There is also evidence in the record to show that in addition to these distributions the trustees made a third one to the beneficiaries immediately after filing their account and before the hearing thereof, so at the time of the settlement of the account the balance appearing was greatly reduced by outstanding checks. Certain oral testimony given by bankers at San Diego was had to show upon what accounts interest would be allowed.

There was testimony to the effect that three per cent would be credited on balances upon certain character of checking accounts, but with restrictions upon the [***7] checking privilege, and that where special arrangements were not made, the right to demand advance notice of withdrawals was retained in the event of some banking stringency. The testimony upon this subject is conflicting. The court found that no interest should be charged to the trustees on account of any balance of cash from time to time in their hands or in the bank during the period covered by the first account. The express and primary object of the trust was to reduce the *corpus* of the estate into cash and have it distributed among the beneficiaries. It was not the purpose of deceased to have the trustees keep the *corpus* of the estate invested. It is manifest from the evidence that the trustees are endeavoring to carry out the purposes of the trust, for they have made three distributions to the beneficiaries amounting to some $ 75,000 in a little over a year's time and there is testimony of one of the trustees to the effect that it is the policy of the trustees to make a distribution every ninety days if possible. Their declared purpose is to continue this practice whenever accumulated amounts are sufficient to warrant a disbursement consistent with judicious management [***8] of the estate. Under these circumstances we cannot say that the court erred in not charging the trustees with interest [*645] upon the balances they may have had at certain short periods of the year. We do not wish to be understood, however, as declaring that where accumulated funds have reached an amount where interest thereon can be obtained, and the distribution of such funds is held in abeyance for any reason for such a length of time that it would amount to a lack of ordinary business prudence for the trustees not to deposit them where they might earn some interest that the trustees would not be liable for a loss of interest. The liability of a trustee to pay interest must be determined from the character of the trust, and the circumstances attending its administration. The general rule is that a trustee acting in good faith, who keeps funds in his hands ready to distribute, should not be charged with interest thereon (39 Cyc. 422). It is, however, of the most vital importance that trustees be held to a strict and rigid accountability. They must exercise, in the execution of the trust, the degree of care and diligence which a man of ordinary prudence would exercise in the [***9] management of his own affairs. If, then, in carrying out the manifest intention of the testator, delay in distribution occurs for any reason, and sums accumulate, that simple business prudence would dictate should be invested, and such sums are not invested or placed at interest, such omission should and will subject trustees to the payment of the interest they ought to have received. If they become short of this duty they will be held to a strict personal accountability for any losses which may result from such omissions. And the fact that they neither made nor intended to make any personal gain from their omission would not exonerate them from liability. Here many of the beneficiaries are aged persons who are in a necessitous condition and they are desirous of having the amounts due them speedily paid, and the trustees, it seems, are endeavoring to carry out their wishes in this respect instead of temporarily investing the funds which they might be justified in doing under the power given them by the terms of the trust. Under these circumstances we are of the opinion that the court properly refused to charge the trustees with interest.

In concluding this subject it might be well, [***10] however, to point out that in the event of a delay in the making of [*646] further distributions, the mere fact that the bank in which the trust funds are deposited and in which the trustees are officers, pays no interest on sums awaiting distribution, will not relieve the trustees from placing the funds in some other reliable bank that does pay interest.

The next objection is to the effect that the account does not comply with section 1699 of the Code of Civil Procedure as it lacks the detail contemplated by that section. In this connection appellants first complain [**758] that the account fails to contain any reference to certain notes and bonds. These notes and bonds were appraised in the estate as being of the value of $ 17,780. Under the final account in the estate respondent trustees as executors had charged themselves with the full face value of these securities. In their first account as trustees they have charged themselves with the entire value of the estate distributed to them as trustees after administration. In this list of assets on hand these securities do not appear,

for the reason that they were sold in the course of the administration of the estate and the amount received [***11] for each security, together with the interest thereon, had been there fully and completely accounted for. The decree of distribution in the estate was in evidence at the hearing upon the trustees' first account and it clearly shows the history of these items. There is no merit in the objection. The same may be said of the item of $ 300 paid as a real estate dealer's commission for the sale of certain lots. This matter was likewise disposed of in the settlement of the final account of respondents as executors in the estate. The item was therefore properly found by the court to form no part of the trustees' account.

Appellants next object to a lack of detail in the account with respect to the rents collected by the trustees from the real property belonging to the estate. They claim that the account merely shows that an amount in excess of $ 2,000 has been collected monthly, but that no details of the various payments by the different tenants are set forth, which omission renders the account objectionable. It appeared in evidence that the broker who collected the rents rendered monthly detailed statements to the trustees both as to the names of the tenants and the amount paid by each, [***12] accompanied by a check representing the amount of the [*647] collections. These statements were in evidence at the hearing. Under these circumstances the court held, and we think properly so, in passing upon the objection, that no useful purpose would be accomplished by requiring the account to be amplified with respect to the same. The monthly receipts from the real estate were constant and only varied a few dollars and were fully accounted for. There is no merit in the objection.

Objection is also made to the agent's charge for the collection of the rents. We are of the opinion that there is no merit in this objection. It cannot be expected that trustees should personally collect the rents due from tenants by making a personal call upon each of them. The charge was a proper one made in the necessary care and management of the estate. (2 Beach on Trustees, secs. 460, 588; *Estate of Graham*, 187 Cal. 222 [18 A. L. R. 631, 201 P. 456].)

The next objection relates to the order concerning the compensation of respondent trustees under the will. This objection requires a somewhat extended recital of the facts in relation thereto. Under the terms of the will the testator divided [***13] his estate into seventeen parts and gave to the recipients of his bounty certain parts or portions thereof. The third clause of the will of the deceased provided in part as follows: "In recognition of the many services performed for me during my lifetime, and in appreciation thereof, I direct that there shall be paid to George Burnham of San Diego, California, two-thirds of one part; to William R. Rogers of San Diego, California, two-thirds of one part." These parties were named as executors and trustees under the will. William R. Rogers predeceased the testator and, in consequence thereof, the testator by codicil provided that in view of the death of Rogers he nominated and appointed respondent Herbert E. Anthony in the place and stead of Rogers, and he directed that said Anthony be paid the same *quantum* of his estate as Rogers had been bequeathed, namely, two-thirds of one part. Two-thirds of one part of the estate, according to the report of the inheritance tax appraiser, amounts to the sum of $ 21,860.72. The seventh clause of the will of the deceased provided as follows: "As a consideration and compensation to my said executors and [*648] trustees for their services in [***14] the performance of their duties as executors and trustees under this trust, and in addition to the portions heretofore provided to be given them, and upon a full understanding with them, the said executors and trustees, they are to receive the sum of Twenty-five Hundred ($ 2,500.00) Dollars each, which said sum is to be paid in full of all their services as such executors and trustees."

At the close of the administration of the estate Burnham and Anthony as executors filed their final account and petition for distribution. They filed a waiver of the compensation fixed by the will and asked for and were given the statutory commissions as executors in lieu thereof, which were fixed in the sum of $ 4,363 to be divided between them. In the order settling the final account it was provided that the sum allowed was for executors' commissions only and

was exclusive of such compensation as might thereafter be allowed by the court for such services as might be rendered by the executors as trustees under the terms of the will. No appeal was taken from this order and it became final. When the first account of the trustees as such was heard they petitioned the court for a reasonable allowance [***15] to them as trustees for services rendered in relation to the trust subsequent to the decree of distribution. Appellants herein filed their objection to any order being made for any allowance whatsoever for the reason that their compensation had been specifically fixed and determined by the will of the deceased, and under [**759] the express provisions of section 2274 of the Civil Code, they were entitled to the sum specified therein and no more.

The court disregarded the objection. In the order settling the first annual account of the trustees the court decreed that the bequests made by decedent to Burnham and Anthony of two-thirds of one part each of the estate, and the value of the same, were not matters having any connection with their compensation as executors or trustees and adjudged them to be entitled to the sum of $ 2,500 each for their services as trustees. It was further ordered, however, that payment of the same should be held in abeyance until the further order of the court. We are of the opinion that the court erred in giving such a construction to the instrument. That the legacy of two-thirds of one part of the [*649] estate to respondents was given as part consideration [***16] for their services in both capacities there can be no question. The language of the will is plain and unequivocal in this respect. It recites that as a consideration and compensation and in addition to the portions heretofore provided to be given them, which has reference to these legacies, and upon a full understanding with them, the said executors and trustees are to receive the sum of $ 2,500 each, which sum is to be paid for all their services as such. We cannot conceive what language could be employed to more plainly indicate that the legacies were given to respondents in part consideration for the services to be performed under their two functions and duties. Any other construction would be contrary to the letter and spirit of the will. We do not deem an extended discussion of the subject necessary. The instrument speaks for itself. The order of the court allowing respondents an additional sum was, therefore, without authority. Where an instrument by which a trust is created fixes the compensation of the trustees they cannot claim a larger sum. They are entitled to the amount specified and no more (Civ. Code, sec. 2274; *Estate of Runyon*, 125 Cal. 195 [57 P. 783]). Their [***17] acceptance of the trust will be held as an agreement to receive such compensation as the instrument directs. In any event they may not elect, as here, to take a legacy given as part consideration for their services, and a larger additional amount than the instrument provides for, and the mere fact that respondents attempted to separate their duties as executors from that as trustees and to have their fees apportioned can in no manner affect the limitations contained in the will, which recites that the compensation provided for shall be in full for their services as executors and trustees. The order settling the final account of respondents as executors, wherein they were allowed certain fees as such, in no manner attempts to change or alter the situation. The mere fact, therefore, that this order has become final does not have the effect of enlarging the limited amount which the will provides for the services of respondents in both capacities and the amount of the payment to them as executors should be taken into account when they ultimately receive the fees provided for. Something is said in the brief of respondents [*650] concerning the inadequacy of their compensation for administering [***18] upon an estate the value of which is over half a million dollars. If we are correct in our construction of the will with reference to the compensation of respondents, there is no force in this suggestion as the total commissions provided for amount to the sum of $ 48,721.44, or nearly one-tenth of the value of the estate. Then, again, if the amount was deemed by them inadequate they could have refused to act. However this may be, the will having limited the amount which respondents should receive as compensation for their services, both as executors and trustees, and they having accepted their trust, they are bound thereby, and the order of the court allowing them a greater amount is without authority. Respondents have taken exception to the form of the notice of appeal. They claim it is ungrammatical, inartificial, and meaningless. The notice among other things, recites that appellants "hereby appeal to the Supreme Court, etc., from that certain

judgment made in the above entitled matter on the 5th day of June, 1925, settling, allowing and approving the First Annual Account of Trustees of said estate and trust of said deceased as presented to said court, and which Judgment or Order [***19] was rendered in favor of said trustees and against the aforesaid objectors." We do not feel that any useful purpose would be gained by following the argument of attorneys for respondents in their analysis or grammatical construction of the notice. It is sufficient to say that in our opinion the objection is hypercritical and without merit.

Appellants finally complain of the action of the court in refusing to direct the trustees to distribute the sum of one hundred thousand dollars ($ 100,000) to the beneficiaries from the *corpus* of the estate, it being claimed that such a distribution can be made in the proper exercise of a reasonable discretion considering the condition of the estate. Upon the subject the will expressly provides that the trustees shall keep all of the real estate that may come into their possession rented and producing income so far as the same is possible, and it directs them to make such repairs as in their judgment may seem best for the purpose of securing the highest rentals possible. It further provides that the trustees keep all funds that may come into their hands as rental, [*651] income, or otherwise, and invest or reinvest the same as in their [***20] judgment may seem best, and authority is expressly conferred upon them to dispose of surplus money not necessary for the businesslike management [**760] and care of the estate, by making distributions from time to time to the legatees. In the event of a sale of the real estate the will directs that the trustees shall make immediate distribution of the proceeds received therefrom among the different legatees. By another subdivision a period of ten years is given the trustees to dispose of and distribute the entire estate.

Under these provisions it is manifest that a certain discretion is vested in the trustees in the matter of distributing the personal property. Under such circumstances a court of equity will not interfere with the reasonable exercise of such discretion. There is nothing in the record to show that up to the present time the trustees have abused this power. They have already made three distributions, amounting to some seventy-five thousand dollars ($ 75,000), within a year's time, and it was in evidence that they intend to make distributions as frequent as the income amounts to proper proportions. Under these circumstances the court was justified in refusing the order requested. [***21]

From what we have said it follows that the order must be affirmed upon all questions except that relating to the compensation of the trustees. That portion of the order must be and it is hereby reversed, with directions to the court below to strike therefrom the amount awarded to the trustees and to confine the compensation of respondents to the amounts given to them under the express provisions of the will, as full compensation for their services in both their capacities as executors and trustees. In determining this amount the trustees should be charged with the sum already received by them as executors.

Knight, J., and Cashin, J., concurred.

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Exhibit 10

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*120 Cal. 467, *; 52 P. 822, **;*
*1898 Cal. LEXIS 790, ****

JOHN BERMINGHAM, Appellant, v. ALFRED H. WILCOX et al., Respondents

S. F. No. 844

Supreme Court of California, Department One

120 Cal. 467; 52 P. 822; 1898 Cal. LEXIS 790

March 31, 1898

PRIOR HISTORY: [*1]**

APPEAL from a judgment of the Superior Court of the City and County of San Francisco and from an order denying a new trial. J. V. Coffey, Judge.

DISPOSITION: The judgment and order are affirmed.

CORE TERMS: beneficiary, trust estate, lifetime, cestui que trust, unauthorized, executor, cotrustee, authorize, talked, bituminous rock, amount invested, trust funds, enjoyment, testator, duty, express agreement, visited, enabled, loaning, assent, personal representative, distributed, ascertained, stockholder, exhausted, thereupon, intrusted, devised, annexed, bought

SYLLABUS: The facts are stated in the opinion of the court.

COUNSEL: Blake, Williams & Harrison, and E. W. McKinstry, for Appellant.

William Matthews, for Respondents.

JUDGES: Harrison, J. Garoutte, J., and Van Fleet, J., concurred.

OPINIONBY: HARRISON

OPINION: [*468] [822]** By the last will and testament of Alfred H. Wilcox the plaintiff and one E. F. Spence were appointed its executors, and certain real and personal property was devised to them in trust for the use and benefit of four minor children of the testator, to be transferred to them respectively as they should arrive at the age of twenty-one years. At the close of the administration of the estate, September 4, 1885, the property so devised in trust was distributed to them in accordance with the terms of the will. In November of that year they reported to and filed with the court their acknowledgment that they had received the said property so distributed to them in trust, and thereupon were discharged from their duties as executors. In **[***2]** the lifetime of the testator they had each acted as his agent -- the appellant in San Francisco and Spence in Los Angeles -- and had been intrusted by him with the management of portions of his property, each, however, acting independently of the other, and only in such matters as the testator placed in their hands. At his death, in August, 1883, each of them had **[*469]** under his management different portions of the property thus placed in their control, and they appear to have continued to retain such separate control and management after their appointment as executors down to the date of the distribution to them as aforesaid, and thereafter until the

death of Spence in 1892, after which the plaintiff acted as sole trustee. Upon the death of Spence the appellant went to Los Angeles to take possession of the trust estate that had been in his hands, and received as a portion thereof certain bonds of the San Luis Obispo Bituminous Rock Company, amounting to the par value of $ 10,000. Alfred H. Wilcox, the youngest of the beneficiaries, came of age October 13, 1893, and in May, 1894, the plaintiff brought this action against him and the personal representative of Spence for the [***3] allowance and approval of his accounts by the court and to have the trust estate in his hands ascertained and specified. In a schedule annexed to his complaint he names the aforesaid bonds as a portion of the trust estate [**823] in his hands, and there is annexed to the answer of the personal representative of the estate of Spence a statement purporting to represent the receipts and disbursements by Spence in his lifetime for the account of the trust estate in his hands, in which is charged for said bonds under the date of December 23, 1890, the sum of $ 10,087.50. This item in the account is contested by Wilcox, upon the ground that it was an unauthorized investment of the trust moneys, and that plaintiff is liable to him therefor by reason of his negligence in permitting Spence to make the investment. The court found that the payment of $ 10,087.50 for said bonds was an unauthorized investment of the trust funds, and that the bonds should not be included in the property of the trust, but that the amount paid therefor should be retired from the accounts, and that the plaintiff, as well as the estate of Spence, is liable to Wilcox for said amount. Judgment for this amount [***4] was accordingly rendered in favor of Wilcox against the plaintiff and also against the estate of Spence, the latter to be paid in due course of administration. From this judgment and an order denying a new trial the plaintiff appealed. No appeal has been taken on behalf of the estate of Spence.

The appellant contends that the court erred in finding that the investment in the bonds by Spence was not within the purposes [*470] of the trust, and was unauthorized, and also that, even if the investment was unauthorized, as it was made by Spence without his knowledge, he is not liable for any loss resulting therefrom, or at least until the estate of Spence shall have been exhausted; and, further, that he is entitled to a decree herein that the estate of Spence pay the money into court to take the place of the bonds.

1. The court finds that Spence purchased the bonds for his own account, and paid therefor with the trust funds in his hands, and nearly a year afterward placed them among the securities held by him for the beneficiary, but never at any time made any written declaration that they were the property of the beneficiary, or a portion of the trust estate. The sufficiency [***5] of the evidence to justify this finding is concisely presented in the opinion of the judge of the superior court as follows: "On December 22, 1890, Spence bought the bonds; on December 23, 1890, he drew a check for $ 10,087.50 to pay for the bonds; a copy of the check is in evidence; it is addressed to the First National Bank of Los Angeles, of which bank he was president; it is not payable to anyone; it is payable to '20 bonds 500 each San Luis Obispo Bituminous Rock Co.'; it is charged 'to the account of A. H. Wilcox'; it is signed 'E. F. Spence'; from this it does not appear to whom the money went; it does appear that it went from Wilcox; as the check was signed 'E. F. Spence,' the money of Wilcox to the extent of $ 10,087.50 must have been in the private account of E. F. Spence; the bonds appear on the books of the bituminous rock company as the bonds of E. F. Spence; they were bought by Spence on the twenty-second day of December, 1890; the extract from the bond-book in evidence shows that on the 10th of May, 1891, $ 350 interest was paid on these bonds; the account of Spence, trustee of the A. H. Wilcox estate, appended to Mrs. Spence's answer to the complaint, shows that he [***6] did not credit this interest to Wilcox until November 10, 1891; it may be inferred that Spence did not until that date consider Wilcox the owner of the bonds. In answer to these facts it is urged that the check would have proved that the purchase was for Wilcox. The check was in Spence's possession. It could have been produced or withheld at his pleasure. It shows when produced that he used the money of his *cestui que trust* to buy [*471] bonds for himself; but, apart from all this, Spence was a stockholder in and director of the bituminous rock company; the trustee thus sold to his *cestui que trust* bonds in which he was interested."

The court also finds in its third finding that the San Luis Obispo Bituminous Rock Company was a private corporation, organized and created by Spence and others for the purpose of mining and dealing in bituminous rock, and that at the time the bonds were purchased by Spence, and also at the time when he placed them among the securities belonging to the trust estate, the property of the corporation was encumbered and of but little value, and that during all this time up to his death Spence was both a stockholder and a director in the corporation. [***7] As there is no exception to the sufficiency of the evidence to sustain the finding of these facts, it must be held that the investment of the trust funds in these bonds by Spence was in effect a dealing by the trustee with the funds of his beneficiary for his own advantage -- a loan of the money to himself -- which is forbidden (Civ. Code, sec. 2229), and for which he must account to the beneficiary at the option of the latter (Civ. Code, sec. 2237), irrespective of the character of the bonds.

2. The court finds that the plaintiff by his negligence enabled Spence to use the moneys of the trust in the purchase of the bonds, and that on the death of Spence he adopted and approved the purchase, and accepted the bonds as an investment for the beneficiary; and thereupon held that the plaintiff, as well as the estate of Spence, is liable to the beneficiary for the amount of the investment, with interest thereon. (Civ. Code, secs. 2239, 2262.) It is contended by the appellant that this finding is not supported by the evidence; but it cannot be said that there is an entire absence of evidence in support of the finding, or that the evidence was insufficient to authorize the court to make [***8] the finding.

The fact that Wilcox, the author of the trust, in his lifetime had intrusted the plaintiff and Spence with the management [**824] of different portions of his property did not authorize them to divide the management of the trust estate between themselves after they had entered upon the duties of the trust. He had the right to do what he would with his own, and could take whatever risk [*472] or chances he chose. In his lifetime Spence and the plaintiff were merely his agents, and their authority was such as he chose to confer upon them, and which he could change or revoke or enlarge at will. He could ratify or repudiate any unauthorized act of either of them. Neither of them as his agent bore any relation to the other, or could be made liable for any act or misconduct of the other; but when they accepted the trust which he created, and entered upon its management, their duty to the trust estate was determined by fixed principles of law, which they were not at liberty to disregard by reason of the fact that in his lifetime he had authorized or consented to a different management of the property in their hands. They took the trust estate into their management [***9] in 1885, and, although there was no express agreement between them that each should have the exclusive management and control of a portion of the property, the retention by each of the estate then in his hands, as well as its subsequent management and control, was mutually assented to, and in this manner, and by reason of such permission and assent, Spence was enabled to make the investment. It was not necessary that there should have been an express agreement between them for a division of the management of the estate in order that one should be liable for the acts of the other. "Where an executor by his negligence suffers his coexecutor to receive and waste the estate, when he has the means of preventing it by proper care, he is liable to the beneficiaries under the will for the estate thus wasted." (*Adair v. Brimmer*, 74 N. Y. 539.) It is true that the plaintiff was not authorized to withdraw from the control or custody of Spence any of the trust moneys in his hands, but his duty toward the beneficiary required him to make himself acquainted with the fund, and to examine into its condition and investment. His obligation to the trust has been defined by a distinguished jurist [***10] to require him to exercise the same measure of diligence that a man of ordinary prudence would be expected to exercise in the care of his own property under the same circumstances. (*Jones' Appeal*, 8 Watts & S. 143; 42 Am. Dec. 282.) Mr. Lewin says (1 Lewin on Trusts, 265): "Though a trustee joining in a receipt may be safe in merely permitting his cotrustee to receive in the first instance, yet he will not be justified in allowing the money to remain in his hands for a [*473] longer period than the circumstances of the case reasonably require." The plaintiff appears to have

been not unmindful of this obligation, nor to have contented himself with surrendering to Spence the management of the property in his hands, or to have failed to interest himself in the investments made by Spence, for he testifies that he frequently visited Los Angeles, and that at those times Spence would show him his account, what he was doing with the money, loaning it in various directions, and where he had invested it. It does not appear at what times he saw the account of Spence or talked with him about his investments, and, although he testifies that he does not remember when he first learned [***11] of the investment in these bonds, or that he ever talked with Spence about it, yet, if he visited Los Angeles frequently and talked over the matter of the trust estate with Spence, the court would very properly assume, either that he must have learned about this investment and its character, and that Spence had in reality been loaning the money to himself, or that he had been negligent in failing to make the investigation. When he went to Los Angeles, after the death of Spence, to take possession of the trust estate, he made inquiry about the character of the bonds, and received them as a part of the trust property without any objection, and shortly after tried to dispose of them, but could find no market for them, and has now presented them in his account as a part of the trust estate.

3. As the court found that by reason of the negligence of the plaintiff he was equally liable with the estate of Spence for the amount invested in the bonds, and eliminated the bonds and the amount invested in their purchase from the account, it properly held that the beneficiary is entitled to a judgment for this amount against each, and properly refused to hold that he should exhaust the claim against [***12] the estate of Spence before seeking to enforce it against the plaintiff. Since the liability of the plaintiff results from his negligence in permitting the investment by Spence, he cannot allege such negligence as a reason why he should not be liable until the estate of Spence has been exhausted. The beneficiary is entitled to the immediate enjoyment of his property, and the plaintiff, rather than he, should bear the loss or inconvenience of any delay.

[*474] 4. The plaintiff is not entitled to have an adjudication of the rights between himself and the estate of Spence determined in this action. Upon the termination of a trust that has been created to manage and hold property for the benefit of another during a limited period, the beneficiary is entitled to the immediate possession and enjoyment of the trust estate, as against all the trustees, and to have their account, as well as the amount of the estate in their hands, settled and determined, and such possession and enjoyment should not be postponed for the purpose of determining the rights of the trustees as between themselves. Whether the proceeding for this purpose is instituted by the beneficiary or by one of the trustees [***13] is immaterial. All of the trustees should be made parties to the suit, in order [**825] that the judgment settling the account as between them may be a conclusive basis upon which to determine the amount of contribution between themselves; but, whether such contribution is to be made, or the amount thereof, is to be determined in a subsequent and separate proceeding. Mr. Perry, in his treatise on Trusts, section 876, says that in a suit by the *cestui que trust* "the cotrustees ought to be made parties (although the equities between themselves cannot be adjusted), for the reason that the decree of relief to the *cestui que trust* is the foundation of the relief to the cotrustees *inter sese*." Upon the same subject Mr. Pomeroy says (Pomeroy's Equity Jurisprudence, sec. 1081) that when two or more trustees are jointly and severally liable in the same amount for a breach of trust which consists in "a failure to make proper investments," a right of contribution exists among themselves, to be maintained in a suit brought for that purpose. "In such cases, upon the general principles of equity pleading, all the trustees who are liable should be joined as defendants in a suit [***14] brought by the beneficiary. The contribution, however, cannot be enforced in that suit."

Moreover, there are no issues presented herein between the plaintiff and the estate of Spence which would have justified the court in rendering a judgment in his favor against the estate. In his complaint the plaintiff made no issue with the estate as to the propriety of the investment, or whether it was made with or without his assent. He had received the bonds in

question from the representative of Spence, without any objection to the investment, and in the complaint herein avers that they are a part [*475] of the property held by him as the surviving trustee. They had been received by him several years before the commencement of this action, and in his answer to the cross-complaint of Wilcox he alleges that the investment by Spence was a prudent and careful investment of said moneys, and was authorized by law. Section 568 of the Code of Civil Procedure does not authorize a judgment between codefendants, in the absence of any issues upon which evidence may be received or findings made for the support of the judgment. When the court determined that the plaintiff, equally with the estate [***15] of Spence, was liable to Wilcox for the amount invested in the bonds, Wilcox was entitled to have judgment entered in his favor without waiting for the court to ascertain whether the estate of Spence was liable to the plaintiff, or, if so, upon what terms or in what proportion the liability should be measured or satisfied -- whether the plaintiff should keep the bonds or return them to the estate of Spence, or by what mode their value should be ascertained. The plaintiff did not offer to pay into the court for the benefit of the beneficiary the amount of money represented by the bonds, nor did he offer to amend his complaint for the purpose of presenting issues upon the respective liability of himself and the estate of Spence for any loss that might ensue upon a sale or other disposition of the bonds; nor did he offer to return the bonds to the estate of Spence as a condition upon which the estate should pay the money into court. The court very properly declined to enter into the investigation of the respective liability of the plaintiff and the estate, and to render a judgment upon such issue.

The judgment and order are affirmed.

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Exhibit 11

Service: Get by LEXSEE®
Citation: 141 Cal. App. 2d 309

*141 Cal. App. 2d 309, *; 296 P.2d 848, **;*
*1956 Cal. App. LEXIS 1847, ***; 58 A.L.R.2d 658*

Estate of WILLIAM H. TALBOT, Deceased. WELLS FARGO BANK AND UNION TRUST COMPANY, Individually and as Trustee, etc., Appellant, v. WILLIAM C. TALBOT, an Incompetent Person, etc., Respondent

Civ. No. 16567

Court of Appeal of California, First Appellate District, Division One

141 Cal. App. 2d 309; 296 P.2d 848; 1956 Cal. App. LEXIS 1847; 58 A.L.R.2d 658

May 7, 1956

SUBSEQUENT HISTORY: [*1]**

Petitions for a Rehearing were Denied June 6, 1956, and Respondent's Petition for a Hearing by the Supreme Court was Denied July 5, 1956.

PRIOR HISTORY:

APPEAL from a judgment of the Superior Court of San Mateo County sustaining objections to a trustee's account and ordering trustee to pay into the trust one-third of all losses suffered by the trust as a result of sales of stocks and purchase of government bonds. Edmund Scott, Judge.

DISPOSITION: Affirmed in part and reversed in part with directions.

CASE SUMMARY

PROCEDURAL POSTURE: Appellant trustee challenged a judgment of the Superior Court of San Mateo County (California), which sustained respondent beneficiary's objections to the trustee's account and which ordered the trustee to pay into the trust one-third of all losses suffered by the trust as a result of the trustee's sales of stocks and purchase of government bonds pursuant to the request of another beneficiary.

OVERVIEW: The trustee handled the trust for 20 years. The trustee requested court approval of a transaction in which the trustee sold many of the common stocks owned by the trust and purchased government bonds. The sale occurred at the request of another beneficiary who had previously advised the trustee as to investments. As a result of the sales, a large capital gains tax had to be paid, and the income of the trust was reduced. The beneficiary filed objections to the account, alleging that the trustee's actions were a breach of trust because it failed to exercise independent judgment. The trial court agreed and ordered the trustee to pay into the trust one-third of all actual and potential losses suffered by the trust as a result of the sales. The court held that, although evidence supported the trustee's assertion that it exercised its own judgment, which was all that was required, substantial evidence supported the trial court's findings. The court disagreed with the damages awarded, holding that the trustee's breach was in good faith due to broad powers of sale and investment. Under Cal. Civ. Code § 2238, liability was limited to the loss to the corpus, plus interest.

OUTCOME: The court affirmed the trial court's finding as to liability, but reversed on the

Issue of damages. The court directed the trial court to modify its findings, conclusions, and judgment on the issue of damages by awarding only the loss to the corpus, plus interest.

CORE TERMS: stock, beneficiary, breach of trust, independent judgment, duty, corpus, income beneficiaries, trust property, assurance, reasonable inference, power of sale, trust estate, proportion, memorandum, one-third, prudence, selling, income beneficiary, loss of income, termination, probable, reserved, dispose, advice, special circumstances, matter of law, appreciation, stockholdings, intelligence, speculation

CORE CONCEPTS - ✦ Hide Concepts

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
The duties of a trustee are set forth in Cal. Civ. Code § 2261. The first requirement of § 2261 is that the trustee exercise its judgment.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
The duty of a trustee in connection with the investment of trust funds is set forth in Cal. Civ. Code § 2261(1).

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
See Cal. Civ. Code § 2261(1).

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
The trustee, even where given broad discretionary power of investment, must exercise its independent discretion and judgment in reference to the investment of trust funds.

Civil Procedure : Appeals : Standards of Review : Substantial Evidence Rule
If there is any substantial evidence, or any reasonable inference from the evidence, that supports the trial court's finding, the finding is binding on the appellate court, regardless of conflicts.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
A trustee may seek the advice of others, including the advice of beneficiaries, as long as such trustee exercises its own independent judgment and makes the final decision.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
If a trustee does not exercise its independent judgment or discretion in investment transactions, but simply follows the suggestions and desires of a beneficiary who makes assurances that the other beneficiaries will consent, is a breach of the trustee's duty.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
Cal. Civ. Code § 2237 sets forth the measure of damages to be assessed against a trustee who uses trust property for his own profit.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
See Cal. Civ. Code § 2237.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers

Estate, Gift & Trust Law : Trusts : Beneficiaries
See Cal. Civ. Code § 2238.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
Cal. Civ. Code § 2237 and Cal. Civ. Code § 2238 impose a different measure of damages against a trustee who breaches the trust in bad faith and one who breaches the trust in good faith.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
Cal. Civ. Code § 2237, dealing with breaches of trust involving self-benefit, expressly provides that the beneficiary may recover at his option all lost profits or the proceeds with interest, and, if possible, specific reparation of the trust property.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
Where a trustee has a broad power of sale, an income beneficiary is not legally hurt by reason of the trustee failing to keep certain stocks. The right of the income beneficiary is simply to insist that the trustee exercise its independent judgment. That right is fundamentally different than the right, where no power of sale exists, to insist on the retention of specific stocks. The measure of damages in the two cases is different.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
Where a trustee wrongfully exercises the power conferred upon him by a trust agreement, but is not shown to have personally benefited by his breach of trust or to be guilty of fraud in connection therewith, his measure of liability, if any, for the of trust, would be the loss, if any, in value of the securities at the time of the breach of trust.

Estate, Gift & Trust Law : Trusts : Trustee Duties & Powers
Estate, Gift & Trust Law : Trusts : Beneficiaries
The words "make good whatever is lost" in Cal. Civ. Code § 2238 mean that when a trustee breaches its duty to exercise good judgment in selling investments, liability is limited to the loss to the corpus, plus interest. There is no liability for loss of all income and appreciation that would have resulted had the sale not been made.

COUNSEL: Heller, Ehrman, White & McAuliffe, Lloyd W. Dinkelspiel, Lawrence C. Baker, Lillick, Geary, Olson, Adams & Charles and Gilbert C. Wheat for Appellant.

Marcel E. Cerf and Robinson & Leland for Respondent.

JUDGES: Peters, P. J. Bray, J., and Wood (Fred B.), J., concurred.

OPINIONBY: PETERS

OPINION: **[*310]** **[**849]** The Wells Fargo Bank and Union Trust Company is the trustee of a trust created by the will of William H. Talbot. In October of 1951 it filed its twentieth account, asking, among other things, for court approval of a transaction in which the trustee had sold many of the common stocks owned by the trust, and bought government bonds. As a result of such sales a large capital gains tax **[***2]** had to be paid, and the income of the trust was reduced. One of the three income beneficiaries * filed

objections and exceptions to the account, alleging that the sale of the stocks and purchase of the bonds constituted a breach of trust. The trial court so found and ordered the trustee to pay into the trust for the benefit of respondent one-third of all actual and potential losses suffered by the trust as a result of such sales. The trustee appeals.

----------Footnotes----------

* The other two income beneficiaries do not object to the transaction. The objecting beneficiary, William C. Talbot, has been declared incompetent and he appears through the guardians of his estate.

----------End Footnotes----------

William H. Talbot died in 1930. By his will he created several trusts, naming appellant as trustee. One such trust bequeathed certain stocks to appellant as trustee with instructions [*311] to pay the net income to his three children, Vera Talbot, now Vera Talbot Michelson, William C. Talbot, Sr., and Frederick E. Talbot. Upon the death of any child his or [***3] her share of the income was made payable to the issue of such child, and, if none, then to the surviving children of the testator. Upon the death of the last of the three children [**850] the trust is to terminate, and the corpus is to be paid to the lawful issue of the deceased children by right of representation. One of the three children of the testator, William C. Talbot, Sr., died in 1941, leaving respondent William C. Talbot, Jr., as his only child. Respondent thus succeeded to his father's one-third share of the trust income. The other two children of the testator were still alive at the time of trial.

On February 1, 1951, the gross value of the trust estate was $ 3,033,782.86, of which 49.9 per cent was invested in tax exempt and taxable bonds, 48 per cent in first-rate common stocks, and the remainder in preferred stocks and cash.

Under the terms of the trust the trustee had broad powers of sale and investment. In this connection the trust empowered the trustee: "To invest and reinvest, hold, exchange or sell, convey or dispose of any or all of the property held by it as such Trustee . . . for cash or exchange or upon credit, either at public or private sale, and [***4] either with or without notice, and without any application to, order from, or the intervention of any Court, and upon such terms or conditions as said Trustee may think proper, and to collect the income arising therefrom, and generally to manage the same as it may think best, without any order from or confirmation of Court."

The challenged transaction occurred under the following circumstances: On February 1, 1951, Frederick C. Talbot, one of the income beneficiaries, telephoned to Mr. J. A. Ducournau, vice-president in charge of appellant's trust investment and securities analysis department, to talk about the trust portfolio. The substance of this conversation was reduced to a memorandum by Ducournau, and was introduced in evidence. It reads in part: "Mr. Fred Talbot telephoned me in the afternoon of February 1 saying that he had been giving careful consideration to the common stockholdings in this trust and had tabulated a group of them which showed profits and that he was sending the tabulation over to me by Mr. Dudley Heron, who was at that time in his office. Mr. Talbot stated [*312] that his memorandum would show that this group of stocks cost $ 423,000, now had a value [***5] of approximately $ 778,000, and that a profit of $ 355,000 was indicated at present market prices. Mr. Talbot stated with respect to this list of stocks that he had sold practically all of his personal stockholdings, that he did not like the looks of the market, and thought there was considerable speculation developing in it, and that, therefore, he wished us to sell the list of stocks referred to above. He stated that the sale and reinvestment of the proceeds in Government bonds would result in a small reduction in income to the beneficiaries, but that this small loss in income was more than compensated for by the profits taken. With respect to the proceeds, less taxes, from the sales, Mr. Talbot stated he would like to see them

employed in Government bonds with the hope that by the end of one, two or three years we could repurchase stocks on a more favorable basis."

At the time of this conversation the Dow Jones average for industrial stocks was at its highest peak in 20 years, being at 252. It is presently over 500.

Appellant's officers testified that it is their policy, as a matter of courtesy to beneficiaries, to consider the views and desires of beneficiaries on matters [***6] of policy; that on previous occasions they had consulted with Frederick C. Talbot on trust investments; that on previous occasions they had sometimes agreed and sometimes disagreed with such suggestions; that they believed Frederick C. Talbot to be a man of sound business judgment; that in the past Frederick C. Talbot had acted as spokesmen for the other two income beneficiaries; that in the past the other income beneficiaries had not taken an active interest in the administration of the trust.

Ducournau, after the telephone call, discussed Frederick C. Talbot's suggestion with Rebele, first vice-president of appellant, and told him that he believed the trustee should comply with the suggestion. Because of the size of the transaction, however, they agreed to defer a decision until [**851] they had conferred with Hellman, president of appellant.

On the evening of February 1st, Ducournau again talked with Frederick C. Talbot in order to determine if he was authorized to speak on behalf of the other two income beneficiaries. Frederick replied that he had spoken for them in the past, and that appellant had, where it agreed with him, followed such suggestions.

The memorandum, prepared [***7] by Ducournau, then describes what happened on February 2, 1951:

[*313] "On the morning of February 2, prior to Mr. I. W. Hellman's arrival [prior to 9 a. m.]; Mr. Rebele raised the question of whether or not we should ask the parties at interest for a letter confirming our action in this matter, it being assumed that Mr. Talbot was speaking for the other parties at interest and the extent to which such a letter would protect us. This question was raised because of the fact that the sale of the stocks on the list would result in a reduction in common stockholdings beyond that which we were going to in other accounts (and we, of course, had in mind the other Talbot accounts). I spoke to Mr. Grady concerning the question raised, and he made a study of the trust agreement, beneficiaries, remaindermen, etc. We then joined Mr. Rebele and discussed this matter with Mr. I. W. Hellman.

"It was concluded that I would explain to Mr. Talbot that in view of the size of this transaction and the fact that it would in effect be a reduction in the common stockholdings beyond what we were doing in other accounts, we would have to have a letter from the parties at interest confirming our [***8] action; however, we would be willing to execute the orders immediately on his assurance that the parties at interest would concur in this action and we were willing to rely upon his statement that they would do so. In connection with the foregoing, we would have to have letters confirming our action from Mrs. Vera Michelson, Mr. Talbot himself, and Mr. William C. Talbot, Jr.

"I left the conference, telephoned Mr. Talbot to the foregoing effect, and he stated that it was inconceivable that any of the parties at interest would object to this program and that he was so convinced of the fact that he was perfectly willing for us to execute the orders in accordance with the assumption above. However, he stated he would immediately begin contacting the parties at interest explaining what the program involved."

It is conceded that, in the absence of the assurance by Frederick C. Talbot that the other two beneficiaries would assent to the transaction, the appellant would not have sold the stocks. It

Is also admitted that at the times here involved the appellant's general investment policy was to keep common stock holdings to at least 40 to 50 per cent of the market value of the trusts, [***9] although the assets of some of its trusts were invested entirely, or almost entirely, in bonds.

On February 2d and 3d, the appellant, without having [*314] received the approval of William C. Talbot, sold, at market, common stocks for $ 803,264.88. These stocks had cost the trust $ 417,596.97, so that a profit was realized of $ 385,667.91. Federal and state taxes amounted to $ 104,386.02 and costs of the sales were $ 4,839.53. Thus, the balance left after taxes and expenses was $ 695,606. This sum the trustee invested in tax exempt municipal bonds.

After completion of the sales, because of the taxes and expenses resulting from the sales, the value of the corpus of the trust was reduced so that bonds, both taxable and nontaxable, now amounted to 75.4 per cent, common stocks, 22.3 per cent. The balance was in cash or preferred stocks.

In 1950 the total income of the trust from both taxable and nontaxable items was $ 103,434.39, which meant a return of 3.4 per cent. After the sales, the income [**852] in 1951 was $ 79,068.01 or a 2.6 per cent return on the corpus. Had the sales not been consummated the return would have been 3.56 per cent, but it should be mentioned [***10] that after the sales a greater portion of the income was tax exempt. The gross reduction in respondent's share of the income in 1951 caused by the sale was $ 4,873.75, which, after taxes, amounted to $ 3,200.

Appellant, at the time of the sales, had general knowledge of the three income beneficiaries' tax brackets and sources of income, but not specific knowledge of their 1950 income because the transactions occurred before the 1950 tax returns had been prepared. Appellant also knew the general status of the stock market, and knew, of course, how much the stocks in this trust had cost.

There is one other matter to which reference should be made. On the afternoon of February 2d, Frederick C. Talbot advised Ducournau that he had secured the telephonic consent of the other two income beneficiaries to the transaction. Appellant, thereafter, requested written consents. These were given by Frederick C. Talbot and Vera Talbot Michelson. Respondent, however, refused to give such written consent, contending that he had not been informed of all the factors involved. Appellant has expressly abandoned the defense that respondent's telephonic consent given to Frederick C. Talbot estops [***11] him from objecting to appellant's account, admitting that there is a conflict in the evidence on the issue.

The trial judge, the Honorable Edmund Scott, rendered a memorandum decision in which he pointed out that "the duties" [*315] of a trustee in such case are set forth in section 2261 of the Civil Code. He then stated:

"The first requirement of that Section is that the Trustee exercise its judgment.

"We find that the Trustee did not exercise its judgment, but instead accepted the judgment of Fred Talbot.

"In our opinion, the decision to buy such an unbalanced amount of municipals, in the hope that in the future they could be sold and the proceeds of the sales, or the proceeds of redemption, could be used to buy back the common stocks sold was contrary to the requirement of permanency, as set forth in said section, and constitutes speculation which is frowned upon by said Section.

"We hold that, with such a great paper profit on the common stocks, there was no prudent

reason, under the circumstances then prevailing, to cause concern over the safety of the capital invested in such stocks. The record shows a real loss in income, even after adjustment for income tax savings. [***12]

"We hold that the Trustee violated the prudent man rule."

Thus, the trial court was of the opinion, and subsequently found, that the trustee had breached the trust in three respects: (1) It had not exercised its independent judgment in making the sales; (2) that the transaction was speculative; and (3) that the transaction was imprudent.

The findings, conclusions and judgment spell these views out at length. They are to the effect that the trustee breached the trust in that it "did not exercise its independent judgment, and its actions were not the result of the exercise by the trustee of prudence, prudent thinking, discretion or intelligence, . . . Instead the trustee accepted and acted upon the advice and judgment of Frederick C. Talbot that the trustee should engage in said transactions.

". . . and effected said transactions in reliance upon the expectation that all the beneficiaries would confirm its action" and would not have entered into said transaction in the absence of the expected confirmation and assurance.

The court also found that "the trustee did not exercise the judgment or care, under the circumstances then prevailing, which men of prudence, discretion and intelligence [***13] exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the [*316] probable safety of their capital" and specifically [**853] found that the stocks were sold for speculative purposes without a prudent reason therefor.

The trial court declared that by reason of these breaches of trust the respondent was entitled to be placed in the same position as income beneficiary and contingent remainderman that he would have been in had the questioned sales not been had.

To accomplish this the trial court ordered:

1. That appellant restore to the trust the sum of $ 36,408.51, which is one-third of the capital gains taxes and expenses of the sales and purchases, and that appellant pay to respondent and his successors, so long as they remain income beneficiaries, such a portion of the net income of the trust as shall correspond to the proportion that $ 36,408.51 bears to the value of the trust after the challenged sales, plus the $ 36,408.51. This, however, is to be charged against respondent in the determination of the right to reimbursement for loss of income [***14] resulting from the transaction.

2. That appellant pay into the trust for disbursement to respondent for loss of income up to August 27, 1951 (the closing date of the account) $ 4,873.75, plus interest, and the court reserved the question of determining any future loss of income for later periods until the hearing of subsequent accounts.

3. That upon termination of the trust appellant pay to respondent or his successors in interest a portion of the corpus equal to the proportion that $ 36,408.51 bears to the value of the trust estate after the sales and purchases here involved. The court reserved the determination of any further loss to respondent as remainderman until the termination of the trust, due allowance to be made for the restoration of the $ 36,408.51.

The trial court then entered its decree settling the account and surcharging the trustee. The trustee appeals.

In this state the duty of a trustee in connection with the investment of trust funds is set forth in section 2261, subdivision 1, of the Civil Code, which reads as follows:

"(1) In investing, reinvesting, purchasing, acquiring, exchanging, selling and managing property for the benefit of another, a trustee shall [***15] exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but [*317] in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of their capital. Within the limitations of the foregoing standard, and subject to any express provisions or limitations contained in any particular trust instrument, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, and stocks, preferred or common, which men of prudence, discretion and intelligence acquire for their own account."

This statute, enacted in 1943 to replace the old statutory list of trust investments, embodies the so-called "prudent man rule" first adopted by the Massachusetts courts, and later by many other states. There can be no doubt that, under this section, and pursuant to general law applicable to trustees, the trustee, even where given broad discretionary power of investment, [***16] must exercise its independent discretion and judgment in reference to the investment of trust funds. No serious contention is made to the contrary. The trial court has found that in making the sales and purchases here involved the trustee did not exercise its independent judgment but acted upon the advice and judgment of Frederick C. Talbot, and upon his assurance that the other income beneficiaries would consent. The question presented is whether that finding is supported by any substantial evidence or by any reasonable inference therefrom. If there is any substantial evidence, or any reasonable inference from the evidence that supports this finding, it is binding on us, regardless of conflicts.

[**854] Appellant vigorously argues that the only reasonable inference from the evidence is that it did exercise an independent judgment in these transactions. It starts its argument with the general premise, conceded by respondent, that a trustee may seek the advice of others, including the advice of beneficiaries, as long as such trustee exercises its own independent judgment and makes the final decision. It is, of course, a matter of common prudence for a trustee to seek expert [***17] advice on investments, and certainly a matter of prudence, common sense and fairness to consult with interested beneficiaries.

Appellant next argues that since it had the legal and moral right to confer with Frederick C. Talbot, and since in the past it had consulted Frederick C. Talbot who acted for [*318] all beneficiaries, and sometimes followed his suggestions and sometimes not, the only legitimate inference is that appellant did exercise its own discretion and judgment. The contrary inference, found by the trial court, is, so it is contended, unsupported as a matter of law.

Appellant points out that the officers of appellant testified that they exercised an independent judgment. Their testimony is to the effect that they found Frederick C. Talbot's suggestions meritorious because of special circumstances applicable to this trust -- the size of the trust, the amount of capital gain, the outside income of the beneficiaries, the conservative nature of the transaction, etc. They testified that they entered into this transaction not merely because Frederick C. Talbot suggested it, but because of these special circumstances, and would not have sold the common stocks had they [***18] thought it was imprudent.

From these facts it is argued that the inference that appellant did not exercise its independent judgment is unreasonable and totally unsupported. It is contended that the evidence that they would not have entered into the deal without the assurance that all the beneficiaries would consent does not support such inference, and, even if it did, such inference was rebutted as a matter of law by the evidence to which reference has been

made. The only reasonable inference, so it is argued, is that the trustee consulted with Frederick C. Talbot and desired the consents simply as a matter of courtesy and in keeping with the general policy of the trustee to consult with the beneficiaries as to their desires in reference to investments. Appellant argues that the mere fact that the sales were made almost immediately after they were suggested by Frederick C. Talbot is no evidence that the trustee was following Talbot's desires and not exercising an independent judgment, because as trustee it knew the facts in reference to the assets of the trust, knew the capital gain that would be realized, and the financial circumstances of the beneficiaries.

There can be no doubt [***19] that the evidence referred to by appellant would support a finding that appellant in fact did exercise an independent judgment and discretion. But the trial court has found to the contrary. The question is not whether a finding that an independent judgment was exercised would be supported, but whether the contrary finding is supported by any reasonable interpretation of the evidence. We think it is.

[*319] Mr. Ducournau testified that, as a general rule, in most of the other trusts handled by the bank, it was not reducing the common stock holdings below 50 per cent. There were exceptions, but in the absence of "special circumstances" this was the general rule. When asked "Now, the only special circumstances in this trust was that one of the beneficiaries asked you to make the sale, wasn't it?" He replied: "That is the only special circumstance."

In addition, the memorandum prepared by Mr. Ducournau shows that the transaction was proposed to appellant on February 1st by Frederick C. Talbot. The memorandum shows that, although thereafter the transaction was discussed by appellant's officers, no discussion at all was had as to the merits of the proposal. The officers were [***20] simply interested in the question of whether the trustee would be protected by a letter of consent from the three beneficiaries. Admittedly, the officers would not have approved the proposal without the [**855] assurance from Frederick Talbot that the other two income beneficiaries would consent.

It is worthy of note that the sales were made on February 2d and 3d. Prior to these sales no written analysis as to the effect of these transactions on the trust was made. Such an analysis was not made until February 21, 1951, some 18 days after the sales had been consummated.

It is also significant that during this general period the trustee took no similar action in reducing the proportion of common stock holdings of any other trust under its control, and that, prior to February 1, 1951, the Talbot trust had never been treated any differently than the other trusts handled by the bank insofar as the proportionate holding of common stocks was concerned.

These various facts and circumstances offer substantial evidence from which the reasonable inference can be drawn that the trustee did not exercise an independent judgment or discretion in these transactions, but simply followed the [***21] suggestions and desires of Frederick C. Talbot upon his assurance that the other beneficiaries would consent. This was a breach of the trustee's duty. This inference was not rebutted, as a matter of law, by the testimony of the officers that they did exercise an independent judgment. The trial judge saw and heard these witnesses. He knew, of course, that these witnesses, as officers of appellant, had a vital interest in the outcome of the case. He chose not to believe this portion of their testimony. He had the power so to do. [*320] We cannot say, as a matter of law, that he was wrong. This portion of the case involves nothing more than the ordinary case where the respondent produces evidence that supports a reasonable inference. The appellant produces evidence that would support a contrary inference and produces direct evidence of interested witnesses contrary to the inference. The trial judge disbelieves the testimony of the interested witnesses and finds in accord with the adverse inference. An appellate court, under such circumstances, is without lawful power to disturb the finding.

We conclude that the finding that appellant committed a breach of trust in not [***22] exercising its own judgment and discretion in making the sales is supported by the evidence. This conclusion makes it unnecessary to discuss the sufficiency of the evidence to support the findings that the sales were speculative and imprudent, and so in violation of the trustee's duty. The measure of damages for one breach of trust is not any different from the measure of damages for three breaches of trust where, as here, the trustee did not personally benefit from the breach, was not fraudulent, and had broad discretionary powers of sale.

We turn now to the really difficult issue in this case -- the proper measure of damages. The trial court decreed that respondent should be "made whole," and to accomplish this ordered:

1. That the trustee restore to the trust corpus $ 36,408.51, which is one-third of the capital gains taxes and expenses incurred by reason of the sales, and further directed that respondent was to receive upon distribution at the termination of the trust "a proportion of the corpus then available for distribution equal to the proportion that $ 36,408.51 bears to $ 2,985,028.04."

2. That appellant pay to respondent for loss of income up to August 27, 1951, the [***23] sum of $ 4,873.75, plus interest. The court reserved the determination of the question of the diminution of income for any future period until the hearing of future accounts.

3. That after the $ 36,408.51 has been restored to the trust, until the termination of the trust respondent receive as income beneficiary a portion of the income equal to the proportion that $ 36,408.51 bears to $ 2,948,619.53, but such additional income to be charged against respondent and credited against the payments made upon future determination of loss of income as shown on future accountings.

[*321] 4. That the power to determine any further loss to respondent is reserved until the determination of the trust, due allowance [**856] to be made for the restoration of the $ 36,408.51. Under this allowance the court reserved the power to determine and allow as further damages the amount of any appreciation in the value of the stock sold between the date of sale and the termination of the trust. The appreciable nature of this portion of the award is indicated by the fact that when the stocks were sold the Dow Jones average for industrial stocks was 252, while presently it is over 500. The stocks [***24] were sold for over $ 803,000. One-third of that is over $ 267,666. Since the stocks to date have approximately doubled in value, if the trust were to terminate right now the trustee under the award would be required to restore over quarter of a million dollars.

The avowed purpose of this decree as set forth in the judgment was to assure that respondent "should be made whole in connection with the said transactions and as between said objector [the respondent] and trustee the said objector should and shall be placed and maintained in the same position, as beneficiary and as remainderman, severally and respectively, as if said transactions had not been entered into." Thus, the court decreed, in effect, specific reparations.

At the outset of the consideration of this substantial award it must constantly be kept in mind that appellant, as trustee, was granted by the trust, the power "To invest and reinvest, hold, exchange or sell, convey or dispose of any or all of the property held by it as such Trustee" with or without notice and without prior court approval "upon such terms or conditions as said Trustee may think proper." In other words, had the trustee exercised an independent [***25] judgment in good faith it had the power to do precisely what it did do. As already held, the finding that the trustee did not exercise an independent judgment is supported. But by the decree, unless the trustee goes out in the market and buys back one-third of the kinds of stock sold by it, its power of sale, granted by the trust, is forever nullified over this portion of the trust estate. No one contends that the trustee made the sales in bad faith or

that it made a profit from the deal. The question is, what is the measure of damages under such circumstances?

We turn first to the California statutory provisions. The two pertinent code sections are sections 2237 and 2238 of [*322] the Civil Code. ¶Section 2237 sets forth the measure of damages to be assessed against a trustee who uses trust property for his own profit, while section 2238 refers to the damages to be assessed against a trustee for a breach of trust committed in good faith. The two sections provide:

¶Section 2237 of the Civil Code: "A trustee who uses or disposes of the trust property . . . [for his own profit], may, at the option of the beneficiary, *be required to account for all profits so made, or* [***26] *to pay the value of its use,* and, if he has disposed thereof, *to replace it, with its fruits,* or to account for its proceeds with interest." (Italics added.)

¶Section 2238 of the Civil Code: "A trustee who uses or disposes of the trust property in any manner not authorized by the trust, but in good faith, and with intent to serve the interests of the beneficiary, is liable only to *make good whatever is lost* to the beneficiary by his error." (Italics added.)

Obviously, ¶the two sections intended to impose a different measure of damages against a trustee who breaches the trust in bad faith and one who breaches the trust in good faith. But just what this difference is, is rather difficult to determine from the language used. It is appellant's position that under section 2238, where the breach is in good faith, the trustee is liable as a guarantor of the *res,* the damages being computable once and for all as of the time of the improper act. According to appellant, in such a case there is no liability for any future losses of profits, appreciation in the value in the assets sold, or earnings therefrom. Respondent, on the other hand, contends that under section 2238 the [***27] trustee is liable for the loss of all future earnings and future appreciation in value as well as for the loss incurred by the corpus at the time of the sale.

The difficulty comes in interpreting the language "make good whatever is lost" appearing [**857] in section 2238. ¶Section 2237, dealing with breaches of trust involving self-benefit, expressly provides that the beneficiary may recover at his option all lost profits or the proceeds with interest, and, if possible, specific reparation of the trust property. There is no such language used in section 2238, which provides simply that the trustee must "make good whatever is lost." The real question is, at what time should the damages be fixed that the trustee must "make good"? It is quite probable that the Legislature left section 2238 intentionally broad in scope with the intent of allowing a flexible measure of damages, so that the court in each case could fix the proper [*323] measure of damages to fit the facts. Under the language used, specific reparations could be decreed, or the court could hold that the trustee has made good the loss, if that loss is fixed as of the day of the default. On the other hand, even [***28] though the breach is one made in good faith, it may constitute a breach of loyalty owed by the trustee, or the trustee under the trust may have no power of sale. In such cases the trier of the fact should have some discretion to fix the damages in accordance with the nature and degree of the breach. Where the trust *res* is held by the trustee without power of sale, and the trustee sells, obviously, the breach, morally, is much more severe than where a broad power of sale is granted. Thus, what constitutes making "good" the loss may vary according to the circumstances.

This seems to be a reasonable interpretation because, ¶where a broad power of sale exists, the income beneficiary is not legally hurt by reason of the trustee failing to keep certain stocks. That is so because, obviously, in such a case, the income beneficiary has no legal right to compel the retention of any stocks. The right of the income beneficiary is simply to insist that the trustee shall exercise its independent judgment. That right is fundamentally different than the right, where no power of sale exists, to insist on the retention of specific stocks. The measure of damages in the two cases, logically, [***29] should be different.

The general law generally bears out these concepts. A case cited by appellant is directly in point. In *Hopkins v. Loeber*, 332 Ill.App. 140 [74 N.E.2d 39], two trustees wrongfully delegated to a third trustee the power to sell the trust assets, which he did at an inadequate price. The two consenting trustees did not personally benefit from the sale. As to these two trustees the court held (p. 41 [74 N.E.2d]): "The trust agreement, under which the defendants acted as trustees, gave the defendants broad powers of sale and disposition of the securities in the trust. Where a trustee wrongfully exercises the power conferred upon him by the trust agreement, but is not shown to have personally benefited by his breach of trust or to be guilty of fraud in connection therewith, the authorities are clear that his measure of liability, if any, for the breach of trust, would be the *loss, if any, in value of the securities at the time of the breach of trust, and not a value sought to be established some five or six years later.*" (Italics added.)

[*324] The court went on to hold that the trustee who had personally benefited by the transaction was required **[***30]** to respond for the value of the securities that would, had the breach not occurred, inured to the benefit of the trust, measured at the time of suit. This distinction in the rule of damages is reasonable and fair.

Both parties rely on various parts of the Restatement of Trusts. Appellant points out that section 205, comment "d," which refers to the measure of damages for breach of trust in selling trust assets at an inadequate price, reads as follows: "If the trustee is authorized to sell trust property, but in breach of trust he sells it for less than he should receive, he is liable for the value of the property at the time of the sale less the amount which he received. If the breach of trust consists only in selling it for too little, he is not chargeable with the amount of any subsequent increase in value of the property under the rule stated in Clause (c), as he would be if he were not authorized to sell the property (see § 208)."

[858]** Appellant argues that the breach of trust in failing to exercise an independent judgment in exercising a conferred power of sale is analogous to a trustee selling at an inadequate price, and that the measure of damages should be so limited. **[***31]** There would seem to be no difference, in principle, between a breach, in good faith, by selling at an inadequate price, and one where the trustee failed to exercise an independent judgment. The degree of immorality in the two situations would seem to be equal, and the same rule of damages should apply.

Respondent, in contending for the widest application of the rule of damages, relies upon the code commissioner's notes to the original code section which cites the case of *O'Brien* v. *O'Brien* (Ireland, 1828), 1 Malloy 533, under the original section 2238. There the trustee apparently advanced to a life beneficiary certain stock in the corpus of the trust as a loan. There was no fraud or self-dealing in the transaction. The court held that if there had been self-dealing, the beneficiaries, at their option, would have been entitled "to have the produce of the stock with interest, now invested in stock at the price of the day, or to have the stock replaced." But where there was no corrupt motive the trustee "must replace the fund as it stood in stock, but there is no option given in that case." The case is, of course, an old one, and its precise holding is obscure. Whether **[***32]** a power of sale or transfer **[*325]** existed in the case, for example, does not appear. We find nothing very helpful in the O'Brien case.

The Restatement of Trusts is by no means clear on the point under discussion.

Section 205 is the section entitled "Liability in Case of Breach of Trust." It reads as follows:

"If the trustee commits a breach of trust, he is chargeable with

"(a) any loss or depreciation in value of the trust estate resulting from the breach of trust; or

"(b) any profit made by him through the breach of trust; or

"(c) *any profit which would have accrued to the trust estate if there had been no breach of trust.*" (Italics added.)

There are several comments to the section worth quoting.

Comment "a" reads, in part, as follows: ". . . These three types of remedies are not always distinct and are not always all of them available. The situations under which the various remedies are available are considered in the Comments to the three clauses of this Section."

The comment on clause (c) entitled "h," reads as follows: "If the trustee commits a breach of trust, he is chargeable with any profit which would have accrued to the trust estate if he had not committed [***33] such breach of trust. This rule is applicable where the trustee in breach of trust sells or otherwise disposes of trust property which it was his duty to retain (see § 208), and where the trustee in breach of trust fails to purchase property which it was his duty to purchase for the trust (see § 211). This rule is applicable to income as well as principal. Thus, if the trustee in breach of trust fails to make the trust property productive he is liable for the amount of income which he would have received if he had not committed the breach of trust (see § 207)."

Comment "h" apparently, by its express terms, limits the liability to account for loss of profits to situations where the trustee had a duty to retain the trust corpus or a duty to purchase specific assets. That, of course, is not this case.

Section 206 of the Restatement refers to liability where there has been a breach of the duty of loyalty. It provides that, in such a case, the trustee may be held for the diminution in value of the corpus, for any profits made by him, or for the profit that should have accrued to the trust. Section 207 merely states that interest runs from the date of breach. [*326] Section [***34] 208 is entitled: "Liability for Breach of Trust by Selling Trust Property." It reads:

"(1) If the trustee sells trust property *which it is his duty to retain*, the beneficiary can

" [**859] (a) charge him with its value at the time of such sale, with interest thereon; or

"(b) charge him with its *value at the time of the decree, with the income which would have accrued thereon if he had not sold it, or require him to make specific reparation* if this is reasonable under the circumstances; or

"(c) require him to account for the proceeds of the sale." (Italics added.)

Comment "b" under this section sets forth the limitations intended in its application. It reads: "*This Section deals only with the situation where the trustee is under a duty to retain trust property throughout and has no authority to sell* at any price, at any time, or under any conditions. *It does not include the situation where the trustee is authorized to sell, but commits a breach of trust by selling at an improper price or otherwise.*" (Italics added.)

It is a fair interpretation of comment "h" to section 205, of section 206, and of section 208, together with the quoted comments, that the authors [***35] of the Restatement intended to limit the liability for lost profits to cases either where there was a breach of the duty of loyalty, or where there was a breach of the duty to retain or to acquire specific assets.

Respondent, in apparent recognition of this limitation in the Restatement, argues that in the instant case there was a duty to retain the stock until there was an exercise of independent judgment on the part of the trustee. Therefore, so it is contended, there was a breach of section 208. This is a play on words. The breach here was not of the duty to retain the stocks, but of the duty to exercise an independent judgment. The two duties are obviously separate and distinct.

Considering the difference in language between sections 2237 and 2238 of the Civil Code, considering the Restatement provisions above quoted, and giving proper weight to the reasoning in the Illinois case of *Hopkins v. Loeber*, 332 Ill.App. 140 [74 N.E.2d 39], we are of the opinion that, on principle and as a matter of statutory interpretation, the words "make good whatever is lost" in section 2238 of the Civil Code should be interpreted to mean that for a breach of the type here involved [***36] liability is limited to the loss to the [*327] corpus, plus interest. Stated another way, in such a situation there is no liability for loss of all income and appreciation that would have resulted had the sale not been made. Certainly, on principle, this is a sufficient burden to place on the trustee in such a situation. To require a trustee who acts in good faith to be a guarantor of all profits that would have been made would be to place such a trustee in the same position as the defaulting trustee who breaches the duty of loyalty. In the latter situation, where there is fraud or self-dealing, or where there is no power to sell, there is moral turpitude in a very real sense, which is not involved in the type of breach here under consideration.

As applied to the present case these conclusions mean that appellant is under a duty to restore to the corpus for the benefit of respondent the sum of $ 36,408.51, and to pay interest thereon at the legal rate from the date of breach to the date of restoration. This is the depreciation in the value of the corpus caused by the breach. The other damages provided for in the judgment were erroneously assessed.

The judgment is affirmed [***37] on the issue of liability but reversed on the issue of damages, and the trial court is directed to modify its findings, conclusions and judgment on the issue of damages in accordance with the views herein expressed. Each side to bear his or its costs on this appeal.

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Exhibit 12

§ 2261. Investments

(a) Degree of care, skill, prudence and diligence. (1) Subject to paragraph (2), when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing property for the benefit of another, a trustee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not by way of limitation, the general economic conditions and the anticipated needs of the trust and its beneficiaries, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, to attain the goals of the trustor as determined from the trust instrument. Within the limitations of the foregoing and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment.

(2) The trustor may expand or restrict the standards set forth in paragraph (1) by express provisions in a trust instrument. Any trustee acting for the benefit of another under that instrument shall not be liable to anyone whose interests arise from that trust for the trustee's good faith reliance on those express provisions.

(b) Retention of property. In the absence of express provisions to the contrary in any trust instrument, a trustee may without liability continue to hold property received into a trust at its inception or subsequently added to it or acquired pursuant to proper authority if and as long as the trustee, in the exercise of good faith and of reasonable prudence, discretion and intelligence, may consider that retention is in the best interests of the trust or in furtherance of the goals of the trustor as determined from any trust instrument. Such property may include stock in the trustee, if a corporation, and stock in any corporation controlling, controlled by, or under common control with such trustee.

(c) Deposit of funds. In the absence of express provisions to the contrary in any trust instrument, a deposit of trust funds at interest in any bank (including the trustee, if a bank) shall be a qualified investment to the extent that such deposit is insured under any present or future law of the United States, is collateralized pursuant to any present or future law of this state or the United States, or to such greater extent as a court of competent jurisdiction may authorize. Nothing in this section shall be construed as limiting the right of trustees in proper cases to make deposits of trust moneys in banks, subject, in the case of interest-bearing deposits, to such notice or other conditions respecting withdrawal as may be prescribed by law or governmental regulation affecting such deposits.

(d) Deviations from terms of trust; court order. Nothing in this section shall abrogate or restrict the power of the appropriate court in

proper cases to direct or permit the trustee to deviate from the terms of the trust regarding the making or retention of investments.

(e) **Application of section; construction of investment authorizations.** The provisions of this section shall apply to all trusts now existing or hereafter created. The terms "investments permissible by law for investment of trust funds," "authorized by law for investment of trust funds," "legal investments," "authorized investments," "investments acquired using the judgment and care which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of their capital," and other words of similar import used in defining the powers of the trustee relative to investments, in the absence of other controlling or modifying provisions of the trust instrument, shall be construed as authorizing any investment permitted, and imposing the standard of prudence required, by the terms of subdivision (a) of this section.

(f) **Property defined.** The term "property" as used in this section includes life insurance, endowment, and annuity contracts issued by legal reserve companies authorized to do business in this state.

(Enacted 1872. Amended by Stats.1943, c. 811, p. 2602, § 1; Stats.1967, c. 688, p. 2054, § 1; Stats.1967, c. 1706, p. 4265, § 1; Stats.1968, c. 161, p. 385, § 1; Stats.1969, c. 259, p. 611, § 1; Stats.1984, c. 1372, § 1.)

Historical Note

The section, as originally enacted in 1872, provided:

"A trustee must invest money received by him under the trust, as fast as he collects a sufficient amount, in such manner as to afford reasonable security and interest for the same."

The 1943 amendment rewrote the section to read:

"(1) In investing, reinvesting, purchasing, acquiring, exchanging, selling and managing property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of their capital. Within the limitations of the foregoing standard, and subject to any express provisions or limitations contained in any particular trust instrument, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, and stocks, preferred or common, which men of prudence, discretion and intelligence acquire for their own account.

"(2) In the absence of express provisions to the contrary in the trust instrument, a trustee may continue to hold property received into a trust at its inception or subsequently added to it or acquired pursuant to proper authority if and as long as the trustee, in the exercise of good faith and of reasonable prudence, discretion and intelligence, may consider that retention is in the best interests of the trust.

"(3) In the absence of express provisions to the contrary in the trust instrument, a deposit of trust funds at interest in any savings bank or the savings department of any bank (including the savings department of the trustee, if a bank) shall be a qualified investment to the extent that such deposit

is insured under any present or future law of the United States, or to such greater extent as a court of competent jurisdiction may authorize. Nothing in this section shall be construed as limiting the right of trustees in proper cases to make deposits of trust moneys in banks, subject, in the case of interest-bearing deposits, to such notice or other conditions respecting withdrawal as may be prescribed by law or governmental regulation affecting such deposits.

"(4) Nothing in this section shall abrogate or restrict the power of the appropriate court in proper cases to direct or permit the trustee to deviate from the terms of the trust regarding the making or retention of investments.

"(5) The provisions of this section shall apply to all trusts now existing or hereafter created. Where, in trusts now existing or hereafter created, the term 'investments permissible by law for investment of trust funds,' or 'authorized by law for investment of trust funds,' 'legal investments,' or 'authorized investments,' or other words of similar import are used in defining the powers of the trustee relative to investments, such language, in the absence of other controlling or modifying provisions of the trust instrument, shall be construed as authorizing any investment permitted by the terms of subdivision (1) of this section."

The 1967 amendment by c. 1706 added the concluding sentence to subd. (2), (later amended, see 1969 amendment); and deleted references to savings banks and to the savings department of banks from subd. (3).

Effect of amendment of section by two or more acts at the same session of the legislature, see Government Code § 9605.

The 1968 Amendment added subd. (6).

The 1969 Amendment added the words "and stock in any corporation controlling, controlled by, or under common control with such trustee" to the end of subd. (2).

The 1984 amendment rewrote the section which as amended in 1969 had read:

"(1) In investing, reinvesting, purchasing, acquiring, exchanging, selling and managing property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of their capital. Within the limitations of the foregoing standard, and subject to any express provisions or limitations contained in any particular trust instrument, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, corporate obligations of every kind, and stocks, preferred or common, which men of prudence, discretion and intelligence acquire for their own account.

"(2) In the absence of express provisions to the contrary in the trust instrument, a trustee may continue to hold property received into a trust at its inception or subsequently added to it or acquired pursuant to proper authority if and as long as the trustee, in the exercise of good faith and of reasonable prudence, discretion and intelligence, may consider that retention is in the best interests of the trust. Such property may include stock in the trustee, if a corporation, and stock in any corporation controlling, controlled by, or under common control with such trustee.

"(3) In the absence of express provisions to the contrary in the trust instrument, a deposit of trust funds at interest in any bank (including the trustee, if a bank) shall be a qualified investment to the extent that such deposit is insured under any present or future law of the United States, or to such greater extent as a court of competent jurisdiction may authorize. Nothing in this section shall be construed as limiting the right of trustees in proper cases to make deposits of trust moneys in banks, subject, in the case of interest-bearing deposits, to such notice or other conditions respecting withdrawal as may be prescribed by law or governmental regulation affecting such deposits.

"(4) Nothing in this section shall abrogate or restrict the power of the appropriate court in proper cases to direct or permit the trustee to deviate from the terms of the trust regarding the making or retention of investments.

"(5) The provisions of this section shall apply to all trusts now existing or hereafter created. Where, in trusts now existing or hereafter created, the term 'investments permissible by law for investment of trust funds,' or 'authorized by law for investment of trust funds,' 'legal investments,' or 'authorized investments,' or other words of similar import are used in defining the powers of the trustee relative to investments,

such language, in the absence of other controlling or modifying provisions of the trust instrument, shall be construed as authorizing any investment permitted by the terms of subdivision (1) of this section.

"(6) The term 'property' as used in this section includes life insurance, endowment, and annuity contracts issued by legal reserve companies authorized to do business in this state."

Forms

See West's California Code Forms, Civil.

Cross References

Common trust funds of trust companies, see Financial Code § 1564.
Common trusts, establishment for investment of funds of Department of Mental Health held as trustee, see Welfare and Institutions Code § 7286.
Corporate shares, liability of fiduciary for subscription price, see Corporations Code § 413.
Deposit of trust company funds awaiting investment, see Financial Code § 1562.
Investments authorized, provisions not altering degree of care required, see § 2269.1.
Investments of trust company trust funds, see Financial Code § 1561.
Mortgage participation certificates and securities guaranteed by mortgage policies as legal investments, see Insurance Code § 12528.
Registration of stock held in trust in name of nominee of trust company, see Financial Code § 1563.
Savings accounts of savings associations as legal investments for funds of trustees, see Financial Code § 7000.
Trustee to manage proceeds of sale of property subject to life estate upon partition, see Code of Civil Procedure § 873.840.

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Application of SEC Rule X-10B-5 to prevent nondisclosure in sale of corporate securities. (1951) 39 C.L.R. 429.

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Delay causing estoppel to object to purchase in breach of fiduciary duty. (1941) 14 So.Cal.L.R. 365.

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Liability of trustee for improper investments. (1951) 39 C.L.R. 380.

Planning for incompetency. Louis M. Brown (1964). 39 S. Bar J. 268.

Planning for incompetency and practices under the conservatorship law; George E. Zilligitt (1964) 37 So.Cal.L.R. 181.

Prudence, information and trust investment law. John A. Humbach and Stephen P. Dresch (1976) 62 A.B.A.J. 1309.

Prudent man investment of trust funds during inflation. (1951) 39 C.L.R. 380.

Prudent man investment rule in the law relating to trusts. (1943) 18 S.Bar J. 283.

Representation of adverse parties in trust administration. (1967) 55 C.L.R. 948.

Revolution in trust investment law. (1976) 62 A.B.A.J. 887.

Trust participation in partnership ventures. (1951) 3 Stan.L.R. 467.

Trustee's power: power to sell as including power to option. Michael H. Dessent (1970) 7 San Diego L.Rev. 22.

Trusts—Corporate executor/trustee. (1975) 2 West St.U.L.Rev. 295.

Liability of the trustee for appreciation of property (1957) 4 U.C.L.A. Law Rev. 314.

Violation of duty by corporate trustee by investing in its own stock. (1949) 37 C.L.R. 539, 552.

War conditions as presenting new problems for investment of funds by trustees. (1942) 17 S.Bar J. 36.

Exhibit 13

Cross References

Constitution of United States as supreme law of the land, see Const. Art. 3, § 1.

§ 22.2. Common law of England; rule of decision

The common law of England, so far as it is not repugnant to or inconsistent with the Constitution of the United States, or the Constitution or laws of this State, is the rule of decision in all the courts of this State.

(Added by Stats.1951, c. 655, p. 1833, § 1.)

Historical Note

Derivation: Stats.1850, c. 95, p. 219; Pol.C. § 4468.

Law Review Commentaries

Adoption of the common law by the states. (1920) 8 C.L.R. 340.

Adoption of the common law in California. (1944) 19 S. Bar J. 42.

Ancient codes, origin of. (1938) 13 S. Bar J. No. 9, 7.

Canal Zone, application of common law. (1925) 14 C.L.R. 48.

Capacity for growth in the common law. (1950) 25 S. Bar J. 231.

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Changing conceptions of law and of legal institutions. (1915) 3 C.L.R. 441.

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Community property system in California and adoption of the common law. (1915) 3 C.L.R. 359.

Contribution of law reviews to development of the law. (1930) 3 So.Cal.L.R. 181.

Courts application of the common law in. (1944) 19 S. Bar J. 42.

Dignity of the individual common man as the basis of the common law. (1956) 42 A.B.A.J. 1019.

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English common law in the United States. John Drinkwater (1959) 45 A.B.A.J. 951.

Ethical basis of law. (1942) 30 C.L.R. 151, 158.

Expeditiousness of civil law procedure: procedures of civil law contrasted with those of common law. Robert L. Henry (1960) 46 A.B.A.J. 623.

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Fictions in the law. (1942) 17 S. Bar J. 343.

Forma pauperis, comment on right to sue in, and adoption of common law relating thereto. (1918) 6 C.L.R. 226.

Growth of the common law. (1915) 3 C.L.R. 103.

History of rejection and adoption of common law in America. (1925) 13 C.L.R. 445, 451.

Imperial Roman Canon Law. (1919) 7 C.L.R. 93.

Individual's job as his property right: Government regulation of level of economy as taking of such property right, requiring just compensation. (1970) 43 So.Cal.L.R. 488.

Institute of jurisprudence for scientific investigation of legal problems, proposal for. (1929) 17 C.L.R. 135.

Interspousal immunity: Revolution and counter-revolution in tort conflicts. Erik Jayme (1967) 40 So.Cal.L.R. 307.

Exhibit 14

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*63 Cal. App. 2d 130, *; 146 P.2d 249, **;*
*1944 Cal. App. LEXIS 921, ****

Estate of JAMES HENRY FARLEY, Deceased. ERNEST RAYMOND FARLEY et al., as Executors etc., Appellants, v. SECURITY-FIRST NATIONAL BANK OF LOS ANGELES (a National Banking Association), Respondent

Civ. No. 3131

Court of Appeal of California, Fourth Appellate District

63 Cal. App. 2d 130; 146 P.2d 249; 1944 Cal. App. LEXIS 921

February 29, 1944

PRIOR HISTORY: [*1]**

APPEAL from an order of the Superior Court of Kings County refusing to settle the final account and distribute a decedent's estate. Clark Clement, Judge.

DISPOSITION: Affirmed.

CORE TERMS: power of sale, deed of trust, executor, probate, deceased, course of administration, partial payment, deeds of trust, effective date, unpaid balance, secured debt, full amount, trust deed, foreclose, recovered, mortgage, default, final account, unpaid, settle, died

COUNSEL: John G. Covert for Appellants.

Farrand & Farrand for Respondent.

JUDGES: Marks, J. Barnard, P. J., and Griffin, J., concurred.

OPINIONBY: MARKS

OPINION: [*131] [249]** This is an appeal from an order refusing to settle the final account and distribute the estate of James Henry Farley, deceased.

James Henry Farley died on April 7, 1929. At the time of his death he was indebted to Los Angeles-First National Trust & Savings Bank, now Security-First National Bank of Los Angeles, in the sum of $ 2,500, evidenced by a promissory note dated May 15, 1928, due in installments, with interest at 7 per cent per annum. The note was secured by a deed of trust on property in the city of Hanford.

Deceased's will was admitted to probate and appellants were appointed and qualified as executors. Within the time fixed by law, respondent presented its claim in due form. It was allowed and approved by the executors and the probate judge and filed.

On March 20, 1931, the property was sold under the power of sale in the **[***2]** deed **[**250]** of trust for the sum of $ 2,000. The total amount of the indebtedness, due at that time, including interest and costs of sale, was $ 2,993.77.

On May 4, 1943, the executors filed their first and final account, report, and petition for

distribution in which it was stated that the only claim against the estate was that of respondent and that it had not commenced an action to recover judgment for a deficiency.

Respondent filed its objections setting up the foregoing facts and that $ 993.77, besides accrued interest, remained unpaid on its claim so that the estate was not in condition to be closed. After a trial the objections and exceptions were sustained. An order was entered refusing to settle the account and denying the petition, and this appeal followed.

The sole question presented is the necessity of recovering a judgment for a deficiency remaining after the sale of the security under a power of sale in a deed of trust given to secure a promissory note executed prior to August 21, [*132] 1933, the effective date of sections 580a and 580b of the Code of Civil Procedure and section 2924 1/2 of the Civil Code. Insofar as material here, those sections have [***3] been held inapplicable to deeds of trust executed before their effective date. (*Central Bank of Oakland v. Proctor*, 5 Cal.2d 237 [54 P.2d 718]; *Brown v. Ferdon*, 5 Cal.2d 226 [54 P.2d 712]; *Hales v. Snowden*, 19 Cal.App.2d 366 [65 P.2d 847].)

The precise question, as well as others, was presented to this court in *Estate of Thurnell*, (Cal.App.) [19 P.2d 14]. We held that the claim, having been presented, allowed and approved in full, became an approved debt of the estate and there was no necessity of bringing any action against the estate for the unpaid portion of the debt remaining after the sale of the security under the power contained in the deed of trust. There were several other questions presented by the appeal. The Supreme Court granted a hearing but the appeal was dismissed so the cause was never decided.

We have again reviewed the question there presented and have reached the same conclusion as before and we here adopt the portion of the opinion, written by Mr. Justice pro tem. Harden, dealing with the question here presented:

"The declaration of trust having granted to the bank the power of sale of the property upon default in the payment [***4] of the notes, the death of one of the grantors did not operate as a revocation of that power of sale nor in any manner limit the effect of the instrument. There was no necessity to present any claim against the estate as a prerequisite to the exercise of said power of sale. The provisions of section 1493 of the Code of Civil Procedure, requiring the filing of claims against the estate of a deceased person, and of section 1500 of the Code of Civil Procedure, prescribing the conditions under which actions may be maintained to foreclose mortgages or liens upon the property of estates, have no application to the right of a trustee to sell property under a power of sale contained in a trust deed. *More* v. *Calkins, supra* (95 Cal. 435 [30 P. 583, 29 Am.St.Rep. 128]). Neither statute nor judicial authority has been called to our attention holding that the exhaustion of such security for a promissory note by trustee's sale under a trust deed will operate to satisfy an unpaid balance remaining due thereon after proper application of the proceeds of the sale; and we are [*133] certain there is none. The allowance of the claims in full amount was as if said notes had been unsecured [***5] by any lien, which was the case. The time for appeal from the order of September 5, 1930, expired without the raising of any question as to its validity. Said order was, therefore, a conclusive adjudication of the validity of said claim against all persons interested in the estate, except persons under legal disability. (Sec. 1637, Code Civ. Proc.; *Kingsley v. Miller*, 45 Cal. 95; *Estate of Grant*, 131 Cal. 426, 63 P. 731; *Kowalsky v. Superior Court*, 13 Cal.App. 218, 109 P. 158; *Harter Co. v. Gelsel*, 18 Cal.App. 282, 122 P. 1094; *Kohn v. Rupley*, 54 Cal.App. 565, 202 P. 163.) Upon default of the trustors, the trustee had the right to sell the property at trustee's sale without judicial foreclosure. Indeed, it is only under extraordinary circumstances that resort may be had to judicial proceedings to foreclose. (*Bayer v. Hoagland*, 95 Cal.App. 403, 273 P. 58; *Bayer v. Barrett* ([127] Cal.App. [305]) 15 P.2d 801.) The sale of the property at trustee's sale and the application of the proceeds thereof to the satisfaction of the debt was a partial payment -- nothing more."

Appellants argue that it has always been the law in California [***6] that where a secured [**251] claim is presented, allowed and filed, and the security is sold under a power of sale for an amount insufficient to pay the debt in full, the deficiency is waived unless a judgment be recovered against the estate; that section 580a of the Code of Civil Procedure and 2924 1/2 of the Civil Code merely continued this rule. They cite no case in point sustaining this contention and we have found none. They rely on *Bank of America v. Dennison*, 8 Cal.App.2d 173 [47 P.2d 296], and *Palo Alto etc. Assn. v. Cook*, 17 Cal.App.2d 193 [61 P.2d 499], in support of their argument. Both notes and deeds of trust involved in those cases were given prior to August 21, 1933, and the actions to secure deficiency judgments were filed after that date. The necessity or propriety of bringing such actions was not touched upon in either opinion. They also rely upon *Estate of Naegely*, 31 Cal.App.2d 470 [88 P.2d 715], and *Hatch v. Security-First National Bank of Los Angeles*, 19 Cal.2d 254 [120 P.2d 869]. The notes and securities in both of those actions were executed after August 21, 1933, so those cases cannot be considered as authority on [***7] the question before us.

[*134] While California was under Mexican jurisdiction the disposition of estates of deceased persons was regulated by Spanish-Mexican law. When California became a State of the Union the common law was adopted and put in force except where superseded by statute. In 1850 (Stats. 1850, p. 219) a statutory system of procedure for probate of estates was adopted and has been continued under various statutes which are now largely consolidated into the Probate Code. The system of probate of estates here is largely a creature of statutes. Probate courts derive their powers from and have limitations placed upon those powers by statute. (11 Cal.Jur. 208, sec. 3; 11A Cal.Jur. 49, sec. 4; *People v. Senter*, 28 Cal. 502.)

The matter of claims against estates is governed by chapter XII of the Probate Code as those sections and others in the Code of Civil Procedure preceding them have been interpreted by the courts. Here the note and deed of trust were executed, the deceased died and the claim was presented, allowed, approved and filed before the adoption of the Probate Code. For convenience our references will be to sections of that code and the Code [***8] of Civil Procedure. We need not concern ourselves with rejected claims.

Section 1496 of the Code of Civil Procedure contains the following: "Every claim allowed by the executor or administrator and approved by the judge shall be ranked among the acknowledged debts of the estate, to be paid in due course of administration." (Sec. 713, Prob. Code.)

Section 1500 of the Code of Civil Procedure (sec. 716, Prob. Code) prohibits the holder of a debt secured by a mortgage from suing an estate unless a claim is presented, except that the owner of such secured debt may bring an action for foreclosure of the lien if there be an express waiver of recourse to any other property of the estate, and subject to the further limitation that no counsel fees can be recovered in the absence of presentation of the claim. There is no special provision defining the status of allowed and approved secured claims so the general provisions of section 1496 of the Code of Civil Procedure (sec. 716, Prob. Code) should apply. Thus we have in the statutes an express direction that an allowed and approved claim should be paid in the course of administration. This is a direction that it should be paid in full to [***9] the amount for which it is approved [*135] and allowed, provided the estate is not insolvent. There is no provision that a claim would be satisfied by its partial payment. This can only be done with the consent of the claimant.

The claim of respondent was allowed and approved in full. There was no contest of the claim so the full amount became an acknowledged debt of the estate to be paid before final distribution. No question is raised as to the justice of the debt nor to the propriety of any expense incurred during the foreclosure proceedings. Insofar as appears here the estate justly owed respondent the entire amount claimed. Only part of the claim has been paid, with

the balance long since due and unpaid. Prior to August 21, 1933, there seems to have been no requirement of law which would necessitate an action against the estate for the unpaid balance. In such a proceeding the courts should not demand that which the law does not require.

Nothing we have said should be construed to apply to any claim against an estate on a secured debt incurred on or after August 21, 1933.

The order is affirmed.

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* * * COMMUNICATION RESULT REPORT (OCT.12.2001 4:52PM) * * *

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KATHLEEN CONNELL

California State Controller

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From	*Telephone No.*	*No. of pages including cover*
Shawn D. Silva	(983) 445-1073	7, 16 Exhibits
Comments/Special Instructions		

EXHIBIT L

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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J. TYLER McCAULEY
AUDITOR-CONTROLLER

October 17, 2001

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

RECEIVED
OCT 22 2001
COMMISSION ON
STATE MANDATES

Dear Ms. Higashi:

County of Los Angeles Closing Comments
Incorrect Reduction Claim: Investment Reports

The County of Los Angeles submits and encloses herewith the subject comments.

Leonard Kaye of my staff is available at (213) 974-8564 to answer questions you may have concerning this submission.

Very truly yours,

J. Tyler McCauley
Auditor-Controller

JTM:JN:LK
Enclosures

C: Mark J. Saladino, Treasurer and Tax Collector
Los Angeles County

County of Los Angeles Closing Comments [1]
Incorrect Reduction Claim: Investment Reports

The County of Los Angeles [County] has received the September 18, 2001 report prepared by Conny Jamison, an expert retained by the Commission on State Mandates [Commission], and the October 12, 2001 State Controller's Office [SCO] response, prepared by Shawn Silva.

Jamison Report

Ms. Jamison found that "... the Controller has incorrectly and arbitrarily reduced the claims of Los Angeles County for reimbursement". We agree.

However, there are two statements made by Ms. Jamison with which we disagree:

- County should not be reimbursed for the cost of producing and presenting reports of every investment transaction during the reporting period.

- County should not be reimbursed for the cost of ascertaining whether every transaction is in compliance with their policy. Only those costs associated with determining compliance at the end of each quarter should be reimbursable.

The two points at issue are essentially one issue: Are the quarterly reports required by Government Code Section 53646 intended to provide portfolio information on an ongoing basis throughout the reporting period or are they intended to provide portfolio information on four (4) days per year?

There are three documents that may not have been reviewed by Ms. Jamison that address the issue. These documents are as follows:

- Matt Fong's eleven member Task Force Report on Local and State Investment Practices issued March 14, 1995. (Attachment A)

- Senate Bill 564 (Attachment B)

[1] These comments were prepared by Joseph H. Spillane, Assistant Treasurer and Tax Collector, County of Los Angeles, in consultation with Leonard Kaye, SB90 Coordinator for the County of Los Angeles.

- Legislative Analyst Report of Senate Bill 564 (Attachment C)

Legislative Intent

Senate Bill 564 was the legislative product of several public hearings and Matt Fong's Task Force Report on Local and State Investment Practices. Senate Bill 564 was all about public disclosure of portfolio activities.

The Bill was put before the Legislature in response to a specific Task Force recommendation. The Task Force recommended that State Law be amended to require regular and timely reporting of portfolio activities. In their report, the Task Force stated the following:

> "The Task Force requirement that the quarterly reports be submitted to the local agency legislative body within 30 days of the quarter's end is to ensure that the reporting occurs on a regular and timely basis. Requiring a statement of compliance with the agency's statement of investment policy forces each local agency to make a regular and ongoing determination that ongoing investment practices are or are not in conformity with the agency's written investment policy." [Task Force on Local and State Investment Practices, Page 7]

The statement speaks for itself. The Task Force was recommending regular (quarterly) reports of ongoing investment practices.

The Legislative Analyst Report further supports the position that Government Code Section 53646 is intended to report ongoing investment practices. The report states the following:

> "Good government. After holding three public hearings on Orange County's bankruptcy, the State Treasurer wants to reform state and local investment policies. SB 564 requires the State Treasurer, and each local treasurer, to provide an annual investment statement and detailed quarterly investment reports. While reporting by itself will not prevent investment losses, requiring treasurers to compile and publicize their policies and investments will help public officials oversee treasury funds. In addition, SB 564 limits state and local officials' investments in reverse repurchase agreements to 20% of their portfolio. By airing investment strategies and

> procedures in public, making treasurers document their transactions, and limiting investments in reverse repurchase agreements, SB 564 provides prudent parameters for state and local investments." [Legislative Analyst Report, Page 4]

In the opinion of the Legislative Analyst, SB 564 was intended to make treasurers document their transactions, not simply to report portfolio holdings at a point in time.

Final Wording

The final example that Government Code Section 53646 is intended to report transactions on an ongoing basis is found in the wording of SB 564. As is the case with most bills moving through the Legislature, SB 564 was amended several times. The July 18, 1995 amendment should be noted.

The language of amended SB 564, as of July 18, 1995, was as follows:

> "53646 (b) (1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. *The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report.* Except as provided in subdivision (e), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys ~~within the local agency's pool~~ *held by the local agency*, and shall additionally include a description of any *of the local agency's* funds, investments, or programs, ~~part of the agency's pool~~, that are under the management of contracted parties ~~outside the local agency~~, including lending programs." [Senate Bill 564, Page 4]

The significant change was in the wording from "...within the local agency's pool..." to "...held by the local agency...".

The wording "within the agency's pool" implies a point in time reference. However, by changing the wording to "held by the local agency" the Legislature apparently intended to provide a continuous time frame for reporting purposes.

This change is consistent with both the Legislative Analyst Report and the Task Force Report where both contemplate reports reflecting treasury operations on an ongoing basis.

Cost Recovery

There was some discussion by Ms. Jamison relative to cost recovery pursuant to Government Code Section 27013 and how such cost recovery would impact claims submitted to the State pursuant to Government Code Section 17514. It should be noted that the cost to operate the Pooled Surplus Investment Fund is borne by the pool participants as permitted by Government Code Section 27013. While the County is pursuing the Incorrect Reduction Claim, we are doing so on behalf of the pool participants. All monies recovered from the State will be distributed to the participants on a pro-rata share basis in the same manner as costs are pro-rated to the participants.

State Controller's Office Objection

In response to Ms. Jamison's report, the State Controller's Office [SCO] continues to deny reimbursement for duties required by Government Code Section 53646 because such duties are, in Mr. Silva's opinion, part of the fiduciary duties of local treasurers. This position is not new. In fact, Ms. Jamison's report essentially says "so what" to Mr. Silva's position.

We agree with Ms. Jamison. The fiduciary duty is an obligation to act in the best interest of another party. That duty does not specifically mandate reports in accordance with Government Code Section 53646.

In fact, the most relevant examples of defined fiduciary duties with respect to security Broker/Dealers are found in the New York Stock Exchange Rule 450 and the National Association of Securities Dealers Rules of Fair Practice. Both documents generally specify that the duty of the broker is to know its client's investment tolerance. That is to say a breach of fiduciary duty could occur if the broker recommended to its client an unsuitable investment. Neither document addresses specific reporting requirements imposed by Government Code Section 53646.

In favor of the "fiduciary duty theory", Mr. Silva sets aside the State Controller's Office prior position, former Treasurer Matt Fong's comments, and the Commission on State Mandates commissioner's comments relative to reimbursable costs imposed by Government Code Section 53646.

SCO's Prior Position

During the period January 1985 through December 1990, Government Code Section 53646 (Attachment D) was almost identical to the current Government Code Section 53646. It contained provisions for an investment policy, statement of compliance and cash flow projections. According to the State Controller's Office Mandated Cost Manual (Attachment E), reimbursable costs for services mandated by the 1985 Government Code Section 53646 included costs to prepare the Annual Statement of Investment Policy, Monthly report of Investments, Subsidiary Ledgers, and necessary automated systems.

The 1985 statute was the basis for the current Government Code Section 53646. In making their recommendations leading to the 1995 Government Code Section 53646, former Treasurer Matt Fong's Task Force on Local and State Investment Practices recognized that the above-mentioned costs were recoverable.

> "In making Recommendation 1, the Task Force recognizes that local agency costs of state-mandated programs can be recovered from the State. Costs for the prior legislation, which required monthly reports were approximately $5.5 million for the initial set-up year, and approximately $2.5 million per year thereafter. [Task Force on Local and State Investment Practices, page 6]

Reimbursable Reporting Costs

At the November 20, 1997, Commission on State mandates hearing, Commissioner Cox specifically addressed the issue of costs associated with the preparation of documents necessary to produce quarterly investment reports.

> "With respect to item three, I just have one question; and then I'd like staff's assurance that the report we're about to adopt is sufficient.
>
> My only concern is that we allow the – we allow the documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that form the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting

aspect." [Reporter's Transcript of Proceedings, (Attachment F), page 5]

Mr. Hori, Legal Counsel Commission on State Mandates, advised Commissioner Cox that costs associated with necessary subsidiary ledgers would be reimbursable.

> "In that situation, if a subsidiary ledger is necessary to accomplish the documents for (b) (1), (2), and (3), it would be subsumed in (b) (1), (2), and (3); and (b) (4) would not stand on its own." [Reporter's Transcript of Proceedings, page 6]

In sum, there is no basis for the State Controller's Office to continue to deny our claims for services mandated by Government Code Section 53646. All who have reviewed the issue, including the State Controller's Office for claims made during the period January 1985 through December 1990, have concluded that portfolio subsidiary ledger maintenance costs are reimbursable pursuant to Government Code Section 17514.

ATTACHMENT A

TASK FORCE ON LOCAL AND STATE INVESTMENT PRACTICES

Recommendations and Analysis

March 14, 1995

Treasurer Matt Fong, Chairman

TASK FORCE ON LOCAL AND STATE INVESTMENT PRACTICES

Recommendations and Analysis

March 14, 1995

Overview:

At the request of Governor Pete Wilson, California State Treasurer Matt Fong assembled an eleven-member Task Force on Local and State Investment Practices. The Task Force was chaired by Treasurer Fong and included an equal number of financial and investment experts from the public and private sectors. The members of the Task Force are identified in Appendix A.

The Task Force was requested by Governor Wilson to report recommendations and findings for possible investment guidelines to be considered by the California Legislature as a result of the losses incurred by the Orange County investment pool. The Task Force has not only examined the Orange County situation, but has also examined the investment practices of other California counties, the State's Pooled Money Investment Account, many California cities and other California local agencies. The Task Force held hearings at which expert testimony was received on state and local investment practices and has reviewed pertinent facts and applicable law and deliberated investment and disclosure issues. A preliminary report of the Task Force was widely circulated for public comment.

California has 58 counties, 470 cities, 1,002 school districts, and more than 3,500 other local agencies. Each of these public entities has varying investment purposes and needs. These public entities invest surplus funds, bond proceeds, pension funds and other monies. Amounts that need to be invested can range from a few thousand dollars for a small single purpose local agency to billions of dollars for large entities. The Task Force's recommendations attempt to recognize these vast differences.

The Task Force's primary objective was to ensure that investment practices at all levels of government in California are consistently dedicated to the preservation of the security of the invested taxpayer funds and the maintenance of adequate liquidity. Only after these two priorities are met should consideration be given to the yields on investments.

The Task Force has reached a consensus on four recommendations which have been sent to Governor Pete Wilson and the Legislature.

Recommendation 1:

Amend state law to require each local treasurer or chief fiscal officer to provide annually a written statement of investment policy to the legislative body of the local agency for its consideration at a public meeting, and to submit a report no less frequently than quarterly to the legislative body and the chief executive officer containing a detailed description of the local agency's investment securities, including current market values. Require the investments in the State's Pooled Money Investment Account to be reported, no less frequently than quarterly, to the Pooled Money Investment Board. The quarterly reports would be required (i) to be submitted to the legislative body within 30 days of the quarter's end, (ii) to contain a statement with respect to compliance with the written annual statement of investment policy, and (iii) to be made available to taxpayers upon request for a nominal charge.

Recommendation 2:

Amend state law to restrict the use of leverage in local and state investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20% of a portfolio.

Recommendation 3:

Refrain from making other changes in state law concerning permitted state and local investments at this time.

Recommendation 4:

Ask statewide associations representing local agency financial managers and elected officials to work with the California Debt Advisory Commission to develop enhanced continuing education programs for state and local officials who have direct or supervisory responsibility for investments.

ANALYSIS

Recommendation 1:

Amend state law to require each local treasurer or chief fiscal officer to provide annually a written statement of investment policy to the legislative body of the local agency for its consideration at a public meeting, and to submit a report no less frequently than quarterly to the legislative body and the chief executive officer containing a detailed description of the local agency's investment securities, including current market values. Require the investments in the State's Pooled Money Investment Account to be reported, no less frequently than quarterly, to the Pooled Money Investment Board. The quarterly reports would be required (i) to be submitted to the legislative body within 30 days of the quarter's end, (ii) to contain a statement with respect to compliance with the written annual statement of investment policy, and (iii) to be made available to taxpayers upon request for a nominal charge.

(a) Neither the State nor any local agency is required by state law to have a written statement of investment policy, let alone have it reviewed annually, or to file periodic reports more frequently than annually. For example, the Orange County Board of Supervisors received a report containing market values of the Orange County pool's investments only once a year.

(b) Annual reporting is too infrequent in today's fast-moving financial markets.

(c) Only regular reporting concerning market values of securities is likely to provide sufficiently timely information for adequate protection of invested taxpayer funds.

(d) Market value information should be required for all investment securities, not just those with a remaining maturity of more than 12 months. Many risky investments can have short maturities.

(e) At a minimum, quarterly reporting of market values should be required of all invested public funds, whether invested by the state, a local agency voluntary pool, or a local agency only investing its own funds.

(f) More frequent reporting of market values may be preferable to quarterly reporting, but the Task Force is concerned that mandating reports more frequently than quarterly may be burdensome and costly.

(g) Market valuation information for most securities should be able to be obtained inexpensively from custodial banks holding those securities.

(h) By requiring that each local agency to have a written annual statement of investment policy, the State is not mandating specific investment objectives, practices and procedures; the State is simply requiring that each local agency address those issues itself by adopting a written annual statement of investment policy.

(i) Requiring a written annual statement of investment policy and quarterly reports containing market value information is a reasonable approach to creating balance and oversight to limit a single person's power and control over investment strategy.

Discussion of Recommendation 1:

If Orange County had been required to disclose promptly the declines in the market values of its securities, the county supervisors, investors in the Orange County pool and taxpayers would have learned months earlier than they did that the county's investment strategy was flawed and that losses were building up. No corrective action was taken until losses were publicly disclosed in December, 1994. The former Orange County Treasurer filed reports with the county supervisors just once a year. Taxpayers, investors and perhaps even county supervisors cannot be expected to understand and evaluate complex investment strategies, but everyone understands losses. Thus, losses should be disclosed and disclosed promptly.

Legislation adopted ten years ago (after San Jose suffered big investment losses) required treasurers to report monthly to local officials about their investments. This law contained a "sunset clause" and expired in 1991. If this law had been in effect in 1994, the former Orange County Treasurer would have been required to publicly disclose the market losses that were building up as interest rates rose in 1994. Prompt public disclosure leads to corrective action in time to save taxpayers money.

In making Recommendation 1, the Task Force recognizes that the local agency costs of state-mandated programs can be recovered from the State. Costs for the prior legislation, which required monthly reports, were approximately $5.5 million for the initial set-up year, and approximately $2.5 million per year thereafter. By mandating quarterly (rather than monthly) reports, and taking into account the ready availability of market valuation information for most securities from custodial banks without significant additional charges, costs should not significantly exceed costs under the prior legislation and seem warranted to provide reasonable oversight over the investment of taxpayer funds.

ATTA

The Task Force believes that the legislative body of each local agency needs to consider whether or not it needs a local agency oversight committee to evaluate the required written annual statement of investment policy and quarterly reports. In making that determination, the legislative body needs to determine whether or not it contains enough financial and investment expertise itself to be able to properly evaluate the written annual statement of investment policy and the quarterly reports. The Task Force recognizes that some legislative bodies do have the necessary expertise, while others do not. Further, the size of the local agency and the amount of funds invested by the local agency can vary widely from agency to agency. Thus, the Task Force believes that it is not appropriate to require a state-mandated oversight committee for each local agency. The issue of whether to have an oversight committee appears best addressed by each local agency.

The Task Force considered whether market valuation should be reported for all investment securities or only those investment securities with remaining maturities of more than 12 months. While securities with remaining maturities of less than 12 months have historically been viewed to entail less risk, particularly if held to maturity, the Task Force believes that the marketplace has developed complex derivatives, structured securities and other instruments which can have significant risks and still have maturities of less than 12 months.

The Task Force requirement that the quarterly reports be submitted to the local agency legislative body within 30 days of the quarter's end is to ensure that the reporting occurs on a regular and timely basis. Requiring a statement of compliance with the agency's statement of investment policy forces each local agency to make a regular and ongoing determination that ongoing investment practices are or are not in conformity with the agency's written investment policy.

A statement of nonconformity is obviously a wake-up call for the local agency. Making the reports available to taxpayers for a nominal charge will improve accountability of local agency officials to taxpayers, thereby providing additional oversight over investment practices of local agencies. This additional oversight should help prevent future occurrences similar to Orange County.

Recommendation 2:

Amend state law to restrict the use of leverage in local and state investment portfolios by limiting reverse repurchase agreements used to buy securities to no more than 20% of a portfolio.

(a) Excessive leverage in the Orange County investment pool had been created by successive repeated use of reverse repurchase agreements.

(b) Recommendation 2 places reasonable limitations on the use of reverse repurchase agreements without unduly restricting the flexibility necessary for liquidity and legitimate investment purposes.

(c) Consideration should be given to amending state law to:

(i) Prohibit securities purchased with the proceeds of a reverse repurchase from being used as collateral for another reverse repurchase while the original reverse repurchase is outstanding;

(ii) Limit the maturity of each reverse repurchase agreement to the maturity of any securities purchased with the proceeds of the reverse repurchase (but in any event not more than one year permitted under current law); and

(iii) Limit reverse repurchase agreements to unencumbered securities already held in the portfolio.

Discussion of Recommendation 2:

Current state law allows investments in reverse repurchase agreements if approved by the legislative body of the local agency. There are legitimate and useful reasons for using reverse repurchase agreements. Nonetheless, the Task Force members seem to agree that one of the overriding limitations in state law should be reasonable limitations on the use of reverse repurchase agreements.

In a reverse repurchase agreement, the state or local agency sells an investment security to a dealer and agrees to buy it back at an agreed upon price; the transaction is similar to a loan. The cash proceeds of the reverse repurchase agreement are then used to purchase a second investment security. The Task Force's Recommendation 2 focuses on eliminating speculation resulting from excessive leverage. The 20% limitation permits the legitimate use of reverse repurchase agreements to seek a modest improvement in yield without subjecting the public to high-risk gambling.

Recommendation 3:

Refrain from making other changes in state law concerning permitted state and local investments at this time.

(a) Federal, state and local investigations are underway in Orange County.

(b) It seems prudent to learn what the investigators have to say before making changes in state law other than improved disclosure and restrictions on leverage.

Discussion of Recommendation 3:

In light of Orange County's bankruptcy and the magnitude of its losses, it is tempting to react prematurely with restrictive legislation without a full assessment of all of the circumstances surrounding Orange County's bankruptcy and losses. Existing laws governing state and local investment instruments have been developed over many years with input from public and private sector experts.

Federal, state and local officials have cautioned against confusing investment strategy with investment instruments and point out that Orange County's losses stemmed from a flawed investment strategy and lack of common sense. It would be inappropriate to penalize the State and all other local governments for Orange County's losses and that is exactly what would occur if the list of permitted state and local investments is narrowed. The marketplace is continually developing new financial and investment instruments, whether it be derivatives such as inverse floaters or other products. It should be up to local officials to develop prudent investment policies and make specific investments pursuant to those policies subject, of course, to the overriding limitations in state law.

This Task Force believes that limiting particular investment instruments beyond Recommendation 2 would be a premature reaction to the Orange County situation at this time. Common sense cannot be legislated.

ATT A

Recommendation 4:

Ask statewide associations representing local agency financial managers and elected officials to work with the California Debt Advisory Commission to develop enhanced continuing education programs for state and local officials who have direct or supervisory responsibility for investments.

(a) Enhanced continuing education programs are essential for keeping public officials responsible for investment decisions abreast with developments in the financial and investment markets.

(b) The California Debt Advisory Commission can provide support to statewide associations in developing enhancements to ongoing continuing education programs.

Discussion of Recommendation 4:

There should be renewed efforts to reach a wide range of public officials with affordable and accessible continuing educations programs on investment practices. Organizations such as the California Association of County Treasurers and Tax Collectors, California Municipal Treasurers Association, California State Association of Counties, and League of California Cities can and should lead such efforts and the State can provide support through the California Debt Advisory Commission. Methods for encouraging attendance by public officials should be developed.

The Task Force recognizes a link between the fourth and first recommendations -- tying continuing education to the ability to produce an appropriate written annual statement of investment policy. Through various local agency associations, guidance can be made available to all California local agencies with respect to model statements of investment policy.

Each policy can, of course, be modified to the objectives and needs of each particular local agency. By having model investment policies available for review by local agencies, the Task Force hopes that guidelines and benchmarks can develop over time concerning numerous investment matters, including (without limitation) oversight committees, coverage margins, minimum liquidity ratios or requirements, frequency and methods of reporting changes in market value (monthly, quarterly, fiscal year to date, etc.), ability to meet future expenditures (whether measured quarterly or annually), average weighted maturities, sensitivity to interest rates, fund accounting, procedures for purchases and sales of securities, percentage of transactions with any one broker/dealer, acknowledgement by broker/dealers of their understanding of the agency's investment policy, and other matters as may be developed over time as new financial investment vehicles are brought to the marketplace.

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APPENDIX A

TASK FORCE MEMBERS

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TASK FORCE ON LOCAL AND STATE INVESTMENT PRACTICES

Chairman:

Matt Fong
California State Treasurer
Sacramento, California

Public Sector Members:

Alfred P. Balderrama
Councilmember
City of Monterey Park
Monterey Park, California

Lambertus H. ("Bert") Becker
Acting Chief Financial Officer
Metropolitan Water District of
Southern California
Los Angeles, California

John L. de Russy
Finance Director/City
Treasurer
City of San Mateo
San Mateo, California

Russell S. Gould
Director of Finance
State of California
Sacramento, California

George W. Jeffries
Chief Investment Officer
Los Angeles County
Treasurer's Office
Los Angeles, California

Private Sector Members:

Douglas L. Charchenko
Chairman 415/445-8642
California Public Securities
Association
San Francisco, California

Thomas Kenny
Senior Vice President
Franklin/Templeton
Group of Funds
San Mateo, California

Francis X. Lilly
President
Bear Stearns Fiduciary
Services, Inc.
Washington, D.C.

Robert T. Slaymaker
President
BA Securities, Inc.
San Francisco, California

Norwin Wong
Chief Financial Officer
Portfolio Advisory
Services, Inc.
Los Angeles, California

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Members of Task Force on Local and State Investment Practices

The Task Force is chaired by Treasurer Matt Fong and includes an equal number of financial and investment experts from the public and private sectors.

Alfred P. Balderrama is a city councilmember and former mayor of the city of Monterey Park. He has served on the Los Angeles County Economy and Efficiency Commission and the Advisory Council for Economic Development with Asia.

Lambertus H. ("Bert") Becker is the chief financial officer of the Metropolitan Water District of Southern California. He is a member of the Government Finance Officers Association and the American Water Works Association.

Douglas L. Charchenko is chairman of the California Public Securities Association and a senior vice president of Sutro & Co.

Russell S. Gould is California's Director of Finance and serves as the Governor's chief fiscal advisor. He has served as a director and officer of the National Association of State Budget Officers.

John L. de Russy is the finance director and treasurer of the City of San Mateo. His professional activities include positions with the League of California Cities, the California Society of Municipal Finance Officers and the California Municipal Treasurers Association.

George W. Jeffries is the chief investment officer for the County of Los Angeles. He is a member of the California Association of County Treasurers and Tax Collectors.

Thomas Kenny is senior vice president and director of the municipal bond department of Franklin Advisers. He is a member of the California Society of Municipal Analysts and the National Federation of Municipal Analysts.

Francis X. Lilly is president of Bear Stearns Fiduciary Services, Inc. and director of Custodial Trust Company, both wholly-owned subsidiaries of The Bear Stearns Companies Inc.

Robert T. Slaymaker is president and chairman of BA Securities, Inc., BankAmerica Corp.'s securities subsidiary. He is a director of the Public Securities Association and a member of the American Bankers Association.

Norwin Wong heads Portfolio Advisory Services, Inc., an investment advisory firm serving individual and institutional clients.

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APPENDIX B

LETTERS OF SUPPORT FOR TASK FORCE PRELIMINARY RECOMMENDATIONS

AMENDED IN ASSEMBLY JULY 18, 1995
AMENDED IN SENATE APRIL 27, 1995
AMENDED IN SENATE APRIL 19, 1995
AMENDED IN SENATE APRIL 6, 1995
AMENDED IN SENATE MARCH 27, 1995

SENATE BILL No. 564

Introduced by Senators Johnston and Lewis

February 21, 1995

An act to add Section 16481.2 to, and to repeal and add Section 53646 of, the Government Code, relating to government agency investments.

LEGISLATIVE COUNSEL'S DIGEST

SB 564, as amended, Johnston. Local agency treasurers.

Existing law requires the Treasurer to make a monthly report on investments in the Pooled Money Investment Account.

This bill would require the Treasurer to annually prepare and submit to the Pooled Money Investment Board a written statement of investment policy and a quarterly report on investments in the Pooled Money Investment Account, as specified.

Existing law provides that the treasurer of a local agency may render to the depositary and to the auditor, controller, secretary, or corresponding officer of the local agency a statement showing the amount of accrued interest for each

depositary for the preceding quarter if so required by the legislative body of the local agency.

This bill would instead require the treasurer or chief fiscal officer to render to the legislative body of the local agency and any oversight committee a statement of investment policy. The report would be required to be made annually ~~or upon introduction of a consequential alteration~~ *and be considered, with any changes, by the legislative body of the local agency at a public meeting.*

This bill would also require the treasurer or chief fiscal officer, except in specified circumstances, to render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency containing detailed information on all securities, investments, and moneys of the local agency, a statement of compliance of the portfolio with the statement of investment policy, and a statement of the local agency's ability to meet its pool's expenditure requirements for the next 6 months. By requiring these reports to be made this bill would impose a state-mandated local program. The bill would require the treasurer or chief fiscal officer to report whatever additional information or data may be required by the legislative body of the local agency.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1,000,000 statewide and other procedures for claims whose statewide costs exceed $1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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The people of the State of California do enact as follows:

SECTION 1. Section 16481.2 is added to the Government Code, to read:

16481.2. (a) The Treasurer shall annually prepare and submit to the Pooled Money Investment Board a written statement of investment policy. The Treasurer shall promptly notify the board of any material change in the statement of investment policy. The board shall consider the statement of investment policy *and any changes therein* at a public meeting.

(b) In addition to the report required by Section 16480.7, the Treasurer shall submit a quarterly report to the Pooled Money Investment Board *within 30 days following the end of the quarter covered by the report* containing the following:

(1) The type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, investment, and money within the treasury.

(2) The weighted average maturity of the investments within the treasury.

(3) Any funds, investments, or programs, including loans, that are under the management of contracted parties ~~outside the state's boundaries~~.

(4) The market value as of the date of the report, and the source of this valuation for any security within the treasury.

(5) A description of the compliance with the statement of investment policy.

~~(6) A description of the treasury's ability to meet the treasury's expenditure requirements for the next six months and, if applicable, an explanation regarding why sufficient money will not be available.~~

(c) The board may, by resolution, require the treasurer to report the information required in subdivision (b) every month rather than quarterly.

SEC. 2. Section 53646 of the Government Code is repealed.

SEC. 3. Section 53646 is added to the Government Code, to read:

53646. (a) The treasurer or chief fiscal officer shall annually, ~~or upon introduction of a consequential alteration,~~ render to the legislative body of the local agency and any oversight committee a statement of investment policy, *which the legislative body of the local agency shall consider at a public meeting. Any changes in the policy shall also be considered by the legislative body of the local agency at a public meeting.*

(b) (1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. *The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report.* Except as provided in subdivision (e), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys ~~within the local agency's pool~~ *held by the local agency*, and shall additionally include a description of any *of the local agency's* funds, investments, or programs, ~~part of the agency's pool,~~ that are under the management of contracted parties ~~outside the local agency~~, including lending programs. With respect to all securities ~~within the pool~~ *held by the local agency*, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund; ~~with a maturity longer than one year,~~ the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) If a local agency has placed all of its investments in the Local Agency Investment Fund, created by Section 16429.1, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b). This subdivision applies only if the local agency had less than two hundred ~~and~~ fifty thousand dollars ($250,000) invested at all times during the time period covered by the report.

SEC. 4. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

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LEGI-TECH BILL ANALYSIS REPORT 07/03/95

3 564 03/30/95 SENATE COMMITTEE ON LOCAL GOVERNMENT PAGE 1

NATE LOCAL GOVERNMENT COMMITTEE
nator William A. Craven, Chairman

VERSION: 03/27/95 S
SET: First B
HEARING: 03/29/95

SCAL: Approp. 5 Senate Bill 564 - Johnston
NSULTANT: Manatt 6

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STATE AND LOCAL INVESTMENT LIMITS AND REPORTS

ckground and Existing Law:

e State Treasurer invests the revenues and surplus monies of state d local agencies in the $27 billion Pooled Money Investment Fund MIF). PMIF monies can be invested in U.S. Treasury notes, prime ality commercial paper, negotiable certificates of deposit, purchase and reverse repurchase agreements and other instruments. e Pooled Money Investment Board, consisting of the State Treasurer, e State Controller, and the Director of the Department of Finance, ersees PMIF investments. The Treasurer is also assisted by the cal Agency Investment Fund Advisory Board, consisting of the easurer and four of his appointees, when investing local agencies' nies.

ch month, the Treasurer must report on the previous month's vestment and deposit transactions and any related information quested by the Pooled Money Investment Board. This report must be ailable for public viewing.

e California Constitution requires the Legislature to determine cal agencies' powers, except for charter cities which control their n "municipal affairs." Through its Constitutional discretion, the gislature has given broad investment authority to local governing ards and their elected or appointed treasurers. State law permits ties, counties, school districts, community college districts, unty boards of education, superintendents of public instruction, d special districts to invest in their money in 14 different struments including certificates of deposit, highest-quality mmercial paper, and reverse repurchase agreements.

a local governing board delegates investment powers to its easurer, the treasurer may provide quarterly interest reports to local agency if requested by the governing board.

ate law used to require regular reports by local treasurers about

funds they had on deposit. In 1933, the Legislature required easurers to issue quarterly interest reports. In 1983, the gislature allowed treasurers to issue quarterly reports if their verning boards asked for them. In 1984, after the City of San Jose

ost $60 million in investments involving repurchase agreements, the egislature required treasurers to produce an annual statement of nvestment policy, monthly reports of investments, and a detailed onthly report of transactions involving repurchase and reverse epurchase agreements. The 1984 law sunsetted in 1991, and state udgets from 1990-91 through 1993-94 suspended quarterly reporting andates, which were costing the State General Fund $7.8 illion a year in mandate-reimbursements. In 1993, the Legislature ermanently abandoned the requirement for quarterly investment eports by making them permissive for local treasurers (SB 442, udget and Fiscal Review, 1993).

n December 6, 1994 Orange County filed for bankruptcy protection nder Chapter 9 of the U.S. Bankruptcy Code. The County's action esulted from a $1.7 billion loss to its Investment Pool, a epository for the surplus and borrowed funds of the County and pproximately 196 cities, school districts, and special districts.

n February 1995, Governor Wilson asked the State Treasurer to p[illegible]ne and chair a Task Force to examine the Orange County Pool's [illegible]pse. After holding three public hearings on the causes and [illegible] for the County's bankruptcy, the Treasurer's Task Force oncluded that state and local agencies' investment practices need eform. The Treasurer wants the Legislature to require treasurers to roduce annual statements of investment policy, provide detailed uarterly investment reports, and limit agencies' investments in everse repurchase agreements.

roposed Law:

. State Treasurer's Investment Policy. Senate Bill 564 requires the tate Treasurer to annually prepare a written statement of investment olicy and submit that statement to the Pooled Money Investment oard. The Board must consider the statement of investment policy at public meeting. The Treasurer must promptly notify the Board of ny material change in the investment policy.

. State Treasurer's Quarterly Reports. SB 564 requires the reasurer to submit a quarterly report to the Pooled Money Investment oard containing:

The type of investment, name of issuer, date of maturity, and mount invested in each security, investment, and money within the gency's pool.

weighted average maturity of the investments in the treasury.

Any funds funds, investments, or programs, including loans which e under the management of contracted parties outside the state.

The market value for any security within the treasury. The luation must cite its source and be current as of the report's

A description of the compliance with the statement of investment olicy.

A description of the treasury's ability to meet the treasury's penses for the next 6 months, or an explanation of why sufficient oney shall or may not be available.

3 564 permits the Board to require the treasurer or fiscal officer o report monthly rather than quarterly, by adopting a resolution.

II. Reverse Repurchase Agreements. Senate Bill 564 states that the ggregate value of reverse repurchase agreements may not exceed 20% the Pooled Money Investment Account at any time.

. Local Officials' Investment Policies. Senate Bill 564 requires a cal agency's treasurer or chief fiscal officer to provide his or r governing board with an annual statement of investment policy ch year. The treasurer or chief fiscal officer must also notify e governing body of any consequential alteration of investment licy.

Local Officials' Quarterly Reports. Senate Bill 564 repeals local easurers' authorization to issue quarterly interest reports if ked by the local agency's legislative body, and instead, the bill quires a local agency's treasurer or chief fiscal officer to ovide a quarterly report to the governing board, chief executive ficer, and auditor, containing:

The type of investment, name of issuer, date of maturity, and ount invested in each security, investment, and money within the ency's pool.

The weighted average maturity of the investments in the treasury.

Any funds funds, investments, or programs, including loans which e under the management of contracted parties outside the agency.

The market value for any security that is managed by outside rties, except funds managed by another local agency or the state's cal Agency Investment Fund. The valuation must cite its urce and be current as of the report's date.

A description of the treasury's compliance with the statement of vestment policy.

A description of the local agency's ability to meet the treasury's penses for the next 6 months, or an explanation of why sufficient nds shall or may not be available.

564 permits a body to require the treasurer or fiscal officer to port monthly rather than quarterly, by adopting a resolution.

ATT-C

I. Reverse Repurchase Agreements. Senate Bill 564 states that the ggregate value of local agencies' reverse repurchase agreements may ot exceed 20% of the portfolio at any time.

I. Mandate Appropriation. Senate Bill 564 appropriates an nspecified sum to reimburse local agencies for their costs of omplying with the bill's mandates.

B 564 - 03/27/95 Page 4

omments:

. Good government. After holding three public hearings on Orange ounty's bankruptcy, the State Treasurer wants to reform state and ocal investment polices. SB 564 requires the State Treasurer, and ach local treasurer, to provide an annual investment statement and etailed quarterly investment reports. While reporting by itself ill not prevent investment losses, requiring treasurers to compile p ublicize their policies and investments will help public f ials oversee treasury funds. In addition, SB 564 limits state nd local officials' investments in reverse repurchase agreements to 0% of their portfolio. By airing investment strategies and rocedures in public, making treasurers document their transactions, nd limiting investments in reverse repurchase agreements, SB 564 rovides prudent parameters for state and local investments.

. Far enough? Before 1991, the Legislature required local reasurers' investment reports to specify, in detail, investments in epurchase and reverse repurchase agreements. SB 564 requires the tate Treasurer and each local treasurers' quarterly report to nclude a lot of information, but not specific details about reverse epurchase agreements. In the Orange County Pool's collapse, epositors didn't know the status of reverse repurchase agreements. ecause an information vacuum contributed to Orange County's losses, hould SB 564 require reports to include these details?

. Lowest common denominator. Before 1991, state law required local reasurers' reports to include any additional investment information heir governing boards wanted. State law allows the Pooled Money nvestment Board to require the State Treasurer to provide additional nformation on investment transactions. SB 564's lists the data that reasurers' reports must include, but it doesn't require local reasurers to provide additional information if their governing board s for it. If the bill's intent is to provide local governing b s with more information, shouldn't SB 564 guarantee that a overning board can get any investment information it wants?

. Left out? SB 564 requires the State Treasurer to submit his

tatement of investment policy and quarterly investment reports to he Pooled Money Investment Board, which oversees the state pool. ut the Treasurer's investments for local agencies are also guided by he Local Agency Investment Fund Advisory Board. Because the Local gency Investment Fund Advisory Board also helps direct investment ecisions, shouldn't they get a copy of the Treasurer's statements nd reports too?

. Charter cities too? The California Constitution lets the State's 3 charter cities control their own "municipal affairs." Except for onstitutional restrictions and laws of statewide concern, charter ities govern themselves. SB 564 requires treasurers to issue tatements of investment policy and quarterly reports, but the bill on't necessarily affect charter cities, which dictate their own eporting requirements. The Committee may wish to consider whether B 564's report requirements are a matter of statewide concern and ıould specifically apply to all local agencies, including charter ities.

. Take your pick. SB 564 isn't the only bill requiring investment eports from local officials and limiting investments in reverse epurchase agreements. SB 117 (Lewis) contains nearly identical eporting requirements; SB 62 (Hayden) and SB 864 (Craven and Killea) equire investment reports in some cases. In addition, B 27 (Kopp) and 14xx (Kopp) ban local officials from investing in everse repurchase agreements; SB 62 (Hayden) and SB 867 (Craven and .llea) also place restrictions on local officials' reverse epurchase agreement investments.

pport and Opposition: (03/24/95)

pport: Unknown.

position: Unknown.

ATTACHMENT D

§53646 Treasurer's report and statements of investment policy

(a) The treasurer or chief fiscal officer *** shall annually render to the legislative body of the local agency a statement of investment policy.

(b) The treasure or chief fiscal officer shall render a monthly report to the chief executive officer and legislative body of the local agency showing the type of investment, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than 12 months, rate of interest, and such data as may be required by the local agency. The monthly report shall specify in detail investments made pursuant to subdivision (i) of Section 53601, Section 53601.1, and subdivision (i) of Section 53635.

(1) The monthly report shall state its relationship to the statement of investment policy.

(2) In the monthly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(3) The monthly report shall also include any information which the treasurer or chief fiscal officer determines would demonstrate that the local agency's expenditure requirements can be met in the following month.

(4) A school district is not required to render a monthly report on any of its funds in the custody of the county treasurer.

(c) This section shall remain in effect only until January 1, 1991, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 1991, deletes or extends that date. If that date is not deleted or extended, then, on and after January 1, 1991, pursuant to Section 9611 of the Government Code, Section 53646 of the Government Code, as amended by Section 8 of Chapter 105 of the Statutes of 1983, shall have the same force and effect as if this temporary provision had not been enacted.

INVESTMENT REPORTS

1. Summary of Chapters 1226/84 and 1526/85,

On September 24, 1987, the Commission on State Mandates determined that Chapter 1226, Statutes of 1984 and Chapter 1526, Statutes of 1985 imposed a reimbursable state mandate on the treasurer or chief fiscal officer of a local agency.

Chapter 1226, Statutes of 1984 amended Government Code Sections 53600, 53630 and 53646. Section 53646, requires the treasurer or chief fiscal officer to render an annual statement of investment policy to the legislative body of the local agency, and to render a monthly report showing the type of investments, institutions, dates of maturity, amounts of deposit, current market values of all securities with a maturity of more than 12 months, and rates of interest to the chief executive officer and the legislative body of the local agency.

Chapter 1526, Statutes of 1985 amended Government Code Section 53646. Section 53646 requires that the monthly report rendered by the treasurer or chief fiscal officer to the chief executive officer and the legislative body of the local agency include any information which the treasurer or chief fiscal officer determines would demonstrate that the local agency's expenditure requirements can be met in the following month.

Section 53646 is repealed on January 1, 1991.

2. Eligible Claimants

Any county, city, city and county, including a chartered city or county or other public agency or corporation that incurred increased costs as a result of the mandate to claim reimbursement of those costs.

3. Appropriations

Claims may only be filed with the State Controller's Office for programs that have been funded in the State Budget Act or in special legislation. For this program, initial funding in the amount of $3,861,000 was appropriated by the 1991 State Budget Act [Ch. 118/91]. This funded amount represents the first of three installments to be provided to reimburse costs that counties have incurred in the 1985/86, 1986/87, 1987/88, 1988/89 and 1989/90 fiscal years. Funding for the second and third installments will be provided in the 1992 and 1993 budget acts.

No funds are appropriated to reimburse the costs for the period 7/1/90 - 12/31/90. This mandated program was suspended during this time period pursuant to Government Code 17581. Therefore, no claim shall be filed for costs incurred during the time period.

4. Types of Claims

A claimant may file a reimbursement claim as specified below. A reimbursement claim details the costs actually incurred for the previous fiscal year.

- A claim for reimbursement or an estimate must exceed $200 per fiscal year. However, a county, as the fiscal agent for the special district, may submit a combined claim in excess of $200 on behalf of districts within the county even if the individual district's claim do not exceed $200. A combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent claims for the same mandate must be filed in the combined form.

ATT-E

4.1. Filing Deadline

Reimbursement claims for initially funded mandated cost programs, that are contained in an enacted local government claims bill, are due 120 days from the date the State Controller's Office issues the claiming instructions . Accordingly, the filing deadlines for the initial funding of this mandate are as follows:

- Reimbursement claims for costs incurred for the fiscal years 1985/86, 1986/87, 1987/88, 1988/89 and 1989/90 must be filed with the State Controller's Office postmarked by April 27, 1992. If a claim is filed after the deadline but by April 27, 1993, the approved claim will be reduced by 10% but not to exceed $1,000. Claims filed more than one year after the filing deadline will not be accepted.

According to Chapter 459/90, which recognized the program as a reimbursable mandated costs, funding for these prior year costs will be provided to the State Controller's Office in equal installments in the State Budge Acts of 1991, 1992 and 1993. Therefore, payment of claims will be made in three installments.

5. Reimbursable Components

Eligible claimants will be reimbursed for the increased costs of rendering an annual statement of investment policy, and a monthly report of investments in relation to that policy.

5.1. An Annual Statement of Investment Policy.

Costs of rendering an annual statement of investment policy.

5.2. Monthly report of investments

Costs to prepare data elements necessary to render a monthly report of investments which includes:

- Type of investments; Institution(s);
- Date(s) of maturity; Amount(s) of deposit;
- Current market value(s); Rate(s) of interest;
- Details of investment(s) made pursuant to GC Sections 53601, 35601.1 and subdivision of 53635;
- A statement of relationship to the statement of investment policy and analysis of policy compliance - cost to analyze investments for compliance to terms specified in the investment policy.
- Cash flow projections - costs to include any information which the treasurer or chief fiscal officer determines would demonstrate that the local agency's expenditure requirements can be met in the following month.

5.3. Subsidiary ledger of investments

Subsidiary ledger of investments may be substituted for monthly reports of investments when in compliance with the details required under 5.2 above and generally accepted accounting practices. *Claimant has the option of claiming costs incurred for either paragraph 5.2 or 5.3, but not both for the same reporting period.*

If the subsidiary ledger of investments is utilized, the following costs are reimbursable:

- Costs to input transactions for compilation of various reports to be included in the investment report;
- Costs to reconcile the subsidiary ledger to the control accounts;
- Costs to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process; and
- Costs to adjust the subsidiary ledger to market value.

5.4. Automated systems

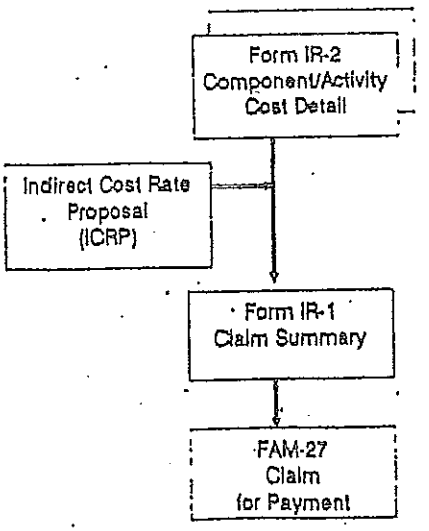
Costs to acquire specialized software for compilation of the investment report and cash flow projections are reimbursable. If hardware investment is required, percentage use of this hardware is reimbursed.

6. Claiming Forms and Instructions

The diagram entitled, "Illustration of Claim Forms", provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for Form IR-1 and Form IR-2, provided the format of the report and data fields contained within the report are identical to the claim forms included in this chapter. The claim forms provided in this chapter can be duplicated and used by the claimant to file an estimated or reimbursement claim. The State Controller's Office will revise the manual and claim forms as necessary.

Form IR-2, Component/Activity Cost Detail, is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by cost and time records. Copies of supporting documentation as specified in these instructions must be submitted with the claim. All supporting documents must be retained for a period of not less than three years from the date of the final payment on the claim.

Illustration of Claim Forms



Form IR-2 Component/Activity Cost Detail
Complete a separate Form IR-2, for each component in which expenses are claimed.

1. *Investment Policy*
2. *Monthly Report of Investment*
3. *Subsidiary Ledger of Investments*
4. *Automated Systems*

AT-E

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, as long as the direct labor costs are directly related to the cost of performing the mandate. If an indirect cost rate of greater than 10% is used include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is involved in the mandated program, each department must have their own ICRP for the program.

Form IR-1, Claim Summary, is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Forms IR-2 and are carried forward to FAM-27.

Form FAM-27, Claim for Payment, contains a certification that must be signed by an authorized representative of the school district. All applicable information from Form IR-1 must be carried forward onto this form in order for the State Controller's Office to process the claim for payment.

ATTACHMENT 1

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS

For State Controller Use only
(19) Program Number
(20) Date File ____/____/____
(21) Signature Present ☐

LABEL HERE

(01) Claimant Identification Number:

(02) Mailing Address
Claimant Name
County of Location
Street Address or P. O. Box
City State Zip Code

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☐
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06) 19____/____	(12) 19____/____
Total Claimed Amount	(07)	(13)
Less: 10% Late Penalty, but not to exceed $1000 (if applicable)		(14)
Less: Estimate Payment Received		(15)
Net Claimed Amount		(16)
Due from State	(08)	(17)
Due to State		(18)

Reimbursement Claim Data

(22) IR-1, (03)(1)(d)	
(23) IR-1, (03)(2)(d)	
(24) IR-1, (03)(3)(d)	
(25) IR-1, (03)(4)(d)	
(26) IR-1, (05)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37) Batch Total	

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for new program or increased level of services of an existing program mandated by Chapter 1226, Statutes of 1984 and Chapter 1526, Statutes of 1985.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1226, Statutes of 1984 and Chapter 1526, Statutes of 1985, set forth on the attached statements.

Signature of Authorized Representative Date

Type or Print Name Title

(39) Name of Contact Person or Claim Telephone Number ( ) Ext.

ATTE

INVESTMENT REPORTS Certification Claim Form Pursuant to Government Code Section 17561	FORM FAM-27

(01) Leave blank

(02) A set of mailing labels with the claimant's I.D. number and address have been enclosed with the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label at the place as shown on the Form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you didn't receive labels, print or type your agency's mailing address.

(03) - (08) Leave blank.

(09) If you are filing an original reimbursement claim, enter " X " in box of line (09) Reimbursement.

(10) If the county is filing an original reimbursement claim on behalf of districts within the county, enter " X " in box of line (10) Combined.

(11) If you are filing an amended claim to an original reimbursement claim on behalf of districts within the county, enter " X " in box of line (11) amended.

(12) Enter the fiscal year in which actual costs are being claimed. If actual costs for more than one fiscal year is being claimed, complete a separate Form FAM-27 for each fiscal year.

(13) Enter the amount of reimbursement claim from Form IR-1, line 10.

(14) Reimbursement claims for the costs of the fiscal year 1985/86, 1986/87, 1987/88, 1988/89 and 1989/90 must be filed with the State Controller's Office postmarked by April 27, 1992. If the claim filed after the deadline, the claim must be reduced by a late penalty amount. Enter the result of the multiplication of the 10% late penalty times line (13) or $1000, whichever is less.

(15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated claim, otherwise enter a "zero".

(16) Enter the result of subtracting the sum of line (14) and line (15) from line (13).

(17) If line (16) Net Claimed Amount is positive, enter that amount in line (17) Due from State.

(18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.

22) through (36) for the Reimbursement claim

Bring forward cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim [e.g., IR-1, (03)(1)(d) means the information is located on Form IR-1, line (03)(1)(d)] Enter the information on the same line but in the right-hand column Cost information should be rounded to the nearest dollar, (i.e., no cents), indirect costs percentage should be shown as a whole number and without the percent symbol (i.e., 35% should be shown as 35). The claim cannot be processed for payment unless this data block is correct and complete

(37) Add all items in line (22) through (26) and enter the batch total in line (37).

(38) Read the statement "Certification of claim " If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person s name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification

(39) Enter the name of the person and telephone number that this office should contact if additional information is required.

SUBMIT THREE COPIES OF THE CLAIM FORMS AND TWO COPIES OF THE SUPPORTING DOCUMENTS TO:

Address, if delivered by:
U.S. Postal Service

Gray Davis
State Controller
Division of Accounting
P.O. Box 942850
Sacramento, Ca. 94250-5875

Address, if delivered by:
Other delivery service

Gray Davis
State Controller
Division of Accounting
3301 C Street, Suite 500
Sacramento, Ca 95816

ATT-E

State Controller's Office

INVESTMENT REPORTS CLAIM SUMMARY Instructions	FORM IR-1

(01) Enter the name of the claimant.

(02) Check the box, "Reimbursement" to identify the type of claim being filed. Enter the fiscal year for which the expenses were incurred.

(03) For each of the reimbursable components, enter the total allowable cost from Form IR-2, line (05) columns (d) (e) and (f) to Form IR-1, block (03) columns (a), (b), (c), and (d) in the appropriate row. Total each row.

(04) Total columns (a), (b), (c), (d) and (e).

(05) Enter the Indirect Cost Rate.

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, as long as the direct labor costs are directly related to the cost of performing the mandate.

If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is involved in the mandated program, complete a Form IR-1 for each department. Each department must have their own ICRP for the program.

(06) Multiply Total Salaries, in line (04)(a), by the Indirect Cost Rate, line (05). If both Salaries and Benefits were used in the distribution base for the computation of the Inderct cost rate, than multiply Total Salaries and Benefits, line (04)(a) and line (04)(b) by the Indirect Cost Rate, line (05).

(07) Enter the sum of Total Direct Costs, line (04)(e), and Total Indirect Costs, line(06).

(08) Enter the total cost savings experienced by the claimant as a direct result of this mandate. Submit a schedule of detailed savings with the claim.

(09) Enter total other reimbursements received from any source, (i.e., federal, other State programs, foundations, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.

(10) Subtract the sum of Offsetting Savings, line (08) and Other Reimbursement, line (09) from Total Direct and Indirect Costs, line (07). Enter the remainder on this line and carry forward to Form FAM-27, line (13).

If more than one Form IR-1 are completed due to multiple department involvement in this mandate, add line (10) of each Form IR-1 and forward the total to Form FAM-27, line (13) for the Reimbursement Claim.

ATT E

MANDATED COSTS
INVESTMENT REPORTS
COMPONENT/ACTIVITY COST DETAIL

FORM IR-2

(01) Claimant:

(02) Fiscal Year costs were incurred:

(03) Reimbursable Component: *Check a box to identify the cost being claimed.* Check ONLY one box per form.

- ☐ Annual Statement of Investment Policy
- ☐ Monthly Report of Investments
- ☐ Subsidiary Ledger of Investments
- ☐ Automated Systems

(04) Description of Expense: Complete columns (a) through (f).

(a) Employee Name, Job Classification and Activities Performed or Description of Expense	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	Object Accounts (d) Salaries	(d) Benefits	(e) Services and Supplies	(f) Fixed Assets

(05) Total ☐ Subtotal ☐ Page: ____ of ____

A-17-E

INVESTMENT REPORTS
COMPONENT/ACTIVITY COST DETAIL
Instructions

FORM IR-2

Note: A separate Form IR-2 should be completed for each component claimed.

(01) Enter the name of the claimant.

(02) Enter the fiscal year for which costs were incurred.

(03) Check the box which indicates the cost component being claimed. Check only one box per form. Complete a separate Form IR-2 for each cost component which applies.

(04) Enter the component activity heading. A discription of these activities can be found under the heading entitled "Reimbursable Components" and a summary can be found in "Illustration of Claim Forms". Under each component activity heading, enter the employee names, position titles, a brief description of the activity, productive hourly rates, fringe benefits, materials and supplies used, contracted services, training, equipment, overhead costs, etc. The following table, identifies the type of information required to support reimbursable costs. All supporting documents must be retained for a period of not less than three years from the date of the final payment on the claim.

Object/ Subobject Accounts	Columns (a)	(b)	(c)	(d)	(e)	(f)	Submit these supporting documents with the claim
Salaries and Benefits							
Salaries	Employee Name or Classification	Productive Hourly Rate	Hours Worked	(b) x (c) Hourly Rate x Hours Worked			
Benefits	Function Performed	Benefit Rate	Hours Worked	(b) x (c) Benefit Rate x Hours Worked or Benefit Rate x Salary Claimed			
Services and Supplies							
Office Expense	Description of supplies used	Unit Cost	Quantity used		(b) x (c) Unit Cost x Quantity Consumed		
Professional and Specialized Services	Name of Contractor. Specific Tasks performed.	Itemize cost for services performed	Time period for which services was provided		Total Cost Claimed		Invoice
Fixed Assets							
Equipment	Description of equipment purchased, Asset ID number(s)	Unit Cost	Quantity used			Total Fixed Assets purchased	Invoice

(05) Total Line (04), Columns (d) through (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to list the costs, add another page and number the page. Enter totals from Line (05), columns (d) through (f) to Form IR-1, block (03) columns (a), (b) (c), and (d) in the appropriate row.

RECEIVED
NOV 24 1997
COMMISSION ON
STATE MANDATES

PUBLIC HEARING

COMMISSION ON STATE MANDATES

--oOo--

TIME: 9:30 AM
DATE: Thursday, November 20, 1997
PLACE: State Capitol, Room 437
Sacramento, California

--oOo--

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

--oOo--

Reported By: DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

ATT-F

A P P E A R A N C E S

COMMISSIONERS PRESENT

ROBIN J. DEZEMBER, *Chairperson*
State Department of Finance

RICHARD CHIVARO
State Controller's Office

DAVE COX
County of Sacramento
Board of Supervisors

TERRY RIVASPLATA,
State Office of Planning and Research

JOANN STEINMEIER
School Board Member

BRUCE VANHOUTEN
State Treasurer's Office

STAFF PRESENT

PAULA HIGASHI, Executive Director
Commission on State Mandates

GARY D. HORI, Legal Counsel
Commission on State Mandates

SHAWN SILVA, Staff Member
Commission on State Mandates

ALSO PRESENT

JIM CUNNINGHAM
San Diego Unified School District

CINDY CHAN
State Department of Finance

I N D E X

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II. Approval of Minutes

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(This item was moved to the December hearing.)

III. Hearings and Decisions Pursuant to California Code of Regulations, Title 2, Chapter 2.5 (Action Items)

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Item 3 Investment Reports - CSM-96-358-02 . . . 5
County of Santa Clara
City of Newport Beach
(Consent item)

Item 4 Threats Against Peace Officers 7
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(This item was moved to the December hearing.)

V. Proposed Amendment of Parameters and Guidelines

Item 5 Prisoner Parental Rights 5
CSM 4427-PGA
County of San Bernardino
(Consent item)

Item 6 Absentee Ballots - CSM-3713-PGA 7
San Diego Unified School District
(This item was moved to the December hearing.)

VI. Executive Director's Report 17

VII. Future Agenda Items 19

VIII. Closed Executive Session 20
(This item was canceled.)

Adjournment of Hearing 20

BE IT REMEMBERED that on Thursday, November 20, 1997, commencing at the hour of 9:30 a.m., thereof, at the State Capitol, Room 437, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the proceedings were as follows:

--oOo--

MR. DEZEMBER: Good morning. I'm Robin Dezember. I'm Chief Deputy Director, State Department of Finance, sitting on this Commission under the delegation of Craig Brown, the Director of Finance. And I'd like to call to order the meeting of the Commission on State Mandates.

Ms. Higashi, would you please call the roll?

MS. HIGASHI: Yes.

Mr. Chivaro?

MR. CHIVARO: Present.

MS. HIGASHI: Mr. Cox?

MR. COX: Present.

MS. HIGASHI: Mr. Rivasplata?

Ms. Steinmeier?

MS. STEINMEIER: Here.

MS. HIGASHI: Mr. Vanhouten?

MR. VANHOUTEN: Present.

MS. HIGASHI: Mr. Dezember?

MR. DEZEMBER: Present.

MR. COX: The "presents" have it, Mr. Chairman.

MR. DEZEMBER: Thank you very much.

I will note, too, that we started exactly at 9:30.

MR. COX: Absolutely. Thank you, sir.

MS. HIGASHI: Mister --

MR. DEZEMBER: And we do have a quorum.

MS. HIGASHI: Yes. Mr. Dezember, I'd like to read into the record, Mr. Beltrami and Ms. Patton are attending CSAC's annual conference this week, which is why they're absent from the meeting. And Mr. Rivasplata, who has not yet joined us, he will be the designee for the Director of the Office of Planning and Research. And Mr. Vanhouten is designee of the State Treasurer.

MR. DEZEMBER: Thank you.

And what is our first item?

MS. HIGASHI: The first item is the Commission's proposed consent calendar. Staff is proposing that the consent calendar consist of: Item three, the proposed parameters and guidelines for "Investment Reports"; and item five, the proposed amendment of parameters and guidelines for "Prisoner Parental Rights."

To date, we've received no indications of any objection to these items moving forward.

MR. DEZEMBER: Okay.

MR. COX: Mr. Chairman?

MR. DEZEMBER: Yes.

MR. COX: With respect to item three, I just have one question; and then I'd like staff's assurance that the report that we're about to adopt is sufficient.

My only concern is that we allow the -- we allow the

documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that from the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting aspect.

MR. HORI: It was a -- what Mr. Cox is referring to was where staff addressed the outright necessity of, in particular, subsidiary ledgers with respect to Subdivision (b)(4). (b)(4), on its face, is deemed not reimbursable. However, under items (b)(1), (2) and (3), the P's and -- parameters and guidelines do indicate that reimbursable activities associated with compiling and accumulating any debt unnecessary to prepare a quarterly report.

In that situation, if a subsidiary ledger is necessary to accomplish the documents for (b)(1), (2), and (3), it would be subsumed in (b)(1), (2), and (3); and (b)(4) would not stand on its own.

MR. COX: Okay. That would be fine. I just wanted that clarification, Mr. Chairman --

MR. DEZEMBER: Certainly.

MR. COX: -- and then would move the consent calendar.

MS. STEINMEIER: Second.

MR. DEZEMBER: Okay. All those who want to move the consent calendar, signify by "aye"?

REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings were reported by me at the time and place therein named; that the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings, nor in any way interested in the outcome of the cause named in said matter.

In witness whereof, I have hereunto set my hand this 21st day of November, 1997.

Daniel P. Feldhaus

DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

Claim Number 00-9635802-I-01 Claimant County of Los Angeles

Subject 783/95

Issue Investment Reports

Ms. Susan Geanacou, Senior Staff Attorney
Department of Finance

915 L Street, 11th Floor
Sacramento CA 95814

Tel: (916) 445-3274
FAX:

State Agency

originals

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

ant

Ms. Veronica Larsen, Revenue Manager
Auditor-Controller's Office
City of Hayward
777 B Street
Hayward CA 94541

Tel: (510) 583-4640
FAX: (510) 583-3644

Interested Person

Mr. John P. Logger, SB-90 Coordinator
Auditor-Controller-Recorder
County of San Bernardino
222 West Hospitality Lane
San Bernardino CA 92415

Tel: (909) 386-8850
FAX: (909) 386-8830

Interested Person

Ms. James Lombard, Principal Analyst (A-15)
Department of Finance

915 L Street, 6th Floor
Sacramento CA 95814

Tel: (916) 445-8913
FAX: (916) 327-0225

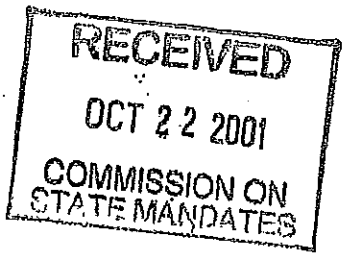
State Agency

Ms. Monica Neely,
City of Garden Grove

11222 Acacia Parkway
Garden Grove CA 92840

Tel: (916) 000-0000
FAX: (916) 000-0000

Interested Person



2

Commission on State Mandates

List Date: 07/24/2001 Mailing Information Incorrect Reduction Claim

Mailing List

Claim Number 00-9635802-I-01 Claimant County of Los Angeles

Subject 783/95

Issue Investment Reports

Mr. Robert Brooks, Staff Analyst II
Auditor-Controller's Office
Riverside County
4080 Lemon Street P O Box 512
Riverside CA 92502

Tel: (909) 955-2709
FAX: (909) 955-2428

Interested Person

Ms. Ginny Brummels (B-8), Section Manager
State Controller's Office
Division of Accounting & Reporting
3301 C Street Suite 500
Sacramento CA 95816

Tel: (916) 324-0256
FAX: (916) 323-6527

Allan Burdick,
AXIMUS

4320 Auburn Blvd., Suite 2000
Sacramento CA 95841

Tel: (916) 485-8102
FAX: (916) 485-0111

Ms. Annette Chinn,
Cost Recovery Systems

705-2 East Bidwell Street #294
Folsom CA 95630

Tel: (916) 939-7901
FAX: (916) 939-7801

Mr. Glen Everroad, Revenue Manager
City of Newport Beach

3300 Newport Blvd. P. O. Box 1768
Newport Beach CA 92659-1768

Tel: (949) 644-3127
FAX: (949) 644-3339

Interested Person

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

. TYLER McCAULEY
UDITOR-CONTROLLER

DECLARATION OF SERVICE

STATE OF CALIFORNIA, County of Los Angeles:

Hasmik Yaghobyan states: I am and at all times herein mentioned have been a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen years and not a party to nor interested in the within action; that my business address is 603 Kenneth Hahn Hall of Administration, City of Los Angeles, County of Los Angeles, State of California;

That on the 17th day of October 2001, I served the attached:

Documents: County of Los Angeles Closing Comments, Incorrect Reduction Claim: Investment Report, including *a 1 page letter of J. Tyler McCauley dated 10/17/01 , a 6 page narrative, and a 45 page attachment (A-F), all pursuant to 00-9635802-I-01,* now pending before the Commission on State Mandates.

upon all Interested Parties listed on the attachment hereto and by

[X] by transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date. Commission on State Mandates - FAX as well as mail of originals.

[ ] by placing [ ] true copies [ ] original thereof enclosed in a sealed envelope addressed as stated on the attached mailing list.

[X] by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Los Angeles, California, addressed as set forth below.

[ ] by personally delivering the document(s) listed above to the person(s) as set forth below at the indicated address.

PLEASE SEE ATTACHED MAILING LIST

That I am readily familiar with the business practice of the Los Angeles County for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence would be deposited within the United States Postal Service that same day in the ordinary course of business. Said service was made at a place where there is delivery service by the United States mail and that there is a regular communication by mail between the place of mailing and the place so addressed.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 17th day of October, 2001, at Los Angeles, California.

Hasmik Yaghobyan

Report to the Commission on State Mandates on Investment Reports Incorrect Reduction Claims County of Los Angeles, FY 1997 & 1998

Consultant's background:

In June of this year, the Commission on State Mandates hired me to review documentation pertaining to an Incorrect Reduction Claim for Investment Reports for FY 1997 and FY 1998 submitted by Los Angeles County. The attached resume describes my educational and professional credentials. In addition, as San Diego City Treasurer for 19 years, I was thoroughly familiar with the State statute in question, i.e., Section 53646 of the California Government Code, and with other statutes governing the duties and requirements of California Treasurers. Moreover, I was responsible for the preparation of monthly investment reports for the Manager and Council of the City of San Diego for the entire 19 years.

In preparation for this assignment, I reviewed all of the documents provided to me by the Commission on State Mandates:

- Los Angeles County's Incorrect Reduction Claim, including reimbursement claims with Controllers annotations
- Commission Decisions: Investment Reports, Statement of Decision and Adopted Parameters and Guidelines
- Controller's Claiming Instructions and response defending the reduction of the County's reimbursement claims
- Government Code Section 53646
- Sample copies of prior Commission decisions on incorrect reduction claims

I thoroughly read all of the correspondence contained in these documents, and briefly reviewed the monthly investment report samples provided by the County and the report of Professor Tootellan. I did not thoroughly review Professor Tootellan's report because I felt, based on the contents of the correspondence between the County and the State Controller, that his conclusions were not pertinent to the claim reduction.

I also researched and reviewed other Government Code Sections that I felt were relevant, some of which are cited in my report, and I had two telephone conversations. One was with Neil Rossi, San Diego County's Chief Deputy Treasurer, whom I know because San Diego County is a neighboring agency of the City of San Diego, my former employer. I spoke with Mr. Rossi about Government Code Section 27013, which permits counties to recover investment costs from agencies that participate in county pools. I also confirmed with him that it is standard practice in California for counties to recover such costs. The other telephone conversation was with Kay Chandler, a registered investment

advisor to several local California agencies. I know Ms. Chandler because she was a former investment officer for the City of San Diego, and she currently serves as a member of San Diego City's Investment Advisory Committee. I spoke with her about the requirements of Government Code Section 53607.

Introduction:

Los Angeles County submitted claims for reimbursement for their FY 1997 & 1998 costs to prepare investment reports required by California Government Code Section 53646. The California State Controller denied a substantial portion of these claims and Los Angeles County subsequently filed an Incorrect Reduction Claim (IRC).

Under the Parameters and Guidelines (P's & G's) adopted by the Commission on State Mandates on November 20, 1997, the costs of rendering quarterly reports of investments pursuant to subdivisions (b) and (e) of Code Section 53646 are reimbursable. The P's & G's provide that the following ongoing costs are reimbursable: 1) accumulating and compiling data necessary to prepare the quarterly reports, and 2) rendering a quarterly report to other entities as enumerated.

Findings regarding Los Angeles County's claims:

- Los Angeles County has a very large investment portfolio, nearly $ 9 billion in FY 1998; and according to Assistant Treasurer and Tax Collector Joseph Spillane, there are approximately 180 local agencies that participate in the County's investment pool. These two facts have a significant impact on the costs of its investment program and on the concomitant costs of investment reporting. The size and structure of the portfolio results in a large number of investment transactions every day. According to the documents I reviewed, every month the County averages more than 600 purchases, sales and maturities of securities, or about 30 per day.[1] These take a significant amount of staff time to record, verify and reconcile with custodian reports. In addition, because of the large number of agencies participating in the County investment pool, considerable staff time is required to monitor the ever-changing cash flow requirements of each agency.[2] Indeed, over half of the investment pool belongs to agencies other than the County.

[1] County of Los Angeles Incorrect Reduction Claims, Tab 8: Investment Reporting Transaction Item Count; County of Los Angeles Incorrect Reduction Claims, Second Tab 2: Attachment XVII, Pooled Money Investment Account, pp. 1-21.
[2] County of Los Angeles Incorrect Reduction Claims, Second Tab 2: Attachment VI: Non-Trading Portfolio Participation Composition

- Los Angeles County should be reimbursed for the costs of the following investment related activities because these are also necessary to produce quarterly investment reports:
  1) Input of all investment activities into ADS, the investment tracking software
  2) running required reports from ADS
  3) reconciling the reports generated by ADS
  4) compiling data as necessary to produce the investment reports for the Board of Supervisors

  It is my recommendation, however, that the costs of actually compiling and assembling documents for the Report Package for the Board of Supervisors should be reimbursed for only four (4) reports per year, per CGC Section 53646. While Government Code Section 53607 requires monthly reports under certain circumstances, Section 53646 does not.

- It is my opinion that the County should not be reimbursed for the cost of producing and presenting reports of <u>every</u> investment transaction during the reporting period. While this is required by CGC Section 53607 for Counties that elect to delegate investment responsibility to the County Treasurer, Section 53646 requires only that the quarterly reports list investments "*held* by the local agency". It does not call for a "monthly report of ... *transactions*" as does Section 53607. I believe that the difference in wording between these two sections is significant.

- The County should be reimbursed for the cost of all activities associated with cash flow projections, i.e., assembling cash requirements of all participating agencies, as well as the County, and then periodically forecasting cash availability. This is necessary in order to affirm in the quarterly report that six (6) month cash needs can be met, as required by Section 53646.

  Tracking and updating the cash flow requirements of multiple agencies requires considerable staff time, especially in the case of Los Angeles County where the number of participating agencies is so large.

- The County should be reimbursed for the costs of ascertaining whether their portfolio is in compliance with its investment policy, which the Treasurer is required to affirm under Section 53646. I do not believe, however, that they should be reimbursed for the cost of ascertaining whether *every transaction* is in compliance with their policy. While such care may be both prudent and conservative, Government Code Section 53646(b)(2) requires only that, "The quarterly report shall state compliance of the portfolio to the statement of investment policy...." It is my opinion that the use of the words "the portfolio" in conjunction with "the quarterly report" implies that the statement refers simply to *the portfolio* which accompanies the report, which is the portfolio as

of the last day of the reporting period. This is a standard convention in the industry, and even Los Angeles County does not include 20+ separate portfolios (one for every day of the month) with its monthly report. I do not agree with the County's position that the statement of compliance in CGC Section 53646 applies to every transaction during the reporting period.

- The County should be reimbursed for those ADS software expenses associated with the above activities, plus the cost of the pricing service. Such investment tracking software is absolutely essential to accurate and timely investment reporting, and the pricing service is necessary in order to comply with the requirement of Section 53646 to provide the current market value of investments held as of the date of the report. However the County needs to specify what portion of their ADS costs are related to producing the investment reports. It is not clear whether they are claiming reimbursement for all ADS costs or just a pro-rata share.

- Government Code Section 27013 permits counties to recover investment related costs from participating agencies, and the P's & G's for this mandate specifically state that such revenues should be identified and deducted from the claim. I was unable to find information in the County's claim regarding costs recovered from participating agencies for the above activities.

Findings regarding California State Controller statements:

- The Controller's staff reduced or eliminated the County's claims for reimbursement based on their assertion that "daily input" was not a mandated requirement. This misses the point. All investment transactions must be entered into the software system in order to produce timely and accurate investment reports as required under Section 53646. Whether these investment transactions are entered daily, once a week, or once a month should not be the issue. Less frequent input of the transactions would not require any less staff time or cost. All transactions must be input, regardless of when the agency chooses to do so. In fact, it would be imprudent for an agency with a portfolio as large as that of Los Angeles County to skip more than one or two days of entering such data because they would be unable to accurately determine their cash position each day.

- The Controller states that most of the activities claimed for reimbursement are part of the County's "fiduciary responsibility", and that those activities are part of day-to-day investment requirements. I agree with this assessment. However, in my opinion, it is not pertinent to the County's claim because these activities are also necessary to produce the investment reports required by Government Code Section 53646.

- The Controller states that GASB (the Government Accounting Standards Board) requires certain of the activities claimed for reimbursement by the County. This is also true, but again not relevant because local agency conformance with GASB is not a requirement or mandate.

- Reductions by the Office of the State Controller of the County's claims for FY 1997 and 1998 are inconsistent. Also they appear to be arbitrary since very little in the way of a rationale was provided to support the amount of the claim that the Controller determined to be allowable.

- The Controller states that investment software used by the County (ADS) is not mandated, and therefore not reimbursable. This is not credible; no large or even medium size agency could produce the required investment reports without such software. Even if it were possible to manually produce the information needed for the monthly reports, staff costs would far exceed the cost of the software.

Conclusion:

I believe that the Controller has incorrectly and arbitrarily reduced the claims of Los Angeles County for reimbursement. Los Angeles County should be reimbursed for the costs identified in this report to produce investment reports for FY 1997 and FY 1998, pursuant to the adopted Parameters and Guidelines. This includes many investment-related costs (including ADS), the cost of affirming compliance of the end-of-period portfolio with their investment policy, the cost of cash flow analysis and the cost of obtaining market pricing. The cost of staff needed to compile and assemble the actual reports for the Board and other agencies should be reimbursed for only four reports annually.

Determination of these costs may require that the County provide a more detailed breakdown of the costs of assembling their monthly reports. The County should also provide information regarding any revenue offsets of such costs, as required by the P's & G's.

Submitted by:

Conny Jamison

Attachment: Resume of Conny Jamison

September 13, 2001

RESUME

CONNY JAMISON

1982 - 2001	City Treasurer, City of San Diego - Appointed by City Manager, July, 1982. Retired 2001. Responsible for a budget of $5 million and staff of 65. Duties included investment of City's $1.2 billion cash portfolio and annual issuance of short-term debt, as well as processing cash receipts of more than $1.6 billion annually. Also responsible for Business Tax Administration and Delinquent Account Collection. Served as a Trustee of the City's $2.8 billion defined benefit plan, $500 million defined contribution plans, and the Funds Commission with four endowments worth $12 million.
1977 - 1996	Director/owner Medmetric Corporation - Co-founded this closely held manufacturer of medical instruments, with international sales of more than $1 million annually.
1978 - 1982	Economist, City of San Diego - Managed the Research and Analysis division of Financial Management Department. Conducted fiscal year impact studies, economic analyses, and long-range budgetary forecasts. Primary advisor to City Manager in use of debt financing for major capital improvements, including the Stadium and Police decentralization projects.
1973 - 1977	Research/Teaching Assistant, Department of Economics, University of California at San Diego, in La Jolla, California.
1971	Planning Intern, City Planning Department, San Diego, California
1967 - 1969	Peace Corps Volunteer, Teacher Republic of Korea

EDUCATION

Ph.D., all but dissertation: Economics
University of California at San Diego

Master of City Planning, Department of Public Administration (1972)
San Diego State University

Bachelor of Arts: Diplomacy and World Affairs (1967)
Occidental College, Los Angeles

CURRENT BOARDS AND FOUNDATIONS

Funds Commission, ($12 million public endowment assets), Trustee Neighborhood National Bank ($45 million assets), Board Member
San Diego Community Foundation ($180 million assets), Investment Committee
San Diego Kiwanis Foundation ($3.2 million assets), Board member & Treasurer
Consumer Credit Counseling Service of San Diego and Imperial Counties, Board Member
San Diego Kiwanis Club, 1998-99 President

OTHER PROFESSIONAL MEMBERSHIPS AND ACTIVITIES

California Municipal Treasurers Association, Past-President
Governmental Finance Officers Association, past Board Member
League of California Cities, Past Board member; Past-President of Fiscal Officers Division
San Diego CERS ($2.8 billion), Former Trustee & Investment Committee Chair
San Diego City Employees' DC Retirement Plans ($300 million), Former Trustee
California Asset Management Program ($250 million assets), Former Trustee/Secretary

PERSONAL

Lived and traveled extensively throughout the U.S. and overseas. Interests in addition to community activities listed above include an investment club, Hospice volunteer work, bird watching and nature conservancy programs.

WEST'S ANNOTATED CALIFORNIA CODES
GOVERNMENT CODE
TITLE 3. GOVERNMENT OF COUNTIES
DIVISION 2. OFFICERS
PART 3. OTHER OFFICERS
CHAPTER 4. AUDITOR
ARTICLE 1. DUTIES GENERALLY

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Current with 2002 urgency legislation through ch.2
of the 2001-2002 Regular and Extraordinary Sessions

§ 26905. Reconciliation between cash and investments accounts on auditor and state treasurer's books

Not later than the last day of each month, the auditor shall reconcile the cash and investment accounts as stated on the auditor's books with the cash and investment accounts as stated on the treasurer's books as of the close of business of the preceding month to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts in those accounts as stated on the books of the auditor.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1150, § 1. Amended by Stats.1957, c. 483, p. 1514, § 1.)

2002 Electronic Update

(Amended by Stats.2001, c. 176 (S.B.210), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

2002 Electronic Update

2001 Legislation

Short title, legislative findings, declarations and intent relating to Stats.2001, c. 176 (S.B.210), the Local Government Omnibus Act of 2001, see Historical and Statutory Notes under Civil Code § 1360.5.

1988 Main Volume

Derivation: Pol.C. § 4096, added by Stats.1907, c. 282, p. 386, § 1.

CROSS REFERENCES

Inspection of books of treasurer, see Government Code § 27100.

Statements and reports by treasurer, see Government Code § 27061 et seq.

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LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 266.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties § 38.

West's Ann. Cal. Gov. Code § 26905

CA GOVT § 26905

END OF DOCUMENT

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WEST'S ANNOTATED CALIFORNIA CODES
GOVERNMENT CODE
TITLE 3. GOVERNMENT OF COUNTIES
DIVISION 2. OFFICERS
PART 3. OTHER OFFICERS
CHAPTER 4. AUDITOR
ARTICLE 2. COUNTING MONEY IN COUNTY TREASURY

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Current with 2002 urgency legislation through ch.2
of the 2001-2002 Regular and Extraordinary Sessions

§ 26920. Monthly count of money in treasury; statements; alternative procedure; audit; standards

(a) Except as otherwise provided in subdivision (b), at least once in each month the chairman of the board of supervisors, district attorney, and auditor shall count the money in the county treasury and make and verify in duplicate statements showing:

(1) The amount of money and the amount of receipts for bank deposits that should be in the treasury as shown by the books of the auditor and treasurer.

(2) The amount and kind of money and the amount of bank receipts for deposits which are actually in the treasury.

(b) In lieu of the procedure prescribed in subdivision (a), the board of supervisors of any county may prescribe by ordinance that the chairman of the board of supervisors, district attorney, and auditor shall, at least once in each month, perform an audit of the county treasury and express an opinion attesting to the accuracy of the treasury records relative to the amount and type of assets in the treasury. The audits shall be performed in accordance with generally accepted audit standards.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1150, § 1. Amended by Stats.1981, c. 311, p. 1452, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4097, added by Stats.1907, c. 282, p. 386, § 1, amended by Stats.1911, c. 574, p. 1095, § 1; Stats.1919, c. 255, p. 402, § 1.

FORMS

1988 Main Volume

See West's California Code Forms, Government.

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CROSS REFERENCES

Examination of treasurer's books by auditor, see Government Code § 26905.

Money payable into county treasury defined, see Government Code § 26902.

LIBRARY REFERENCES

1988 Main Volume

Counties ⚷159.
C.J.S. Counties § 232.

Legal Jurisprudences
Cal Jur 3d Dist Attys § 19; Muni § 266.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties §§ 38, 49, 55.

West's Ann. Cal. Gov. Code § 26920

CA GOVT § 26920

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WEST'S ANNOTATED CALIFORNIA CODES
GOVERNMENT CODE
TITLE 3. GOVERNMENT OF COUNTIES
DIVISION 2. OFFICERS
PART 3. OTHER OFFICERS
CHAPTER 5. COUNTY TREASURER
ARTICLE 1. DUTIES GENERALLY

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Current with 2002 urgency legislation through ch.2
of the 2001-2002 Regular and Extraordinary Sessions

§ 27000. Custody and payment of moneys

The county treasurer shall receive and keep safely all money belonging to the county and all other money directed by law to be paid to him and apply and pay it out, rendering the account as required by law.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1151, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4101, added by Stats.1907, c. 282, p. 387, § 1, amended by Stats.1911, c. 574, p. 1095, § 2; Stats.1919, c. 231, p. 339, § 1; Stats.1941, c. 208, p. 1279, § 2.

CROSS REFERENCES

Deposit in county treasury of funds of decedent's estate, see Code of Civil Procedure §§ 1444, 1445.

Deposit of unclaimed funds, see Code of Civil Procedure § 570.

Deposits in court, and redeposit in county treasury, see Government Co § 68084; Code of Civil Procedur § 573.

Examination of treasurer's books by auditor, see Government Code § 26905.

Money payable into county treasury defined, see Government Code § 26902.

Service area taxes, deposit in treasury, see Government Code § 25210.66.

Statements and reports by treasurer, see Government Code § 27061 et seq.

Temporary transfers, funds in custody, see Const. Art. 16, § 6.

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LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 268.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties § 41.

NOTES OF DECISIONS

Construction with other laws 3/4
Control of funds 2
Interest 3
Liability 4
Powers and duties 1

3/4. Construction with other laws

California statute providing that county treasurer "shall receive and keep safely all money" paid to him was not basis for county treasurer's authority to invest local government funds, either independently or together with statutes authorizing investments in reverse repurchase agreements, and thus could not be basis of claim that treasurer's investments in reverse repurchase agreements was ultra vires. In re County of Orange, C.D.Cal.1998, 31 F.Supp.2d 768.

1. Powers and duties

County treasurer is not authorized to collect taxes from party assessed but simply receives taxes as depositary. People v. Board of Supervisors (Cal.Dist. 1857) 2 Lab. 65.

Fees for collection of inheritance taxes were received by county treasurer of Inyo County in performance of official duty and were payable into county treasury for benefit of county in accordance with county ordinance. 3 Ops.Atty.Gen. 316.

Resolution of board of supervisors directing county treasurer to invest funds in certificates of indebtedness was authorized by county surplus funds investment law. 1 Ops.Atty.Gen. 409.

2. Control of funds

Where moneys were deposited by water district with clerk of court in order to secure immediate possession of lands sought to be condemned and clerk turned over such deposits to county treasurer who commingled them with other funds and deposited all the funds in various banks at interest the court gave only mere possession of the funds to the county treasurer and had no power to give the treasurer or the county beneficial title to such moneys and the court not the county board of supervisors had control of such moneys, which belonged to the water district. Metropolitan Water Dist. of Southern Cal. v. Adams (1948) 32 Cal.2d 620, 197 P.2d 543.

If a county treasurer, upon his settlement with the Controller of State, is allowed by the latter officer to retain money for official or other services beyond the compensation to which he is entitled, it is his duty to pay such money into the county treasury and turn it over to his successor in office, and he cannot claim the money on the ground that the Controller exceeded his authority in making the allowance. McKee v. Monterey County (1876) 51 Cal. 275.

If a county treasurer receives money as belonging to the county, he is afterwards estopped from denying that it is the money of the county. McKee v. Monterey County (1876) 51 Cal. 275.

Money in the county treasury is presumptively the money of the county, and money illegally withdrawn by the treasurer will be held to belong to the county until the contrary is shown. Board of Sup'rs of Sacramento County v. Bird (1866) 31 Cal. 66, 1 P.L.M. 90, PT. 2.

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3. Interest

Where water district deposited with clerk moneys in order to secure immediate possession of lands sought to be condemned and clerk turned over such deposits to county treasurer who commingled them with other funds and deposited all the funds in various banks at interest and final judgments in condemnation proceedings, which included value of lands and value of use thereof from time of taking to entry of judgments, had been satisfied, interest on sums deposited by water district belonged to the district subject to court's control, and no separate action against county auditor and treasurer was necessary to recover such interest since treasurer in handling such deposits acted for the court. Metropolitan Water Dist. of Southern Cal. v. Adams (1948) 32 Cal.2d 620, 197 P.2d 543.

4. Liability

An action in 1896 on a county treasurer's official bond for money lost by him by deposit in a bank in 1891, which was then known to the county, was barred by limitations, though his term of office did not expire until 1893, since the cause of action arose when he lost control of the money, and not at the expiration of his term of office. San Diego County v. Dauer (1900) 131 Cal. 199, 63 P. 338.

The sureties of a county treasurer are liable for public money received by him as treasurer after the expiration of his term, so long as he remains in possession of the office, and until he delivers it over to his successor. Placer County v. Dickerson (1872) 45 Cal. 12.

County treasurer was responsible for moneys stolen from his custody without any negligence on his part. State v. Marston (Cal.Dist. 1857) 1 Lab. 122.

War bonds purchased by a county treasurer should not be placed in any other place except that furnished the treasurer by the county and located in the courthouse, but he may deposit them as a special deposit for safe-keeping of public moneys, and be liable therefor on his official bond, and should take written evidence in the nature of a certificate from the depositary showing what funds or other property have been specially deposited. 4 Ops.Atty.Gen. 123.

West's Ann. Cal. Gov. Code § 27000

CA GOVT § 27000

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Current with 2002 urgency legislation through ch.2
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§ 27000.1. Investment of county funds; delegation and revocation of authority by board of supervisors; responsibility for transactions

Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607. Nothing in this section shall limit the county treasurer's authority pursuant to Section 53635 or 53684.

CREDIT(S)

2002 Electronic Update.

(Added by Stats.1995, c. 784 (S.B.866), § 3. Amended by Stats.1996, c. 749 (S.B.109), § 1.)

<General Materials (GM) - References, Annotations, or Tables>

LIBRARY REFERENCES

1988 Main Volume.

Legal Jurisprudences
Cal Jur 3d Muni § 268.

West's Ann. Cal. Gov. Code § 27000.1

CA GOVT § 27000.1

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of the 2001-2002 Regular and Extraordinary Sessions

§ 27000.3. Prudent investor standard; use in transactions with public funds

(a) With regard to county funds deposited in the county treasury, the board of supervisors is the agent of the county who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred pursuant to Section 53607 in which case the county treasurer shall be the agent of the county with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard and the board of supervisors shall not be the agent, serve as a fiduciary, or be subject to the prudent investor standard.

(b) With regard to funds deposited in the county treasury that are deposited by local agencies other than the county and at the discretion of those local agencies, the county treasurer serves as a fiduciary subject to the prudent investor standard.

(c) When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 4. Amended by Stats.1996, c. 749 (S.B.109), § 2.)

<General Materials (GM) - References, Annotations, or Tables>

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Legal Jurisprudences
Cal Jur 3d Muni § 268.

NOTES OF DECISIONS

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Investments 1

1. Investments

The treasurer of a general law county may grant to a contract investment manager, who is not a deputy of the treasurer, discretionary authority to invest funds on deposit with the treasurer, provided that the treasurer exercises prudence in the selection of the manager and imposes suitable safeguards to prevent abuse in the exercise of discretion by the manager, and the treasurer would remain responsible for any investment decisions made by the manager. 79 Op.Atty.Gen. 88, June 19, 1996.

West's Ann. Cal. Gov. Code § 27000.3

CA GOVT § 27000.3

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§ 27000.5. Objectives; managing public funds

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of the county treasurer or the board of supervisors, as the case may be, shall be to safeguard the principal of the funds under the treasurer's or the board's control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 5. Amended by Stats.1996, c. 749 (S.B.109), § 3.)

<General Materials (GM) - References, Annotations, or Tables>

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Legal Jurisprudences
Cal Jur 3d Muni § 268.

West's Ann. Cal. Gov. Code § 27000.5

CA GOVT § 27000.5

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§ 27002. Accounts of receipts and expenditures; requisites

The treasurer shall keep an account of the receipt and expenditure of all money received or paid out by him or her in books provided for the purpose. He or she shall enter in the books the amount, the time, from whom, and on what account all money was received by him or her, and the warrant number, the amount, time, and on what account all disbursements were made by him or her.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1152, § 1.)

2002 Electronic Update

(Amended by Stats.1994, c. 705 (S.B.1804), § 3.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 27000.

CROSS REFERENCES

Warrants,
Generally, see Government Code § 29800 et seq.
Payment and registration, see Government Code § 29820 et seq.

LIBRARY REFERENCES

1988 Main Volume

Counties ⚖94(1) to (5).
C.J.S. Counties § 149 et seq.

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Legal Jurisprudences
Cal Jur 3d Muni § 268.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties § 41.

West's Ann. Cal. Gov. Code § 27002

CA GOVT § 27002

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§ 27009. Receipt for money paid to treasurer; deposit of receipt

When any money is paid to the treasurer he shall give a receipt to the person paying it. The receipt shall be deposited forthwith with the county auditor, who shall charge the treasurer therewith and give the person paying the money a receipt.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1152, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4103, added by Stats.1907, c. 282, p. 388, § 1.

CROSS REFERENCES

Filing of receipt by auditor and charging amount to treasurer, see Government Code § 26904.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 268.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties § 41.

West's Ann. Cal. Gov. Code § 27009

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§ 27061. Settlement of accounts

Not later than the tenth of each month the treasurer shall settle his accounts relating to the collection, care, and disbursement of public revenue of whatsoever nature and kind with the auditor.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1153, § 1. Amended by Stats.1953, c. 687, p. 1954, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4111, added by Stats.1907, c. 282, p. 389, § 1.

CROSS REFERENCES

Collection of taxes, generally, see Revenue and Taxation Code § 2501 et seq.

Disbursements of county money on warrants based on orders, see Government Code § 27006.

Examination of treasurer's books by auditor, see Government Code § 26905.

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1988 Main Volume

Counties ⚖94(4).
C.J.S. Counties § 150 et seq.

Legal Jurisprudences
Cal Jur 3d Muni § 268.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

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Additional References
McKinney's Cal Dig Counties § 44.

NOTES OF DECISIONS

Credits 1

1. Credits

County auditor, in making monthly settlement of accounts with county treasurer under this section and § 27062 has no discretion to refuse to credit treasurer's account for warrants paid by treasurer and deposited by treasurer with auditor. 27 Ops.Atty.Gen. 335.

West's Ann. Cal. Gov. Code § 27061

CA GOVT § 27061

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§ 27062. Treasurer's statement; requisites

For the purpose of making his settlement, the treasurer shall make a statement under oath of the amount of money or other property received prior to the period of the settlement, the amount of payments or disbursements, and the amount remaining on hand. In the settlements he shall deposit and take the auditor's receipt for all warrants redeemed by him.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1153, § 1. Amended by Stats.1953, c. 687, p. 1954, § 2.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4111, added by Stats.1907, c. 282, p. 389, § 1.

CROSS REFERENCES

Warrants, generally, see Government Code § 29800 et seq.

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1988 Main Volume

Counties ⚿159.
C.J.S. Counties § 232.

Legal Jurisprudences
Cal Jur 3d Muni § 268.

Additional References
McKinney's Cal Dig Counties § 44.

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NOTES OF DECISIONS

Credits 2
Oath 1

1. Oath

Where a county auditor, as required by the County Government Act, § 115), settled the accounts of a tax collector, certified to the treasurer the amount payable into the county treasury, and, on the presentation and filing of the treasurer's receipt therefor, discharged the collector, and charged the treasurer with the amount, and the county treasurer gave his receipt to the collector, and charged himself with the amount in his official books; and in making his monthly settlements with the auditor, as required by § 80, he made a sworn statement that he had received such amount from the collector, and that it was then on hand, the treasurer was estopped by his receipt and his statement under oath to deny the receipt of such amount from the collector. San Luis Obispo County v. Pettit (1893) 100 Cal. 442, 34 P. 1082.

2. Credits

County auditor, in making monthly settlement of accounts with county treasurer under this section and § 27061 has no discretion to refuse to credit treasurer's account for warrants paid by treasurer and deposited by treasurer with auditor. 27 Ops.Atty.Gen. 335.

West's Ann. Cal. Gov. Code § 27062

CA GOVT § 27062

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§ 27063. Report of receipts and disbursements; filing

Not later than the 25th day of each month, the treasurer, or, if the auditor has a written agreement with the treasurer, the auditor, shall file with the board of supervisors a detailed report of all money received and disbursed by him or her during the preceding report period which shall be no less frequent than monthly, so that the receipts into the treasury and the amounts of disbursements for the period will distinctly appear. The report shall be filed and preserved by the clerk of the board.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1153, § 1. Amended by Stats.1963, c. 542, p. 1421, § 1.)

2002 Electronic Update

(Amended by Stats.1999, c. 550 (S.B.275), § 8, eff. Sept. 28, 1999, operative Jan. 1, 2000.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

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1999 Legislation

Legislative findings, declarations, short title, and effective date provisions relating to Stats.1999, c. 550, see Historical and Statutory Notes under Elections Code § 13.5.

1988 Main Volume

Derivation: Pol.C. § 4112, added by Stats.1907, c. 282, p. 389 § 1, amended by Stats.1915, c. 364, p. 533 § 1; Stats.1919, c. 119, p. 161, § 1; Stats.1943, c. 847, p. 2660, § 3.

CROSS REFERENCES

Accounts of receipts and expenditures, see Government Code § 27002.

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Audit of financial accounts of county officers by board of supervisors, see Government Code § 25250.

County clerk as clerk of the board, see Government Code § 26801.

Custody and payment of money, generally, see Government Code § 27000 et seq.

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1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 268.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions § 235.

Additional References
McKinney's Cal Dig Counties § 44.

West's Ann. Cal. Gov. Code § 27063

CA GOVT § 27063

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§ 27100. Books, accounts, and vouchers of treasurer

The books, accounts, and vouchers of the treasurer, including all books, accounts, vouchers, or other records in his office relating to reclamation districts, are at all times subject to the inspection and examination of the board of supervisors or grand jury, or of any officers or agents designated by the board of supervisors or grand jury to make the inspection and examination.

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1988 Main Volume

(Added by Stats.1947, c. 424, p. 1154, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4120, added by Stats.1907, c. 282, p. 390, § 1, amended by Stats.1935, c. 50, p. 383, § 1.

CROSS REFERENCES

Reclamation districts defined, see Water Code § 50001.

Statements and reports of treasurer, see Government Code § 27061 et seq.

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1988 Main Volume

Counties ⚲48.
C.J.S. Counties § 85.

Additional References
McKinney's Cal Dig Counties §§ 55, 60, Grand Jury §§ 2, 4.

West's Ann. Cal. Gov. Code § 27100

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§ 27100.1. Deposits held in trust for depositing entity or official

Notwithstanding any other provision of law, when any public entity or any public official acting in a fiduciary capacity, who is required or authorized by law to deposit funds in the county treasury, makes a deposit, those funds shall be deemed to be held in trust by the county treasurer on behalf of the depositing entity or public official. The funds shall not be deemed funds or assets of the county and the relationship of the depositing entity or public official and the county shall not be one of creditor-debtor.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1991, c. 471 (S.B.723), § 1, eff. Oct. 2, 1991.)

<General Materials (GM) - References, Annotations, or Tables>

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Trust §§ 231, 412.

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1/2. In general

When a party deposits jury fees with the court clerk, the clerk must then deposit those fees with the county treasurer, who is charged with maintaining the deposits and holding them in trust for the court. Hart v. Alameda County (App. 4 Dist. 1999) 90 Cal.Rptr.2d 386, 76 Cal.App.4th 766, review denied.

1. Preemption

To extent that state statute was intended to eliminate requirement that beneficiary of insolvent trustee debtor must be able to trace its funds to claim any

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property of debtor in providing that funds held in trust by county treasurer on behalf of depositing governmental entities or public officials did not become funds or assets of county and that no debtor-creditor relationship was created between depositor and county, it created special class of creditors in conflict with federal bankruptcy law's priority scheme and was preempted by federal law. In re County of Orange, Bkrtcy.C.D.Cal.1996, 191 B.R. 1005.

Provision indicating that Chapter 9 does not limit or impair power of state to control municipality in exercise of its political or governmental powers did not preclude preemption of state statute purporting to establish as special class of creditors governmental entities and public officials who deposited funds with county treasurer; statute's preemption did not affect county's operations or ability to provide services. In re County of Orange, Bkrtcy.C.D. Cal.1996, 191 B.R. 1005.

Congress did not leave to states determination of what constituted property of debtor municipalities by excluding from Chapter 9 provision defining property of estate, and thus preemption of state statute that conflicted with federal bankruptcy priority provisions was not precluded by exclusion; provisions applicable to Chapter 9 proceedings that invalidate state property rights, such as certain statutory liens created by state law and consensual security interests with respect to property received postpetition demonstrated that Congress did not intend to grant states complete freedom to define property interests of debtor municipalities. In re County of Orange, Bkrtcy.C.D. Cal.1996, 191 B.R. 1005.

Chapter 9 dictates priorities among creditors, and therefore state statute setting priority determination for beneficiaries of trust over which municipal debtor was trustee could be preempted by federal bankruptcy law, even though portions of Bankruptcy Code's general priorities provision were not incorporated into chapter. In re County of Orange, Bkrtcy.C.D.Cal.1996, 191 B.R. 1005.

Conflict mandating preemption existed between federal bankruptcy code provision requiring that administrative expenses be paid above all other creditors and state statute that eliminated requirement under which beneficiary of insolvent trustee debtor must be able to trace its funds to claim any property of debtor, inasmuch as beneficiaries of insolvent trustee debtor could potentially claim, under statute, all funds of such a debtor that commingled his trust assets and estate assets. In re County of Orange, Bkrtcy.C.D. Cal.1996, 191 B.R. 1005.

To extent that California statute governing statutory investment trusts creates a special class of creditors, that is, non-county governmental entities, in conflict with the priority scheme in the Bankruptcy Code, it is preempted by federal law. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

2. Construction with federal bankruptcy laws

Federal bankruptcy law governed determination of county debtor's property interests in securities, and any proceeds from sale of such securities, that were allegedly purchased with funds from commingled county accounts, including an investment pool for which county was trustee, and being held by investment company as collateral when county filed bankruptcy petition; federal law preempted state statute setting priority for noncounty participants in investment pool. In re County of Orange, Bkrtcy.C.D.Cal.1996, 191 B.R. 1005.

3. Creation of trust

Trust was created under state law when public entities deposited their funds into county treasury pursuant to statute stating that such funds would be deemed to be held in trust by county treasurer on behalf of depositors. In re County of Orange, Bkrtcy.C.D.Cal.1996, 191 B.R. 1005.

4. Trustee

Under state law, county was express or implied trustee of trust created when public entities deposited funds into county treasury, even though statute indicated that such funds were held in trust by county treasurer; county treasurer represented county in carrying out trust obligations imposed by statute, and retained status as county officer while performing trust duties on behalf of public agencies that deposited funds with him. In re County of

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Orange, Bkrtcy.C.D.Cal.1996, 191 B.R. 1005.

Even though the county treasurer acts as trustee for a statutory investment trust, he is merely the agent and representative of the county in this respect. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

5. Bankruptcy debtor

Investment fund, formed by county and administered by treasurer to invest excess funds of various local agencies, was a debtor, for purposes of its eligibility to be Chapter 9 debtor, and debtor-creditor relationship existed between fund and its participants, even though fund was trust under California law; investment fund participant obtained claim upon transfer of funds to fund irrespective of existence of trust, investment fund had debt on that claim, participants could not trace their funds in investment fund, and fund was unable to pay its debts as they came due, and thus, was insolvent. In re County of Orange, Bkrtcy.C.D.Cal.1995, 183 B.R. 594.

6. Judicial notice

In action brought by cities and local agencies, who lost funds they had deposited in county's statutory investment trust when county declared bankruptcy, against county's securities and financial broker and advisor; court would take judicial notice of settlement agreement and release between county and securities broker. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

7. Trust beneficiaries' right to sue

As trust beneficiaries, cities and local agencies that had deposited funds in county's statutory investment trust could bring direct claims against county's securities and financial broker and advisor, who allegedly participated in breach of trust by helping county implement highly speculative investment strategy. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

Since county was trustee of statutory investment trust, and county treasurer was merely an agent who represented the county in carrying out its statutory obligations, the appointment of a successor treasurer did not constitute the appointment of a successor trustee, so as to preclude beneficiaries from bringing direct claims against the securities and financial broker and advisor that helped the county implement a highly speculative investment strategy. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

Under county's agreements with cities and local agencies that lost funds they had deposited in county's statutory investment trust when county declared bankruptcy, which were approved under county's bankruptcy plan, the cities and agencies were entitled to bring their own action against the securities and financial broker and advisor that had helped the county implement a highly speculative investment strategy, notwithstanding the county's own action against the securities broker. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

Since county and its statutory investment trust were insolvent debtors under jurisdiction of bankruptcy court, the relationship between the trust and its depositors was that of debtor and creditor, and the depositors obtained claims as general creditors on all funds they transferred to the trust and could not trace, irrespective of the existence of the trust under California law. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

When a trustee-debtor is insolvent and the beneficiaries cannot trace their funds, the beneficiaries stand in the position of general creditors despite any conflicting provisions of the California statute governing statutory investment trusts. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

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8. Res judicata

Bankruptcy court orders, which adopted county's agreements giving cities and local agencies that lost funds deposited in county's statutory investment trust when county declared bankruptcy the right to pursue their direct claims against the securities and financial broker and advisor that had assisted the county in implementing a highly speculative investment strategy, were binding and res judicata in the cities' and agencies' subsequent action against the securities broker. City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc. (App. 1 Dist. 1998) 80 Cal.Rptr.2d 329, 68 Cal.App.4th 445, modified on denial of rehearing, review denied.

West's Ann. Cal. Gov. Code § 27100.1

CA GOVT § 27100.1

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§ 27101. Examination of records and count of funds

The treasurer shall permit the chairman of the board of supervisors, district attorney, and auditor to examine his books and count the money in the treasury, including the books and money of reclamation districts in his custody, whenever they wish to make an examination or counting.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1154, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4121, added by Stats.1907, c. 282, p. 390, § 1, amended by Stats.1935, c. 50, p. 383, § 2.

CROSS REFERENCES

Counting money in county treasury, see Government Code § 26920.

LIBRARY REFERENCES

1988 Main Volume

Counties ⚷154 1/2.
C.J.S. Counties § 229.

West's Ann. Cal. Gov. Code § 27101

CA GOVT § 27101

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§ 27130. Legislative findings and declarations

The Legislature finds and declares that local agencies, including school districts, should participate in reviewing the policies that guide the investment of those funds. The Legislature further finds and declares that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies. The Legislature further finds and declares that the creation of county treasury oversight committees will promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return on their funds by providing a more stable and predictable balance for investment by establishing criteria for the withdrawal of funds.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 268.

West's Ann. Cal. Gov. Code § 27130

CA GOVT § 27130

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§ 27131. Establishment; determinations of size and membership

The board of supervisors in each county or city and county shall, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866) § 10. Amended by Stats.1996, c. 156 (S.B.86) § 2, eff. July 12, 1996.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27131

CA GOVT § 27131

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§ 27132. Membership; pool of candidates

The county treasury oversight committee, pursuant to Section 27131, shall consist of members appointed from the following:

(a) The county treasurer.

(b) The county auditor, auditor-controller, or finance director, as the case may be.

(c) A representative appointed by the county board of supervisors.

(d) The county superintendent of schools or his or her designee.

(e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.

(f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit funds in the county treasury.

(g) Up to five other members of the public.

(1) A majority of the other public members shall have expertise in, or an academic background in, public finance.

(2) The other public members shall be economically diverse and bipartisan in political registration.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27132

CA GOVT § 27132

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§ 27132.1. Member employment by campaign contributors

A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866 § 10. Amended by Stats.1996, c. 156 (S.B.86 § 3, eff. July 12, 1996.)

<General Materials (GM) - References, Annotations, or Tables>

NOTES OF DECISIONS

Construction and application 1

1. Construction and application

A member of a county board of supervisors who has been employed by a family- owned business which has made contributions to his or her reelection campaign or the reelection campaign of the elected county treasurer may not become a member of a county treasury oversight committee. 80 Op.Atty.Gen. 60, Mar. 20, 1997.

West's Ann. Cal. Gov. Code § 27132.1

CA GOVT § 27132.1

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§ 27132.2. Member fundraising

A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866 § 10. Amended by Stats.1996, c. 156 (S.B.86 § 4, eff. July 12, 1996.)

<General Materials (GM) - References, Annotations, or Tables>

NOTES OF DECISIONS

Construction and application 1

1. Construction and application

A member of a county board of supervisors or an elected county treasurer, while serving as a member of a county treasury oversight committee, may contribute personal funds to or raise funds for his or her own reelection campaign and may attend or speak at a public campaign event in support of his or her own candidacy. 80 Op.Atty.Gen. 60, Mar. 20, 1997.

A member of a county board of supervisors or an elected county treasurer, while serving as a member of a county treasury oversight committee, may contribute to another's reelection campaign and endorse the candidacy of another or attend or speak at a public campaign event in support of the other's candidacy for reelection, but may not raise funds for the other's reelection campaign. 80 Op.Atty. Gen. 60, Mar. 20, 1997.

West's Ann. Cal. Gov. Code § 27132.2

CA GOVT § 27132.2

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§ 27132.3. Member employment in financial services industry

A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866 § 10. Amended by Stats.1996, c. 156 (S.B.86 § 5, eff. July 12, 1996; Stats.1999, c. 32 (A.B.323), § 1.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27132.3

CA GOVT § 27132.3

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§ 27132.4. Open meetings; Ralph M. Brown Act

Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27132.4

CA GOVT § 27132.4

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§ 27133. Periodic investment policy; preparation by treasurer; committee review and oversight

In any county that establishes a county treasury oversight committee pursuant to this article, the county treasurer shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:

(a). A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.

(b) The maximum term of any security purchased by the county treasury.

(c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

(d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.

(e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.

(f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.

(g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.

(h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.

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(Added by Stats.1995, c. 784 (S.B.866), § 10.)

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NOTES OF DECISIONS

Investment managers 1

1. Investment managers

The treasurer of a general law county may grant to a contract investment manager, who is not a deputy of the treasurer, discretionary authority to invest funds on deposit with the treasurer, provided that the treasurer exercises prudence in the selection of the manager and imposes suitable safeguards to prevent abuse in the exercise of discretion by the manager, and the treasurer would remain responsible for any investment decisions made by the manager. 79 Op.Atty.Gen. 88, June 19, 1996.

West's Ann. Cal. Gov. Code § 27133

CA GOVT § 27133

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§ 27134. Periodic audits by committee; article compliance

The county treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27134

CA GOVT § 27134

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§ 27135. Costs of compliance; reimbursement

The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27135

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§ 27136. Withdrawal of funds from county treasury pool; requests; evaluation; approval criteria

(a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.

(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866 § 10. Amended by Stats.1996, c. 156 (S.B.86 § 6, eff. July 12, 1996.)

<General Materials (GM) - References, Annotations, or Tables>

West's Ann. Cal. Gov. Code § 27136

CA GOVT § 27136

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§ 27137. Day-to-day operations and decisions; committee involvement

Nothing in this article shall be construed to allow the county treasury oversight committee to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to- day operations of the county treasury.

CREDIT(S)

2002 Electronic Update

(Added by Stats.1995, c. 784 (S.B.866), § 10.)

<General Materials (GM) - References, Annotations, or Tables>

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 268.

West's Ann. Cal. Gov. Code § 27137

CA GOVT § 27137

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§ 29740. Adoption of procedure

By resolution the board of supervisors may adopt the procedure for the approval of claims prescribed in this article.

CREDIT(S)

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(Added by Stats.1947, c. 424, p. 1236, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: Pol.C. § 4076a, added by Stats.1941, c. 648, p. 2103, § 1, amended by Stats.1943, c. 176, p. 1070, § 1.

CROSS REFERENCES

Legislative action by resolution or ordinance, see Government Code § 50020.

Legislative authority of supervisors, see Government Code § 25207.

Supervisors, general powers, see Government Code § 25200 et seq.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 395.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

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§ 29741. Allowance or rejection by auditor; effect

The auditor shall audit and allow or reject claims in lieu of, and with the same effect as, allowance or rejection by the board of supervisors in any of the following cases:

(a) Expenditures which have been authorized by purchase orders issued by the purchasing agent or other officer authorized by the board.

(b) Expenditures which have been authorized by contract, ordinance, resolution, or order of the board.

(c) Expenditures under any statute authorizing payment of public aid or assistance which have been ordered by the board.

(d) Expenditures for charges incurred by the county pursuant to the provisions of Chapter 3 (commencing with Section 29600) of this division.

(e) Refunds of unearned business license fees, permit fees and similar fees authorized by resolution of the board of supervisors.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1236, § 1. Amended by Stats.1949, c. 80, p. 255. § 1; Stats.1949, c. 1321, p. 2306, § 1; Stats.1959, c. 1725, p. 4141 § 13; Stats.1965, c. 106, p. 1046 § 2; Stats.1971, c. 767, p. 1513 § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

CROSS REFERENCES

Auditor, duties generally, see Government Code § 26900 et seq.

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Duplicate lists of claims allowed, filing, see Government Code § 29747.

Filing and approval of claims, see Government Code § 29700 et seq.

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1988 Main Volume

Presentation of claims against public entities; recommendation and study. 2 Cal.L.Rev.Comm.Reports A-7, A-17 (1959).

Legal Jurisprudences
Cal Jur 3d Muni § 395.
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Treatises and Practice Aids
Witkin & Epstein, Criminal Law (2d ed) § 2761.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

NOTES OF DECISIONS

Approval by auditor, in general 3
Contempt proceedings 5
Nature of claims 2
Refunds 4
Validity of prior law 1

1. Validity of prior law

Provision of Stats.1867-68, p. 17(§ 7, declaring that no existing claim against a certain county should be considered a legal claim unless audited and allowed by a board of commissioners created by the act, was declared to be unconstitutional, as impairing the validity of contracts. Rose v. Estudillo (1870) 39 Cal. 270.

2. Nature of claims

County auditor and controller may audit and allow only claims of type mentioned in this section, which no longer included articles or services which had been authorized by contract, lease, ordinance, resolution, or order of board of supervisors, but he could still audit and allow claims for articles or services which had been authorized by purchase order issued by board or purchasing agent or other officer authorized by board and all expenditures ordered by board under Welfare and Institutions Code. 12 Ops.Atty.Gen. 254.

3. Approval by auditor, in general

Unless there was provision authorizing different procedure, all claims against county were required be presented, approved, and allowed as provided by Pol.C. §§ 4075, 4076, 4091 (repealed. See, now § § 29700 to 29710, 29803, 29804), in which cases alone auditor was required to interpose approval as prerequisite to payment. Woody v. Peairs (App. 1917) 35 Cal.App. 553, 170 P. 660.

4. Refunds

Where court improperly directed fine to be paid out of cash bail deposited by third person, third person's proper remedy was procedure by claim against the county under Pol.C §§ 4075, 4076, 4091, 4123 (See, now, §§ 29803, 29804, 29700 to 29712, 26906), and writ of mandate was not available to compel county auditor to refund the bail. Paton v. Teeter (App. 1 Dist. 1940) 37 Cal.App.2d 477, 99 P.2d 699.

5. Contempt proceedings

Trial court did not abuse its discretion in holding

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county auditor in contempt for his failure to disburse sufficient county funds to cover court-ordered defense services for indigent criminal defendant, where auditor had legal authority to provide such funds, and was given full opportunity to raise any issue he saw fit in contempt proceedings. Corenevsky v. Superior Court (People) (1984) 204 Cal.Rptr. 165, 36 Cal.3d 307, 682 P.2d 360.

West's Ann. Cal. Gov. Code § 29741

CA GOVT § 29741

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§ 29742. Issuance of warrant by auditor; restrictions

The auditor shall issue his warrant on the county treasury for such an amount for each claim as he finds to be a correct and legal county charge. He shall not issue his warrant for any claim that has not been on file in his office for at least three days. Notwithstanding the foregoing, the board may, upon recommendation of the county auditor, provide by ordinance that the three-day waiting period shall not apply to any claims or to specified classes of claims.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1. Amended by Stats.1970, c. 193, p. 448, § 3.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

CROSS REFERENCES

Duplicate warrants, issuance, see Government Code §§ 29802, 29850 et seq.

Warrant for money erroneously paid, see Government Code § 26906.

Warrants, generally, see Government Code § 29800 et seq.

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1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References

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McKinney's Cal Dig Counties §§ 137 et seq.

NOTES OF DECISIONS

Indorsement 2
Order of supervisors 3
Prior laws 1
Priority 4

1. Prior laws

Under § 30 of Stats.1851, p. 206 (repealed 1947), the auditor was only authorized to draw warrants for claims allowed by himself. Draper v. Noteware (1857) 7 Cal. 276.

2. Indorsement

Corporation, engaged for many years in business of selling goods to counties and school districts, required by statutes to pay therefor by warrants drawn on county treasurer and indorsed by legal holders, conferred ostensible authority on agent, through whom it received payments from county for goods sold to school districts, to indorse warrants for collection, and proof that its manager had no actual knowledge of such transactions did not absolve it from constructive knowledge that agent was required to indorse warrants before making collections. A.G. Spalding & Bros. v. Contra Costa County (App. 1 Dist. 1936) 12 Cal.App.2d 262, 55 P.2d 520.

3. Order of supervisors

If it is apparent that a county board of supervisors has exceeded its jurisdiction in allowing a claim, its order may be nullified, through an action brought in court, or treated as nugatory by any officer called upon to give effect to the invalid determination. Thiel Detective Co. v. Tuolumne County (App. 1918) 37 Cal.App. 423, 173 P. 1120.

Except in cases where the board of supervisors had exceeded their powers, the auditor could not assume to set up his judgment in opposition to theirs, in respect to the issuance of a warrant on an account against the county, nor could he refuse to issue a warrant, because the person in whose favor it was to be drawn, and whose account had been allowed, had committed a fraud on the county in relation to procuring the contract on which the warrant was to be issued. Babcock v. Goodrich (1874) 47 Cal. 488

4. Priority

There is nothing in the act of 1855, Stats.1855, p. 51 (repealed 1939), creating boards of supervisors in the counties of the state, that entitled a warrant, drawn on the fund for current expenses during that year, to a priority in payment over a warrant of the same class drawn the year before, and as it did not seem to have been the intention of the act to cut off all previous indebtedness, an honest creditor would not be postponed or denied the benefit of the act under which he contracted, and which provided that warrants should be paid in the order of registry. McCall v. Harris (1856) 6 Cal. 281.

West's Ann. Cal. Gov. Code § 29742

CA GOVT § 29742

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§ 29743. Allowance of claim demanding excessive amount

If the auditor finds that any claim presented is a proper county charge, but is greater in amount than is justly due, he may allow the claim in part and issue his warrant for the portion allowed.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

CROSS REFERENCES

County charge defined, see Government Code § 29600.

Warrants, generally, see Government Code § 29800 et seq.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

West's Ann. Cal. Gov. Code § 29743

CA GOVT § 29743

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Current with 2002 urgency legislation through ch.2
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§ 29744. Refusal of amount allowed; reconsideration and allowance by board

If the claimant is unwilling to receive the amount tendered in full payment, he shall return the warrant to the auditor within 30 days after the tender together with his written refusal to accept the amount in full payment of the claim. The auditor shall immediately transmit the claim to the board, together with a statement of his action, his reasons therefor, and claimant's refusal. The board shall consider and take action upon the claim within 10 days after its receipt. It shall allow such an amount in payment thereof as is a proper county charge, not to exceed the amount claimed, and may require the claimant to accept the amount allowed in settlement of the entire claim. Sections 29703 and 29704 of the Government Code shall be applicable thereto.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1. Amended by Stats.1959, c. 1725, p. 4141, § 14.)

<General Materials (GM) - References, Annotations, or Tables>

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The 1959 amendment created the fourth sentence from provisions formerly part of the second clause of the third sentence by substituting the words "it shall allow" in lieu of "and may allow" and by inserting the words "and may require the claimant to accept the amount allowed in settlement of the entire claim."

The amendment also deleted the former fourth sentence which read: "The auditor shall issue his warrant therefor" and added the concluding sentence.

Derivation: See Derivation under § 29740.

CROSS REFERENCES

Allowance of accounts by board of supervisors, duties, see Government Code § 25251.

Filing and approval of claims, see Government Code § 29700 et seq.

LIBRARY REFERENCES

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1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

West's Ann. Cal. Gov. Code § 29744

CA GOVT § 29744

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§ 29745. Endorsement of rejection

If the auditor finds that any claim is not a proper county charge, he shall reject it and endorse his rejection thereon.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

CROSS REFERENCES

County charge defined, see Government Code § 29600.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

NOTES OF DECISIONS

Appeals from rejection of claims 1
Mandamus 2

1. Appeals from rejection of claims

Consolidation Act, § 92, providing for an appeal to

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the board of supervisors from the rejection of a claim by the county auditor, did not apply to claims already passed on by the board, or which had to be presented in the first instance for its sanction. Hunt v. Broderick (1894) 104 Cal. 313, 37 P. 1040.

Under the act of the legislature commonly known as the "Consolidation Act" (article 6 § 92), providing that any person could appeal from the rejection of his claim by the county auditor to the county board, whose decision thereon would be final, a writ of mandate would issue against the auditor to pay a claim allowed by the county board on appeal from its rejection by him, though the rejection could have been justified on its first presentation. Falk v. Strother (1889) 84 Cal. 544, 22 P. 676, affirmed 84 Cal. 544, 24 P. 110.

2. Mandamus

A mandamus commanding proper officers to audit a claim did not compel them to allow it. People ex rel. San Francisco Gas Co. v. Board of Sup'rs of City and County of San Francisco (1858) 11 Cal. 42

West's Ann. Cal. Gov. Code § 29745

CA GOVT § 29745

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§ 29746. Report of rejections; requisites

At least once each week the auditor shall transmit to the board reports of all claims rejected by him and not previously reported, showing, as to each claim: Date, name of claimant, amount, and reason for rejection.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1. Amended by Stats.1955, c. 141, p. 598, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

West's Ann. Cal. Gov. Code § 29746

CA GOVT § 29746

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§ 29747. Auditor's duplicate lists of claims allowed; filing

The auditor shall prepare duplicate lists of all claims he allows, showing as to each claim: date allowed, warrant number, name of claimant, and amount allowed. He shall certify that the lists are correct, file one copy in the office of the board and preserve the other or a photographic copy thereof in his own office. As to such claims the lists constitute, respectively, the allowance book and the warrant book. If the allowance book is dispensed with by the board of supervisors pursuant to Section 25102, the auditor shall prepare only a single list of all claims he allows, in the form and according to the procedure required for duplicate lists, and shall file the list in his office as the warrant book.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237 § 1. Amended by Stats.1951, c. 432, p. 1416 § 1; Stats.1955, c. 140, p. 598, § 1; Stats.1961, c. 28, p. 935, § 3.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

West's Ann. Cal. Gov. Code § 29747

CA GOVT § 29747

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§ 29748. Procedure

The board may prescribe, by resolution, additional procedures for the audit and disposition of claims but the procedures so prescribed may not be inconsistent with the provisions of this chapter, of Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) Division 3.6 of Title 1 of the Government Code, or of any other statutes or regulations expressly governing any such claims or the payment thereof.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 123 § 1. Amended by Stats.1959, c. 1725, p. 414 § 15; Stats.1963, c. 1715, p. 3397, § 17.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

CROSS REFERENCES

Form of claims, see Government Code § 29705.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

NOTES OF DECISIONS

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Irrigation project loans 1

1. Irrigation project loans

Procedure set forth in provisions relating to general claim procedure, § 29700 et seq., was applicable in making payment by county to irrigation district pursuant to contract between county and district, whereby county was to lend money from its water development fund to irrigation district for acquisition of land for irrigation project. Amador County v. Huberty (App. 3 Dist. 1962) 21 Cal.Rptr. 816, 203 Cal.App.2d 664.

West's Ann. Cal. Gov. Code § 29748

CA GOVT § 29748

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§ 29749. Certificates of receipt or furnishing articles or services

The auditor shall require the certificate of the requisitioning, inspection, or receiving officers that the articles and services have been received or furnished or contracted for.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1237, § 1. Amended by Stats.1965, c. 109, p. 1050, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

1988 Main Volume

Derivation: See Derivation under § 29740.

LIBRARY REFERENCES

1988 Main Volume

Legal Jurisprudences
56 Am Jur 2d Municipal Corporations, Counties, and Other Political Subdivisions §§ 685 et seq.

Additional References
McKinney's Cal Dig Counties §§ 137 et seq.

West's Ann. Cal. Gov. Code § 29749

CA GOVT § 29749

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§ 29803. Issuance in payment of claims allowed by board

Except as provided in Section 53912, the auditor shall issue warrants on the treasurer in favor of the persons entitled thereto in payment of all claims chargeable against the county which have been legally examined, allowed, and ordered paid by the board of supervisors.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1238, § 1.)

2002 Electronic Update

(Amended by Stats.1988, c. 144, § 1.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

2002 Electronic Update

1988 Legislation

The 1988 amendment added the exception at the beginning of the section; and made a conforming technical change.

1988 Main Volume

Derivation: Pol.C. § 4091, added by Stats.1907, c. 282, p. 386, § 1.

CROSS REFERENCES

Board of supervisors, duty to allow accounts, see Government Code § 25251.

Charges against county, see Government Code § 29600 et seq.

Filing and approval of claims, see Government Code § 29700 et seq.

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Issuance of warrants, see Government Code § 29742.

LIBRARY REFERENCES

1988 Main Volume

Counties ⚷164.
C.J.S. Counties § 248.

Legal Jurisprudences
Cal Jur 3d Muni § 267.
64 Am Jur 2d Public Securities and Obligations §§ 91, 92.

Additional References
McKinney's Cal Dig Counties §§ 38 et seq., 125 et seq.

NOTES OF DECISIONS

Duties of auditor 1
Illegal claims 3
Liability of auditor 2
Orders 4

1. Duties of auditor

Where it was alleged that father of half orphans was a resident of San Joaquin county and that the board of supervisors ordered payment of certain sum for children's aid, it was the duty of county auditor to draw warrant for first month and for each successive month thereafter, if ordered to do so by the board of supervisors. Social Welfare Bd. of State Dept. of Social Welfare v. Johnson (App. 3 Dist. 1940) 38 Cal.App.2d 717, 101 P.2d 1116.

Appointment of reporter pro tempore by court in absence of official reporter was authorized even though official reporter was not excused by order entered on minutes, so that it was duty of auditor to issue warrant on treasurer to pay reporter pro tempore his fixed compensation. Rappaport v. Payne (App. 2 Dist. 1934) 139 Cal.App. 772, 35 P.2d 183.

Where facts are all admitted and only conclusion therefrom is in favor of claimant, a county auditor has no discretion to refuse to issue his warrant pursuant to requisition of county superintendent of schools given in payment for claimant's salary. Nielsen v. Richards (App. 3 Dist. 1924) 69 Cal.App. 533, 232 P. 480.

Under Act April 23, 1858, authorizing the auditor of San Francisco to audit any and all sums that may be allowed and ordered paid by the board of supervisors, by authority of the act, and giving the board power to order judgments against the city and county to be paid, where the board has ordered payment of a judgment to be made to the judgment creditor, the auditor had no authority to draw the warrant in favor of an assignee of the judgment, although he had notice of the assignment. Scheerer v. Edgar (1888) 76 Cal. 569, 18 P. 681.

The auditor of a county is the mere clerk of the board of supervisors; and he has no power or authority to draw his warrant on the county treasurer for the payment of a claim, unless the board of supervisors have made an express order that the claim be paid. Connor v. Morris (1863) 23 Cal. 447.

2. Liability of auditor

This section spells out a ministerial duty, and if auditor does not perform such duty, he may be liable on his official bond. 27 Ops.Atty.Gen. 335.

3. Illegal claims

A claim against a county for services performed under an illegal contract with the grand jury in examining the books of county officers is illegal, though it has been allowed by the board of supervisors. Jacks v. Taylor (App. 1914) 24 Cal.App. 667, 142 P. 121.

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The allowance of a claim against a county by the board of supervisors was not conclusive on the right to enforce payment, where the board was without jurisdiction to consider the claim. Jacks v. Taylor (App. 1914) 24 Cal.App. 667, 142 P. 121.

Where the county supervisors allowed a claim in excess of their jurisdiction, the auditor should have refused to draw a warrant therefor. Walton v. McPhetridge (1898) 120 Cal. 440, 52 P. 731.

Where Stats.1891, p. 322. § 113, provided that the auditor must draw warrants on the county treasurer, in favor of all persons entitled thereto, in payment of all claims against the county which have been allowed, and ordered paid, by the supervisors, after a constable's claim for fees had been examined and allowed by the county board, the auditor could not refuse to draw warrants for the payment thereof on the ground that the services for which the fees were charged were never rendered. McFarland v. McCowen (1893) 98 Cal. 329, 33 P. 113.

Except in cases where the board of supervisors have exceeded their powers, the auditor could not assume to set up his judgment in opposition to theirs, in respect to the issuance of a warrant on an account against the county, nor could he refuse to issue a warrant, because the person in whose favor it was to be drawn, and whose account had been allowed, had committed a fraud on the county in relation to procuring the contract on which the warrant was to be issued. Babcock v. Goodrich (1874) 47 Cal. 488

If illegal claims were allowed by a board of supervisors against the county, it was the duty of the auditor to refuse to draw warrants therefor; and when the warrants were drawn it was the duty of the treasurer to refuse to pay them. Linden v. Case (1873) 46 Cal. 171.

If the board of supervisors allowed a claim against a county more than one year after it was due, its action was void, and the auditor should have refused to draw his warrant for the same. Carroll v. Siebenthaler (1869) 37 Cal. 193.

Where a writ of mandamus was asked against a county treasurer, to compel him to pay a warrant drawn upon him by the auditor, the treasurer could show in defense that the warrant was founded upon a demand not legally chargeable against the county, and upon such showing the writ would be refused. Keller v. Hyde (1862) 20 Cal. 593.

In the case of Cook v. Reid (App. 1919) 39 Cal.App. 453, 183 P. 820, the court said: "Under a statute substantially the same as section 4091, it has been determined that where a claim for services which, if performed, are a legal charge against the county, has been duly presented to the board of supervisors, regularly considered, allowed, and ordered paid, the auditor may not lawfully refuse to draw his warrant therefor upon the treasurer upon the ground that such services were never rendered. The duty of the auditor in such case is merely ministerial. But even there it was held that it is the privilege and duty of the auditor to refuse to draw his warrant upon the treasurer for claims which, although sanctioned and ordered paid by the board of supervisors, are void upon their face for want of jurisdiction in the board of supervisors, or showing an excess of jurisdiction or other plain and palpable violation of law."

County auditor has a discretion and duty not to draw his warrant on treasurer, if claim, on its face, shows, or auditor has notice of, a want of jurisdiction in board of supervisors. 27 Ops.Atty.Gen. 335.

4. Orders

The allowance by county supervisors of the claim for services of attorneys employed by the supervisors to transact business for the county was conclusive on the auditor of the rendition and value of the services. Lamberson v. Jefferds (1897) 118 Cal. 363, 50 P. 403.

An order of a board of supervisors directing the auditor to issue a warrant did not have to specify on what fund it was to be drawn. Babcock v. Goodrich (1874) 47 Cal. 488.

Where the board of supervisors made the following order: "Account allowed J. J. Cloud, surveying Little Lake and Big River Road, $344.20," and under this order, the auditor drew a warrant on the treasurer for the payment of the claim, the order of the board did not authorize the issuance of the warrant, and the treasurer could not be compelled to pay it. Connor v. Morris (1863) 23 Cal. 447.

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Under the Act of 1850, concerning the office of county treasurer, and that of 1857, concerning county warrants, a county treasurer was not required to pay all warrants which the county auditor had drawn upon him, but only such as were founded on an order made by the board of supervisors for payment of a demand legally chargeable against the county and allowed by the board. Keller v. Hyde (1862) 20 Cal. 593.

West's Ann. Cal. Gov. Code § 29803

CA GOVT § 29803

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§ 29804. Issuance for debts and demands fixed by law

Except as provided in Section 53912, the auditor shall issue warrants on the treasurer for all debts and demands against the county when the amounts are fixed by law or are authorized by law to be allowed by a person or tribunal other than the board.

CREDIT(S)

1988 Main Volume

(Added by Stats.1947, c. 424, p. 1238, § 1.)

2002 Electronic Update

(Amended by Stats.1988, c. 144, § 2.)

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL AND STATUTORY NOTES

2002 Electronic Update

1988 Legislation

The 1988 amendment added the exception at the beginning of the section; and made a conforming technical change.

1988 Main Volume

Derivation: Pol.C. § 4091, added by Stats.1907, c. 282, p. 386, § 1.

CROSS REFERENCES

Charges against county, see Government Code § 29600 et seq.

Return of erroneous payments, warrants, see Government Code § 26906.

LIBRARY REFERENCES

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1988 Main Volume

Legal Jurisprudences
Cal Jur 3d Muni § 267.
64 Am Jur 2d Public Securities and Obligations §§ 75 et seq.

Additional References
McKinney's Cal Dig Counties §§ 38 et seq., 125 et seq.

NOTES OF DECISIONS

Authorization 4
Duties of auditor 1
Illegal claims 3
Liability of auditor 2

1. Duties of auditor

Appointment of reporter pro tempore by court in absence of official reporter was authorized even though official reporter was not excused by order entered on minutes, so that it was duty of auditor to issue warrant on treasurer to pay reporter pro tempore his fixed compensation. Rappaport v. Payne (App. 2 Dist. 1934) 139 Cal.App. 772, 35 P.2d 183.

Where facts are all admitted and only conclusion therefrom is in favor of claimant, a county auditor has no discretion to refuse to issue his warrant pursuant to requisition of county superintendent of schools given in payment for claimant's salary. Nielsen v. Richards (App. 3 Dist. 1924) 69 Cal.App. 533, 232 P. 480.

2. Liability of auditor

The good faith of a county auditor in making a payment of compensation to court reporter in excess of that to which reporter is entitled, by virtue of reduction of his compensation to one-half by failure to file transcripts in felony cases within time required, does not eliminate liability of auditor for a payment made without authority in law. San Diego County v. Milotz (Super. 1953) 119 Cal.App.2d Supp. 871, 260 P.2d 282.

A county auditor who draws a warrant for payment of compensation to court reporter, without authority of law in that certain compensation to which reporter is entitled has been reduced by one-half by his failure to file transcripts in felony cases, is liable without specific statutory provision, for the disbursements made, even though he did not receive any of the funds disbursed, in view of auditor's general statutory duty to order, examine, allow, and order paid, only valid claims against the county. San Diego County v. Milotz (Super. 1953) 119 Cal.App.2d Supp. 871, 260 P.2d 282.

A county auditor, who, although not in possession of county's money, had authority to issue warrants payable by the treasurer had "control" over public money within meaning of Pen.C § 504, making a public officer who fraudulently misappropriates any property which he has in his possession or under his control by virtue of his trust guilty of embezzlement. People v. Knott (1940) 15 Cal.2d 628, 104 P.2d 33.

Mere showing of failure of county auditor to draw warrant for accountants' services immediately upon presentation of claim was not sufficient to show such intent to commit forbidden act as to warrant punishment for contempt of superior court which had entered order directing auditor to draw such warrant. Uhler v. Superior Court In and For Fresno County (App. 1953) 117 Cal.App.2d 147, 255 P.2d 29, rehearing denied 117 Cal.App.2d 147, 256 P.2d 90.

3. Illegal claims

County auditor was entitled to reasonable time after receipt of court order directing him to draw warrant on county treasurer for services performed by accountants within which to examine claim and draw warrant therefor, and it was his duty to refuse to draw the warrant if the claim were illegal. Uhler v. Superior Court In and For Fresno County (App. 1953) 117 Cal.App.2d 147, 255 P.2d 29, rehearing denied 117 Cal.App.2d 147, 256 P.2d 90.

Where county auditor, in performance of official

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duty, endeavored in good faith and with reasonable promptness to obtain determination of legality of claim, and no determination thereof was made until hearing on order to show cause why auditor should not be adjudged in contempt for failure to abide by superior court order directing issuance of warrant, at which time auditor promptly drew warrant as again ordered by court, auditor should not have been punished for contempt. Uhler v. Superior Court In and For Fresno County (App. 1953) 117 Cal.App.2d 147, 255 P.2d 29, rehearing denied 117 Cal.App.2d 147, 256 P.2d 90.

4. Authorization

Where county grand jury hired partnership to audit accounts of sheriff- coroner, and partnership did so, and there was compliance with requirements of Pen.C. §§ 925, 926, concerning the grand jury, auditor-controller was required to pay partnership's claim, though there was no pleading or action filed in connection with claim, and though no minutes or entry was made of order in county's official records. Rambo v. Mattox (App. 4 Dist. 1964) 37 Cal.Rptr. 174, 225 Cal.App.2d 185.

Under Pol.C { 4091 (repealed; see, now, this section) making it duty of county auditor to draw warrant in payment of claims against county, where amounts were fixed by law, claim of copyist in county recorder's office for compensation for work during any month, not fixed { 4324, subd. 3 (repealed), had to be allowed by supervisors before auditor was authorized to draw warrant for it. Frame v. Barnum (1918) 37 Cal.App. 411, 175 P. 689.

West's Ann. Cal. Gov. Code § 29804

CA GOVT § 29804

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CITY OF ATASCADERO et al., Plaintiffs and Appellants,
v.
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC., et al., Defendants and Respondents.

No. A078340.

Court of Appeal, First District, Division 4, California.

Dec. 7, 1998.

SUMMARY

Cities and local agencies who deposited funds with a county treasurer for investment in county investment pools, a statutory investment trust, filed an action against the brokerage firm that acted as securities and financial broker and adviser to the county, after the pool collapsed and the county declared bankruptcy. Most pool participants had elected to settle with the county by releasing their claims against the county and assigning to the county any claims they had against third parties in exchange for a contingent, contractual right to participate in any recovery the county might obtain from its various lawsuits against third parties. Plaintiffs, however, opted not to waive or release their rights to proceed on direct claims against the county and third parties. The complaint alleged causes of action for fraud, conspiracy to defraud, negligent misrepresentation, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, receiving stolen property, and violations of the Racketeer Influenced and Corrupt Organizations Act (18 U.S.C. § 1961 et seq.). Defendant argued that plaintiffs' claims against it were actually claims seeking recovery for injury to the trust property of the pool itself; and, as such, they must be made not by plaintiffs, as beneficiaries of the trust, but by the trustee himself as the sole real party in interest. The trial court entered judgment in favor of defendant following the sustaining of a demurrer without leave to amend to plaintiffs' second amended complaint. (Superior Court of Contra Costa County, No. C96-00718, Walter D. Rogers, Judge. [FN*])

FN* Judge of the Municipal Court for the Mt. Diablo Judicial District, assigned by the Chief Justice pursuant to article VI, section 6 of the California Constitution.

The Court of Appeal reversed. The court held that the trial court erred in sustaining defendant's demurrer to the second amended complaint without leave to amend. The court held that pursuant to plaintiffs' agreements and stipulations with the county, plaintiffs retained their inherent rights as trust beneficiaries to proceed directly against third parties, such as defendant *446 accused of having participated in breaches of trust and fiduciary duty. Because the county was proceeding against defendant as a debtor in bankruptcy on behalf of itself and the other pool participants only, the county's claims against defendant did not conflict or overlap those of plaintiffs in this action. Moreover, the present action was brought pursuant to the bankruptcy court's own orders approving the comprehensive settlement agreement and the stipulation, both of which specifically authorized plaintiffs' direct pursuit of claims against defendant such as those alleged here. The court held that plaintiffs sufficiently alleged causes of action for breaches of duties and liability damages owed to them directly by defendant. (Opinion by McGuiness, J., with Hanlon, P. J., and Reardon, J., concurring.)

HEADNOTES

Classified to California Digest of Official Reports

(1) Pleadin 22--Demurrer to Complaint--As Admission.
A demurrer tests the pleading alone, and not the evidence or the facts alleged. Thus, a demurrer will be sustained only where the pleading is defective on its face. Although a demurrer makes no binding judicial admissions, it provisionally admits all material issuable facts properly pleaded, unless contrary to law or to facts of which a court may take judicial notice. On the other hand, it does not admit contentions, deductions or conclusions of fact or law alleged in the challenged pleading. To the extent there are factual issues in dispute, however, the court must assume the truth not only of all facts properly pled, but also of those facts that may be

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implied or inferred from those expressly alleged in the complaint.

(2) Appellate Revie ¦ 128--Scope of Review--Demurrer Without Leave to Amend.
On appeal, the trial court's decision to sustain a demurrer without leave to amend and its subsequent judgment are subject to review for abuse of discretion. As a general rule, if there is a reasonable possibility the defect in the complaint could be cured by amendment, it is an abuse of discretion to sustain a demurrer without leave to amend. Nevertheless, where the nature of the plaintiff's claim is clear, and under substantive law no liability exists, a court should deny leave to amend because no amendment could change the result. The burden is on the plaintiff to demonstrate the manner in which the complaint might be amended, and the appellate court must affirm the judgment if it is correct on any theory.

(3a, 3b, 3c, 3d) 52--Control and Management of Trust Property--Actions--Standing--Public Entity Beneficiaries Against Financi *447 Agent and Adviser to County as Trustee of Investment Pool.
In an action by cities and local agencies that lost money deposited with a county in an investment pool against a brokerage firm that acted as securities and financial broker and adviser to the county, which declared bankruptcy due to investment losses, the trial court erred in ruling that plaintiffs, as beneficiaries of a trust, had no standing to bring the action. Under long- established trust law, trust beneficiaries retain the right to bring claims directly against third parties who have induced the trustee to commit a breach of trust, aided or abetted such a breach by the trustee, or received and retained trust property from the trustee in knowing breach of trust. Also, under the express provisions of a settlement agreement between the county and plaintiffs, the county, as trustee of the pool, expressly ceded to plaintiffs the right to press their direct claims against third parties such as defendant, and had proceeded against defendant only as to its own claims and those of other pool participants specifically assigned to it. Moreover, the bankruptcy court expressly approved and authorized the settlement agreement, including the provisions under which plaintiffs reserved their rights to assert claims against third parties. By operation of federal bankruptcy law and res judicata, therefore, plaintiffs' contractual retention of their right to pursue claims against third parties such as defendant superseded any conflicting principle of California trust law.

[See 11 Witkin, Summary of Cal. Law (9th ed. 1990) Trusts, § 164.]

(4) Conspira 14--Civil--Actions--Persons Liable.
As a general rule, a cause of action for civil conspiracy will not arise if the alleged coconspirator, even though a participant in some agreement underlying the injury, was not personally bound by any duty violated by the wrongdoing. Also, there generally is no cause of action for civil conspiracy against agents, employees, or other persons not personally bound by the duty allegedly violated by the wrongdoing of the party which did have that duty. However, an exception to this general principle is applicable when the agents, employees, or other third parties are acting for their own individual advantage in conspiring or participating in the tortious acts of the party with the principal duty.

(5) Trusts § 48--Control and Management of Trust Property--Liabilities of Trustee--Breach of Trust--Third Parties--Action by Beneficiaries.
It is firmly established that trust beneficiaries may bring suit directly against third persons who have participated with the trustee in a breach of trust, whether by inducing, aiding, or abetting the breach, or by receiving trust property from the trustee in knowing *448 breach of trust. Ordinarily, when a third party has assisted a trustee in such a breach of trust, the beneficiary will bring suit against both the trustee and the third party. However, it is not necessary to join the trustee in the suit, because primarily it is the beneficiaries who are wronged and who are entitled to sue. The liability of the third party is to the beneficiaries, rather than to the trustee, and the right of the beneficiaries against the third party is a direct right and not one that is derivative through the trustee.

(6a, 6b) Trust § 51--Control and Management of Trust Property-- Successive Trustees--Treasurer of County as Trustee of Investment Pool.
Cities and local agencies that lost money deposited with a county in an investment pool were not

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precluded from bringing an action against a brokerage firm that acted as securities and financial broker and adviser to the county, which declared bankruptcy due to investment losses, by the asserted fact that a new county treasurer was now acting as trustee. The bankruptcy court specifically found that the county itself was the trustee of the pool, and the county treasurer, as a public officer of the county, was merely an agent who represented the county in carrying out its statutory obligations. Under California law (Gov. Coc ¦ 27100.1) and the decision of the bankruptcy court, it was the county itself, not the individual currently occupying the office of treasurer, that bore the responsibilities and obligations of trustee.

(7) Contr 28--Construction and Interpretation--Intention of Parties.

Any contract must be construed as a whole, with the various individual provisions interpreted together so as to give effect to all, if reasonably possible or practicable (Civ. Code, § 1641; Code Civ. Proc. § 1858). Courts must interpret contractual language in a manner which gives force and effect to every provision, and not in a way that renders some clauses nugatory, inoperative, or meaningless. The fundamental goal of contractual interpretation is to give effect to the mutual intention of the parties. The mutual intention to which the courts give effect is determined by objective manifestations of the parties' intent, including the words used in the agreement, as well as extrinsic evidence of such objective matters as the surrounding circumstances under which the parties negotiated or entered into the contract; the object, nature, and subject matter of the contract; and the subsequent acts and conduct of the parties.

[See 1 Witkin, Summary of Cal. Law (9th ed. 1987) Contracts, §§ 684, 686, 688- 689.]

(8) Fraud and Deceit § 2--Elements.

The common law elements of fraud that give rise to the tort action for deceit are: (1) misrepresentation of a material fact (consisting of false representation, concealment, *449 or nondisclosure); (2) knowledge of falsity (scienter); (3) intent to deceive and induce reliance; (4) justifiable reliance on the misrepresentation; and (5) resulting damage. It is essential, however, that the person complaining of fraud actually have relied on the alleged fraud, and suffered damages as a result. What distinguishes actionable fraudulent deceit is the element of knowing intent to induce someone's action to his or her detriment with false representations of fact. Fraud is an intentional tort; it is the element of fraudulent intent, or intent to deceive, that distinguishes it from actionable negligent misrepresentation and from nonactionable innocent misrepresentation. It is the element of intent which makes fraud actionable, irrespective of any contractual or fiduciary duty one party might owe to the other.

(9) Fraud and Dec 25--Actions--Pleading--Public Entity Beneficiaries Against Financial Agent and Adviser to County as Trustee of Investment Pool.

Cities and local agencies that lost money deposited with a county in an investment pool stated a cause of action for fraud against a brokerage firm that acted as securities and financial broker and adviser to the county (which declared bankruptcy due to investment losses). The complaint contained extensive allegations that defendant made specific misrepresentations, both to plaintiffs and to the general public, concerning the county's general investment strategy; and that it actively concealed the nature, status, and actual volatility of the pool's returns on investments. Those allegations were sufficiently definite and substantive to state causes of action against defendant for fraud, conspiracy to defraud, and negligent misrepresentation.

(10a, 10b) Fraud and Dec ¦ 19--Constructive Fraud--Breach of Fiduciary Duty--Public Entity Beneficiaries Against Financial Agent and Adviser to County as Trustee of Investment Pool.

Cities and local agencies that lost money deposited with a county in an investment pool stated a cause of action for breach of fiduciary duty against a brokerage firm that acted as securities and financial broker and adviser to the county (which declared bankruptcy due to investment losses). The complaint alleged that the county, on the advice of defendant, undertook a program of investment that was imprudent and unsuitable for the trust. It included speculative investments in extremely volatile securities, risky transactions in highly leveraged interest-bearing instruments, and excessive commissions. Aside from alleging that defendant rendered unsound investment advice and had

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knowledge the county was breaching its fiduciary duties to its beneficiaries, the complaint alleged defendant participated in preparing accountings and made public statements in order to conceal the risks of *45 investing in the pool, mislead pool participants, and advance its own monetary interests. Thus, active concealment, fraudulent misrepresentations, self-dealing for financial gain, and direct participation in breach of fiduciary duty were all described in detail. The allegations also stated a cause of action for receipt of property obtained by means of theft (Pen. Code § 484), i.e., knowingly receiving property by means of fraudulent representations.

(11) Fraud and Dece § 19--Constructive Fraud--Breach of Fiduciary Duty.
The elements of a cause of action for breach of fiduciary duty are the existence of a fiduciary relationship, its breach, and damage proximately caused by that breach. In order to plead a cause of action for breach of fiduciary duty, there must be an adequate showing of each of these elements. A fiduciary or confidential relationship may arise whenever confidence is reposed by persons in the integrity and good faith of another. If the latter voluntarily accepts or assumes that confidence, he or she may not act so as to take advantage of the others' interest without their knowledge or consent.

(12) Trusts § 48--Control and Management of Trust Property--Liabilities of Trustee--Fiduciaries.
Persons who owe a fiduciary duty to the trustee of a trust may be liable to the trust beneficiaries for breach of fiduciary duty whenever such fiduciaries actively collude with the trustee in breaching the trustee's own fiduciary duties.

(13) Securities Regulat 20--Corporate Securities Law--Offenses-- Making False Statements--RICO Violation--Public Entity Beneficiaries Against Financial Agent and Adviser to County as Trustee of Investment Pool.
Cities and local agencies that lost money deposited with a county in an investment pool stated a cause of action for violation of the Racketeer Influenced and Corrupt Organizations Act (18 U.S. § 1961 et seq.) against a brokerage firm that acted as securities and financial broker and adviser to the county (which declared bankruptcy due to investment losses). The complaint alleged that defendant engaged in a pattern of unlawfully purchasing and selling securities instruments and fraudulently inducing plaintiffs to deposit their assets in the pool in order to provide the funds for defendant to advance its unlawful securities schemes; defendant's fraudulent securities activities affected interstate and foreign commerce by utilizing national securities exchanges and markets, interstate mails, and wires; defendant made willful misrepresentations and omissions of material fact in connection with the sale of securities for the purpose of deceiving and defrauding plaintiffs; and, defendant engaged in mail and wire fraud and violations of federal securities laws. *451

COUNSEL

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McGUINESS, J.

This appeal arises from the wreckage of the Orange County bankruptcy. Appellants are 14 California cities and local agencies [FN1] who deposited funds with the Orange County (the County) Treasurer for investment in the County Investment Pools (the Pool), a statutory investment trust. [FN2] After the Pool collapsed in December 1994 and the County declared bankruptcy, most Pool participants elected to settle with the County by releasing their claims against the County and assigning to the County any claims they had against third parties in exchange for a contingent, contractual right to participate in any recovery the County might obtain from its various lawsuits against third parties. Appellants opted not to waive or release their rights to proceed on direct claims against the County and third parties. They then proceeded to bring suit against Merrill Lynch, Pierce, Fenner & Smith, Inc. (Merrill Lynch), and other entities and individuals associated with Merrill Lynch. [FN3]

FN1 Appellants are the Community Redevelopment Agency of the City of Buena Park, the Community

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Redevelopment Agency of the City of Montebello, the Redevelopment Agency of the City of Santa Barbara, the Redevelopment Agency of the City of Yorba Linda, the Santiago County Water District, the Yorba Linda Water District, and the cities of Atascadero, Buena Park, Claremont, Milpitas, Montebello, Mountain View, Santa Barbara, and Yorba Linda (appellants).

FN2 The Pool was actually made up of a commingled investment pool, a commingled bond pool, and a specific investment accou*In re County of Oran*g (Bankr. C.D.Cal. 1995) 183 B.R. 594, 596.) For conve and in accordance with the practice followed in the opinions of the federal bankruptcy court, we will refer to the Pool in the singular.

FN3 Respondents are Merrill Lynch, Pierce, Fenner & Smith, Inc.; Merrill Lynch & Co., Inc.; Merrill Lynch Government Securities, Inc.; Merrill Lynch Capital Services, Inc.; Merrill Lynch Money Markets, Inc.; and Michael G. Stamenson (collectively, respondents).

Appellants now appeal from entry of judgment in favor of respondents following the sustaining of a demurrer without leave to amend to their second amended complaint. Appellants contend they have properly pleaded causes of action against respondents based on breaches of duties owed directly to them, separately and independently of any duties respondents *452 owed to the Pool or its trustee. Respondents argue that appellants' claims against them are actually claims seeking recovery for injury to the trust property of the Pool itself; and, as such, they must be made not by appellants, as beneficiaries of the trust, but by the trustee himself as the sole real party in interest. On the basis of our review of the applicable principles of the law of trusts, considered in light of both the controlling stipulations of the County as trustee and the decisions of the federal bankruptcy court, we conclude that appellants have pleaded facts in their second amended complaint sufficient to state causes of action on direct claims for relief against respondents. We therefore reverse the judgment and decision of the trial court sustaining the demurrer.

I. Factual and Procedural Background

Under applicable California law, California counties are authorized to accept funds from cities, counties, and other government agencies or entities for deposit in trust. (Gov. Code, [FN4] §§ 27100.1, 53684.) Pursuant to this law, the Pool was formed by the County and administered by the County Treasurer in order to invest excess funds of various local agencies. Once public entities deposited their funds into the Pool, a trust was created under California law, and the County itself became the trustee of Pool deposits held in trust by the County Treasurer on behalf of the depositors. §§ 27100.1, 53684; *In re County of Oran* (Bankr. C.D.Cal. 1996) 191 B.R. 1005, 1013-101*In re County of Orange, supra,* 183 B.R. at pp. 596-597, 605-606.) *453

FN4 Unless otherwise indicated, all further statutory references are to the Government Code.
Section 27100.1 provides: "Notwithstanding any other provision of law, when any public entity or any public official acting in a fiduci capacity, who is required or authorized by law to deposit funds in the county treasury, makes a deposit, those funds shall be deemed to be held in trust by the county treasurer on behalf of the depositing entity or public official. The funds shall not be deemed funds or assets of the county and the relationship of the depositing entity or public official and the county shall not be one of creditor-debtor."
Section 53684 provides in pertinent part: "(a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer ....
"(b) The county treasurer shall, quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and district.
"(f) It is the intent of the Legislature in enacting this section to provide an alternative procedure ... for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform

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treasury functions for a city ...."

Appellants are 14 of the nearly 200 governmental entities (Pool Participants) that deposited funds into the Pool for investment by the County Treasurer, Robert L. Citron. By late 1994, approximately $7.6 billion was invested in the Pool, $200 million of which was deposited by appellants alone. The County implemented a highly speculative investment strategy that placed principal at risk with little liquidity to provide protection from market volatility. Merrill Lynch acted as securities and financial broker and adviser for the County in these transactions. In December 1994, the Pool's investment scheme collapsed. Ultimately, on December 6, 1994, the County filed for bankruptcy protection under chapter 9 of the United States Bankruptcy Code. *In re County of Orange, supra,* 183 B.R. at p. 596.) Appellants collectively suffered the loss of a large portion of their invested funds.

On January 12, 1995, shortly after filing for bankruptcy, the County brought suit against Merrill Lynch in bankruptcy court. In mid-1995, the County entered into a settlement agreement (the Comprehensive Settlement Agreement, or CSA) with the various local governmental entities, districts, and public agencies that had deposited funds in the Pool (identified in the CSA as "Non-County Pool Participants"). Under the CSA, the County agreed to return to all these Pool Participants specified portions of the funds they had deposited into the Pool, amounting to approximately 77 percent of those funds. The CSA required the Pool Participants to make a choice as to the remainder of their claims, or the "Deficiency Amount." The large majority of Pool Participants chose "Option A," pursuant to which they (a) settled any claims they had against the County for their losses, and (b) expressly assigned to the County "any and all" additional claims they may have had against third parties, in return for a specified share of the net litigation proceeds that might be realized as a result of the County's pursuit of such claims itself. Appellants chose "Option B," pursuant to which they (a) retained all their rights to proceed directly against the County for the Deficiency Amount, and (b) reserved and retained all claims and rights to proceed independently against third parties. Thus, the Option B Pool Participants did not assign to the County *any* of their claims against third parties, including Merrill Lynch. Instead, they retained their right to pursue such claims independently.

The bankruptcy court entered its order authorizing and approving the CSA on May 2, 1995. On October 25, 1995, the County filed a second amended complaint against Merrill Lynch in bankruptcy court. In its amended complaint against Merrill Lynch, the County made clear that the only direct claims of any Pool Participants it was pursuing were those specifically *454 assigned to it by the Option A Pool Participants, and that it was pursuing such claims as the *assignee* of the Option A Pool Participants. [FN5]

FN5 Paragraph 13 of the County's second amended complaint states: "... Pursuant to the CSA, the Option A Pool Participants assigned any and all 'Pool-Related Claims' against third parties to the County .... The County asserts the claims herein, in part, and/or in the alternative, as assignee of the Option A Pool Participants."

The County's amended complaint alleged six claims for relief in bankruptcy against Merrill Lynch, asserting (1) Merrill Lynch's bankruptcy claims against the County were void as illegal and ultra vires; (2) the County was entitled to a setoff in an amount exceeding Merrill Lynch's claims; (3) any allowable bankruptcy claim of Merrill Lynch against the County was equitably subordinated to the claims of the County's other creditors; (4) the $1.6 billion in securities and proceeds of securities sales held by Merrill Lynch under reverse repurchase agreements with the County were rightfully the property of the County; (5) enforcement of the automatic bankruptcy stay against Merrill Lynch; and (6) avoidance of unauthorized transfers to Merrill Lynch made after the filing of the bankruptcy petition. In addition, the County's second amended complaint alleged as "counterclaims" to Merrill Lynch's claims against it six additional claims for restitution and damages for breaches of fiduciary duty, aiding and abetting breach of fiduciary duty, conspiracy to make unauthorized use of public funds, violations of state and federal securities laws, and fraud.

Meanwhile, in October 1995, each of the appellants proceeded to file suit in the bankruptcy court against the County pursuant to its rights under Option B, alleging breaches of trust and fiduciary duty and seeking damages for its losses from the collapse of the Pool. On May 16, 1996, under the jurisdiction of and with the express approval of the bankruptcy

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court, the County and appellants negotiated a settlement agreement (the "Stipulation re Dismissal of Adversary Proceeding and Resolution of All Claims of Option B Pool Participants Against the County," or Stipulation).

In the Stipulation, appellants agreed to release their claims against the County for their Pool investment losses, in return for the County's agreement to pay appellants (a) an additional $7.5 million, (b) County warrants in the principal amount of $8 million at interest of 6.5 percent per annum, and (c) the first $9 million of net litigation proceeds from the County's own third party litigation. In addition, the Stipulation expressly stated that appellants "can preserve their direct claims against third parties," such as Merrill Lynch. In this regard, the Stipulation provided that "[t]he County shall not ... give any third party ... any release of liability such third party may have to any Settling Option B Pool Participant on account of any direct claim that a Settling Option B Pool Participant may have, if any, against any third party" on various grounds. [FN6] The County expressly agreed that it "shall not assert any claim to any proceeds recovered or determined by a court to *455 be recoverable by Settling Option B Pool Participants, if any, on such direct claims...." On the other hand, the Stipulation also reserved the rights of *both* the County and appellants with regard to their separate third party litigation, [FN7] and stated that "[t]he parties reserve for future determination whether or to what extent the Settling Option B Pool Participants can assert any claims against third parties alleged to be owned by or held in any trust which is alleged to be applicable to the deposits of the Settling Option B Pool Participants with the Pools...." In short, while the Stipulation provided that appellants retained their "direct claims against third parties," the County also retained its right to assert claims for itself or the Option A Pool Participants against those same third parties. [FN8]

FN6 The grounds for direct claims by Option B Pool Participants specifically enumerated in the Stipulation include (a) fraud and deceit; (b) unfair business practices; (c) violation of the Racketeer Influenced and Corrupt Organizations Act (RICO) (18 U.S.C 1962(c)); (d) receipt of stolen property (Pen. Code, § 496); (e) violation of state or federal securities laws; (f) negligence, breach of duty, or breach of fiduciary duty "owed by a third party directly to any Settling Option B Pool Participant (as distinguished from a duty or fiduciary duty owed to an alleged trust or a trustee for an alleged trust, to which any Settling Option B Pool Participant was an alleged beneficiary)"; and (g) aiding and abetting a breach of fiduciary duty of the County, "including a claim based on an allegation that the Settling Option B Pool Participants were beneficiaries of a trust prior to the commencement of the County Chapter 9 Case, which trust became subject to attack by the County in a bankruptcy case by reason of any act or omission of such third party ...."

FN7 Paragraph 18 of the Stipulation, entitled "Reservation of Asserted Rights Respecting Third Party Litigation," provides: "Nothing contained in this Stipulation shall affect the rights or positions of the County with respect to the claims that it asserts for itself and/or on behalf of the Option A Pool Participants in litigation against third parties now pending or hereafter initiated. Nothing contained in this Stipulation shall affect the rights or positions of any Settling Option B Pool Participant with respect to any claims they may assert in litigation against third parties now pending or hereafter initiated." (Underscore in original.)

FN8 The parties' general intent in the Stipulation is set out in paragraph 1, which states in pertinent part: "The parties intend by this Stipulation to settle and resolve the Option B Pool Participant Claims against the County ... and intend to clarify that the Settling Option B Pool Participants can preserve their direct claims against third parties. The parties reserve for future determination whether or to what extent the Settling Option B Pool Participants can assert any claims against any third parties alleged to be owned by or held in any trust which is alleged to be applicable to the deposits of the Settling Option B Pool Participants with the Pools...."

Appellants initially filed their complaint against Merrill Lynch on September 15, 1995, in San Francisco Superior Court. On the motion of Merrill Lynch for change of venue, the case was transferred from San Francisco to Contra Costa County on February 14, 1996. On April 12, 1996, appellants filed a first amended complaint in the Contra Costa County Superior Court, seeking compensatory and punitive damages for losses in excess of $80 million. In addition to alleging Merrill Lynch had breached various legal duties owed directly to appellants-breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, fraud and deceit,

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conversion, civil liability for receiving stolen property under Penal Code section 496, negligent misrepresentation and violation of RICO-the first amended complaint *45 made several claims alleging that Merrill Lynch had violated obligations to the Pool as a trust and to the County as trustee, and that the trustee was not properly representing appellants' interests as trust beneficiaries. [FN9] Appellants also filed a parallel complaint in federal court in November 1995. Merrill Lynch had not responded to either complaint as of September 1996. On September 17, 1996, appellants voluntarily dismissed the federal court action without prejudice, in order to pursue their litigation in the single forum of the state court.

FN9 The first amended complaint alleged as follows: "10. The Trustee (whether the Treasurer or the County of Orange or both) ... has failed and refused to represent [appellants'] interests as it is required to do, and has in fact taken positions adverse to [appellants], arguing, *inter alia*, that the trust no longer exists, that Orange County is entitled to retain the trust assets formerly belonging to [appellants] and that Orange County has a right and [appellants] have no right to the funds which [appellants] gave to the Treasurer in trust. In so doing, the Trustee ... has placed itself in an irremedial [*sic*] position of conflict of interest with the beneficiaries of the trust, has abdicated its duties, and, as a matter of fact and law, has given [appellants] the power and the right to pursue all claims as to which [appellants] enjoy ownership on equitable or other grounds, including all the claims asserted herein. The Trustee, and all those associated with the Trustee, are disqualified from pursuing any claims on behalf of [appellants] by virtue of, among other things, their abdication of their duties, their denial of the existence of the trusts and their trust obligations, their taking positions inconsistent with their obligations, their taking positions adverse to [appellants], their irremedial *sic*] conflict of interest and their collusion with the Merrill Lynch [respondents] .... "11. As the result of the Trustee's inherent conflict and abdication of duties owed to [appellants] herein, if any payment on account of trust or related losses is made by the Merrill Lynch [respondents] to Orange County and/or the Treasurer/Trustee, the Merrill Lynch [respondents] must first pay [appellants] to the extent of their losses. If the Merrill Lynch [respondents] pay any money to Orange County before making payment to [respondents], they do so at their own peril and without any effect on [appellants'] rights to recover those same sums."

On October 11, 1996, respondents filed a demurrer to appellants' first amended complaint. Respondents' demurrer contended that, as beneficiaries of the statutory Pool trust, appellants were not real parties in interest with standing to pursue causes of action against Merrill Lynch for injury to trust property. Because the County in its capacity as trustee of the Pool was already pursuing claims against Merrill Lynch in a separate action, respondents argued appellants' lawsuit should either be dismissed or stayed. In opposing the demurrer, appellants argued (a) they were pursuing their own "direct claims" against Merrill Lynch and were the only parties with standing to pursue such claims; and (b) they were also the real parties in interest with respect to the trust claims because the County had failed to pursue those claims on appellants' behalf.

At oral argument on respondents' demurrer to the first amended complaint, appellants argued their claims against Merrill Lynch were legally and factually separate and distinct from those of the County, because the relationship of Merrill Lynch with the County was different in substance from *457 Merrill Lynch's relationship with appellants. Thus, while Merrill Lynch managed the Pool portfolio for the County and made investments for it, it was the alleged misrepresentations of Merrill Lynch to appellants that induced them to invest in the Pool in the first place. On November 5, 1996, the trial court sustained the demurrer with leave to amend. The trial court ruled that appellants' "trust claims cannot be prosecuted in this action" because the Trustee was already prosecuting an action on such claims against Merrill Lynch, and any "[c]hallenges to the jurisdiction or authority of [the Trustee of the Pool] must be made by [appellants] in the pending federal action." However, the trial court also ruled appellants could "prosecute direct actions to recover damages, other than losses sustained by the trust," and it permitted appellants to amend their complaint to allege "independent, separate claims for damages ... with specificity." [FN10]

FN10 In pertinent part, the trial court's decision on the initial demurrer stated: "[Appellants] have no standing as a matter of law to pursue any claims for recovery of trust property except claims for aiding and abetting the trustee's breach of trust. In this case [appellants] cannot pursue any such claim for aiding and abetting breach of trust because a

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> successor co- trustee, Robert Moorlach, has been appointed, and is prosecuting the same action against [Merrill Lynch].
>
> "The federal court has ruled that [the County] and its treasurer were trustees as to the funds deposited by public agencies*In re County of Orange, supra,* 191 B.R. at p. 1014.] County and Moorlach have alleged, as an alternative basis for recovery in the federal action, that they are trustees of the funds transferred to [Merrill Lynch]. Thus, the issue of whether [Merrill Lynch] should be held liable for the loss of trust funds will be litigated in that action.
>
> "It is true that the federal complaint alleges as the primary basis for County's standing that County's estate is the owner of all claims relating to the loss of trust funds because the funds were so commingled with County's own funds that they cannot be traced to any specific asset. However, these allegations do not constitute a repudiation of the trustee's obligation that would enable [appellants] to litigate the same claims in this action. If the federal court finds that trust funds were so commingled with County's own funds that no tracing is possible, all claims by the trustees or the beneficiaries arising from the loss of trust funds will be subsumed within the claims of the bankruptcy estate. The result is not that [appellants'] claims will be lost, but only that those claims become part of the bankruptcy estate which are being prosecuted by the County on behalf of all the County's creditors.
>
> "Thus, [appellants'] trust claims cannot be prosecuted in this action even if County and Moorlach are not found to be trustees in the federal action. Challenges to the jurisdiction or authority of the successor trustee must be made by [appellants] in the pending federal action.
>
> "[Appellants] may prosecute direct actions to recover damages, other than losses sustained by the trust. To the extent such claims exist they may be independently asserted by [appellants]. However, the damages sought must be other than losses sustained by the trust; which are being prosecuted in the federal action. [Appellants] had made a showing that such independent, separate claims for damages exist, and leave is hereby given to amend their complaint to assert these claims with specificity."

On December 2, 1996, appellants filed their second amended complaint. Like the earlier complaint, this alleges causes of action for fraud and deceit, conspiracy to defraud, negligent misrepresentation, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, civil liability for receivi *458 stolen property (Pen. Code, § 496), and violation of RICO, and seeks recovery of $80 million for lost investment principal, interest and consequential damages, together with all fees, profits and commissions realized by Merrill Lynch "which are attributable to [appellants'] own deposits in the [County Pool]," treble and punitive damages. The second amended complaint greatly expands the factual allegations regarding Merrill Lynch's alleged oral and written misrepresentations made directly to appellants, individually and as a group, and makes additional allegations that Merrill Lynch had direct broker- dealer relationships with three of the fourteen appellants: the cities of Milpitas, Mountain View, and Santa Barbara. In addition, the second amended complaint details the terms of the CSA and the Stipulation reserving appellants' right to bring direct claims against third parties, such as Merrill Lynch, and expressly alleges that appellants "are pursuing their direct claims to recover damages," and that "[t]he damages sought by [appellants] are damages other than losses sustained by the trust, which are being prosecuted in the federal action brought by Orange County against Merrill Lynch."

Respondents filed a demurrer to appellants' second amended complaint, again arguing that appellants lacked standing to pursue their claims for recovery of damages attributable to their investments in the Pool trust. The trial court sustained respondents' demurrer without leave to amend, ruling as a matter of law that appellants had failed to allege facts sufficient to state a cause of action against respondents because, as trust beneficiaries, there were no real parties in interest with standing to sue Merrill Lynch for losses attributable to their investments in the Pool trust. [FN11] Judgment in favor of respondents was entered on March 17, 1997, and this appeal followed.

> FN11 In pertinent part, the order sustaining respondents' demurrer to the second amended complaint without leave to amend stated: "3. Each of the Causes of Action set forth in [appellants'] Second Amended Complaint fails to state facts sufficient to constitute a cause of action against [respondents] because [appellants] have no standing as a matter of law to pursue against [respondents] claims for losses sustained by the [Pool], a statutory trust, or for damages alleged to arise from losses sustained by the trust.
>
> "4. Even if [appellants] might otherwise have been the real parties in interest with standing to pursue what they have described as 'direct' claims for

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losses sustained by the [Pool], or for damages alleged to arise from losses sustained by the trust, they cannot pursue any such claim where, as here, Orange County and John Moorlach, the successor/co-trustees of the [Pool], are already pursuing an action against Merrill Lynch for such losses.

"5. [Appellants] did not even attempt to state any claim for damages other than those arising from the losses sustained by the [Pool], as they represented to the Court they could and would do.

"6. The defects in the Second Amended Complaint exist as a matter of law and cannot be cured by amendment. In any event, [appellants] already have amended twice, to no avail. For these reasons, leave to amend is denied."

On June 3, 1998, subsequent to the briefing in this appeal, the County settled its lawsuit against Merrill Lynch for $400 million. As a result of *459 settlement, appellants will receive the $9 million that the County previously agreed to pay appellants under the Stipulation settling appellants' lawsuit against the County. Pursuant to the County's agreements with appellants in the CSA and Stipulation, the County did not release appellants' direct claims against Merrill Lynch in this action. [FN12]

FN12 Pursuant to Evidence Code sections 452, subdivision (d), and 459, we take judicial notice of the settlement agreement and release between the County and Merrill Lynch, a copy of which agreement has been provided to this court by Merrill Lynch.

II. Standard of Review

(1) A demurrer tests the pleading alone, and not the evidence or the facts alleged. Thus, a demurrer will be sustained only where the pleading is defective on its face. In our review of this judgment of dismissal sustaining a demurrer without leave to amend, we are guided by well-settled principles governing the testing of the sufficiency of a complaint. Although a demurrer makes no binding judicial admissions, it provisionally admits all material issuable facts properly pleaded, unless contrary to law or to facts of which a court may take judicial notice. On the other hand, it does not admit contentions, deductions or conclusions of fact or law alleged in the challenged pleading. *Blank v. Kirwa* (1985) 39 Cal.3d 311, 318 [216 Cal.Rptr. 718, 703 P.2d 58]; *White v. Dav.* (1975) 13 Cal.3d 757, 765 [120 Cal.Rptr. 94, 533 P.2d 2: *Serrano v. Priest* (1971) 5 Cal.3d 584, 591 [96 Cal.Rptr. 601, 487 P.2d 1241, 41 A.L.R.3d 1187]; *Daar v. Yellow Cab Co.* (1967) 67 Cal.2d 695, 713 [63 Cal.Rptr. 724, 433 P.2d 732 *Dale v. City of Mountain View* (1976) 55 Cal.App.3d 101, 105 [127 Cal.Rptr. 520]; 5 Witkin, Cal. Procedure (4th ed. 1997) Pleading, §§ 899-903, pp. 357-364.) To the extent there are factual issues in dispute, however, this court must assume the truth not only of all facts properly pled, but also of those facts that may be implied or inferred from those expressly alleged in the complaint. (*White v. Davis, supra*, 13 Cal.3d at p. 765 *Marshall v. Gibson, Dunn & Crutcher* (1995) 37 Cal.App.4th 1397, 1403 [44 Cal.Rptr.2d 339]; *Rose v. Royal Ins. Co.* (1991) 2 Cal.App.4th 709, 716 [3 Cal.Rptr.2d 483].)

(2) On appeal, the trial court's decision to sustain the demurrer without leave to amend and subsequent judgment are subject to review for abuse of discretion. As a general rule, if there is a reasonable possibility the defect in the complaint could be cured by amendment, it is an abuse of discretion to sustain a demurrer without leave to amend. Nevertheless, where the nature of the plaintiff's claim is clear, and under substantive law no liability exists, a court should deny leave to amend because no amendment could change the result. The burden is on the plaintiff to demonstrate the manner in which the complaint might be amended, and the appellate court must affirm the *460 judgment if it is correct on any theory. (Code Civ. Proc. § 472c; *Hendy v. Losse* (1991) 54 Cal.3d 723, 742 [1 Cal.Rptr.2d 543, 819 P.2d 1]; *Blank v. Kirwan, supra* 39 Cal.3d at p. 318; *Berkeley Police Assn. v. City of Berkeley* (1977) 76 Cal.App.3d 931, 942-943 [143 Cal.Rptr. 255].)

III. Discussion

(3a) In sustaining the demurrer to appellants' second amended complaint, the trial court accepted respondents' contention that appellants are not the real parties in interest and, thus, have no standing as a matter of law to pursue claims against Merrill Lynch for losses sustained as a result of their investments in the Pool. Respondents' argument may be summarized as follows: Under California law, the Pool is a statutory tru§ 27100.1 *In re County of Orange, su* 191 B.R. at pp.

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1013-1014.) As depositors in the Pool, appellants are beneficiaries of the trust. Despite attempts to disguise the fact by means of their allegations of "direct claims," appellants' second amended complaint actually seeks recovery for losses they sustained as a result of their investment in the trust-specifically, the $80 million in Pool deposits appellants allege they have not recovered from the County under either the CSA or the Stipulation. Because only the trustee has legal title to any cause of action for injury to trust property, trust beneficiaries such as appellants are not entitled to assert such claims. Thus, respondents' argument concludes, the trial court was correct in sustaining the demurrer to the second amended complaint without leave to amend. For the reasons which follow, we disagree with this argument of respondents.

First, although generally the trustee is the real party in interest with legal title to any cause of action on behalf of or in the name of the trust, under certain circumstances a trust beneficiary may sue third persons who directly participated with the trustee in breaches of trust. Thus, under long- established trust law, trust beneficiaries retain the right to bring claims directly against third parties who have induced the trustee to commit a breach of trust, aided or abetted such a breach by the trustee, or received and retained trust property from the trustee in knowing breach of trust. (*Saks v. Damon Raike & Co.* (1992) 7 Cal.App.4th 419, 428 [8 Cal.Rptr.2d 869]; *Pierce v. Lyman* (1991) 1 Cal.App.4th 1093, 1101-1110 [3 Cal.Rptr.2d 236]; Rest.2d Trusts §§ 291-295, 326, pp. 57-73, 124-125; 4 Scott on Trusts (4th ed. 1989) §§ 282, 291, 294.1, pp. 27-28, 77-87, 98-101; Bogert on Trusts (2d ed. rev. 1995) §§ 868-869, 901, pp. 103-123, 304-320; 11 Witkin, Summary of Cal. Law (9th ed. 1990) Trusts § 164, p. 1017.)

Second, the express provisions of the CSA and the Stipulation between the County and appellants, as well as the allegations of the County's own complaint against Merrill Lynch and the terms of the recent settlement o *461 that lawsuit, all make it clear that the County, as trustee of the Pool, has expressly ceded to appellants the right to press their direct claims against third parties such as Merrill Lynch, and proceeded against Merrill Lynch *only* as to its own claims and those of the Option A Pool Participants specifically *assigned* to it. Unlike the Option A Pool Participants, appellants specifically did not assign their third party claims to the County and, instead, retained such claims to pursue on their own.

Third, the County, its Pool, and the trust itself are now insolvent debtors under the jurisdiction of the federal bankruptcy court. Federal bankruptcy law preempts any conflicting provisions in section 27100.1 and the California law of trusts. Under federal law, the relationship between Pool Participants and the County is not simply that of beneficiaries and trustee, but has become that of debtor and creditor. As Pool Participants, appellants have obtained claims as general creditors under federal law on all funds they transferred to the Pool and cannot now trace, irrespective of the existence of the trust under California law. *In re County of Orange, supra,* 191 B.R. at pp. 1013- 101 *In re County of Orange, supra,* 183 B.R. at pp. 605-606; *First Federal of Michigan v. Barron* (6th Cir. 1989) 878 F.2d 912, 915 *In re Bullion Reserve of North America* (9th Cir. 1988) 836 F.2d 1214, 1217-1218.) The bankruptcy court has expressly approved and authorized the CSA, including the provisions under which appellants reserved their rights to assert claims against third parties. By operation of federal bankruptcy law, therefore, appellants' contractual retention of their right to pursue claims against third parties such as Merrill Lynch supersedes any conflicting principle of California trust law.

For each of these reasons, whether considered individually or collectively as a whole, there is no reason in law or equity why appellants may not bring direct claims against Merrill Lynch for losses they suffered by investing in the Pools, on the grounds Merrill Lynch participated with the trustee of the pool in alleged breaches of trust and committed torts directly against appellants themselves. On the basis of the allegations in appellants' second amended complaint, we conclude they have properly stated causes of action for direct claims against Merrill Lynch. The trial court therefore erred in sustaining the demurrer without leave to amend.

A. *The Law of Trusts*

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In attacking the allegations of appellants' second amended complaint, respondents have placed principal reliance on the doctrine of the law of trusts that the trustee of an express trust is the real party in interest with legal title to any cause of action on behalf of or in the name of the trust, and a trust *462 beneficiary has no legal title or ownership interest in the trust assets. In accordance with this principle, generally a trust beneficiary is not the real party in interest and therefore may not sue in the name of or for the benefit of the tr*Saks v. Damon Raike & Co., supr* 7 Cal.App.4th at p. 427; *Botsford v. Haskins &* (1978) 81 Cal.App.3d 780, 784 [146 Cal.Rptr. 752 *Powers v. Ashton* (1975) 45 Cal.App.3d 783, 787-788 [119 Cal.Rptr. 729].) Because the County is pursuing its own action against Merrill Lynch for losses incurred by the Pool, respondents argue, appellants may not separately maintain their own lawsuit. The trial court itself relied on this principle in sustaining the demurrer to appellants' second amended complaint without leave to amend.

Respondents overlook the important exceptions to the general rule on which they rely. Thus, it is well established that where a trustee has committed a breach of trust, the trust beneficiaries may prosecute an action against third persons who, for their own financial gain or advantage, induced the trustee to commit the breach of trust; actively participated with, aided or abetted the trustee in that breach; or received and retained trust property from the trustee in knowing breach of trust. (*Saks v. Damon Raike & Co., supra* 7 Cal.App.4th at pp. 427-428 ["The beneficiary may also sue third persons who directly participated with the trustee in breaches of trust"]; *Pierce v. Lyman, sup* 1 Cal.App.4th at pp. 1101-1110; Rest.2d Trusts §§ 291- 295, 326, pp. 57-73, 124-125; 4 Scott on Trust *supra,* §§ 282, 291, 294.1, pp. 27-28, 77-87, 98-101; Bogert on Trusts, *supra* § 868-869, 901, pp. 103-123, 304-320; 11 Witkin, Summary of Cal. Law *supra,* Trusts, § 164, p. 1017.) Appellants allege causes of action in their second amended complaint against Merrill Lynch as beneficiaries of the trust Pool pursuing their own *direct claims* against a third party who actively participated in the breach of trust of the County and its former treasurer, Citron. There is ample appellate precedent and scholarly authority for such a suit by trust beneficiaries where the third party has reaped financial advantages by participating in a trustee's breach of fiduciary duty, as Merrill Lynch is alleged to have done here.

The rights of trust beneficiaries vis-a-vis third parties who participate in a breach of trust ultimately derive from the obligations of the trustee himself. The violation by a trustee of any duty owed to the beneficiaries of the trust constitutes a breach of trust. (Rest.2d Trusts § 201, pp. 442-444.) Such duties include the duty of loyalty, the duty to avoid conflicts of interest, the duty to preserve trust property, the duty to make trust property productive, the duty to dispose of improper investments, and the duty to report and account. (*Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1102-1103; Prob. Cc §§ 16002-16006, 16060; Rest.2d Trust §§ 175-176, 181, 230-23 *4(pp. 380-383, 391-392, 544-555.) The standard of care with respect to trust investments is the "prudent investor" rule. (*Pierce v. Lyman, supra,* 1 Cal.App.4th at p. 1103; 11 Witkin, Summary of Cal. Law, *supra,* Trusts, § 79, p. 958.) The beneficiaries of a trust may sue a trustee to recover profits or recoup losses resulting from a trustee's breach of any of these dutie*Work v. County Nat. Bank etc. Co.* (1935) 4 Cal.2d 532, 536 [51 P.2d ; *Pierce v. Lyman,* 1*ra,* Cal.App.4th at p. 1103.)

At common law, the beneficiaries of a trust could also sue third parties who participated with a trustee in such a breach of the trustee's duties. Thus, as set forth in the Restatement, a beneficiary could bring a direct action to compel a third party either to restore trust property that had been transferred by the trustee with notice to the third party of the breach of trust, or to pay the value of such trust property if the third party had disposed of it. (Rest.2d Tru§§ 291-295, pp. 57-73.) In addition, "[a] third person who, although not a transferee of trust property, has notice that the trustee is committing a breach of trust and participates therein is liable to the beneficiary for any loss caused by the breach of trust." (Rest.2d Trusts, § 326, p. 124.) Significantly, the comments to section 326 of the Restatement of Trusts apply this principle to the precise factual situation at issue in this case, in noting that where a trustee purchases speculative securities through a stockbroker who has knowledge that it is a breach of trust for the trustee to purchase such securities, "the broker is liable for participation in the breach of trust." (Rest.2d Trusts, § 326, com. a, p. 124.) [FN13]

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FN13 The comment to section 326 of the Restatement Second of Trusts reads in pertinent part: "*a. Knowledge of breach of trus* If a third person participates with the trustee in committing a breach of trust, knowing that he is committing a breach of trust, he is liable to the beneficiary for participation in the breach of trust.

"Thus, if the trustee directs an agent to sell trust property, which the agent knows the trustee is not authorized to sell, and he does sell it, he is liable for participation in the breach of trust.

"Similarly, if the trustee purchases through a stockbroker securities which it is a breach of trust for him to purchase and the broker knows that the purchase is in breach of trust, the broker is liable for participation in the breach of trust.

"*b. Notice of breach of trust.* If a customer deposits with a broker securities standing in the name of the customer as trustee as security for speculative transactions on margin, the broker is chargeable with notice that the customer is a trustee and is committing a breach of trust." (Rest.2d Trus § 326, coms. a, b, p. 124, italics in original.)

Under California law, the right to sue a third party for participating in a fiduciary's breach of trust is limited to situations in which the third party was acting for personal gain or in furtherance of his or her own financial advantage*Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1103-1106, citing *Doctors' Co. v. Superior Cou* (1989) 49 Cal.3d 39, 46-48 [260 Cal.Rptr. 183, 775 P.2d 508] [*Doctors' Co*].) The basic principle remains the same in *464 this state as under the common law, however. As long as the third parties were acting to further their own individual economic interests, they may be liable for actively participating in a fiduciary's breach of his or her trust. (4)(See fn. 14) By extension, therefore, trust beneficiaries may sue third parties who participated with a trustee in alleged breaches of trust, as long as the third parties' participation was both active and for the purpose of advancing their own interests or financial advantage. (*Pierce v. Lyman, sup.* 1 Cal.App.4th at pp. 1103-1106 [trust beneficiaries may sue third parties who actively participated with trustee in breaches of trust for third parties' own personal gain].) [FN14]

FN14 As a general rule, a cause of action for civil conspiracy will not arise if the alleged coconspirator, even though a participant in some agreement underlying the injury, was not personally bound by any duty violated by the wrongdoing. *Applied Equipment Corp. v. Litton Saudi Arabia Ltd* (1994) 7 Cal.4th 503, 510-514 [28 Cal.Rptr.2d 475, 869 P.2d *Applied Equipment*]; *Doctors' Co, supra* 49 Cal.3d at p. 44.) Recently, a division of the Second District Court of Appeal he *Kidron v. Movie Acquisition Corp.* (1995) 40 Cal.App.4th 1571 [47 Cal.Rptr.2d 752] *Kidron*) that a party not in a fiduciary relationship with the plaintiff cannot be held liable for conspiracy to breach a duty owed only by a fiduciary. For this conclusi *Kidron* specifically relied on the Supreme Court's holding in *Applied Equipmen* that because civil conspiracy is not an independent tort, it cannot create a duty or abrogate an immunity*Applied Equipment, supra,* 7 Cal.4th at pp. 510-514; *Kidron, supra,* 40 Cal.App.4th at pp. 1597-1598.)

In our opinion, the cited opinions are not in conflict with the common law principle affirmed in *Pierce v. Lyman, supra* 1 Cal.App.4th at pages 1103-1106. Generally it is true, *Kidron* states, that there is no cause of action for civil conspiracy against agents, employees or other persons not personally bound by the duty allegedly violated by the wrongdoing of the party which did have that duty. However, the Supreme Court made clear in *Doctors' Co* that there is *exceptio* to this general principle applicable when the agents, employees or other third parties *are acting for their own individual advan* in conspiring or participating in the tortious acts of the party with the principal duty. (*Doctors' Co., supra,* 49 Cal.3d at pp. 44-47.) It was on this exception to the general rule that *Pierce v. Lyman* based its holding that third partie *ma* be held liable for actively participating in a fiduciary's breach of trus *if* the third parties were acting in furtherance of their own individual advantage or financial gain. *Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1104-1105.) To the exter *Kidro* does not acknowledge this exception and purports to establish an absolute rule barring any cause of action against a nonfiduciary for aiding and abetting a breach of fiduciary duty even where the nonfiduciary was acting for his or her own individual advantage, we respectfully disagree with the opinion in that cas*Doctors' Co, supra* 49 Cal.3d at pp. 46 *Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1104-1106.)

These principles are also restated in the leading treatises on the law of trusts. As respondents point out, of course, Scott on Trusts does reiterate the general rules that the trustee is the real party in interest representing the interests of the trust and the trust beneficiaries; the interests of the beneficiaries are protected against third persons acting adversely to the trust through proceedings brought by the trustee and not by the beneficiaries; and the

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beneficiaries cannot maintain a suit against adverse third parties as long *465 as the trustee is ready and willing to undertake the necessary proceedings. (4 Scott on Trusts, *supra*, §§ 281-282, pp. 21-28.)

However, in the same section restating these general principles, the Scott treatise states: "Very different is the situation where the third person does not act adversely to the trustee but participates with the trustee in a breach of trust. Thus if the trustee in breach of trust transfers trust property to a third person who knows of the breach of trust, the third person holds the property on a constructive trust for the beneficiaries. Here the third person commits a wrong directly to the beneficiaries; he is interfering with the trust relationship. If he induces to trustee to commit a breach of trust, he incurs a liability to the beneficiaries, much as a person who induces a breach of contract incurs a liability .... In such a case, it is true, the trustee is also permitted to sue the third person, *but primarily it is the beneficiaries who are wronged and who are entitled to su....*" (4 Scott on Trusts *supra*, § 282, p. 28, fns. omitted, italics added.) Because in these circumstances the wrong committed by the third party is a wrong to the beneficiaries and not to the trustee, the third party incurs a liability to them directly, and the beneficiaries themselves can maintain a suit against the third party. "... It is true that the trustee, if he can be subjected to the jurisdiction of the court, should ordinarily be joined as a party. But this is in order that the whole controversy may be determined in a single suit, and not because the right of the beneficiaries against the [third party] is only a derivative right through the trustee. Primarily the liability of the [third party] is to the beneficiaries rather than to the trustee, and the right of the beneficiaries against the [third party] is a *direct right* and not one that is derivative through the trustee." (*Id.*, § 294.1, pp. 98-100, fn. omitted, italics added.) [FN15] Like the Restatement, Scott specifically notes that securities and stockbrokers employed by a trustee may *466 be liable for participation in a breach of trust if they have notice that the trustee is committing a breach of trust in undertaking securities transactions. [FN16]

FN15 Among the many other parallel statements of this basic principle throughout Scott on Trusts are the following: "If a trustee in breach of trust transfers trust property to a person who takes with notice of the breach of trust, the transferee can be compelled to restore the property to the trust, or to pay its value or its proceeds if he has disposed of it. Ordinarily the beneficiaries of the trust have an option to pursue any of these remedies. They have a somewhat similar choice of remedies against the trustee...." (4 Scott on Trusts, *supra*, § 291, p. 77, fn.. omitted.)

"Similarly, in the converse situation, where a trustee purchases property from another who has notice that the trustee is committing a breach of trust in making the purchase, the seller takes the purchase money subject to the trust and can be compelled to restore it. If the purchase money is still held by the seller, the beneficiaries of the trust are entitled to specific restitution...." (4 Scott on Trusts, *supra*, § 291.1, p. 78, fn. omitted.)

"The principles applicable to the choice of remedies against the trustee who has committed a breach of trust are applicable also against a person to whom the trustee has transferred trust property in breach of trust, where the transferee has notice of the breach of trust. If there is a single beneficiary and he is not under an incapacity, he can pursue any of the appropriate remedies discussed in the preceding sections, either to recover the property or its value or its proceeds. If there are several beneficiaries and none of them is under an incapacity and they all agree on a particular remedy, they are entitled to that remedy...." (4 Scott on Trusts *supra*, § 291.7, p. 86, fn. omitted.)

"A third person is liable for participation in a breach of trust where he receives a transfer of trust property, whether as purchaser or mortgagee or pledgee, if he has notice that the transfer is made in breach of trust....

"... If the third person has knowingly assisted the trustee in committing a breach of trust, he is liable for participation in the breach of trust...." (4 Scott on Trusts, *supra*, § 326, p. 291, fn. omitted.)

FN16 "A somewhat similar question arises where a trustee employs a stockbroker to make purchases and sales of securities for the trust.

"*Where the broker has notic* If the broker has notice that the trustee is committing a breach of trust in making the purchases or sales, he is liable for participation in the breach of trust. The broker is liable where he has actual knowledge or where the circumstances show that the trustee is committing a breach of trust in making the purchase or sale through the agency of the broker." (4 Scott on Trust *supra*, § 326.2, p. 296, fn. omitted, italics in original.)

The discussion of this issue in Bogert on Trusts is to the same effect. Thus, Bogert emphasizes that a

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third party who participates with a trustee in a breach of trust is liable to the trust beneficiaries, whether the third party actually knows or "should have known that the act was wrongful," and cites "numerous" examples of cases "in which a third party who has assisted a trustee in committing a breach of trust has been held liable in a suit by the beneficiary or by his representative ...." (Bogert on Trusts, *supra*, § 868, pp. 104, 109, fn. omitted.) [FN17] Like both Scott and the Restatement, Bogert emphasizes that a third party who "by any act whatsoever assists the trustee in wrongfully transferring the benefits of the trust property to the trustee, another person, or the alleged participant, or aids in destroying or injuring that property," may be liable to the beneficiaries directly for participation *467 in a breach of fiduciary duty. *Id.*, § 901, p. 313.) Finally, in language particularly pertinent to the facts of the case before us, Bogert specifically states that third party liability directly to beneficiaries may be based on "aiding the trustee to deceive the beneficiaries of an investment trust as to the financial stability of the trust," or "assisting the trustee to speculate with the trust funds ...." *Id.*, § 901, pp. 315, 317, fns. omitted.) [FN18]

FN17 "Instances are numerous in which a third party who has assisted a trustee in committing a breach of trust has been held liable in a suit by the beneficiary or by his representative, for money damages, or for money damages with a lien on the trust res or its product, or the third party has been ordered to replace the trust property in kind.
"The trustee and third party may be joined in a suit for recovery of the value of the lost trust property. The liability of the trustee and third party is joint and several....
"A person who, in good faith, aids the trustee in an act which is a breach of trust, may be held liable to the beneficiary for his conduct, when he should have known that the act was wrongful." (Bogert on Trusts, *supra*, § 868, pp. 104-109, fns. omitted.)
"Just as every owner of a legal interest has the right that others shall not, without lawful excuse, interfere with his possession or enjoyment of the property or adversely affect its value, so the beneficiary, as equitable owner of the trust res has the right that third persons shall not knowingly join with the trustee in a breach of trust. One acting with a trustee in performing an act that such person knows or should know is a breach of trust becomes a participant in the breach and subject to liability for any damages that result or to restore the trust property traced to such person's possession.
"The wrong of participation in a breach of trust can be divided into two elements: (1) an act or omission which furthers or completes the breach of trust by the trustee; and (2) knowledge at the time that the transaction amounted to a breach of trust, or the legal equivalent of such knowledge." (Bogert on Trusts *supr*, 901, pp. 304-311, fns. omitted.)

FN18 "[S]ome illustrations may be given of other acts which have been held to amount to participation, due to the wrongful character of the conduct of the fiduciary and the notice which the third person had, or should have had, with reference thereto. Thus liability as a participant has been decreed by reason of the following acts: aiding the trustee to deceive the beneficiaries of an investment trust as to the financial stability of the trust; ... [and] assisting the trustee to speculate with the trust funds or to use them for other illegal purposes." (Bogert on Trust *supra*, § 901, pp. 315-318, fns. omitted.)

(5),(3b) In short, trust beneficiaries may bring suit on their direct claims against third persons who have actively participated with a trustee in a breach of trust for their own financial advantage, whether by inducing, aiding or abetting the trustee's breach of duty, or by receiving trust property from the trustee in knowing breach of tru*Pierce v. Lyman*, *supra*, 1 Cal.App.4th at pp. 1103-1106.) Ordinarily, when a third party acts to further his or her own economic interests by participating with a trustee in such a breach of trust, the beneficiary will bring suit against *bo* the trustee and the third party. However, it is not necessary to join the trustee in the suit, because "primarily it is the beneficiaries who are wronged and who are entitled to sue...." (4 Scott on Trusts, *supra*, § 282, p. 28.) The liability of the third party is to the beneficiaries, rather than to the trustee, "and the right of the beneficiaries against the [third party] is *direct right* and not one that is derivative through the trustee." *Id.* § 294.1, pp. 99-100, italics added.)

Scott notes that, at least in the case of a trustee transferring trust property to a third party who is not a bona fide purchaser, if the breaching trustee is thereafter removed and a successor trustee is appointed, the successor trustee will himself maintain the action against the third party. "In such a case it would seem that the beneficiaries cannot maintain a suit against the *468 transferee unless the

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successor trustee has refused to sue or is unavailable." (4 Scott on Trusts, *supra*, § 294.4, pp. 104-105, fn. omitted.) Respondents contend that this principle applies here. (6a) They insist a successor trustee has been appointed in the person of County Treasurer Moorlach, that successor trustee is suing Merrill Lynch, and appellants therefore cannot maintain a separate lawsuit against respondents in this case. [FN19]

> FN19 Respondents' brief states: "A successor trustee-here, the County through its current Treasurer, John Moorlach-has been appointed, and that successor trustee is suing Merrill Lynch. Indeed, the new trustee is suing Merrill Lynch for, among other things, aiding and abetting an alleged breach of fiduciary duty by the predecessor trustee, Robert Citron ... - precisely the claim the [second amended complaint] seeks to duplicate in its Fifth Cause of Action. If Appellants for some reason are not content with the manner in which that claim is being prosecuted by their trustee, their remedy ... is to seek to join in that action, not to sue Merrill Lynch separately. [Citation.] ¶] In sum, because the claims [against Merrill Lynch] in the County Action are being pursued by a successor trustee, Appellants cannot maintain a separate cause of action for aiding and abetting a breach of fiduciary duty by the former trustee, much less maintain the other causes of action in the [second amended complaint]."

It is true the County has pursued a lawsuit on behalf of the Pool against Merrill Lynch and that Moorlach was also named as a plaintiff in that action, "in his official capacity as the Treasurer-Tax Collector of the County." Nevertheless, this is not an ordinary trust case. Here, the bankruptcy court has specifically held that the County itself was the trustee of the Pool, and the County Treasurer, as a public officer of the County, was merely an agent who represented the County in carrying out its statutory obligations. Thus, although there is a successor treasurer, there actually is *no* "successor" trustee-the County has always itself been and still is in fact *the* trustee of the Pool. Moorlach, the present treasurer and successor to former Treasurer Citron, is simply a representative or agent of the trustee County. Like Citron, who represented the County in carrying out its trust obligations with regard to the Pool, Moorlach "retain[s] his status as a county officer while performing these trustee duties." (*In re County of Orange, supra*, 191 B.R. at p. 1014.) [FN20] Under California law and the decision of the bankruptcy court, then, *469 it is the County *itself*, not the individual currently occupying the office of treasurer, which bears the responsibilities and obligations of trustee. [FN21] *470

> FN20 In its decision *In re County of Orange*, the bankruptcy court denied Merrill Lynch's motion to dismiss the County's lawsuit for failure to state claims upon which relief could be granted. The bankruptcy court opinion contains a thorough discussion of this point, which is highly material to the issues before us on this appeal and serves to answer Merrill Lynch's similar arguments here.
>
> "Merrill Lynch asserts in the Motion [to dismiss] that the Complaint fails to state claims upon which relief can be granted, because the securities involved in the underlying transactions were never the property of the County. Merrill Lynch argues that California Government Code ([Gov. Code,]) § 27100.1 requires that the County Treasurer, not the County, hold in trust all funds deposited by non-County participants in the investment [Pool] ... and the trust nature of these funds is not destroyed by the County's bankruptcy filing regardless of the level of commingling of County and non-County funds in the [Pool], the solvency of the County, or the inability to trace the trust funds in the [Pool]. [Citation.]
>
> "State law determines whether a trust exists in federal bankruptcy proceedings. [Citations.]
>
> "Merrill Lynch and [the County] agree that when public entities deposited funds into the County treasury, a trust was created under [Gov. Code, § 27100.1; however, the parties disagree over who is the trustee of those funds. Merrill Lynch asserts that under § 27100.1, the County Treasurer alone is the trustee. It relies primarily on the language of § 27100.1 which states that 'those funds [deposited by the public entity] shall be deemed to be held in trust by the county treasurer.' [Gov. C §s,] 27100.1.... The County responds that 'when a California statute imposes a duty on a county official, that duty is imposed on the County itself.' [Citation.]
>
> "I hold that under [Gov. Code, § 27100.1 a trust was created when public entities deposited their funds into the County treasury, and the County was either an express or implied trustee of those funds under California law.
>
> "A county treasurer is an officer of the county for which he/she is appointed or elected. [Gov. Code, § 24000, subd. (f)].... In its landmark case defining public/county officers, the California Supreme Court held:¶] 'A public officer is a public agent, and as such acts only on behalf of his principal, the public, whose sanction is generally considered as necessary to give the act performed

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by the officer the authority and power of a public act or law. The most general characteristic of a public [county] officer which distinguishes him from a mere employee, is that a public duty is delegated and intrusted [sic] to him, as agent, the performance of which is an exercise of a part of the governmental functions of the particular political unit for which he, as agent, is acting....' [*Coulter v. Pool* (1921) 187 Cal. 181, 187 [201 P. 120].]

"When Citron received funds pursuant to [Gov. Code,] § 53684, he represented the County in carrying out the trust obligations imposed by 27100.1. The County's assertion that it was a trustee of those funds is not inconsistent with California law. The County, through its representative, Citron, had express trustee responsibilities to the beneficiaries of the § 27100.1 trust. "Alternatively, the County is an implied trustee of the § 27100.1 trust....

"... Citron acted as trustee for the public agencies that deposited funds with him under state law. Citron, however, retained his status as a county officer while performing these trustee duties. Section 27100.1 did not require that Citron act solely in his individual capacity while carrying out his responsibilities. Because Citron was an agent for the County during the entire [t]ime [p]eriod, California law imposed trustee responsibilities on the County. [Citations.]" *In re County of Orange, supra,* 191 B.R. at pp. 1011-1015, fns. and italics omitted.)

FN21 The County's own complaint against Merrill Lynch also made this point clear. Thus, the County itself stated that "... Moorlach is named as a plaintiff in this action in his official capacity as the Treasurer-Tax Collector of the County for the sole purpose of pursuing any claims asserted herein which the Court finds must be maintained by and in the name of the Treasurer of the County, rather than by and in the name of the County for itself or as trustee or as assignee." The County's complaint alleged that "a county treasurer acts as agent for the county in managing the county's moneys and all other moneys placed in the county treasury.... At all relevant times and with respect to all transactions ..., the only authority of former Treasurer-Tax Collector Robert L. Citron ... to act was in his official capacity as County Treasurer for the County."

"... In particular, when a county official, including a county treasurer, is held to have responsibilities as a trustee, the county itself has the responsibilities and limitations of a trustee and the county official acts as the agent of the county. At all relevant times and with respect to all trust responsibilities assigned to the County Treasurer, the County had all such responsibilities, including the power to commence claims as trustee with respect to any claims for relief held in trust."

Thus, the County alone has been and still is the trustee of the Pool at all times relevant to this lawsuit. The County's lawsuit against Merrill Lynch has always been expressly limited to the County's own claims and tho *assignee* to the County by Pool Participants *other* than appellants. Hence, there is no reason appellants must now defer to the County's lawsuit against Merrill Lynch and forego their independent right as beneficiaries to press their own claims directly against third parties such as Merrill Lynch, who are alleged to have induced, aided, abetted, or knowingly benefited from a breach of trust by the trustee itself. [FN22]

FN22 After the principal briefing in this appeal, appellants brought to the attention of this court the fact that the County and Merrill Lynch have recently announced the settlement of the County's lawsuit against Merrill Lynch for a reported $400 million. In accordance with its prior agreements with appellants in the CSA and the Stipulation (see discussion, *pos*) the County did not purport to settle or release appellants' separate direct claims against Merrill Lynch. By the same token, the County's settlement did not result in any benefit to appellants beyond the $9 million previously bargained for as part of the price of the Stipulation settling appellants' claims against the *County*. In short, it is now more obvious than ever that the County is not representing appellants' interests as beneficiaries or pressing their claims against Merrill Lynch. Consequently, as even Merrill Lynch acknowledges, no one is pursuing appellants' direct claims except themselves, and they will obtain no recovery from Merrill Lynch on their still unrecovered damages if this lawsuit is not allowed to proceed.

(3c) Moreover, the County, as trustee of the Pool, and appellants, as beneficiaries, have negotiated two separate agreements that specifically address appellants' direct claims against third parties for losses connected with the collapse of the Pool, and explicitly recognize appellants' right to bring their own lawsuits directly against such third parties. These agreements were executed under the jurisdiction of, and with the express approval and authorization of, the bankruptcy court itself. The jurisdiction of that court, and its interpretation of

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federal bankruptcy law, preempt the California law of trusts whenever there is a conflict. By approving the County's agreements with appellants as part of the bankruptcy plan, the bankruptcy court has specifically authorized this action. We turn now to a consideration of these contractual agreements between the County and the Pool Participants, and the jurisdictional and res judicata implications of the decisions of the federal bankruptcy court in this matter. *471

B. *Agreements Between the County and the Pool Participants*

The County and the "Non-County Pool Participants" negotiated the CSA under the aegis and jurisdiction of the bankruptcy court. The CSA specifically identified the County and the Pool as "debtors" in federal bankruptcy proceedings. In return for the County's rendering to them approximately 77 percent of the funds they had deposited into the Pool, the Pool Participants were required to choose between sharing in any litigation proceeds the County might obtain in its own litigation against such third parties (Option A); or retaining their independent rights to proceed directly against both the County and third parties (Option B).

As Option B Pool Participants, appellants refused to assign to the County *any* of their claims against third parties and, thus, retained their right to pursue such claims independently. By the same token, the County and the Pool itself also reserved and retained their rights to challenge the validity or allowability of any such claims made by Option B Pool Participants, and to assert claims against any third parties or against the Option B Pool Participants themselves. [FN23] In contrast to the Option B Pool Participants, each settling Option A Pool Participant assigned to the County "any and all" of its Pool-related claims, including any such claims against third parties; [FN24] and *472 irrevocably released the County, the Pool, all other Option A Pool Participants, and all third parties from any and all Pool-related claims. [FN25] The bankruptcy court issued an order expressly authorizing and approving the CSA in its entirety.

FN23 Section (b) of the CSA provides in pertinent part: "Option B: ... [E]ach Settling Non-County Pool Participant who elects Option B shall reserve and retain, unimpaired by this Agreement, all rights and claims it may have, if any, against the County and the other County Claimants a: their Related Parties, including all claims that the County or any other County Claimant or such Related Party is liable in damages for any and all alleged misconduct ... of the County, any other County Claimant, the Pools, the Orange County Treasurer or any other officers, officials, employees or agents of the County, any other County Claimant or the Pools, and including specifically with respect to alleged self-dealing by the Orange County Treasurer and other alleged breaches of fiduciary duty, fraud, conversion, misappropriation of funds, negligent investments and other alleged misconduct and the alleged withholding of the funds of such Pool Participants. Each County Claimant and the Pools shall reserve and retain all of its rights: (i) to object to, defend against or otherwise challenge the validity, allowability, amount, priority and any other characteristic of any such reserved right or claim of any Settling Non-County Pool Participant who elects Option B, (ii) to assert any rights, claims and remedies it may have against each Settling Non-County Pool Participant who elects Option B and its Related Parties, and (iii) to seek to subordinate any reserved right, remedy or claim of a Settling Non-County Pool Participant who elects Option B under section 510 of the Bankruptcy Code or any other provision of applicable law...." (Underscore in original.)

FN24 Section 12.a. of the CSA provides in pertinent part: "Each Settling Option A Pool Participant ... hereby assigns, transfers and conveys to the County, to the fullest extent allowed by law without destruction or material impairment thereof, any and all Pool-Related Claims of such Settling Option A Pool Participant ... against any person or entity which is not a Party to this Agreement and which is not specifically released under the terms of Section 19 and any and all proceeds of such Pool-Related Claims. Such assignments shall vest in the County all rights to recovery of Litigation Proceeds for such assigned claims, subject only to the terms provided in this Agreement. Each Settling Option A Pool Participant ... acknowledges the County's ownership of the claims, rights to recovery and proceeds assigned hereunder and the County's right to prosecute such claims and rights to recover in the County's name, and/or in the name of the assigning Settling Option A Pool Participant."

FN25 Section 19.a. of the CSA provides in pertinent part: "Each Settling Option A Pool Participant hereby fully, finally and forever irrevocably releases, relieves, quitclaims, and

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> discharges the County, ... the Pools, each other Settling Option A Pool Participant and all the County's, the Pool's, ... and each such other Settling Option A Pool Partici Related Parties from, and waives and relinquishes, any and all Pool-Related Claims which such Settling Option A Pool Participant, or any person or entity claiming from, through, or under such Settling Option A Pool Participant, ever had, now has, or hereafter can, shall, or may have against the County, the Pools, ... any other Settling Option A Pool Participant or any of the County's, the Pool's, ... and each such other Settling Option A Pool Participant's Related Parties ...."

After appellants filed their own lawsuit in bankruptcy court against the County pursuant to their reserved rights under Option B, the County and appellants negotiated the Stipulation under the jurisdiction of and with the express approval of the bankruptcy court. As pertinent here, the Stipulation expressly preserved appellants' "direct claims against third parties," and affirmed that the County would neither release any third party from its liability to appellants nor assert any claim to proceeds recovered or found to be recoverable by appellants on such "direct claims." At the same time, the Stipulation reserved the rights of both the County and appellants with regard to their respective third party litigation, and reserved "for future determination whether or to what extent" appellants "can assert any claims against third parties alleged to be owned by or held in any trust which is alleged to be applicable to the deposits of the Settling Option B Pool Participants with the Pools."

Thus, the CSA and the Stipulation both explicitly preserved appellants' rights to pursue their "direct claims against third parties," while retaining the County's own right to assert claims for itself or the Option A Pool Participants against those same third parties. Under these provisions of the CSA and the Stipulation, only the Option A Pool Participants assigned any rights to the County to pursue Pool-related claims on their behalf against third parties; appellants expressly did not do so.

The County's own pleadings in bankruptcy court support appellants' position in this appeal. Contrary to respondents' contention, nothing in the County's second amended complaint against Merrill Lynch indicated that i *473 purported to make claims on behalf of appellants or the Option B Pool Participants. To the contrary, the County's complaint specifically stated that, "[p]ursuant to the CSA," it was asserting "any and all 'Pool-Related Claims' against third parties" as the "assignee" of the Option A Pool Participants. The County's lawsuit against Merrill Lynch made no mention of asserting any claims on behalf of Option B Pool Participants such as appellants. [FN26]

> FN26 The County's second amended complaint against Merrill Lynch did allege "[i]n the alternative" that "to the extent the Court determines that the claim[s] alleged herein may only be asserted on behalf of a trust, in whole or in part, then such claims are asserted by the County as trustee on behalf of the trust," and that "[t]he precise amount of restitution owing from Merrill Lynch to the County as trustee is to be proven at trial." This alternative allegation does not undermine appellants' arguments on this appeal. Instead, it underscores the fact that the County's central allegation in its own complaint against Merrill Lynch was that it was suing Merrill Lynch as the *assignee* of the claims of the Option A Pool Participants. It is significant, moreover, that the bankruptcy court has never determined the claims against Merrill Lynch "may only be asserted on behalf of a trust." To the contrary, the bankruptcy court has included in its orders and bankruptcy plan the agreements between the County and appellants recognizing appellants' right to pursue their direct claims against third parties.

Respondents argue, however, that neither the CSA nor the Stipulation gives appellants any rights to pursue claims against third parties separately or apart from the County as trustee of the Pools. Specifically, respondents point to the provisions in the Stipulation in which (a) the parties "reserve for future determination whether or to what extent the Settling Option B Pool Participants can assert any claims against any third parties alleged to be owned by or held in any trust which is alleged to be applicable to the deposits of the Settling Option B Pool Participants with the Pools"; and (b) the County reserved its right to oppose any attempt by appellants to join the County in third party litigation.

(7) Any contract must be construed as a whole, with the various individual provisions interpreted together so as to give effect to all, if reasonably possible or practicable. (Civ. Code § 1641; Code Civ. Proc. § 1858; 1 Witkin, Summary of Cal. Law (9th ed. 1987) Contracts § 686, pp. 619-620.)

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Courts must interpret contractual language in a manner which gives force and effect to *every* provision, and not in a way which renders some clauses nugatory, inoperative or meaningless. *New York Life Ins. Co. v. Hollenc* (1951) 38 Cal.2d 73, 81-82 [237 P.2d 51] *Titan Corp. v. Aetna Casualty & Surety Co* (1994) 22 Cal.App.4th 457, 473-474 [27 Cal.Rptr.2d 476].) The fundamental goal of contractual interpretation is to give effect to the mutual intention of the parties. (Civ. Cc §§, 1636; *Bank of the West v. Superior Cou* (1992) 2 Cal.4th 1254, 1264 [10 Cal.Rptr.2d 538, 833 P.2d 545]; *Parsons v. Bristol Development Co.* (1965) 62 Cal.2d 861, 865 [44 Cal.Rptr. 767, 402 P.2d 839]; 1 Witkin, Summary of Cal. Law *supra*, Contracts, *474 § 684, pp. 617-618.) The mutual intention to which the courts give effect is determined by objective manifestations of the parties' intent, including the words used in the agreement, as well as extrinsic evidence of such objective matters as the surrounding circumstances under which the parties negotiated or entered into the contract; the object, nature and subject matter of the contract; and the subsequent acts and conduct of the parties. (Civ. Code, §§ 1635-1656; Code Civ. Pro §§ 1859 -1861, 1864 *Universal Sales Corp. v. Cal. etc. Mfg. Co.* (1942) 20 Cal.2d 751, 761 [128 P.2d 665] ; *Southern Cal. Edison Co. v. Superior Coun* (1995) 37 Cal.App.4th 839, 851 [44 Cal.Rptr.2d 227]; *Hernandez v. Badger Construction Equipment Co.* (1994) 28 Cal.App.4th 1791, 1814 [34 Cal.Rptr.2d 732]; *General Motors Corp. v. Superior Court* (1993) 12 Cal.App.4th 435, 442 [15 Cal.Rptr.2d 622]; 1 Witkin, Summary of Cal. *supra*, Contracts, §§ 688-689, pp. 621-623.)

(3d) Applying these rules of contractual interpretation, we conclude that, contrary to respondents' assertion on appeal, the provisions of the CSA and Stipulation reserving the County's own rights to pursue third parties do not undercut or take away the rights reserved by appellants elsewhere in those agreements. In the first place, we note the statement in paragraph 1 of the Stipulation reserving for "future determination" appellants' power to "assert any claims against any third parties alleged to be owned by or held in any trust which is alleged to be applicable to the deposits of the Settling Option B Pool Participants with the Pools" is somewhat ambiguous. As written, the lengthy subordinate clause "alleged to be owned by or held in any trust," etc., most logically refers to and modifies the immediately preceding phrase "any third parties," and not the earlier phrase "any claims." If so read, the provision clearly has no relevance in this case, where appellants' claims are against Merrill Lynch and entities associated with it, none of which is a third party "alleged to be owned by or held in any trust."

Even if this sentence is read such that the subordinating clause refers to and modifies the entire phrase "any claims against any third parties," it must still be construed in light of *immediately preceding* sentence expressly stating that the parties "*intend* to *clarify* that the Settling Option B Pool Participants [appellants *can preserve* their *direct claims against third parties*." (Italics added.) Reading these two sentences together in context as such, we interpret them simply to mean that the parties recognize appellants' right to assert claims directly against third parties, without purporting to decide whether the law of trusts will allow appellants to do so when the County also maintains its right to make identical claims as trustee of the Pool. Interpreted in this way, the provision does not render meaningless the Stipulation's reservation of appellants' right to pursue direct claims against third parties. Instead, it simply leaves for "future determination," necessarily by the courts, the effect of applicable trust law on this reservation of rights. *475 Indeed, it is that "future determination" which it falls upon us to make in this very case.

Respondents seriously misinterpret the provision in paragraph 11(c) of the Stipulation reserving the County's right to oppose any motion by appellants to join the County in a third party action. [FN27] This provision is concerned with the impact of the automatic stay in bankruptcy, not appellants' property interests in or rights to pursue direct claims against third parties such as Merrill Lynch. Rather than contesting appellants' rights or property interests in such direct claims, the provision merely states that the County reserves the right to oppose any attempt by appellants to seek relief from the automatic stay in order to name the County as an additional plaintiff or defendant in third party litigation.

FN27 Paragraph 11 of the Stipulation provides in pertinent part: "(a) The Settling Option B Pool Participants agree that the automatic stay in the

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> County Chapter 9 Case arising under ... the Bankruptcy Code applies to effort by any Option B Pool Participant to name the County or any of its officers or inhabitants released in this Stipulation as a nominal party or otherwise in any action in respect of Pool-Related Claims or Excepted Claims ....
>
> "(b) The Settling Option B Pool Participants agree that any injunction included in, or contained in a separate order entered substantially contemporaneously with, the Confirmation Order containing provisions substantially as specified in Section VI.I.2 of [the bankruptcy court's Second Amended Plan of Adjustment (the Plan)] (the 'Plan Injunction') shall enjoin any effort by any Option B Pool Participant to name the County or any of its officers or inhabitants released in this Stipulation as a nominal party or otherwise in any action in respect of Pool Related Claims or Excepted Claims, including but not limited to, the Option B Third Party Pending Actions.
>
> "(c) The Settling Option B Pool Participants reserve their respective rights to file a regularly noticed motion with the bankruptcy court seeking relief from the automatic stay or the Plan Injunction in order to name the County or any of its officers or inhabitants as nominal party defendants or plaintiffs in an action subject to such stay or Plan Injunction, including an Option B Third Party Pending Action. The County reserves all of it rights to oppose any such motion. For purposes of seeking relief from the Plan Injunction, an Option B Pool Participant would be required to demonstrate cause sufficient for granting relief from the automatic stay including, without limitation, the existence of a property interest in the claims sought to be recovered in the third party litigation."

This provision, and all the other provisions in the Stipulation reserving the County's rights to bring claims against third parties on its own account or on behalf of the Option A Pool Participants, must be interpreted in harmony with the other provisions in the Stipulation expressly and repeatedly reserving appellants' rights to pursue their own litigation against third parties and disclaiming any assertion by the County of claims to proceeds recovered or found recoverable by appellants on such direct claims. Interpreting these provisions as a whole, as we must, we conclude it was the parties' intention that appellants be permitted to pursue their direct claims against third parties such as Merrill Lynch as freely as possible, given the constraints and considerations imposed by the bankruptcy court's jurisdiction over the *476 County and the County's reservation of its own claims against third parties on behalf of itself and the Option A Pool Participants. [FN28] In short, the CSA, the Stipulation and the admissions of the County in its own pleadings establish t *intent* of the County that appellants retain the right to press their claims against Merrill Lynch directly.

> FN28 Paragraph 10 of the Stipulation provides in pertinent part: "... The County shall not assert any claim to any proceeds recovered or determined by a court to be recoverable by Settling Option B Pool Participants, if any, on such direct claims...."
>
> Paragraph 13(a) of the Stipulation provides in pertinent part: "[N]othing contained herein shall release (i) any claims [of appellants] against, or rights or obligations of, any party arising from or specifically reserved in this Stipulation, [or] (ii) any claims or rights [of appellants] against any third party reserved under this Stipulation ...."
>
> Paragraph 15 of the Stipulation provides in pertinent part: "Except as provided in Paragraph 11, nothing contained in the Modified Plan or the Confirmation Order [of the bankruptcy court] shall be deemed to impair or adversely affect any right or claim reserved by the Settling Option B Pool Participants in this Stipulation; and the Plan Injunction shall not be construed to restrain or impair any right or claim of any Option B Pool Participant against any third party not released in this Stipulation."
>
> Paragraph 18 of the Stipulation provides in pertinent part: "Not contained in this Stipulation shall affect the rights or positions of the County with respect to the claims that it asserts for itself and/or on behalf of the Option A Pool Participants in litigation against third parties now pending or hereafter initiated. Nothing contained in this Stipulation shall affect the rights or positions of any Settling Option B Pool Participant with respect to any claims they may assert in litigation against third parties now pending or hereafter initiated."

C. *Federal Bankruptcy Law*

Equally important to our consideration of the legal sufficiency of appellants' second amended complaint against Merrill Lynch is the impact of federal bankruptcy law in general and the specific holdings of the bankruptcy court with respect to the County's position as trustee of the Pools and appellants' position as beneficiaries. For several reasons, the position of the Pool and the County itself as insolvent debtors under the jurisdiction of the federal

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bankruptcy court tends further to support appellants' standing to pursue their claims against respondents, and the viability of their second amended complaint.

First, as noted, the bankruptcy court has expressly authorized and approved both the CSA and the Stipulation in their entirety. Thus, insofar as any provisions in these agreements authorize appellants to proceed directly against third parties on Pool-related claims despite appellants' status as beneficiaries, such provisions must be treated as having received the endorsement and sanction of the bankruptcy court itself. The orders of the bankruptcy court adopting the CSA and the Stipulation establish that appellants have the right to pursue their direct claims against third parties such as Merrill Lynch, and that the County will not assert any claim to or *47 reimbursement of proceeds recovered by appellants, or determined recoverable by them. This determination is binding and res judicata in this action. (11 U.S.C. § 1141(a); *Levy v. Cohen* (1977) 19 Cal.3d 165, 172- 174 [137 Cal.Rptr. 162, 561 P.2d 252] [a bankruptcy court order confirming an arrangement or agreement between the parties in bankruptcy is res judicata in any subsequent state court actic *In re Kelley* (Bankr. 9th Cir. 1996) 199 B.R. 698, 702-703 [a confirmed plan in bankruptcy is binding on the parties, and operates to preclude the assertion of issues arising out of the prebankruptcy petition relationship of the parties that were or could have been raised earlier] *In re Bowe.* (Bankr. S.D.Ga. 1994) 174 B.R. 840, 847 [the contents of an arrangement or plan approved by a bankruptcy court are res judicata and binding for all purposes, and may not be relitigated by the parties even if arguably contrary to applicable law].) [FN29]

> FN29 Thus, the trial court erred in its November 5, 1996, statement of decision sustaining the initial demurrer to appellants' first amended complaint with leave to amend, when it stated that appellants' "trust claims cannot be prosecuted in this action even if County and Moorlach are not found to be trustees in the federal action" because the bankruptcy court has sole jurisdiction over the parties and the trus *res.* As seen, the bankruptcy court *itsel* has approved the County's agreements and stipulations with appellants as part of the bankruptcy plan, thereby authorizing appellants to pursue the instant lawsuit against Merrill Lynch.

(6b) Second, as previously discussed, the bankruptcy court specifically held that the County itself is and has always been the trustee of the Pool. Even though the County Treasur *act* as trustee under section 27100.1, he is merely the agent and representative of the County in this respect*In re County of Orange, su* 191 B.R. at pp. 1011-1015.) Thus, even though the individual (Citron) who dealt with appellants as the County's agent for the Pool under section 27100.1 has now been replaced as County Treasurer by another individual (Moorlach), the bankruptcy court has determined that it is tl *Count* which has always held in trust all funds deposited by appellants in the Pool. In short, the identical trustee of the Pool at the time appellants deposited their funds is still the trustee. That same trustee has expressly stipulated that appellants may bring their own direct claims against Merrill Lynch pursuant to the authority of the bankruptcy court. That trustee, of course, is the County. For purposes of this action, therefore, there is no "successor trustee" to the original trustee of the Pool, and appellants may proceed directly against third parties such as Merrill Lynch alleged to have participated in breaches of trust with the trustee of the Pool. [FN30]

> FN30 For this reason, the trial court also erred in the November 5, 1996, statement of decision when it stated that appellants "have no standing as a matter of law to pursue any claims for recovery of trust property" based on aiding and abetting the trustee's breach of trust, because "a successor co-trustee, Robert Moorlach has been appointed, and is prosecuting the same action" against Merrill Lynch. Although Moorlach is the successor to County Treasurer Citron and, as su *a,* is "successor trustee" under section 27100.1, there is *no successo* to the County itself, which was trustee of the Pool at the time appellants deposited their funds therein and still remains trustee of the Pool in the current proceedings under the jurisdiction of the bankruptcy court.

Third, the bankruptcy court has held that federal bankruptcy law preempts any conflicting provisions of section 27100.1 or the California law of trusts *478 with regard to the debtor-creditor status of the County and trust depositors such as appellants*In(re County of Orange, su,* 191 B.R. at pp. 1013-1018; *In re County of Orange, su* 183 B.R. at pp. 605-607.) Thus, for purposes of federal bankruptcy law, the County Pool is a debtor and a debtor-creditor relationship exists between the Pool

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and its depositors, even though the Pool is also a trust and the Pool Participants are trust beneficiaries under section 27100.1. "[A] [Pool Participant] obtained a claim upon the transfer of funds to the [Pool] irrespective of the existence of the trust. [Citation.] Simultaneously, the [Pool] has a debt on that claim, thereby creating a debtor-creditor relationship. ¶] The [Pool] also has debts to its participants even if the [Pool] is a trust because participants cannot trace their funds in the [Pool]...." *In re County of Orange, supra* 183 B.R. at p. 606.) In the County's lawsuit against Merrill Lynch, the bankruptcy court specifically rejected Merrill Lynch's contention that the nature of the Pool as a trust under section 27100.1 has not been affected by the County's bankruptcy regardless of the level of commingling of funds in the Pools, the solvency of the County, or the inability of the Pool Participants to trace their trust funds in the Pool. Instead, the bankruptcy court upheld the County's position that when an insolvent trustee-debtor controls assets consisting of commingled funds of the debtor and the trust itself, the assets are "property of the debtor" subject to the equitable jurisdiction of the bankruptcy court to ensure appropriate distribution to the debtor's general creditors. When a trustee debtor is insolvent and the beneficiaries cannot trace their funds, the beneficiaries stand in the position of general creditors despite any conflicting provisions of section 27100.1. [FN31] *In re County of Orange, supra,* 191 B.R. at pp. 1012-1018.) *479

> FN31 "On its face § 27100.1 creates a trust for funds deposited with a county treasurer by non-county entities irrespective of conflicting federal bankruptcy law. In essenc § 27100.1 seeks to establish a priority for non-county trust participants regardless of the claims other county creditors might have to the same assets. This directly conflicts with federal bankruptcy law and the goal of a fair and equitable distribution to all creditors of a bankrupt's estate. [Citations.]
> "Under federal bankruptcy law, a creditor beneficiary of an insolvent, trustee debtor must be able to trace its funds otherwise the funds become property of the debtor. [Citation "[A].. beneficiary of an insolvent, trustee debtor must be able to trace its funds in order to claim any property of the debtor. Absent this tracing, all the funds shall be treated as property of the debtor to guarantee the equal treatment of creditors under the Bankruptcy Code (the 'Code'). [Citation.] When a trustee debtor is insolvent and the beneficiaries cannot trace their funds, the beneficiaries must stand in the position of general creditors. [Citations.] Any other result would destroy the level playing field for creditors established by the Code.
> "To the extent th § 27100.1 was intended to eliminate tracing when a debtor trustee is insolvent, it conflicts with federal bankruptcy law....
> "When a state law conflicts with federal bankruptcy law, the state law is preempted. [Citation.] Therefore, to the extent th § 27100.1 creates a special class of creditors (i.e., non-County governmental entities) in conflict with the priority scheme in the Code, it is preempted by federal law." (*In re County of Orange, supra* 191 B.R. at pp. 1015-1017, fns. and italics omitted.)

Thus, because they cannot trace the funds they invested in the Pool, appellants have the status of general creditors of the County and the Pool irrespective of the existence of the trust. By operation of federal law, then, the relationship between the County and appellants is no longer that of trustee and beneficiaries, but of debtor and creditors. Because of its basic similarity to an investment fund in which the Pool Participants deposited their funds, the County Pool was never a garden-variety trust instrument in the first place. In the present bankruptcy context, the Pool is even less a typical trust. Appellants' contractual rights to pursue claims directly against third parties such as Merrill Lynch have been specifically authorized and affirmed by the bankruptcy court itself. As such, those rights now have an independent basis in federal law, regardless of any conflicting principle of California trust law.

In a related unpublished decisi *Irvine Ranch Water District v. Merrill Lynch & Co., In* (C.D. Cal. Apr. 14, 1997) 1997 U.S. Dist. LEXIS 7030, [FN32] the federal District Court for the Central District of California denied Merrill Lynch's alternative motions to dismiss or stay a direct action brought by a Pool Participant against Merrill Lynch. As in the instant case, Merrill Lynch argued that Irvine Ranch Water District (Irvine Ranch) was a beneficiary of the Pool trust and not a real party in interest under principles of California trust law, and its action could therefore only be brought by the Pool trustee. The district court rejected Merrill Lynch's argument. Concluding that Irvine Ranch had a "long-standing advisor-advisee relationship

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with Merrill Lynch through which [it] relied on Merrill Lynch for advice concerning its investment portfolio and financial affairs," and that it had alleged a breach of a duty "separate and distinct from any obligations Merrill Lynch owed to the Pool," the district court held that Irvine Ranch had standing to bring its own action against Merrill Lynch to recover damages for independent torts. (1997 U.S. Dist. LEXIS 7030, *supra*, at p. *4.)

> FN32 Pursuant to Evidence Code sections 451, subdivision (a), and 452, subdivision (d), we take judicial notice of this unpublished decision, a copy of which is included in the supplement to appellants' opening brief.

As respondents correctly argue, t *Irvine Ranch* decision is factually distinguishable from the instant case. Of the 14 government entities that make up the appellants herein, only 3 are alleged to have had direct *480 client- broker relationships with Merrill Lynch as their specific investment adviser. [FN33] In addition, Irvine Ranch itself was never an Option B Pool Participant. It is therefore presumably an Option A Pool Participant and, as such, has assigned all its Pool-related claims to the County for the latter to pursue in its own action against Merrill Lynch. Nevertheless, th *Irvine Ran* case is clearly analogous to this one, and instructive to our analysis.

> FN33 Appellants' second amended complaint alleges: "At all times relevant to this Second Amended Complaint, Merrill Lynch had direct broker-dealer and investment advisor relationships with a number of [appellants], including the City of Mountain View, the City of Santa Barbara, and the City of Milpitas...."

As the district court pointed out, Irvine Ranch alleged the *same monetary loss* as that alleged in the County's own complaint against Merrill Lynch-namely, the loss it suffered to its principal investments in the Pool. The district court nevertheless found that because Irvine Ranch's complaint was based on an alleged breach of a separate duty to itself rather than an alleged breach of duty to the trust, "[t]he fact each case may involve the same monetary loss is not controlling ...." What was significant in the case was that Irvine Ranch, although a beneficiary of the trust Pool, was able to allege a separate cause of action for liability damages owed directly to it by Merrill Lynch, even though the actual monetary loss it complained of was the *same* monetary loss from the collapse of the Pool for which the County sought reimbursement in *its* action against Merrill Lynch.

We agree with the decision *Irvine Ranc*. As applied to this case, we conclude that as long as appellants have adequately alleged breaches of duty by Merrill Lynch owed directly to themselves, the fact they are seeking recovery for the same monetary losses as the County is seeking in its own complaint on behalf of the Option A Pool Participants will not by itself prevent appellants from pursuing this action separately from the County. *Sawyer v. First City Financial Corp.* (1981) 124 Cal.App.3d 390, 399-403 [177 Cal.Rptr. 398] [plaintiffs may proceed separately on tort and contract theories to recover the same single monetary loss, because the harm effected by the tortious conduct was different from that caused by the breach of contract].) We therefore turn to the specific causes of action of appellants' second amended complaint:

IV. Appellants' Second Amended Complaint

Appellants' second amended complaint alleges causes of action against Merrill Lynch for fraud, conspiracy to defraud, negligent misrepresentation, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, receiving stolen property, and violations of RICO. Our present task is to determine, in light of the applicable principles of trust law and the particul *481 circumstances of this case, whether appellants have properly stated any cause of action against respondents sufficient to withstand demurrer.

Each of the causes of action of appellants' second amended complaint is based on factual allegations in the complaint to the effect that Merrill Lynch, with the purpose and intent of advancing its own financial interests, actively participated with the County in designing and implementing an investment strategy for the Pool, and then made a variety of misrepresentations through its affirmative public statements, actions and nondisclosures in order to induce appellants to deposit their funds in the Pool and keep them there despite growing concerns about the safety of the Pool's investment policies. The

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misrepresentations alleged were to the effect that the investment strategies employed by the County and Merrill Lynch on behalf of the Pool were prudent, sound, and well calculated to minimize volatility, to protect principal, and to provide liquidity. These representations were in fact false, in that the investment strategy designed and promoted by Merrill Lynch for the County Pool actually placed appellants' funds at a high degree of risk, failed to provide liquidity, and resulted in extremely volatile returns. Respondents made these misrepresentations in written prospectuses and reports, as well as in oral statements to appellants and to the general public. In addition, Merrill Lynch failed to disclose information to appellants that would have put them on notice of the extent of the risk they undertook by investing their funds in the Pool. Merrill Lynch made all these misrepresentations and failures to disclose in order to further its own economic interests. Based on these factual allegations, which we must treat as admitted for purposes of this appeal, we conclude that appellants have properly stated the alleged causes of action against respondents.

A. *Fraud and Negligent Misrepresentation*

Appellants' second amended complaint alleges causes of action against respondents for fraud, conspiracy to defraud, and negligent misrepresentation (first, second and third causes of action).

(8) The well-established common law elements of fraud which give rise to the tort action for deceit are: (1) misrepresentation of a material fact (consisting of false representation, concealment or nondisclosure); (2) knowledge of falsity (scienter); (3) intent to deceive and induce reliance; (4) justifiable reliance on the misrepresentation; and (5) resulting damage. (Civ. Code, §§ 1572, 1709-1710; *Gonsalves v. Hodgson* (1951) 38 Cal.2d 91, 100-101 [237 P.2d 656] *Seeger v. Ode.* (1941) 18 Cal.2d 409, 414 [115 P.2d 977, 136 A.L.R. 1291]; *Harazim v. Lynam* (1968) 267 Cal.App.2d 127, 130 [72 Cal.Rptr. 670]; 5 Witkin, Summary of Cal. Law (9th ed. 1988) *482 Torts, § 676, p. 778.) [FN34] It is not essential to liability for fraud that the person charged have received any advantage from the fraud. Thus, a person may be liable for fraudulent misrepresentations even if he or she gains no benefit or profit of any kind from them. *Snyder v. Security First Nat. Bank* (1939) 31 Cal.App.2d 660, 665 [88 P.2d 760] *Swasey v. de L'Etai* (1936) 17 Cal.App.2d 713, 718 [62 P.2d 753]; 5 Witkin, Summary of Cal. Law, *supra*, Torts, § 676, p. 778.) It is essential, however, that the person complaining of fraud actually have relied on the alleged fraud, and suffered damages as a result. (*Schroeder v. Auto Driveaway Co* (1974) 11 Cal.3d 908, 917 [114 Cal.Rptr. 622, 523 P.2d *Commonwealth Mortgage Assurance Co. v. Superior Cot* (1989) 211 Cal.App.3d 508, 518-521 [259 Cal.Rptr. 425]; *Brown v. Critchfiel* (1980) 100 Cal.App.3d 858, 866 [161 Cal.Rptr. 342]; 5 Witkin, Summary of Cal. Law, *supra*, Torts, §§ 711, 718, pp. 810-811, 817-818.) What distinguishes actionable fraudulent deceit is the element of knowing intent to induce someone's action to his or her detriment with false representations of fact. Fraud is an intentional tort; it is the element of fraudulent intent, or intent to deceive, that distinguishes it from actionable negligent misrepresentation and from nonactionable innocent misrepresentation. It is the element of intent which makes fraud actionable, irrespective of any contractual or fiduciary duty one party might owe to the other. *Lacher v. Superior Cour.* (1991) 230 Cal.App.3d 1038, 1046-1047 [281 Cal.Rptr. 640]; 5 Witkin, Cal. Procedure (3d ed. 1985) Pleading, § 677, p. 127.)

FN34 Fraud and deceit are defined in Civil Code sections 1572, 1709 and 1710. Civil Code section 1709 defines fraudulent deceit generally: "One who willfully deceives another with intent to induce him to alter his position to his injury or risk, is liable for any damage which he thereby suffers." Civil Code section 1710 specifies four kinds of deceit: "A deceit, within the meaning of the last section, is either: ¶ 1. The suggestion, as a fact, of that which is not true, by one who does not believe it to be true [intentional misrepresentation of fact];¶ 2. The assertion, as a fact, of that which is not true, by one who has no reasonable ground for believing it to be true [negligent misrepresentation of fact]; ¶ 3. The suppression of a fact, by one who is bound to disclose it, or who gives information of other facts which are likely to mislead for want of communication of that fact [concealment or suppression of fact]; or,¶ 4. A promise, made without any intention of performing it." Civil Code section 1572, dealing specifically with fraud in the making of contracts, restates these definitions in slightly differing language, with the addition of a fifth kind of deceit, described

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generally as "Any other act fitted to deceive."

(9) The second amended complaint contains extensive allegations that Merrill Lynch made specific misrepresentations, both to appellants and to the general public, concerning the County's general investment strategy, and that it actively concealed the nature, status and actual volatility of the Pool's returns on investments. These allegations are sufficiently definite and substantive to state causes of action against respondents for fraud, conspiracy to defraud, and negligent misrepresentation. (*Rogers v. Warden* (1942) 20 Cal.2d 286, 288-290 [125 P.2d 7] ; *Pierce v. Lyman, supra,* 1 Cal.App.4th at *483 p. 1107; *Lacher v. Superior Court,* 230*a,* Cal.App.3d at pp. 1046-104 *Younan v. Equifax Inc.* (1980) 111 Cal.App.3d 498, 508-514 [169 Cal.Rptr. 478];) In light of the bankruptcy court's orders adopting the stipulations between the County and appellants, as well as the principles of trust law discussed above, we conclude appellants have stated claims for breaches of duties by Merrill Lynch *directly* to themselves, and *independent* of any duties owed by Merrill Lynch to the trust itse*Irvine Ranch Water District v. Merrill Lynch & Co., Inc., supra,* 1997 U.S. Dist. LEXIS 7030.)

B. *Breach of Fiduciary Duty*

(10a) Next, the second amended complaint alleges causes of action against respondents both for breach of fiduciary duty, and for aiding and abetting a breach of fiduciary duty (fourth and fifth causes of action). As seen, beneficiaries of a trust may sue third parties who, in order to advance their own financial advantage, have actively participated with a trustee in breach of the trustee's duty to the trust. (*Saks v. Damon Raike & Co., supra* 7 Cal.App.4th at p. 428; *Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1103- 1106.) Specifically, securities brokers who have assisted a fiduciary or a trustee in speculating with trust funds and deceiving the beneficiaries of an investment trust as to the financial stability of the trust are directly liable to the beneficiaries themselves both for breach of the *brokers'* fiduciary duties, and for aiding and abetting the trustee's breach in order to further the brokers' own economic interests. *Duffy v. Cavalle* (1989) 215 Cal.App.3d 1517, 1533 [264 Cal.Rptr. 740]; Rest.2d Trusts ¦ 326, pp. 124-125; 4 Scott on Trusts, *supra* ¦ 326.2, pp. 296-298; Bogert on Trusts, *supra* ¦ 901, pp. 315-318; ¦ *Pierce v. Lyman, supra,* 1 Cal.App.4th at pp. 1103-1106.)

(11) The elements of a cause of action for breach of fiduciary duty are the existence of a fiduciary relationship, its breach, and damage proximately caused by that breach. *Pierce v. Lyman, supra* 1 Cal.App.4th at p. 1101.) In order to plead a cause of action for breach of fiduciary duty, there must be an adequate showing of each of these elements. Although only three of the fourteen government entities that make up the appellants in this lawsuit allegedly had direct broker-client relationships with Merrill Lynch, this is not fatal to appellants' cause of action for breach of fiduciary duty. A fiduciary or confidential relationship may arise whenever confidence is reposed by persons in the integrity and good faith of another. If the latter voluntarily accepts or assumes that confidence, he or she may not act so as to take advantage of the others' interest without their knowledge or conser*Tri-Growth Centre City, Ltd. v. Silldorf, Burdman, Duignan & Eisenberg* (1989) 216 Cal.App.3d 1139, 1150 [265 Cal.Rptr. 330].) (12) Persons who owe a fiduciary duty to the trustee of a trust may be liable to the trust *484 beneficiaries for breach of fiduciary duty whenever such fiduciaries actively collude with the trustee in breaching the trustee's own fiduciary duties. *Bancroft-Whitney Co. v. Gl* (1966) 64 Cal.2d 327, 353 [49 Cal.Rptr. 825, 411 P.2d 921, 24 A.L.R.3d 795 *Pierce v. Lyman, su,* 1t, Cal.App.4th at pp. 1102-110 *Morales v. Field, DeGoff, Huppert & Mac* (1979) 99 Cal.App.3d 307, 314-315 [160 Cal.Rptr. 235 *St. James Armenian Church of Los Angeles v. Kurkjian* (1975) 47 Cal.App.3d 547, 552 [121 Cal.Rptr. 214] ; *Gray v. Sutherlan* (1954) 124 Cal.App.2d 280, 290 [268 P.2d 754].)

(10b) Here, the second amended complaint plainly alleges that the County, on the advice of Merrill Lynch, undertook a program of investment which was imprudent and unsuitable for the trust. This program included speculative investments in extremely volatile securities, risky transactions in highly leveraged interest-bearing instruments, and excessive commissions. Aside from alleging that respondents rendered unsound investment advice and had knowledge the County was breaching its fiduciary duties to its beneficiaries, the second amended complaint alleges they participated in

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preparing accountings and made public statements in order to conceal the risks of investing in the Pool, mislead Pool Participants, and advance their own monetary interests. Thus, active concealment, fraudulent misrepresentations, self-dealing for financial gain, and direct participation in breach of fiduciary duty are all described in detail. On this basis, we conclude the second amended complaint sufficiently states causes of action against respondents for breach of fiduciary duty and aiding and abetting breach of fiduciary dut*Bancroft-Whitney Co. v. Glen, supra* 64 Cal.2d at p. 353; *Pierce v. Lyman, sup* 1 Cal.App.4th at pp. 1105-1106; *Morales v. Field, DeGoff, Huppert & MacGowan, supra,* 99 Cal.App.3d at pp. 314-315; *St. James Armenian Church of Los Angeles v. Kurkjian, supra,* 47 Cal.App.3d at p. 552 *Gray v. Sutherland, supra,* 124 Cal.App.2d at p. 290. *Irvine Ranch Water District v. Merrill Lynch & Co., Inc., supra,* 1997 U.S. Dist. LEXIS 7030.)

C. *Statutory Theft and Racketeering*

Finally, the second amended complaint contains causes of action for receipt of stolen property under Penal Code sections 484 and 496 (sixth cause of action) and violations of RICO (seventh cause of action).

Penal Code section 484, subdivision (a), defines theft. Among other things, it provides that "[e]very person who shall ... knowingly and designedly, by any false or fraudulent representation or pretense, defraud any other person of money, labor or real or personal property ... is guilty of theft.... For purposes of this section, any false or fraudulent representation or pretense made shall be treated as continuing, so as to cover any *485 money, property or service received as a result thereof, and the complaint, information or indictment may charge that the crime was committed on any date during the particular period in question:..." Penal Code section 496 establishes punishment for knowingly receiving property "that has been obtained in any manner constituting theft...." The factual allegations of the second amended complaint state that Merrill Lynch knowingly received property obtained from appellants by means of fraudulent representations. These allegations are sufficient to state a cause of action for receipt of property obtained by means of theft under California law.

(13) Appellants also allege violations of RICO. As applicable to this case, RICO penalizes "racketeering activity" under circumstances that affect interstate or foreign commerce. Specifically, RICO declares it unlawful to use or invest income derived from "a pattern of racketeering activity" in the establishment, operation, or acquisition of an interest in any enterprise engaged in or affecting interstate or foreign commerce; or to conduct any enterprise engaged in or affecting interstate or foreign commerce "through a pattern of racketeering activity ...." (18 U.S.C. § 1962(a), (c).) Among other things, "racketeering activity" is defined to include any act involving fraud in the sale of securities, or indictable under federal laws prohibiting mail fraud, wire fraud, or interstate transportation of stolen property. (18 U.S.C. § 1961(1).)

Pursuant to these broad statutory definitions, numerous cases have held that fraud in the sale of securities qualifies as "racketeering activity" within the meaning of RICO.*U.S. v. Blinde* (9th Cir. 1993) 10 F.3d 1468, 1471-1472 [allegations of fraud in "purchase and sale" and "offer and sale" of securities are sufficient to state cause of action under RICO]; *Laird v. Integrated Resources, Inc.* (5th Cir. 1990) 897 F.2d 826, 838 [securities "churning" is a predicate act under RICO *James v. Meinl* (5th Cir. 1985) 778 F.2d 200, 205-207 [consequential damages to investors arising from accountant's alleged misstatements and omissions in connection with sale of stock were sufficient to establish predicate acts of "racketeering activity" for RICO purposes]; *Koulouris v. Estate of Chalmers* (N.D.Ill. 1992) 790 F.Supp. 1372, 1376 [any willful misrepresentation or omission of material fact made in connection with sale of stock falls within the RICO definition of "racketeering activity"]; *Yancoski v. E.F. Hutton & Co., Inc.* (E.D.Pa. 1983) 581 F.Supp. 88, 94-97 [fraud in sale of securities qualifies as "racketeering activity" under RICO].)

The seventh cause of action of appellants' second amended complaint alleges that (a) respondents engaged in a pattern of unlawfully purchasing and selling securities instruments and fraudulently inducing appellants t *486 deposit their assets in the Pool in order to provide the funds for respondents to advance their unlawful securities

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schemes; (b) respondents' fraudulent securities activities affected interstate and foreign commerce by utilizing national securities exchanges and markets, interstate mails and wires; (c) respondents made willful misrepresentations and omissions of material fact in connection with the sale of securities for the purpose of deceiving and defrauding appellants; and (d) respondents engaged in mail and wire fraud and violations of federal securities laws. Appellants allege they suffered injuries as a result of respondents' fraudulent schemes, and request triple damages in accordance with RICO. (18 U.S §. 1964(c).) On the basis of ample precedent, these allegations sufficiently allege conduct in breach of duties owed directly to appellants under the federal RICO statutes. (*Reddy v. Litton Industries, Inc.* (9th Cir. 1990) 912 F.2d 291, 294.)

V. Disposition

We conclude that pursuant to their agreements and stipulations with the County, appellants retained their inherent rights as trust beneficiaries to litigate their direct claims against third parties, such as Merrill Lynch, accused of having actively participated with the trustee in breaches of trust and fiduciary duty. Because the County is proceeding against Merrill Lynch as a debtor in bankruptcy on behalf of itself and as th *assignee* of the Option A Pool Participants, the County's claims against respondents do not conflict with or overlap the *direct* claims of appellants in this action. The instant action is brought pursuant to the bankruptcy court's own orders approving the CSA and the Stipulation, both of which specifically authorize appellants' pursuit of their direct claims against Merrill Lynch such as those alleged here. Appellants have sufficiently alleged causes of action for breaches of duties and liability damages owed directly to them by respondents. The trial court therefore erred in sustaining respondents' demurrer to the second amended complaint without leave to amend.

The judgment on the order sustaining respondents' demurrers to appellants' second amended complaint without leave to amend is reversed. Respondents shall pay appellants' costs on appeal.

Hanlon, P. J., and Reardon, J., concurred.

A petition for a rehearing was denied January 6, 1999, and the opinion was modified to read as printed above. Respondents' petition for review by the Supreme Court was denied March 31, 1999. *487

Cal.App.6.Dist.,1998.

City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc.

END OF DOCUMENT

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EXHIBIT P

SENATE RULES COMMITTEE
Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 445-6614 Fax: (916) 327-4478

UNFINISHED BUSINESS

Bill No: SB 564
Author: Johnston (D) & Lewis (R)
Amended: 9/13/95
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-0, 3/29/95
AYES: Ayala, Johnston, Kopp, Russell, Craven
NOT VOTING: Calderon, Rosenthal

SENATE APPROPRIATIONS COMMITTEE: 13-0, 4/17/95
AYES: Johnston, Alquist, Calderon, Dills, Greene, Kelley, Killea, Leonard, Leslie, Lewis, Mello, Mountjoy, Polanco

SENATE FLOOR: 38-0, 5/1/95
AYES: Alquist, Ayala, Beverly, Boatwright, Calderon, Campbell, Costa, Craven, Dills, Greene, Hayden, Haynes, Hughes, Hurtt, Johannessen, Johnston, Kelley, Killea, Kopp, Leonard, Leslie, Lewis, Lockyer, Maddy, Marks, Mello, Monteith, Mountjoy, O'Connell, Peace, Polanco, Rogers, Rosenthal, Russell, Solis, Thompson, Watson, Wright
NOT VOTING: Petris

ASSEMBLY FLOOR: Not Available

SUBJECT: Local agency treasurers

SOURCE: State Treasurer

DIGEST: This bill requires the State Treasurer and each

CONTINUED

SB

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local treasurer to provide an annual investment statement and detailed quarterly investment reports to the Pooled Money Investment Board. Local agency treasurers or chief financial officers must also provide other governing boards and any oversight committee with an annual statement of investment policy, and notify them of any subsequent alteration of investment policy. The bill requires local treasurerso or chief financial officerso quarterly reports to governing boards with specified information.

Assembly Amendments:

1. Delete a provision which would have required the State Treasurer to mention in his/her quarterly report a description of the treasury's ability to meet the treasury's expenditure requirements for the next six months.

2. Require the legislative body and any oversight committee to consider the investment policy statement at a public meeting. Any changes in the policy is to also be considered by the legislative body of the local agency at a public meeting.

3. Delete from the Senate version the requirement that allows local agency treasurers to submit the most recent account statement, in lieu of the required report, as specified, applicable to a local agency that had less than $25,000 invested at all times during the time period covered by the report.

Senate Floor Amendments of 4/27/95 recast the information required for local treasurerso quarterly investment reports as follows:

1. Eliminate the requirement that local officials report on the weighted average maturity for the poolos investments.

2. Eliminate the need to report on securities managed by other parties, unless the maturity exceeds one year,

3. Require the report to include any other information

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required by the local agencyos board.

4. Permit the treasurer or chief financial officer to use a subsidiary ledger of investments in accordance with accepted accounting practices.

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5. Permit a local agency to submit its most recent investment statements in lieu of a quarterly report if the local agency meets the following criteria: (a) It has less than $250,000 invested during the time covered by the report, and (b) it invested only with the stateos Local Agency Investment Fund or in

federally-insured banks or savings and loans.

ANALYSIS: The State Treasurer invests the revenues and surplus monies of state and local agencies in the $27 billion Pooled Money Investment Fund (PMIF). PMIF monies can be invested in U.S. Treasury notes, prime quality commercial paper, negotiable certificates of deposit, repurchase and reverse repurchase agreements and other instruments. The Pooled Money Investment Board, consisting of the State Treasurer, the State Controller, and the Director of Finance, oversees PMIF investments. The Treasurer is also assisted by the Local Agency Investment Fund Advisory Board, consisting of the Treasurer and four of his/her appointees, when investing local agencies' monies.

Each month, the Treasurer must report on the previous month's investment and deposit transactions and any related information requested by the Pooled Money Investment Board. This report must be available for public viewing.

The California Constitution requires the Legislature to determine local agencies' powers, except for charter cities which control their own "municipal affairs." Through its constitutional discretion, the Legislature has given broad investment authority to local governing boards and their elected or appointed treasurers. State law permits cities, counties, school districts, community college districts, county boards of education, superintendents of public instruction, and special districts to invest in their money in 14 different instruments including certificates of deposit, highest-quality commercial paper, and reverse repurchase agreements.

If a local governing board delegates investment powers to its treasurer, the treasurer may provide quarterly interest reports to the local agency if requested by the governing

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board.

State law used to require regular reports by local treasurers about the funds they had on deposit. In 1933, the Legislature required treasurers to issue quarterly interest reports. In 1983, the Legislature allowed treasurers to issue quarterly reports if their governing boards asked for them. In 1984, after the City of San Jose lost $60 million in investments involving repurchase agreements, the Legislature required treasurers to produce an annual statement of investment policy, monthly reports

of investments, and a detailed monthly report of transactions involving repurchase and reverse repurchase agreements. The 1984 law sunsetted in 1991, and state budgets from 1990-91 through 1993-94 suspended quarterly reporting mandates, which were costing the State General Fund $7.8 million a year in mandate reimbursements. In 1993, the Legislature permanently abandoned the requirement for quarterly investment reports by making them permissive for local treasurers (SB 442, Budget and Fiscal Review, 1993).

On December 6, 1994 Orange County filed for bankruptcy protection under Chapter 9 of the U.S. Bankruptcy Code. The county's action resulted from a $1.7 billion loss to its Investment Pool, a depository for the surplus and borrowed funds of the county and approximately 196 cities, school districts, and special districts.

In February 1995, Governor Wilson asked the State Treasurer to convene and chair a Task Force to examine the Orange County Pool's collapse. After holding three public hearings on the causes and cures for the county's bankruptcy, the Treasurer's Task Force concluded that state and local agencies' investment practices need reform. The Treasurer wants the Legislature to require treasurers to produce annual statements of investment policy, provide detailed quarterly investment reports, and limit agencies' investments in reverse repurchase agreements.

1. State Treasureros Investment Policy. This bill requires the State Treasurers to annually prepare a written statement of investment policy and submit that

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statement to the Pooled Money Investment Board. The board must consider the statement of investment policy at a public meeting. The Treasurer must promptly notify the board of any material change in the investment policy.

2. State Treasurer's Quarterly Reports. This bill requires the Treasurer to submit a quarterly report to the Pooled Money Investment Board containing:

A. The type of investment, name of issuer, date of maturity, and amount invested in each security, investment, and money within the agency's pool.

B. The weighted average maturity of the investments in the treasury.

C. Any funds, investments, or programs, including loans which are under the management of contracted parties outside the state, if the maturity exceeds one year.

D. The market value for any security within the treasury. The valuation must cite its source and be current as of the report's date.

E. A description of the compliance with the statement of investment policy.

This bill permits the board to require the treasurer or fiscal officer to report monthly, rather than quarterly, by adopting a resolution.

3. Local Officialso Investment Policies. This bill requires a local agency's treasurer or chief fiscal officer to provide his or her governing board and any oversight committee of the local agency with an annual statement of investment policy each year. The annual investment policy statement, and his changes to it, are to be considered at a public meeting.

Requires local agency treasurers to prepare a quarterly report to the legislative body, chief executive officer and auditor. The quarterly report is to include information on

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all investments of the local agency, a statement of the portfolio's compliance with the local agency's investment policy, and a statement of the local agency's ability to meet its pool's obligations for the next six months.

Permits local agency treasurers to submit the most recent account statement, in lieu of the required quarterly report, if all of the agency's investments are placed in either the Local Agency Investment Fund, Federal Deposit Insurance Corporation insured accounts, a county investment pool, or any combination of these.

Comments (according to the Senate Local Government Committee)

After holding three public hearings on Orange County's bankruptcy, the State Treasurer wants to reform state and local investment polices. While reporting by itself will not prevent investment losses, requiring treasurers to compile and publicize their policies and investments will help public officials oversee treasury funds. By airing

investment strategies and procedures in public and making treasurers document their transactions, this bill provides prudent parameters for state and local investments.

Related Legislation

SB 864 (Craven and Killea) has similar language with respect to local treasurerso reports.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, this bill statutorily imposes the reporting requirement on a quarterly basis. Based on the prior cost of providing the information on a monthly basis, it is estimated that providing the information required in this bill each quarter would cost between $100,000 and $130,000 annually. The local cost of meeting that requirement would be state-reimbursable, even though similar information is already provided, because the local agency would lose discretion in providing the information. The State

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Treasurer indicates that it would incur minimal costs to provide the required information to the Pooled Money Investment Board.

SUPPORT: (Verified 4/20/95)(Unable to reverify Support and Opposition at time of this writing)

State Treasurer (source)
Association of California Water Agencies
California Association of County Treasurers and Tax Collectors
League of California Cities

DLW:em 9/14/95 Senate Floor Analyses
SUPPORT/OPPOSITION: SEE ABOVE
**** END ****

RECEIVED
NOV 24 1997
COMMISSION ON
STATE MANDATES

PUBLIC HEARING

COMMISSION ON STATE MANDATES

--oOo--

TIME: 9:30 AM
DATE: Thursday, November 20, 1997
PLACE: State Capitol, Room 437
Sacramento, California

--oOo--

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

--oOo--

Reported By: DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

A P P E A R A N C E S

COMMISSIONERS PRESENT

ROBIN J. DEZEMBER, *Chairperson*
State Department of Finance

RICHARD CHIVARO
State Controller's Office

DAVE COX
County of Sacramento
Board of Supervisors

TERRY RIVASPLATA,
State Office of Planning and Research

JOANN STEINMEIER
School Board Member

BRUCE VANHOUTEN
State Treasurer's Office

STAFF PRESENT

PAULA HIGASHI, Executive Director
Commission on State Mandates

GARY D. HORI, Legal Counsel
Commission on State Mandates

SHAWN SILVA, Staff Member
Commission on State Mandates

ALSO PRESENT

JIM CUNNINGHAM
San Diego Unified School District

CINDY CHAN
State Department of Finance

I N D E X

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BE IT REMEMBERED that on Thursday, November 20, 1997, commencing at the hour of 9:30 a.m., thereof, at the State Capitol, Room 437, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the proceedings were as follows:

--oOo--

MR. DEZEMBER: Good morning. I'm Robin Dezember. I'm Chief Deputy Director, State Department of Finance, sitting on this Commission under the delegation of Craig Brown, the Director of Finance. And I'd like to call to order the meeting of the Commission on State Mandates.

Ms. Higashi, would you please call the roll?

MS. HIGASHI: Yes.

Mr. Chivaro?

MR. CHIVARO: Present.

MS. HIGASHI: Mr. Cox?

MR. COX: Present.

MS. HIGASHI: Mr. Rivasplata?

Ms. Steinmeier?

MS. STEINMEIER: Here.

MS. HIGASHI: Mr. Vanhouten?

MR. VANHOUTEN: Present.

MS. HIGASHI: Mr. Dezember?

MR. DEZEMBER: Present.

MR. COX: The "presents" have it, Mr. Chairman.

MR. DEZEMBER: Thank you very much.

I will note, too, that we started exactly at 9:30.

MR. COX: Absolutely. Thank you, sir.

MS. HIGASHI: Mister --

MR. DEZEMBER: And we do have a quorum.

MS. HIGASHI: Yes. Mr. Dezember, I'd like to read into the record, Mr. Beltrami and Ms. Patton are attending CSAC's annual conference this week, which is why they're absent from the meeting. And Mr. Rivasplata, who has not yet joined us, he will be the designee for the Director of the Office of Planning and Research. And Mr. Vanhouten is designee of the State Treasurer.

MR. DEZEMBER: Thank you.

And what is our first item?

MS. HIGASHI: The first item is the Commission's proposed consent calendar. Staff is proposing that the consent calendar consist of: Item three, the proposed parameters and guidelines for "Investment Reports"; and item five, the proposed amendment of parameters and guidelines for "Prisoner Parental Rights."

To date, we've received no indications of any objection to these items moving forward.

MR. DEZEMBER: Okay.

MR. COX: Mr. Chairman?

MR. DEZEMBER: Yes.

MR. COX: With respect to item three, I just have one question; and then I'd like staff's assurance that the report that we're about to adopt is sufficient.

My only concern is that we allow the -- we allow the

documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that from the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting aspect.

MR. HORI: It was a -- what Mr. Cox is referring to was where staff addressed the outright necessity of, in particular, subsidiary ledgers with respect to Subdivision (b)(4). (b)(4), on its face, is deemed not reimbursable. However, under items (b)(1), (2) and (3), the P's and -- parameters and guidelines do indicate that reimbursable activities associated with compiling and accumulating any debt unnecessary to prepare a quarterly report.

In that situation, if a subsidiary ledger is necessary to accomplish the documents for (b)(1), (2), and (3), it would be subsumed in (b)(1), (2), and (3); and (b)(4) would not stand on its own.

MR. COX: Okay. That would be fine. I just wanted that clarification, Mr. Chairman --

MR. DEZEMBER: Certainly.

MR. COX: -- and then would move the consent calendar.

MS. STEINMEIER: Second.

MR. DEZEMBER: Okay. All those who want to move the consent calendar, signify by "aye"?

(Response by all Commission members.)

MR. DEZEMBER: The consent calendar is moved.

MS. HIGASHI: Mr. Chair, back to the regular agenda, I'd like to note for the record, that item one, the minutes of the October hearing, will be presented at the December hearing, because it is the -- it's the minutes for special education; and the parties on that matter will be back in December and also all the members who voted on that matter.

MR. DEZEMBER: Will be here in December?

MS. HIGASHI: Back in December.

Items four and six are postponed until the December hearing.

And now this brings us to item two, which is the proposed parameters and guidelines on "Pupil Suspensions."

MR. DEZEMBER: Okay.

MS. HIGASHI: The proposed parameters and guidelines before you are based on staff's review of claimant's proposals and state agency comments.

There are only three remaining areas of dispute. Sections 1 and 2 include staff's proposed language; and Section 5 includes the language which the Controller's office had found to be objectionable.

Since this draft was released in late October, no new comments were received until Monday, November 17th. This week, the Commission received a late filing from Girard & Vinson, a law firm representing Mandated Cost

REPORTER'S CERTIFICATE

I hereby certify that the foregoing proceedings were reported by me at the time and place therein named; that the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings, nor in any way interested in the outcome of the cause named in said matter.

In witness whereof, I have hereunto set my hand this 21st day of November, 1997.

Daniel P. Feldhaus

DANIEL P. FELDHAUS
CSR #6949, RDR, CRR

for a second. Mr. Lazar had to take a break, and we'll be right back, so we'll take a little break.

(Whereupon a break was taken.)

MS. HIGASHI: Item 3 is "Investment Reports, Incorrect Reduction Claim." This item will be presented by Ellen Fishman, staff counsel, and with Ellen today is Conny Jamison. She is an expert consultant for the Commission.

CHAIRPERSON PORINI: Please begin.

MS. FISHMAN: Thank you. Good morning.

"The County of Los Angeles filed this incorrect reduction claim after the State Controller's Office reduced its reimbursement claim for 1996-1997 from $308,252 to $6,502 and its claim for 1997-1998 from $327,512 to $325.

"The State Controller's Office reduced all claimed costs associated with daily/monthly accounting activities and all costs associated with computer software. The SCO asserts that it adjusted the claimant's reimbursement claims based on the Commission's Statement of Decision and Parameters and Guidelines. The SCO noted on the reimbursement claims that," quote, "'daily/monthly accounting duties are not mandated. Only the quarterly report of investments is mandated for the incremental cost of preparing this report,'" end quote.

"Claimant contends that the costs claimed are

necessary to produce the quarterly report of investments required by Government Code section 53646.

"There are four key issues for consideration by the Commission in determining whether the SCO incorrectly reduced this claim.

"1. Is the SCO's reduction of staff time to eight hours per quarter to accumulate and compile the data necessary to prepare and render the quarterly report of investments correct?

"In agreement with the Commission's Expert Consultant, staff finds that the reduction of staff time to prepare the quarterly report and provide the assurances required by section 53646 is neither correct nor reasonable given the size and complexity of Claimant's investment pool.

"2. If the challenged activities are mandated, are they reimbursable within the meaning of the test claim statute, the Commission's Statement of Decision and Parameters and Guidelines and the SCO's Claiming Instructions?

"In agreement with the Commission's Expert Consultant, staff finds that the challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented by Claimant as necessary to produce the quarterly report of investments. These reimbursements

are limited, however, to the activities required to produce the quarterly report four times a year.

"3. If the challenged activities are derived from the Treasurer's common law fiduciary duty, preexisting law and preexisting business concerns, are they reimbursable?

"Staff finds that the Legislature enacted an extensive statutory scheme to provide the requisite

protections for county investments not found in the common law fiduciary duty as set forth, or in Probate Code section 16040(b). Staff also finds that the challenged activities of entering and managing data to be included in the quarterly report of investments mandated by section 53646 are not activities required by the common law fiduciary duty but new activities under the test claim legislation and, therefore, reimbursable. Further, staff reviewed all of the statutes cited by the SCO and found that none of them addressed the specific requirements of the quarterly report of investments. Therefore, they are not relevant.

"Finally, neither the Constitution nor statutes discuss 'business concerns' as a standard for denying reimbursement to local governments for costs incurred to implement a new program. Staff finds that even if the challenged activities also relate to business concerns, they are reimbursable activities under this mandate.

And, lastly: "Is the use of investment software

reimbursable?

"In agreement with the Commission's Expert Consultant, staff finds that the use of investment software, consistent with the Parameters and Guidelines reimbursement for '. . .costs for materials, service and supplies. . .' is a reasonable method of complying with this mandate. Therefore, to the extent that the investment (ADS) software expenses and pricing service costs are directly related to the production of the quarterly investment reports, the use of investment software is reimbursable.

"Staff recommends that the Commission adopt the Staff Analysis, approve this Incorrect Reduction Claim, and request the State Controller to reinstate all costs that were incorrectly reduced."

Will the parties and witnesses please state your names for the record.

MR. KAYE: Leonard Kaye, County of Los Angeles.

MR. RIEGER: Chris Rieger, L.A. County Treasurer's office.

MS. RUIZ: Susanna Ruiz, L.A. County Treasurer's office.

MR. ROGERS: Greg Rogers, Department of Finance.

MR. SILVA: Shawn Silva, State Controller's office.

CHAIRPERSON PORINI: All right. Mr. Kaye, would you like to begin?

MR. KAYE: Thank you.

I'd like to say, Ms. Fishman, I think you did an outstanding job in summarizing this very complex area of the law, and, also, it's an area of the law that really requires a very detailed understanding as to how the treasurers operate to prepare these investment tax reports, and we certainly concur not only with the -- your conclusion, your recommendation and your analysis, and, most particularly, we think that Conny Jamison, as an independent outside consultant who has specific hands-on expertise in this matter, is exceptionally invaluable in providing the evidence that this Commission needs to reach, I think, a just conclusion. One of our -- so we would support, in every way, the Commission staff and their

recommendation before you today and urge your adoption of their decision -- of their recommendation.

We do have some small concerns. As you probably are aware, there are differences among folks, in terms of some of the issues and areas. And one small concern that we don't feel has, in any way, roadblocked your adoption today is a slight difference of opinion regarding the point-in-time concept.

We think that it is clear to us, and we feel that

it was part of the legislative mandate, that we don't merely observe compliance on the last date that the report was issued but it is a summary of transactions of compliance for all transactions during the entire report period. So we would emphasize that feature a little bit more. But, other than that, we are in general agreement with the recommendation before you today.

Thank you.

CHAIRPERSON PORINI: Okay.

Mr. Rogers.

MR. ROGERS: In reviewing this, I guess, for the most part, we have no concerns with the staff recommendation; however, I'd just like to point out, the daily activities, we're kind of concerned there a little bit. I think we agree more than the Controller's Office on that issue, but we do agree that you do need subsidiary ledgers to produce this type of quarterly report.

CHAIRPERSON PORINI: Okay.

Mr. Silva.

MR. SILVA: We have, in the Controller's Office,

two major concerns with the staff analysis, the foremost being the emphasis and the focus of the report of the analysis on quarterly reports versus the issue of daily or frequent data input and management.

We believe that this focus on the quarterly

reports creates confusion and it does not address what is our core concern, which has been whether daily entry of information in a book or in a computer, however they -- I'm assuming mostly computers now -- the entering the transactions in the computer and maintaining the current reconciliation of the books is a distinct difference from quarterly reporting, and the report analysis focuses on the quarterly reports.

Our office has never denied that a quarterly report is a mandate. It's a new activity that wasn't required before. And, as far as the issue of the actual reductions that were made, in a sense, that's a distractor, because we've never really contested that the reductions were perfectly accurate, that there is certainly a degree of arbitrariness.

And I think when you look at it from the perspective of those folks who had to analyze the claim, they were presented with what I think we could call -- at least potentially call -- a kitchen sink claim. Everything was claimed: things that we did not believe were reimbursable and things that did appear to be reimbursable.

We could have taken a very aggressive approach and simply said: The documents don't support the claim. They don't distinguish between what we believe is reimbursable and not and pay nothing. They chose to take a middle

ground. And, obviously, that involves some arbitrariness. But, in the end, I think that's a red herring, because we get back to the basic question of whether daily or every other day, frequent data input and data management is covered under the mandate or whether it derives from some other source.

Our central issue and our point has been all the way through, and all of the back and forth, which helps to create, I don't know, three to four inches of documents here, has been that the frequent data -- the frequent entry of data and reconciliation of books is not -- first of all, is not mandated by the statute. The statute talks simply about reporting, not how you keep your books. It either explicitly or implicitly doesn't require that frequent entry of data.

In fact, when you look at the staff analysis, we recognize that this does not necessarily require a daily activity because they find that the report, as to compliance or noncompliance, is a point-in-time report, not a daily report, so, theoretically, depending on the volume of transactions, of course, that you have, you could set aside your receipts and your records of transactions and do them monthly, depending on your volume, and then you would still be able to, at the end of the quarter, generate a report that contained a statement on that date of the

compliance or noncompliance.

And we also find that the issue of whether it's --

daily entries are necessary is really driven by several other factors, not the existence of a statute. Some -- in this case, the county has several specific limitations on where their investments can be and what percentage they can have of a certain type of investment. Now, if your policy says that, then that is going to force your hand to know, as you purchase or cash-in your investments, where you stand right then.

So that daily need to know is driven by the policy of placing specific limitations on certain investments. Also, it's driven by a desire to maximize returns, which is certainly not an appropriate goal, but, again, that doesn't convert that daily need to a mandate. It's simply not found in the statute.

Also, we find, we believe, that even if someone can't -- if you could somehow derive a need for a daily data management or entry that if you look at the existing requirements on a treasurer that you'll find that those already exist. And this, again, is an issue where the focus on the issue of quarterly reports versus frequent data entry leaves our assertion essentially unanswered.

Frequently, the -- when looking at the statutes or discussions of a fiduciary duty, the response from the

analysis is that this does not address a quarterly report. And, in fact, on one page here -- it's on pages 22 and 23 of the staff report. If we start on page 22 -- I don't know if everyone necessarily wants to look at it, but, starting under the bolded title of, "If the challenged activities are required by other sources and preexisting law, are they reimbursable?"

At the end of every -- almost every paragraph, you would see the "requirements of the quarterly report of investments." And, frequently, the fact that either the statutes or the fiduciary duty do not specifically address quarterly reports, that is used as a basis to reject their importance to the issue. And our assertion has always been that the fiduciary duty and/or statutory duties mandate or logically require the frequent entry of data, not any reporting, not any subsequent reporting.

I think a couple statutory sections -- I hate to start driving around through the documents here, but I think are particularly important. We look at 26905, which is back at page 247. And, if you do not want to flip, I will -- they're very -- frequently very short statutes, and I can certainly read those quickly, but 26905 states that "Not later than the last day of each month, the auditor shall reconcile the cash and investment accounts as stated on the auditor's books with the cash and investment

accounts as stated on the treasurer's books [after] the close of business of the preceeding month to determine that the amounts in those accounts as stated on the books of the treasurer are in agreement with the amounts of those accounts as stated on the books of the auditor."

Now, it seems rather difficult for anyone to engage in this comparison if the data has not been entered into some source, collated, a running total, something along that sort, some type of management of the data has occurred. I won't go ahead and read the other statutes. They are similar in point that they require an accounting,

usually on a -- at least on a monthly basis if not more frequent, by the treasurer of money coming in and out of the treasury.

And if we -- in fact, we note that the staff analysis they agree that there are some substantial reporting duties under section 27603. Again, however, they point to the fact that it doesn't require a quarterly report, but we don't believe that is really the question before us.

In fact, both experts, Dr. Tootelian, who is referred to in here, as well as Ms. Jamison, both point to the fact that -- especially with the County of L.A.'s size, that you simply cannot, as a matter of course, not enter data more than a couple of -- more frequently or further

apart than a couple of days, which would require two or three times a week the entry of data.

And one last point on that is that common law does apply. Common law can be a little difficult to deal with. It's not nice and neat like statutes and it's all listed out, but there has been, for the longest time -- there's the concept of a trustee and a fiduciary duty that a trustee holds, and no one disagrees that a treasurer is a trustee of the public funds.

The staff agrees with that, as well. And the question then becomes: What does that mean to have a fiduciary duty to public funds? And it's frequently stated the ordinary business care and prudence of a person engaging in such a transaction, and it's stated in many other ways. It's, at least -- if you're dealing with someone else's -- as anyone with some business experience

was dealing with someone else's money in the amount of nine billion dollars, the kind of care that they would exercise to ensure that they didn't let that person down, lose money, anything along those lines.

And, again, when we look at this analysis, it focuses on the point that the fiduciary duty doesn't specifically point to quarterly reports. And we get back to our -- our issue is that frequent data entry. And we find support for this from, again, both experts' reports.

Dr. Tootelian says that an entity as large and with a volume of transactions as L.A. that really no more than -- it couldn't go less than twice a week to meet a regular business standard of ordinary business care and prudence.

Ms. Jamison also indicates that the frequent entry of data, because of the size of the county or the money involved, is also required. And, in fact, this is one omission from the report that concerns us is the fact that there is a specific statement made by Ms. Jamison in her report supporting our assertion that this is part of the fiduciary duty, however, that was not cited in the analysis. And, if you care to go to a page, it's 1042, and it's -- which is page 4 of Ms. Jamison's report.

I'll go ahead and read it: The last bullet states that, "The Controller states that most of the activities claimed for reimbursement are part of the County's 'fiduciary responsibility,' and that those activities are part of day-to-day investment requirements."

The next statement -- the next sentence says, "I agree with this assessment." She goes on to say, however,

I believe, that it is also necessary to produce the report. But I think the fact that points that there are two -- two things that require this activity, the frequent entry of data, and since one of those is a preexisting legal duty, the fiduciary duty, as well as the statutory duty, that

that is not, then -- it is not a mandate.

If the law were to go away today and we looked at what L.A. County had to do tomorrow, if we took the assertion of L.A. County that data entry is only required by the statute, frequent data entry is only required by the statute, that we would have to take the assertion that L.A. County could stick all of its receipts in a box and put them in the top shelf of the closet and not deal with them, and that just does not fit with what we all expect that a treasurer does.

There's one other concern and that is the use of the regulation section, 1183.1, which is cited in the staff report, which discusses -- part of it is the discussion of reasonably -- reasonable method of complying with the mandate. And we believe that the reliance on that code section in this proceeding is misplaced, because 1183.1 is found in article III, which is entitled, "Test Claims," and it has numerous sections, and it, basically, chronologically covers everything from the initial filing of the test claim to the statewide cost estimate, all the hearings on the test claim, the Statement of Decision, those types of things. And, in fact, the section is entitled, "Submission of Proposed Parameters and Guidelines."

It says, in part, that "These Proposed Parameters

and Guidelines shall describe the claimable reimbursable cost and contain the following information." No. 4, which is cited by the staff analysis, says, "A description of the specific cost and types of cost that are reimbursable, including one-time cost and ongoing cost, and a description of the most reasonable methods of complying with the mandate." However, though, unfortunately, this was placed in the section that deals with the adoption of parameters and guidelines, not a hearing on an incorrect reduction claim. That is found under article VIII, which is entitled "Other Hearings."

And the problem is is that the adoption here simply allows for a post facto change in what the P's and G's are, whereas, if we applied it back at the time of the adoption of the proposed parameters and guidelines, it would be an upfront analysis. And, you know, arguably, there may be an expansion on the Statement of Decision but one based on some reasonable necessity.

At this point, we're beyond that procedure and we're analyzing whether the -- under the parameters and guidelines as they exist that whether this is covered, and we believe that reliance on that section is inapplicable at this stage in the proceedings.

With that, we would end our comments.

CHAIRPERSON PORINI: All right. Questions from

members?

Mr. Sherwood.

MR. SHERWOOD: It's a very interesting case to me and -- because of what I do on a day-to-day basis, run the state portfolio, plus I was involved in the task force from supplying information and data and some involvement into some of the decisions or input into some of those decisions. And I'd just like to say, too, at this time, at that time I had involvement in looking at all of the portfolios around the state, right along with Orange County, and I must compliment L.A. County on the job that they did and have done over the years.

In my experience, in dealing with the counties, they run a very good program, and I'd just like to compliment him on that. And it's been a good conservative program, which, frankly, understands the safety liquidity and yield in that order.

Mr. Spillane (sic), I know you've been involved with this program quite a while, as far as, you know, oversight people.

CHAIRPERSON PORINI: Mr. Kaye.

MR. KAYE: Sure. Just for the record, I'd like to relate that, unfortunately, Mr. Joseph Spillane, our Assistant Treasurer-Tax Collector, got the flu and so Mr. Chris Rieger is here.

MR. SHERWOOD: Oh. And I assume you worked with him?

MR. RIEGER: Yeah. I'm the person who has the stuff that produces the reports.

MR. SHERWOOD: Okay. Great. Thank you.

But there are a couple things, comments, I need to make and resolve in my own mind, because I think there are

some partial mandates on this issue, and some, I believe, are fairly clear in nature and some are very complicated, to try to ferret out what is or should be included as a mandate. And Mr. Silva is dealing with some very good issues and made some good points in his analysis.

One of the problems I have is: I think there are statutes that directly relate to this reporting on the day-to-day basis, and I think those statutes relate to the -- as I looked at this, too, 53601, which were all in place before '95-'96, which deal with the types of investments that can be purchased.

And, in those statutes, it talks about certain restrictions, for instance, commercial paper, 180 days, 270 days, banker's acceptances, reverse repo., credit quality of certain investments, bank report, commercial paper, so that there are things that happen every day where I believe the county, or any investment manager, under the statute would have to have a listing before them of what they hold

in their portfolio that day, because I think every day, when you make these investments, at the end of the day, someone needs to look at these investments made by your investment people to determine they stayed within the compliance of these statutes. The statutes are driving that need. It's just not a decision I think you can make just because you think you need to have compliance.

What I'm saying is: You have to be within the statute, otherwise, you're breaking the law. So I think every day there are investments being made and every day these need to be listed on some type of subsidiary ledger.

And I think when you list them you also need to talk about the cost, their par, and many of the items that we're asking for in the quarterly report that the state is asking for -- because you need to know every day what that cost was, because you may have to go back to the market and sell it. You may not want to go into that market. And you're buying the whole portfolio like we are.

But, bottom line, normally, we don't want to have to go in and sell, but if some unforseen circumstance happens, you have to go in and sell, then you have to know the cost in order to sell that security so you can determine whether that's the right security to sell, obviously, what's the profit or loss.

But, also, whenever you're selling these

securities, you need to deliver the securities, or take delivery, and the clearing agent on the other side, in our case, CitiBank, needs to have the information on hand as to what price data I've been sold at, and it needs to have the financial so they know when they take the security in or release it they're releasing the right security, number one; number two, at the right price, otherwise, you end up with a failure, because everything is down to the penny in this business, when you're clearing these items, normally.

Now, we take delivery upon payment. I believe probably L.A. County does the same thing. So we need a lot of information. It has to be within the system. We need to be able to access it. Some of the same information is the information that, on a quarterly basis, on a point in time, you need to pull out. So what I'm saying is it's there, and I think you need to track it, even through a

subsidiary ledger.

I can remember on the task force, when we looked at what we were attempting to put into place or recommend to the governor and the Legislature, because the task force did make the recommendation, we wanted to attempt to keep the cost down and yet we wanted to have specific information, so we said: Let's go to quarterly instead of monthly.

And the other thing we did -- what's the most

important issue that we need to have feedback on? We zeroed-in on market evaluation, because market evaluation, if you're an astute investor or have some knowledge and background, will tell you, frankly immediately, what type of program someone is running. And I'm bringing up this right now because I think that was something that was not required of the County of L.A. or the State of California on a quarterly basis.

Market evaluation, I believe, is something that they should be paid for, and you should be compensated by the state because we require you to do that, and some very important element of the entire statute, and I think probably the most important element in some ways, because L.A. County is twenty-five percent underwater. State of California, at the time, was about two percent underwater, and L.A. County probably was about the same, maybe better. By "underwater," I mean losses, paper losses, in their portfolio.

So if people had known that L.A. County was twenty-five percent underwater, if a report had been given

quarterly, the supervisors, who weren't involved in oversight, could have seen the diaster beforehand, but they didn't know this. So the task force said, "Let's put a market evaluation requirement in." To do that market evaluation, it's not as easy as it looks.

You have to go out and look at each security. Now, there are services out there that provide this service. You use ADS, I believe.

MR. RIEGER: Um, it's Resource I.Q. now is the investment --

MR. SHERWOOD: What?

MR. RIEGER: Resource I.Q. is the investment reporting system now.

MR. SHERWOOD: It comes in --

MR. RIEGER: We get the market price from B & Y, though.

MR. SHERWOOD: Okay. We go out and we get it from our custodian, CitiBank. Now, in our typical case, we're a big gorilla in the business, so, therefore, quite frankly, we're not paying for this service. We go to Merrill Lynch. And, by the way, you can't get all these items from one entity. Some items are very difficult to get prices on, so we go to Merrill Lynch, we go to CitiBank, we go to Zion's Bank. We go to different entities. And, frankly, we're getting most of this marketing evaluation information free.

But, before we developed this system, we did it in-house by hand, it took a lot of time. So we had to go out -- it took about forty hours a week, in our estimation, to do it for our portfolio. But then what we've done -- we've done a little bit more than that, I should say.

When we went to CitiBank, and using our own computer system and a more, you know, user-friendly system, computerization, the time moved down to about forty hours a week, in our mind. But the bottom line is: That's very important information to gather. It wasn't required before, and I think it's very clear that local governments should be compensated for that particular function.

And I believe that's where ADS comes in and some of your portfolio technology. But I will also say that a lot of the information is going to ADS probably on a daily basis, what's required for you to meet the statutory requirements of -- related to the types of investments you have to purchase. Plus, I'd have to say we're looking at a point in time here, a quarterly point in time, and, therefore, not every investment you make during that quarter is going to show up at quarter-end on the quarterly investment report.

I think you have a, um -- I noticed, what, ten, eleven percent of the securities you buy are over thirty days and --

MR. RIEGER: That's close.

MR. SHERWOOD: And the duration --

MR. RIEGER: 279 days.

MR. SHERWOOD: 279. So you've got a lot of turnover in the quarter, securities running off and on.

It'll never show up on that quarterly report. So some of that input going in daily, that you're putting in data for,

I think, other reasons, is not really required for the quarterly report. So I don't think the whole system can be charged off as a mandate, on the reporting taking place on a daily basis. I think part of it can, possibly, but not all of it.

MR. KAYE: We'd like just to point out, for the record, that a very small fraction of our total enterprise costs in doing what you are just describing in graphic detail is --

MR. SHERWOOD: Too much detail you're telling me.

MR. KAYE: No. I think it's important for everyone to hear the complexity of what goes on, and more than the complexity is the importance. I just want to establish, for the record, that of our three-hundred-and-twenty-five-thousand-dollar claim, I think it was, for '97, '97-'98, that that just represents a small fraction of the costs of doing everything that you described. So we're not charging the state for more than a small fraction of that entire enterprise for us.

And I was amazed myself to hear the scope of our operation. And Chris can talk more about that, in terms of our daily volume and what we do and that kind of thing.

MR. SHERWOOD: And I think the letters that we

received are -- that came in from Newport and King were very good in explaining the process. If you were to look at the process that they outlined in their letters, it was very good but -- so I'm thinking there's some partial costs here, and I think the controller is struggling with this, because they know that some of these daily transactions that go into any system are required, I believe, because of

other statutes.

Now, the one area, I think you can guess, again, that is complicated is the cash flow. We all know you need some indication of cash flow to run an investment program, when we get back to fiduciary or a prudent man. And in our particular case, at the state, we ran a six-month cash flow already.

The problem is: I think you, as an investment, whether L.A. County or any other county or small city, have to have some indication of cash flow, once again, because of the statute and what they tell you related to how or what you can buy. You have to have cash.

If you wish to go into the market today and buy a piece of paper, there's a restriction of 270 days, but, between zero and 270 days, there's interest rate considerations that do occur. You're going to make a decision. Maybe we wish to buy 120-day piece of commercial paper a hundred and twenty days out, maybe because the rate

is -- that's the best rate, the highest rate you can get buying that day in that particular instant, but you're really driven for your liquidity.

You have to be able to provide liquidity to the participants in your program, so you need some cash flow feeling as to whether you can go out 120 days. Now, you may decide through cash flow it's ten days. Now let me say this: You can be an investor that has a horizon of one day or two days; maybe your investment horizon says I want to provide liquidity up -- due to cash flow, up to ten days, based on a ten-day cash flow. Anything after ten days, I'm

going to buy treasury bills or I'm going to buy 30-day, 60-day, or 90-day treasury bills, and, if I need cash flow availability after that 30-day period, I'm going to sell those securities to meet my liquidity needs.

Now, you're taking taking some risk, but because it's short, it's a very short-term market risk. So what I'm saying is that every investment program in this state, or I would think probably throughout this country, would have to have some indication of what its cash flow was in order to run an investment program and -- but it doesn't necessarily have to be six months.

MR. KAYE: Oh, I see.

MR. SHERWOOD: Do you see what I'm getting at here?

MR. KAYE: Yeah.

MR. SHERWOOD: We said in the statute six months. Well, it could be L.A. County felt, based on policy, that they needed a 60-day or a 90-day cash flow, let's say before 1995, before the statute was written, because they felt that they were going to address their liquidity needs through liquidity of treasury bills, not so much on a day-by-day, cash-flow analysis. Maybe a smaller entity may even pull in a little bit short. We use a six-month horizon. We look out six months. We look at each day out of six months. We determine our cash flow needs and we make sure we have dollars maturing -- or maturity of securities on those dates to cover the cash flow needs on those dates.

After six months, we -- that's our horizon. After that, we use other securities that we feel could be sold

into the marketplace. So what I'm getting back to is: I think cash flow is an area, providing the six-month cash flow analysis, that there are some costs involved in doing this, depending, really, on what your investment philosophy and what your cash flow is, but I don't think you can write off all the costs for cash flow, because I think you're required to meet some of the statutes that you have that tell you what you can buy and sell.

I think you needed to have a cash flow feeling,

because -- whether it be reversing securities or whether it be taking money overnight. I think you needed to know a little bit about your cash flow in order to make a prudent investment under those statutes and meet the requirements of those statutes.

So, you know, I'm in between what the controller has done here. I'm not -- I see what you say here, that they were neither correct nor reasonable. I don't know if I can say reasonable. Maybe it was a little harsh, but, you know, analysis went into it. Maybe it didn't go as extensive, but I do feel we have a situation here, when there are costs that were mandated upon local.

And I think the answer -- quite frankly, what staff has done here is fairly close to what the answer is, except I have a problem in just saying -- and I've read all of Conny's input, which is very good -- I think the answer is close here but not right on it. I think that gets back to what the controller has to look at when they look at these claims and try to determine -- and it's a difficult job for both sides to substantiate what they're giving the

controller for the controller to decide whether it makes sense or not.

MR. KAYE: Right. I think you're coming from a place where we also feel the need to -- perhaps, if the Commission were to adopt staff's recommendation, I don't

think we or the State Controller could then translate that into a dollar figure.

I think, for the record -- and, again, I don't mean light of this, because I just take -- as an aside, tell you our normal operation in our SB 90 office in Los Angeles County. We get every -- you know, I shouldn't say this, but every day we get dinged here and there and so forth by the State Controller's office, and sometimes we're right, they're right and so forth.

And we usually handle -- we don't bother this Commission over things like this, but, in this case, I believe, for '97-'98, we had a claim of in excess of $300,000 that was reduced to $325, and, at the very least, I have to explain that to my boss and so forth. And, you know, basically everybody's questioning what is going on. And we tried to pursue this and so forth.

And there's, obviously, a major difference of opinion, and our feeling is we're very anxious to move forward and develop the kind of communication and dialogue under the guidance of this Commission's decision. And we realize that if we had three times the amount of time we wouldn't necessarily come up with a better decision, because it is a very complicated area, and we're anxious to move forward and to say this is the Commission's input and direction generally in this area. And, obviously, we've

got to talk and negotiate, you know, regarding the -- how you translate that into the real specifics.

Again, the thing that I would reemphasize is that -- and, again, I'm not an expert in this area, and in just listening to what you had to say, Commissioner Sherwood, it appears as though we are doing a lot, if not even more than what you're describing, but I can tell you, having talked with our staff, I am prepared to go into even greater detail today, that our entire enterprise is quite a bit more expensive than $300,000 a year, and I can assure you that.

We're very cognizant of all the statutory requirements and all the reasons. And, when we prepare an SB 90 claim to send into the State Controller's office, we ask the department to go into a deep think and to really consider what they're claiming and to go into some great detail, and I believe we did that on this process. So I think you'll find, generally, that most of the costs that we claimed are well within the purview of the claiming instructions as slightly interpreted by this decision.

CHAIRPERSON PORINI: Other questions from members?

Mr. Harrigan and then Ms. Steinmeier.

MR. HARRIGAN: I think the comments that Mr. Sherwood made were very appropriate. I think, also, Mr. Silva, in his opening statement, mentioned that there

may have been some arbitrariness associated with the reduction claim. And speaking as, also, a member of the

Controller's Office, I feel that, you know, we're certainly open to, you know, re-looking at other information to support the claim.

You know, a question that might come up is, you know: If the legislation didn't exist today, would the 300,000-dollar claim that you had submitted all go away?

And that's, certainly, the question that only you can answer.

MR. KAYE: And the answer is no.

MR. HARRIGAN: Ah. Okay. And why is that?

MR. KAYE: Well, we would say, generally, for the same reason that Orange County's situation didn't go away is -- just to refresh our memories, what happened with the situation is that earlier on, I believe, the state had mandated various investment reporting requirements and then had repealed those requirements which are very, very specific, and we had the unfortunate situation with Orange County.

The state reinstated those requirements. So these are above and beyond. And I think Commissioner Sherwood has explained some ways, when he was talking about the cash flow analysis.

We have, many of you may be aware, many, many

school districts in our investment pool, and they may need money four or five or six months from now, and, so, yes, we absolutely have to make sure that when they need the money to start construction on the new facility or for payroll or for whatever reason that that money is there. And this is something where -- as Commission Sherwood pointed out, that we may normally have done that analysis every, you know,

two or three, you know, months or a month out, and so forth. So this did impose additional requirements.

And I think the other thing is that Professor Tootelian pointed out, as Shawn Silva mentioned, that we might input our data two times a week, and, with all deference to Professor Tootelian, I believe, and Chris can reinforce this or correct me if I'm wrong, it's eight hundred million dollars a day is what we have in transactions. And, certainly, if I were the schools and in the investment pool, I wouldn't want to see that wait, you know, to two times a week. A daily entry is -- I'd want to see that almost immediately entered, and I think it's those additional costs that we're talking about today.

MR. HARRIGAN: But, sir, in your response there you said that, well, if the legislation didn't exist today not all costs would go away. So why are we attempting to charge all of these costs against this particular claim?

MR. KAYE: Again, perhaps I didn't communicate

clearly enough. I --

MR. HARRIGAN: Are there other statutes that are out there?

MR. KAYE: There are various statutes, as Commissioner Sherwood has mentioned, which have some varying on this; however, we have tried to establish a relationship between the reimbursable costs under these parameters and guidelines, these claiming instructions, and the underlying mandate. As I said before, if we were to charge the entire cost of this program, it would be substantially more than 300,000, and certainly more than

$325.

MR. HARRIGAN: Oh, I think there's a recognition about the $325.

MR. KAYE: Okay. Yeah.

MR. HARRIGAN: As I'm sure that there's also recognition about the 300,000 plus.

MR. KAYE: Okay.

CHAIRPERSON PORINI: Ms. Steinmeier.

MS. STEINMEIER: Bill, we could have used you on November the 20th, 1997.

CHAIRPERSON PORINI: He was the only one of us here, right?

MS. STEINMEIER: I think that the group -- yeah, and he had a substitute that day.

CHAIRPERSON PORINI: Okay.

MS. STEINMEIER: And the only question asked -- I went back and read the transcripts. That was my first few months on the Commission and I was pretty green here, but Mr. Van Houten was there for Bill Sherwood. Mr. Cox was the only one that asked that question. It was about the subsidiary ledger, which, if I understood Bill correctly, it was different than what Bill sees now; am I correct?

MR. SHERWOOD: Well, at that time of the task force, I think the reasoning at that time was that most entities who invested in the State of California, most local entities, had subsidiary ledgers, much like we did in our office, and, therefore, it would probably be simpler to go into those subsidiary ledgers and pull out the required information needed for the quarterly report.

But, now, once again, I'm just telling you the way

I perceived it. It doesn't say that in law, but the idea was to reduce the workload --

MS. STEINMEIER: Right. It was already there.

MR. SHERWOOD: -- and it was already there, and maybe it wasn't there for everyone, but it seemed like to run a program under a program. Most people carry out the letter of the law, would use some type of documentation on a daily basis. And, quite frankly, I don't know how they could trade their securities without having some of this

data in a subsidiary file.

MS. STEINMEIER: But now we're dealing with a set of P's and G's that we adopted on consent with one question from Mr. Cox about a subsidiary ledger, which we did approve, by the way, as a --

MR. SHERWOOD: Yes, it was approved that day.

MS. STEINMEIER: So it's in these P's and G's right now, and that's the document that's before us that we're really looking at and saying: Did the Controller interpret them correctly and did they -- or did they incorrectly interpret them and reduce their claim? That's the question before the Commission today; the only question, actually.

Although this is very instructive -- like I said, I wish you had been there on that day -- it wouldn't have been on consent. They would have talked about it a whole lot more, in light of the fact that you've been on the task force --

And this is post task, correct?

MR. SHERWOOD: Correct.

MS. STEINMEIER: So you already had that body of knowledge. But that didn't happen so now we're dealing with what we have here. I'm not sure about the process, because, when I've been here, we've never done this, but, to me, it almost looks like we need to go back to these P's

and G's and rethink them and amend them.

And I'd like to actually get Ms. Harrison (sic) on this question because you reviewed them pretty carefully, and seemed to yourself kind of -- I mean debating with yourself about what's there and what isn't there through your report.

So could you comment on that?

CHAIRPERSON PORINI: Ms. Jamison.

MS. STEINMEIER: First, Ellen, about the amendment issue.

MS. FISHMAN: Right. I'd just like to remind the Commissioners that we do have pending a request to amend the P's and G's on this case under "Investment Reports," and our hope is that, once a decision is made on this IRC, we will proceed, ideally, next month, to make -- bring the P's and G's amendment before you.

MS. STEINMEIER: That plays into our decision today, that's why I asked you.

MS. FISHMAN: Well, and some of the issues that you're talking about really relate to, as some of the Commissioners said, to P's and G's issues and P's and G's amendments as opposed to the issue here as just stated, which is: Did the SCO incorrectly reduce this claim based on the existing P's and G's in claiming instructions?

MS. STEINMEIER: That's the question before the

Commission.

MS. FISHMAN: And, fortunately for staff, we do not have to determine anything about amount or what was correctly reduced or what wasn't correctly reduced. That's something that would go back to the parties to determine.

MS. STEINMEIER: Next question for somebody else.

CHAIRPERSON PORINI: Thank you.

Ms. Jamison.

MS. JAMISON: Yes. Thank you.

I guess when I was first given this assignment and received the voluminous material from the county my first gut reaction was, well, they have to do all of this anyway. Why should they be reimbursed? But, when I read the P's and G's, there was not an exception for you already had to do this anyway, and so my feeling was, well, what if you had another smaller agency that wasn't doing this that the new mandate requires that they do it and reimburses them, they can do that.

Well, L.A. County may have been doing most or all of it then. Should they not get reimbursed because they were being prudent all along? So it came down to another question: Well, is being prudent a mandate? And that is normally a question for me. I don't know if it's a mandate, and I left that question open.

So -- I mean, after I completed it, you know, my

reaction went the other way is that if I read the P's and G's, all of these things are now mandated, even though they

may have been doing them before, and it was not easy for me to tell which one they were doing before and which one they weren't, but, to the extent that they were mandated activities, the way I read it, was that they should be reimbursed.

Now, I don't know if the P's and G's were not written well or that somebody didn't think of this for other ones, because I'm not familiar with the process in general, but it seemed to me that in the future you might want to consider that if you do want the exception, that it was something you're doing already, then you'll get reimbursed, but then, obviously, there's an inequity between agencies who may have been doing it and agencies who weren't.

CHAIRPERSON PORINI: Other comments, questions?

Mr. Sherwood.

MR. SHERWOOD: I have a lot of questions.

CHAIRPERSON PORINI: Yeah.

MR. SHERWOOD: I'm not quite sure, when I read staff's findings here, that I can be in agreement with all of them. My problem is: I'm in partial agreement -- in agreement with quite a few of them, but partially agreeing with some of them. And I'm not sure what we're doing here

gives enough direction to the controller to make their decision, once they look over these claims.

When I go down, for instance, to -- on page 24 of the recommendation to the last item, "Challenged activities, including the use of subsidiary ledgers are reimbursable to the extent documented," to me, we get into an area there where I believe that, and this makes sense,

to the extent it's documented. So they have to document this through the controller, because I feel this is an area where there's partial reimbursement, because there are certain things, I believe, that they do every day at the county level that creates subsidiary ledgers that goes beyond the requirement, the quarterly reporting requirement.

You have a subsidiary ledger. You have a lot of documents on it related to possibly all these exceptions that were made, and maybe they're being entered under ADS or under their in-house computer system, so -- and yet some of these entries are being made for the future creation, possibly, of this quarterly report.

So I think that statement makes sense, except I think we have to recognize that a controller looking at this is going to possibly say not all of these costs or expenses apply just to the quarterly report, and that's where we get into a judgment and examination process as to

what does or does not. So I think we're going to be backed into that situation pertinent to this particular recommendation.

Now, if I go to the next page, section 27063, third item down, it does not address -- no. I'm sorry. Next item up, "The challenged activities of entering and managing data to be included in the quarterly report of investments mandated by," dah dah dah, "are reimbursable," now, are we saying there that all the challenged activities of entering and managing data to be included in the quarterly report? I guess I need to be a little more

clear, in my mind, as to what we're trying to say there on that particular item.

The "Challenged activities," there may be some activities that the controller challenged there that are pertinent to everyday requirements, possibly L.A. County, and they would have been doing, and required to do, on a day-to-day basis under statute. However, are we saying there that we're just saying that to pull the information off of the subsidiary ledgers and then there's a process involved in creating a quarterly report and putting it in a quarterly report? There's a cost involved there for the locals to do this.

You know, to what degree there? I mean, are we saying that we're not going to give the controller or

attempting to tell the controller that they can't analyze and take a look at these activities from the standpoint that probably there was some prior -- other requirements that, through statute, that they were doing this prior to 1995?

Those are the two areas of this particular analysis that bother me a little bit, and I think that gets back to the heart of the situation, also, as to the Controller's Office attempting to, in their minds, separate the wheat from the shaft, in their mind.

I don't know. Maybe staff has any comment on the challenged activities. I think when we look down to the prior item I was looking at, you talk about "reimbursable to the extent documented." I think that leaves open the ability for the controller, possibly, to analyze the data presented to them in the claim process. I'm not sure what

we're saying in this next item that I spoke to.

CHAIRPERSON PORINI: Ellen, would you like to comment?

MS. FISHMAN: Yes, I would.

The staff recommendation basically attempted to do, I think, what you're talking about, that the recommendation is that the claim was incorrectly reduced and that, basically, the parties will have to get together and determine, specifically, which activities are, in fact,

required solely to produce this quarterly report and provide the information required by the statute and which activities were not, and the challenged activities are the activities primarily involved with the data entry and collection.

And one of our problems here is that the parameters and guidelines uses that very vague, broad phrase "accumulate and compile the data," so we are left with that, and that's why I think the parameters and guidelines amendment is pending, is that that is a very vague statement. And so what we have said in the staff analysis is that, yes, there are some activities that are going to be required, because of section 53646, because of this new requirement to produce this quarterly report with certain information in it, as you discussed, and that those activities, if they're new for this statute, they were determined to be a mandate and then, therefore, they're reimbursable.

And part of the reason that we hired our expert consultant to work with the Commission is that we wanted

some additional information and guidance as to what those activities might be, what kinds of acts, what kinds of staff time would be required to put together the information that the statute requires.

CHAIRPERSON PORINI: Okay.

Ms. Steinmeier.

MS. STEINMEIER: For me, at least, it's clear, and I think the Controller's Office will concur, that there was an incorrect reduction. By how much is still to be debated between these folks. But that we know, there was an incorrect reduction. We do know that. And I guess I look to Mr. Sherwood or Ms. Harrison (sic) to tell us: Are we giving them enough instruction here in our staff analysis that they can work that out?

I don't want another IRC is what I don't want to have happen. So do we have another bill and do you want to modify any of these particular recommendations which might make it easier to come to some conclusion that will not result in another incorrect reduction claim?

Sorry, Bill. I know that's a hard question.

MR. SHERWOOD: Well, I'm not sure. No. I don't know what the answer is. I don't know if the testimony given or the discussion we've had clarifies any issues to any extent.

Shawn, I know you have some rather, well, significant feelings about this matter from a legal standpoint. And, no, I'm not sure what we've done here, and I'm not quite sure what we have to do to give them, both parties, a little more leeway, because the statutes require, in some cases -- I'm not sure we can be anything

but vague when the statute is vague at times. We run into that problem quite often here.

MS. STEINMEIER: Um-hum.

MR. SHERWOOD: Not that the Legislature is not trying to do a great job all the time, but sometimes these things are so involved and complicated that the answer is not very clear, and that's really true.

CHAIRPERSON PORINI: Paul?

MR. STARKEY: This is just a suggestion based upon what I'm hearing and sort of the way this whole thing has sort of evolved as a dispute. There are a number of different options which are available to you, in terms of procedure, and I would suggest something novel, not that it should be followed but just a suggestion:

Under the statute, part of our statutory duty is to resolve these disputes. One way we do that is by decision making; the other way we do that is by creating opportunities for the parties to resolve disputes themselves. In this particular case, from my point of view, one of the disputes we have, which we would have to take back the analysis on, is a legal dispute.

I disagree with Mr. Silva's legal conclusions and I apparently disagree with Mr. Sherwood, some of your conclusions, and I -- what you said made me think I need to take it back and look at it again, if that's the direction,

but one possibility is to take it back, see if we can, based on what was said today, work on it, come up with

something that would give more direction, possibly get more input from the parties, and to try to bring that back. There still may be unresolved disputes if it did happen.

Another option appears to be that we could, if the parties are agreeable, to basically stop here, put this matter in abeyance or on hold or continuance, and see what happens in the P's and G's amendment phase and see if that is a way to develop more information such that the parties can resolve this dispute.

The third suggestion, and the one that I think I would suggest, and I don't know if this has ever been done before, but to have the parties consider, at this stage, given what both sides know, to basically stipulate to withdraw the claim without prejudice and go back and figure it out and see if they can get it resolved.

And the reason I'm suggesting that is for my economy, because, that way -- what I heard, right off the bat, was that everyone agrees that the claim was reduced incorrectly and I've also heard from the other side that there are possible areas of agreement. And in other litigation and disputes that I'm aware of, when you reach that stage of acknowledgment, you probably have a good opportunity to get it resolved.

So those are, at least, three options which I just wanted to put out, at this point, because we seem to be at a point of looking for a direction.

CHAIRPERSON PORINI: Well, members, any comments from members on the three options? And, if we have a clear direction, we'll ask Mr. Silva and Mr. Kaye to comment.

I'll just throw in that I feel pretty strongly

that it's clear, when it comes to the P's and G's amendments, that you heard some pretty clear direction from the Commission members that we think that what exists now is a problem, it's inadequate and it needs clarification.

I would like to think that both parties could go back and negotiate, but I also think that I've heard, pretty clearly, that maybe our own staff needs to go back and look at its legal analysis, so I think I would lean towards going back and negotiating on this claim and cleaning it up in the P's and G's, but I don't know how other members feel.

MS. STEINMEIER: One of the options isn't open to us. The last one that Paul mentioned is really open to the claimant, so we don't have that option; we only have options one and two.

CHAIRPERSON PORINI: But we can certainly encourage it and ask for your input.

MS. STEINMEIER: Let's do that.

CHAIRPERSON PORINI: Mr. Kaye.

MR. KAYE: Thank you.

Yeah. I think this is a good example of a -- sort of a group brainstorming, because what we have is some -- obviously, a lot of experts have commented on this, and it sounds as though the state and we might be ready to enter into some sort of stipulated agreement regarding the IRC; however, it would be, I think, a disservice, I don't want to get corny, to the State of California and its counties and cities to say that the matter should end there. I think it needs to be carried on, and the whole

discussion, the whole analysis, needs to be carried on, you know, after our stipulated agreement, or even above and beyond our stipulated agreement in our particular IRC, which we're hoping can be settled as quickly as possible.

And I think we have good working relationships with State Controller accounting staff, and I think we can -- I feel confident that we can come up with something that's reasonable and just in that matter. But, again, we would hope that this entire effort regarding clarification -- and I agree with most that say that the parameters and guidelines should be just that, provide general guidelines, but, here, we're dealing with very complex areas of law, that there are a lot of reasons why we do things, and, as Commissioner Sherwood has pointed

out, that many reasons that are found in the test claim legislation and the mandates and the P's and G's, why we need to continue to clarify the P's and G's.

And even if we have to -- once the P's and G's are part of the P's and G's process -- hold special workshops, because this is a strange confluence of events, because, at this point in time -- again, I don't want to give you an editorial statement, but certainly the public -- at this point in time, with all the -- just reading the newspaper headlines -- has to be assured that we are very, very diligent in our maintaining our investment scrutiny on a day-to-day and on a precise basis, and this has nothing to do with this matter, I know, but I can tell you that this will play well back home. We really do need to take the time and the effort, but we would like to proceed as quickly as we can to settle our matter and participate as

much as we can in the P's and G's to follow.

CHAIRPERSON PORINI: Mr. Silva, do you have a comment?

MR. SILVA: I think the Controller's Office -- we don't have any problem with sitting down and discussing the issues and see if we can resolve it on a more informal level, and I'd also agree that the P's and G's are the thorn in our side and that that amendment to the P's and G's should proceed. And although, I think from a legal

perspective, it may not affect this one, because this one is based on the P's and G's as they existed then --

MS. STEINMEIER: Exactly.

MR. SILVA: -- it might provide clarification. I'm not sure, but I think, at least for the future, we would have a lot better answer and know how to proceed.

CHAIRPERSON PORINI: Ms. Steinmeier?

MS. STEINMEIER: I didn't hear a withdrawal, therefore I move that we hold these P's and G's until we postpone our discussion on them and proceed -- excuse me, hold this IRC and proceed with our P's and G's amendment process.

MR. HARRIGAN: I'll second that.

CHAIRPERSON PORINI: All right. We have a motion to postpone the IRC before us and proceed with the P's and G's process and a second.

Any further discussion?

(No response.)

CHAIRPERSON PORINI: All right. May I have roll call.

MS. HIGASHI: Mr. Lazar?

MR. LAZAR: Yes.

MS. HIGASHI: Mr. Sherwood?

MR. SHERWOOD: Aye.

MS. HIGASHI: Ms. Steinmeier?

MS. STEINMEIER: Aye.

MS. HIGASHI: Ms. Williams?

MS. WILLIAMS: Aye.

MS. HIGASHI: Mr. Harrigan?

MR. HARRIGAN: Aye.

MS. HIGASHI: Ms. Porini?

CHAIRPERSON PORINI: Aye.

MS. HIGASHI: All right.

CHAIRPERSON PORINI: Thank you.

Should we take a five-minute break here?

(Whereupon a break was taken.)

CHAIRPERSON PORINI: We'll go ahead and get started.

MS. HIGASHI: We're now at Item 4, "Adoption of Proposed Parameters and Guidelines," the Brown Act Reform. This item was continued from the last hearing, and it will be presented by Ms. Shirley Opie, Assistant Executive Director.

MS. OPIE: Thank you. Good morning.

As Paula mentioned, this item was heard at the conclusion of this last hearing to allow the claimant time to submit another written proposal for training. The claimant submitted the proposal on April 10th. Staff submits it and three other options for the Commission to consider.

Option One is the claimant's new proposal. This option includes training on the preparation and the posting of agenda items. As noted by staff at the March hearing, these activities are generally performed by staff members. The Open Meetings Act parameters and guidelines which reimburse some legislative bodies for the preparation and posting of agenda items do not include training, thus, if this option is adopted, only the new type of bodies that are required to comply with the agenda preparation and posting requirements under Brown Act Reform which would be eligible for reimbursement for this portion of the training. The bodies that were previously covered by Open Meetings would not be eligible.

The claimant previously advocated training on the entire Brown Act. The declaration submitted to support the claimant's new proposal also references Brown Act, thus, it's not clear that the claimant's new proposal limits reimbursement of the training to that specifically related to the Brown Act Reform.

Option Two is the staff recommendation. This was submitted to the Commission in the parameters and guidelines that were heard in March. It provides ongoing training. On the new Brown Act Reform, closed session activities for all legislative bodies that are subject to the closed session requirements, including the new types of

bodies that are required to prepare and post agenda items, it does not include training on preparing and posting

INVESTMENT REPORTS

1. Summary of Chapters 783/95, 156/96, and 749/96

Government Code § 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996 resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

2. Eligible Claimants

Any city, county, city and county, or special district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal period January 1, 1996 through June 30, 1996, and fiscal years 1996-97 and 1997-98, may be made available in a future appropriations act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriations for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to city fiscal officers, county auditors, and special district administrators.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement and/or an estimated claim. A reimbursement claim details the cost actually incurred for a prior fiscal year. An estimated claim shows the cost to be incurred for the current fiscal year.

B. Minimum Claim

Government Code § 17564(a), provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds $200 per program per fiscal year.

5. Filing Deadline

A. Initial Claims

Initial claims must be filed within 120 days from the issuance date of claiming instructions. Accordingly:

(1) Reimbursement claims detailing the actual cost incurred for the period 1/1/96 to 6/30/96 and the 1996/97 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. If the reimbursement claim is filed after the deadline of May 20, 1998, the approved claim must be reduced by a late penalty of

10%, not to exceed $1,000. Claims filed more than one year after the deadline will not be accepted.

(2) Estimated claims for cost to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

B. Annually Thereafter

Refer to the item "Reimbursable State Mandated Cost Programs" contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under " 19__/19__ Reimbursement Claim," and/or "19__/19__ Estimated Claim," claims may be filed as follows:

(1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which the cost will be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the local agency fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual cost incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

(2) A reimbursement claim detailing the actual cost must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which the cost will be incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed $1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy and changes to:

(1) The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.

(2) The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

(1) Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in Government Code § 53646, subdivisions (b)(1), (2), (3), and/or (e).

(2) Ongoing Costs

(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code § 53646, subdivision (b)(1), (2), (3), and/or (e).

(b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency as required in Government Code § 53646, subdivision (b)(1).

7. Reimbursement Limitations

A. Reimbursement claims may be filed for costs incurred, as follows:

(1) Pursuant to Chapter 783, Statutes of 1995, costs are reimbursable on or after January 1, 1996. See 6.A.(1) above.

(2) Pursuant to Chapter 156, Statutes of 1996, costs are reimbursable on or after July 12, 1996. See 6.B.(2)(b) above. Permit the use of a statement, in lieu of the report, for any investment in an insured account.

(3) Pursuant to Chapter 749, Statutes of 1996, costs are reimbursable on or after January 1, 1997. See 6.A.(2) above.

B. Any offsetting savings or reimbursement the claimant received from any source (e.g., service fees collected, federal funds, other state funds etc.,) as a result of this mandate shall be identified and deducted so only the net local cost is claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms INR-1 and INR-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form INR-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form INR-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

(1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

(2) Office Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of the contractor(s) who performed the services. Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Fixed Assets

Compensation for fixed asset costs are reimbursable utilizing the procedure provided in the Office and Management Budget Circular A-87 (OMB A-87). Example: Compensation for the use of equipment: The claimant may be compensated for the equipment use through a use allowance or depreciation. A use allowance may be computed at an annual rate not to exceed 6 2/3% of acquisition cost. This is reported and claimed through the agency's service-wide cost allocation plan under the cost element "Use Allowance". Charges for use allowance or depreciation must be supported by adequate property records. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portion than in the later portions of its useful life, the straight line method of depreciation shall be used. However, the method of computing depreciation must be consistently applied for any specific class of assets for all affected programs.

List the cost of fixed assets acquired specifically for the purpose of this mandate. If a fixed asset is acquired for the subject state mandate, but is utilized in some way not directly related to the program, only the pro-rated portion of the asset which is used for purposes of the program is reimbursable.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the purchases.

(5) Training

Only the cost for a reasonable number of employees attending the training is reimbursable. Special training must be justified in writing by the claimant. Give the class title, dates, location, and name(s) of the employee(s) attending training classes associated with the mandate. Reimbursable costs may include salaries and benefits for time spent, the registration fee, transportation, lodging, and per diem. Reimbursement for travel expenses, lodging, and per diem will be reimbursed in accordance with the travel rules of the local jurisdiction.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

B. Form INR-1, Claim Summary

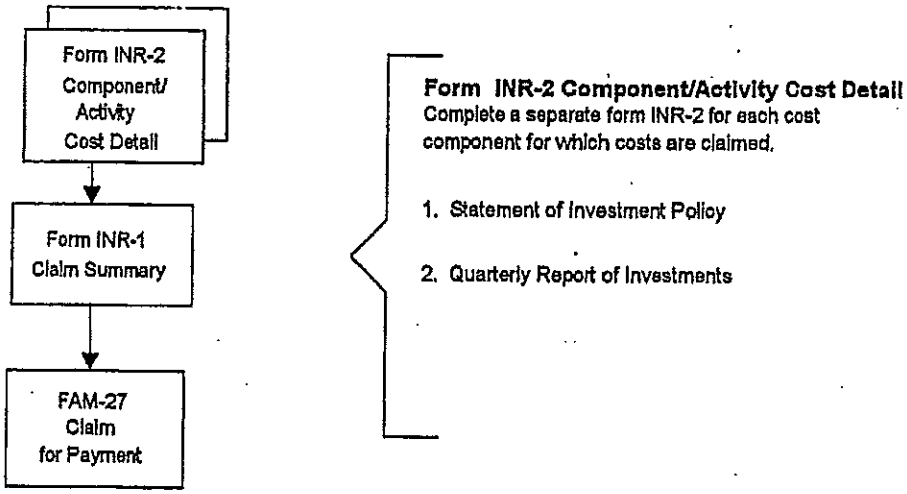
This form is used to summarize direct cost by cost component and compute allowable indirect cost for the mandate. Direct costs summarized on this form are derived from form INR-2 and carried forward to form FAM-27. The claimant must give the number of investment reports prepared during the fiscal year of the claim.

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is involved in the mandated program, each department must have its own ICRP.

C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form INR-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
INVESTMENT REPORTS (LOCAL AGENCIES)

For State Controller Use Only
(19) Program Number 00161
(20) Date Filed ___/___/___
(21) LRS Input ___/___/___

Program 161

LABEL HERE

(01) Claimant Identification Number

(02) Claimant Name

County of Location

Street Address or P.O. Box — Suite

City — State — Zip Code

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated ☐	(09) Reimbursement ☐
	(04) Combined ☐	(10) Combined ☐
	(05) Amended ☐	(11) Amended ☐
Fiscal Year of Cost	(06) 20___/20___	(12) 20___/20___
Total Claimed Amount	(07)	(13)
Less: 10% Late Penalty, not to exceed $1,000		(14)
Less: Prior Claim Payment Received		(15)
Net Claimed Amount		(16)
Due from State	(08)	(17)
Due to State		(18)

Reimbursement Claim Data	
(22) INR-1, (03)	
(23) INR-1, (04)(1)(f)	
(24) INR-1, (04)(2)(f)	
(25) INR-1, (06)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 783, Statutes of 1995.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 783, Statutes of 1995, set forth on the attached statements.

Signature of Authorized Officer — Date

Type or Print Name — Title

(38) Name of Contact Person for Claim — Telephone Number ( ) - Ext.

E-Mail Address

Program 161	INVESTMENT REPORTS (LOCAL AGENCIES) Certification Claim Form Instructions	FORM FAM-27

(01) Leave blank.

(02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.

(03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.

(04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.

(05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.

(06) Enter the fiscal year in which costs are to be incurred.

(07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11). If more than one form is completed due to multiple department involvement in this mandate, add line (11) of each form.

(08) Enter the same amount as shown on line (07).

(09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.

(13) Enter the amount of reimbursement claim from form INR-1, line (11). If more than one form is completed due to multiple department involvement in this mandate, add line (11) of each form.

(14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or $1,000, whichever is less.

(15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.

(16) Enter the result of subtracting line (14) and line (15) from line (13).

(17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.

(18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.

(19) to (21) Leave blank.

(22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim , e.g., INR-1, (03), means the information is located on form INR-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. Completion of this data block will expedite the payment process.

(37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.

(38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

Address, If delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, If delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY	FORM INR-1

(01) Claimant	(02) Type of Claim Reimbursement ☐ Estimated ☐	Fiscal Year 19___/20___

Claim Statistics

(03) Number of investment reports prepared during the fiscal year	

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Training	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Direct Costs						

Indirect Costs

(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)] or [Line (06) x {line (05)(a) + line (05)(b)}]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

Cost Reduction

(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]	

INVESTMENT REPORTS CLAIM SUMMARY Instructions	FORM INR-1

(01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A form INR-1 should be completed for each department.

(02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.

Form INR-1 must be filed for a reimbursement claim. Do not complete form INR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form INR-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) Enter the number of investment reports that were prepared during the fiscal year.

(04) Reimbursable Components. For each reimbursable component, enter the total from form INR-2, line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (f).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is reporting costs, each must have its own ICRP for the program.

(07) Total Indirect Costs. Multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06).

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).

(09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.

(11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

MANDATED COSTS
INVESTMENT REPORTS
COMPONENT/ACTIVITY COST DETAIL

FORM INR-2

(01) Claimant

(02) Fiscal Year Costs Were Incurred

(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

☐ Statement of Investment Policy ☐ Quarterly Report of Investments

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Training	(h) Fixed Assets
(05) Total ☐ Subtotal ☐ Page:____of____							

INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL Instructions	FORM INR-2

(01) Enter the name of the claimant.

(02) Enter the fiscal year for which costs were incurred.

(03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form INR-2 shall be prepared for each applicable component.

(04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, training costs, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Investment Reports program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries	Employee Name Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
Services and Supplies Office Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
Training	Employee Name Title Name of Class		Dates Attended			Registration Fee			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Dates of Service				Itemized Cost of Services Performed		Invoice
Fixed Assets	Description of Equipment Purchased Equipment ID	Unit Cost	Quantity Used					Itemized Cost of Equipment Purchased	Invoice

(05) Total line (04), columns (d), (e), (f), (g), and (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row.

Hearing Date: February 27, 2003

ITEM 8

FINAL STAFF ANALYSIS

PROPOSED AMENDMENTS TO PARAMETERS AND GUIDELINES, AS MODIFIED BY STAFF

Government Code Section 53646, Subdivisions (a), (b) and (e)
Statutes 1995, Chapter 783
Statutes 1996, Chapters 156 and 749

Investment Reports

EXECUTIVE SUMMARY

On October 13, 2000, the City of Newport Beach (Newport Beach) submitted a proposal to amend the *Investment Reports* Parameters and Guidelines to clarify section IV. Reimbursable Activities, and to update section V.B. Indirect Costs. In addition to technical amendments, Newport Beach proposes to add the following detailed language to the ongoing reimbursable activity of preparing the quarterly report of investments:

> Included in the foregoing are the preparation and maintenance of a subsidiary portfolio ledger system for preparation of the quarterly report, measurement of portfolio compliance to the investment policy, and determination of liquidity from scheduled maturities and interest receipts; cash receipt and disbursement forecasting to determine ability to meet six month pool expenditure requirements; pool investment decisions relating to compliance with authorized investments and restrictions in Government Code, Sections 53601 and 53635, or as further refined by the approved investment policy; obtaining and reporting the market value of portfolio securities, and when necessary, amortizing the book value of the portfolio securities for comparison and reporting; verify credit ratings for compliance of pooled investment instruments; and audit and reconciliation of the portfolio for preparation of investment reports.

Test Claim Statutes

On March 27, 1997, the Commission determined that Government Code section 53646, subdivisions (a), (b) and (e), as amended by the test claim statutes, constituted a reimbursable state mandated program. On November 20, 1997, the Commission adopted the Parameters and Guidelines.

The test claim statutes require the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy to the legislative body of the local agency and any oversight committee and, to render a quarterly report of investments to the chief executive

officer, the internal auditor, and the legislative body of the local agency. The statutes specify that the report shall include the following information:

- Type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency.
- Description of any of the local agency's funds, investments, or programs, that is under the management of contracted parties, including lending programs.
- Current market value as of the date of the report, and source of this same valuation of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
- Statement that the portfolio is in compliance with the statement of investment policy, or the manner in which the portfolio is not in compliance.
- Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available.

STAFF ANALYSIS

Staff reviewed Newport Beach's proposal and comments received, and held four pre-hearing conferences to review the comments and the positions of the parties. Non-substantive changes were made to citations, numbering, and formatting. Substantive changes were made to section IV. Reimbursable Activities for clarity and conformity with the test claim statutes and statement of decision. Changes were also made to update the parameters and guidelines language on supporting documentation, based on the State Controller's Office's (SCO) proposed amendments.

Staff modified the claimant's proposed amendments to the parameters and guidelines and issued draft amendments to section IV. Reimbursable Activities on October 25, 2002. Newport Beach, Los Angeles County, Kings County, and the SCO commented on the staff draft.

Staff modified the SCO's proposed amendments regarding supporting documentation. Comments were filed by several local entities and interested persons. The modified language was included in the *School Bus Safety II* Parameters and Guidelines adopted on January 23, 2003.

The staff analysis is presented in two parts: Part I – Section IV. Reimbursable Activities and Part II – Supporting Documentation.

PART I – SECTION IV. REIMBURSABLE ACTIVITIES

Staff proposes non-substantive changes to formatting and citations, and technical edits to conform text to the statement of decision and parameters and guidelines. Staff proposes the following substantive modifications to section IV of the parameters and guidelines:

- Deletes the words "accumulating" and "accumulate" from section B. Quarterly Report of Investments, 1. Implementation Costs and 2. Ongoing Costs. This change was proposed by the SCO. Shifts focus to "compile data" necessary to render a quarterly report, specifies who receives the quarterly report, and when it is due.
- Limits reimbursement to activities related to each investment that is held on the last day of each quarter and included in a quarterly report of investments.

- Adds reimbursable activities to conform to the statement of decision, and Government Code section 53646, subdivisions (b)(1), (2), and (3), and/or (e).
- Specifies non-reimbursable activities.
- Adds a reference to cost reimbursements received by counties pursuant to Government Code sections 27135, 27013, and 53684, subdivision (b), to section VII. Offsetting Savings and Reimbursements. This language would replace footnote 1 in the original parameters and guidelines.

State Controller's Office Position

The SCO agrees with the staff draft in principle and proposes additional limiting language to ensure that local agencies are not reimbursed for ongoing data entry, maintenance and reconciliation of a subsidiary ledger, and duplicate entries.

Department of Finance's Position

The Department of Finance (DOF) has not filed comments on the staff draft but in earlier comments concurred with the proposed changes to include the preparation and maintenance of a subsidiary portfolio ledger system as part of the reimbursable activities, with the assumption that the word "audit" refers to internal verification/review, not a formal audit performed by an auditor.

Newport Beach's Position

Newport Beach concurs with statements previously made by Kings and Los Angeles Counties that investment reports are not a point in time document. Newport Beach argues that the parameters and guidelines should reimburse the requirement to provide information on transactions not held at the end of the quarter and to determine whether securities not held at the end of the quarter comply with the Investment policy. Newport Beach also maintains that a local agency should be reimbursed for implementing its Investment Policy and requests that the reimbursement limitations as to securities not held at the end of the quarter be deleted.

Kings County's Position

Kings County disagrees with the staff proposal because the draft assumes that the investment report is a point in time document; includes limitations on reimbursement to proportionate share of pooled investments and does not define dependent special district; and does not include reimbursement for providing copies to the various depositaries specified in Government Code section 53686, subdivision (b). Kings County requests that the parameters and guidelines be redrafted and the limitations be removed.

Los Angeles County's Position

Los Angeles County opposes the staff proposal and states that it is deficient and inconsistent with the intent and specific wording of the test claim legislation. Los Angeles County argues that all activities must be performed on a daily basis, as intended by the Legislature, and that all investment transactions must be input into an accounting system, balanced, reconciled, monitored, and included in the overall cash flow projections. Los Angeles County submits a proposal to support its position.

PART II – SUPPORTING DOCUMENTATION

On June 10, 2002, and September 13, 2002, the SCO proposed amendments to address supporting documentation issues in the parameters and guidelines.

Staff reviewed the SCO proposals and the comments received.[1] Non-substantive changes were made to re-numbered section II, Eligible Claimants, and re-numbered section VII, Offsetting Savings and Reimbursements. Staff modified all other sections of the parameters and guidelines as discussed below.

III. Period of Reimbursement

On September 30, 2002, AB 3000 (Stats. 2002, ch. 1124) was enacted to increase the $200 threshold to $1,000. Staff added language clarifying that for claims filed prior to September 30, 2002, including claims that are later amended, the $200 threshold will apply. For claims filed on or after September 30, 2002, the $1,000 threshold will apply.

IV. Reimbursable Activities

Staff modified the SCO's proposed language to specify that only actual costs may be claimed and made the following findings:

- If alternative documentation requirements for a particular program are necessary, the local government claimants are free to propose them when they develop proposed parameters and guidelines.
- Time studies for repetitive activities may be used if the methodology is identified.
- Nothing in the proposed language prohibits claimants from developing alternative documentation requirements tailored to particular programs.

In addition, staff did not include the SCO's proposed language regarding "incremental cost."

Sections V through IX

Minor, technical changes were made to section V, and the SCO's proposed language for section VI was included. Staff added a new sentence to section VII to reference cost reimbursements received by counties pursuant to Government Code sections 27013 and 53684, subdivision (b). This additional sentence would replace the limiting language originally proposed for inclusion in section IV. Reimbursable Activities of the staff draft.

Staff replaced the existing section VIII with the statutes describing the SCO's authority to issue claiming instructions, and revised section IX to include remedies before the Commission, including requests to review claiming instructions and amend parameters and guidelines.

[1] As reflected in the chronology, the Commission has received numerous comments from interested persons. Relevant comments were addressed in the staff analysis.

STAFF RECOMMENDATION

Staff recommends that the Commission adopt staff's proposed amendments to the *Investment Reports* Parameters and Guidelines, beginning on page 39.

[A clean version, without strikeout and underline, follows on the pink pages.]

REQUESTORS

City of Newport Beach (Newport Beach)

State Controller's Office (SCO)

CHRONOLOGY

03/27/97	Commission on State Mandates (Commission) adopts statement of decision.[2]
11/20/97	Commission adopts parameters and guidelines.[3]
11/30/98	Commission adopts statewide cost estimate.
10/13/00	Newport Beach files request to amend parameters and guidelines and requests pre-hearing conference.[4]
11/28/00	Department of Finance (DOF) submits comments.[5]
01/19/01	SCO submits comments.[6]
01/24/01	Commission staff conducts pre-hearing conference.
02/14/01	Commission staff conducts pre-hearing conference.
03/06/01	State Treasurer's Office (STO) submits comments.[7]
03/19/01	SCO submits additional comments.[8]
04/23/01	Newport Beach submits rebuttal comments.[9]
09/27/01	Commission staff conducts pre-hearing conference.
04/25/02	Commission directs staff to schedule request to amend parameters and guidelines for hearing.
04/29/02	Newport Beach requests pre-hearing conference.
05/16/02	Commission staff conducts pre-hearing conference.
06/04/02	County of Los Angeles (Los Angeles County) submits comments.[10]
06/10/02	SCO submits proposed amendments to parameters and guidelines to address documentation issue.[11]
06/24/02	SCO submits response to Los Angeles County's submittal.[12]
07/10/02	Newport Beach requests a two-month postponement of hearing to September 26, 2002.

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[2] Exhibit A.
[3] Exhibit B.
[4] Exhibit C.
[5] Exhibit D.
[6] Exhibit E.
[7] Exhibit F.
[8] Exhibit G.
[9] Exhibit H.
[10] Exhibit I.
[11] Exhibit J.
[12] Exhibit K.

07/18/02	Executive Director approves postponement and sets hearing for September 26, 2002.
08/30/02	Newport Beach submits response to the filings of the SCO and Los Angeles County.[13]
09/13/02	SCO submits amendments to its original proposal.[14]
09/17/02	Education Mandated Cost Network (EMCN) submits comments on SCO's proposal.[15]
10/21/02	Sweetwater Union High School District submits comments on SCO's proposal.[16]
10/25/02	Commission conducts pre-hearing conference on SCO's proposal, and requires additional comments by November 8, 2002.
10/25/02	Commission issues draft amendments to section IV. Reimbursable Activities, and requires additional comments by November 8, 2002.[17]
11/06/02	County of San Bernardino submits comments on SCO submittal.[18]
11/07/02	County of Kings (Kings County) submits comments on Commission staff draft of section IV. Reimbursable Activities.[19]
11/07/02	Newport Beach submits comments on Commission staff draft of section IV. Reimbursable Activities and SCO submittal.[20]
11/07/02	Los Angeles County files alternate proposal to replace Commission staff draft of section IV. Reimbursable Activities and SCO submittal.[21]
11/07/02	County of Santa Clara comments on SCO submittal.[22]
11/08/02	Mandated Cost Systems, Inc. files comments on SCO submittal.[23]
11/08/02	SCO comments on Commission staff draft of section IV. Reimbursable Activities and submits proposed change to their boilerplate proposal.[24]
11/21/02	Ventura Unified School District submits comments.[25]
02/14/03	Commission staff issues staff analysis and proposed amendments to the parameters and guidelines, as modified by staff.

SUMMARY OF THE MANDATE

[13] Exhibit L.
[14] Exhibit M.
[15] Exhibit N.
[16] Exhibit O.
[17] Exhibit P.
[18] Exhibit Q.
[19] Exhibit R.
[20] Exhibit S.
[21] Exhibit T.
[22] Exhibit U.
[23] Exhibit V.
[24] Exhibit W.
[25] Exhibit X.

Government Code section 53646, subdivision (a), requires the county treasurer or chief fiscal officer of the local agency to render an annual statement of investment policy to the legislative body of the local agency and any oversight committee.[26]

Subdivision (b) requires the treasurer or chief fiscal officer to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency. The statute specifies that the report shall include the following information:

- Type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency.
- Description of any of the local agency's funds, investments, or programs, that is under the management of contracted parties, including lending programs.
- Current market value as of the date of the report, and source of this same valuation of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
- Statement that the portfolio is in compliance with the statement of investment policy, or the manner in which the portfolio is not in compliance.
- Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Subdivision (e) provides a simpler procedure for quarterly reporting of local agency investments in the Local Agency Investment Fund, Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, to the local governing body, chief executive officer, and the auditor. In lieu of providing the detailed information specified in subdivision (b)(1), copies of the most recent statement(s) received by the local agency from these institutions may be provided to the local governing body, et al.

On March 27, 1997, the Commission determined that section 53646, subdivisions (a), (b), and (e) constituted a reimbursable state-mandated program. The parameters and guidelines, adopted on November 20, 1997, describe the following activities as eligible for reimbursement:

1. Statement of Investment Policy

   Prepare and submit the annual statement of investment policy,[1] and changes to:

   a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[2]

   b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

[26] Except as otherwise indicated, all further statutory references are to the Government Code.

2. Quarterly Report of Investments

   a. Implementation Costs

      Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), and/or (e).

   b. Ongoing Costs

      (1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), and (3) and/or (e).

      (2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code section 53646, subdivision (b)(1).

In footnote 1 of the adopted parameters and guidelines, the Commission recognized that counties with *Treasury Oversight Committees* had fee authority pursuant to Government Code section 27135 for the costs incurred to prepare and submit the annual statement of investment policy and changes to the county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.[27] Footnote 2 of the adopted parameters and guidelines stated, "For the period from January 1, 1996 through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity."

PART I – SECTION IV. REIMBURSABLE ACTIVITIES

I. Background

A. Newport Beach's Proposed Amendments

1. Proposed Amendments

On October 13, 2000, Newport Beach submitted a proposal to amend section V of the parameters and guidelines to clarify the reimbursable activities. The proposed amendments are presented below with additional text marked by underlining:

V. Reimbursable Activities

   1. Statement of Investment Policy

      Prepare and submit the annual statement of investment policy[1], and changes to:

      a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[2]

      b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

[27] Exhibit B, page 113.

2. Quarterly Report of Investments

a. Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

b. Ongoing Costs

(1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivision (b)(1), (2), and (3) and/or (e). cluded in the foregoing are the preparation and maintenance of a subsidiary portfolio ledger system for preparation of the quarterly report, measurement of portfolio compliance to the investment policy, and determination of liquidity from scheduled maturities and interest receipts; cash receipt and disbursement forecasting to determine ability to meet six month pool expenditure requirements; pool investment decisions relating to compliance with authorized investments and restrictions in Government Code, Sections 53601 and 53635, or as further refined by the approved investment policy; obtaining and reporting the market value of portfolio securities, and when necessary, amortizing the book value of the portfolio securities for comparison and reporting; verify credit ratings for compliance of pooled investment instruments; and audit and reconciliation of the portfolio for preparation of investment reports.

(2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code section 53646, subdivision (b)(1).[3-28]

Newport Beach also proposed updating section VI by adding current language on indirect costs.

2. State Controller's Office Comments

The SCO commented on Newport Beach's original proposal in letters dated January 17, 2001,[29] and March 16, 2001.[30]

The SCO opposes Newport Beach's amendment. The SCO states that the proposed amendment is "simply an attempt to have the State of California subsidize the day to day investment tracking activities of local governmental agencies. The statute in question does not dictate how an agency conducts its investment activity, it just compels exposure of that activity to the sobering light of public review."

The SCO proposes an amendment to strike the phrase "Accumulate and," from section V.(B)(2)(b)(1) of the parameters and guidelines. The SCO believes that the term "accumulate" is susceptible to an interpretation that goes beyond the intent of the statute and is not supported by

[28] The text of footnote 3, which is proposed for deletion states: "Statutes 1996, chapter 156, an urgency statute, amended subdivision (e), effective July 12, 1996. The amendment permitted the use of a statement, in lieu of the report, for any investment in an insured account. This resulted in two reimbursement beginning dates: from January 1, 1996 if the agency placed all of its investment in insured accounts; from July 12, 1996, if less than all of an agency's investments were placed in insured accounts."

[29] Exhibit E.

[30] Exhibit G.

the statement of decision. The SCO believes that costs associated with implementation of the local governmental agencies investment policies (i.e., daily tracking), are not a part of the reimbursable state mandate. The costs of daily tracking are not reimbursable for two distinct reasons: first, the statute simply does not require daily tracking, second, if there is a requirement to conduct daily tracking, it comes from other sources. According to the SCO, the permissive language of section 53646 (b)(4), argues against the reimbursement of daily tracking or subsidiary ledgers, not for it. The Legislature is permitting them to utilize a pre-existing database or ledger to minimize the work required to produce the quarterly report.

The SCO also notes that Newport Beach does not point to legislative history or other source, which supports the assertion that daily tracking was a contemplated requirement of the statute. The fact that some local policies may require daily tracking or subsidiary ledgers does not elevate those requirements to state mandates.

The SCO contends that the primary source of daily tracking or its equivalent is sections 27000 et seq. (duties of a county treasurer; § 41001 et seq., duties of a city treasurer, §§ 26900-26922, 29740-29749 and 29803-29804, duties of a county auditor-controller; § 40801 et seq., duties of a city clerk, who is the accounting officer of the city). The SCO contends that there are over ten sections out of the above listed that deal with record keeping and reports concerning county funds.[31] In conclusion, the SCO states that when one looks at the breadth and detail required by these code sections, it is clear that an on going tracking system was contemplated. Therefore, any requirement to conduct daily tracking comes from pre-existing law. The SCO cites to a letter to the Division of Accounting and Reporting, SCO, dated July 16, 1998, from Mr. John Naimo, Chief, Accounting Division, County of Los Angeles County,[32] and a declaration from Professor Dennis Tootelian, professor of marketing, C.S.U. Sacramento,[33] to support its position.

On March 16, 2001, the SCO commented on two concerns that were not previously addressed.[34] The first issue is that of the fiduciary duty. The SCO explains, "The fiduciary duty is a legal duty that exists apart from the code sections in question. It is a duty that places a certain standard of care on those in a position of trust who deal with the money of others...." The second issue is the reliance, on the part of some, on code sections that were not made a part of the initial test claim. The SCO specifically cites Government Code sections 53600.5,[35] 53601,[36] 53635.[37] The SCO noted that these sections have not been determined to be reimbursable state mandates.

3. Department of Finance Comments

The DOF commented on Newport Beach's proposal in a letter dated November 22, 2000.[38] DOF stated, "We concur with the proposed changes to include the preparation and maintenance of a subsidiary portfolio ledger system as part of the reimbursable activities..." with the assumption that the word "audit" refers to internal verification/review, not a formal audit performed by an

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[31] Exhibit E, pages 155-156.
[32] Exhibit E, pages 160-162.
[33] Exhibit E, pages 164-171.
[34] Exhibit G.
[35] Government Code section 53600.5, is captioned "Objectives; managing public funds" in West's Annotated California Codes, Volume 36A (1997).
[36] Government Code section 53601, is captioned "Authorized investments; circumstances" in West's Annotated California Codes, Volume 36A (1997).
[37] Government Code section 53635, is captioned "Funds of local agency; deposit or investment" in West's Annotated California Codes, Volume 36A (1997).
[38] Exhibit D

auditor. While the final parameters and guidelines adopted by the Commission *did not* include this language, it is relevant to note that the DOF agreed that preparation and maintenance of subsidiary ledgers were reimbursable activities under the mandate.

4. State Treasurer's Office Comments

By memorandum, dated March 1, 2001, the STO commented on the issue of whether a subsidiary ledger of investments was required in the preparation of a quarterly report of investments.[39] The comments stated in relevant part the following:

> At the State level, these reporting requirements were already being done to some degree to fulfill the day-to-day fiduciary duties of prudent money management. Our current fiduciary standards of care at the State dictate our need for utilizing a subsidiary ledger, regardless of the required quarterly reporting. We would seriously compromise our abilities to provide appropriate direction and execution of our investment objectives without the benefit of subsidiary ledgers. These ledgers exist specifically to support our daily investment activities, as well as ongoing policy decisions. The coincidental benefit is the use of these subsidiary ledgers in support of required quarterly reporting. Therefore, we would not consider this to be a mandated requirement to fulfill these quarterly-reporting tasks. (Emphasis added.)

5. Newport Beach's Rebuttal Comments

On April 23, 2001, Newport Beach responded to state agencies' comments on the proposed parameters and guidelines.[40] Claimant contends that:

- The requirement for daily tracking is not required by authority other than the test claim statutes.
- A fiduciary duty does not require daily tracking.
- Governmental Accounting Standards Board (GASB) Statement 31 does not require quarterly reporting of investments.
- At the initial hearing of the investment report mandate, the commission recognized that there would be a need for subsidiary ledgers.
- The investments of the State of California and the procedures of the State Treasurer are not indicative of the mandate obligations.

Claimant's rebuttal is supported by the declaration of Joseph H. Spillane, Assistant Treasurer and Tax Collector of Los Angeles County.[41] He states, "in my opinion, daily review of the portfolio is required to state compliance with the investment policy, unless one is to conclude that the Legislature was concerned that the local agencies were in compliance only at quarter's end."[42]

Finally, Mr. Spillane cites a recommendation from the 1995 Governor's Task Force that states in relevant part the following:

> Requiring a statement of compliance with the agency's statement of investment policy forces each local agency to make a regular and ongoing determination that the ongoing

[39] Exhibit F.
[40] Exhibit H.
[41] Exhibit H, pages 221-226.
[42] Exhibit H, page 223.

investment practices are or are not in conformity with the agency's written investment policy. [Emphasis added by Mr. Spillane.][43]

In addition, a declaration from Vee-Jay Brann, Treasurer for the Kings County, states the following:

> The State Controller's Office has argued that because the treasury must close out every day and balance with the auditor, and there are monthly reporting requirements to the auditor, that these requirements encompass what is required by Investment Reports. This is not correct. The Treasurer balances against the warrants authorized by the Auditor to be paid. This does not relate to the investment interest or capital appreciation realized through investment. Information pertaining to investment interest or capital appreciation realized is transmitted to the auditor on a quarterly basis. The State Controller's Office has failed to distinguish the difference between reconciling the treasury with the requirements of Investment Reports.[44]

B. Los Angeles County's Alternate Proposal

On April 25, 2002,[45] the Commission directed staff to schedule this request to amend parameters and guidelines for hearing.

1. Los Angeles County's Alternate Proposal

On June 6, 2002, the Commission received Los Angeles County's alternate proposal (dated May 31, 2002) for additional language to be included in the parameters and guidelines. Los Angeles County stated that this proposal was similar to that found in the SCO claiming instructions for *Investment Reports*, mandated under prior law, as Government Code section 53646, as amended by Statutes 1985, chapter 1526.[46] On August 30, 2002, Newport Beach filed a response to the SCO and Los Angeles County, and stated its concurrence with Los Angeles County's submission.[47] The County's alternate proposal is as follows:

> *Quarterly Report of Investments*
>
> *Costs to prepare data elements necessary to render a quarterly report of investments which includes:*
>
> *a. Type of investments; Institution(s);*
>
> *b. Date(s) of maturity; Amount(s) of deposit;*
>
> *c. Current market value(s); rate(s) of interest;*
>
> *d. Details of investment(s) made pursuant to Government Code sections 53601, 35801.1 and 53635;*
>
> *e. A statement of relationship to the statement of Investment policy and analysis of policy compliance – cost to analyze investments for compliance to terms specified in the investment policy;*

[43] Exhibit H, page 224.
[44] Exhibit H, page 230.
[45] During the hearing on Item 3, Incorrect Reduction Claim filed by the County of Los Angeles County on *Investment Reports* reimbursement claims for fiscal years 1996-97, 1997-98. No action was taken on this agenda item.
[46] Exhibit I, Letter dated May 31, 2002.
[47] Exhibit L.

f. Cash flow projects – costs to include compilation of information which the treasurer or chief fiscal officer determines would demonstrate that the local agency's expenditure requirements can be met in the following six months.

Claimant has the option of claiming quarterly reporting costs as specified above or using a subsidiary ledger method, but not both for the same reporting period. If a subsidiary ledger method is selected, the following costs are reimbursable:

a. Costs to input transactions for compilation of various reports to be included in the investment report;

b. Costs to reconcile the subsidiary ledger to the control accounts;

c. Costs to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process; and,

d. Costs to adjust the subsidiary ledger to market value.

Automated systems:

Costs to acquire specialized software for compilation of the investment report and cash flow projections are reimbursable. If hardware investment is required, percentage use of this hardware is reimbursed.

2. State Controller's Office Comments

In comments dated June 20, 2002, the SCO opposes incorporation of Los Angeles County's alternate proposal. The SCO states that Los Angeles County's reliance on outdated claiming instructions for a test claim which no longer exists is misplaced for the following reasons: (1) The comments do not demonstrate that the suggested language is consistent with the Statement of Decision in this case; (2) the comments do not demonstrate a logical connection between the old test claim and the new one; (3) there is no showing that the language of both statements of decision are identical, or that the issues discussed and their resolutions were similar; (4) old claiming instructions have no precedential effect whatsoever.

II. Staff's Draft Amendments to Reimbursable Activities

On October 25, 2002, Commission staff released its draft amendments to reimbursable activities.

1. Staff's Proposal[48]

Staff's draft amendments provided the following clarifications and limitations to the existing parameters and guidelines:

- Deletes the words "accumulating" and "accumulate" from section B. Quarterly Report of Investments, 1. Implementation Costs and 2. Ongoing Costs. This change was proposed by the SCO. Shifts focus to "compile data" necessary to render a quarterly report, specifies who receives the quarterly report, and when it is due.

[48] Exhibit P.

- Limits reimbursable activities to each investment that is held on the last day of each quarter and included in a quarterly report of investments.
- Adds specific reimbursable activities, consistent with the statement of decision, and the Government Code section 53646, subdivisions (b)(1), (2), and (3), and/or (e).
- Adds specific reimbursable activity, "Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply." (Gov. Code, § 53646, subd. (b)(3).)
- Adds specific reimbursable activity, "Compiling information on the pool's cash flow in order to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months." (Gov. Code, § 53646, subd. (b) (3).)
- Adds specific reimbursable activity, "b. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable." However, there is also language specifying that if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is directly related to the reimbursable activities specified above, may be claimed under section V.A.2. Materials and Supplies, and/or section V.A.3. Contracted Services.
- Adds limitation specifying that eligible county claimants are entitled to reimbursement only for the proportionate share of costs borne by the claimant, and its dependent special districts, as measured by their percentage of ownership in the county treasury's investment pool. This limitation further specifies that county claims shall identify county claimant's percentage of ownership in the county treasury's investment pool.
- Specifies that the following activities are not reimbursable:
  - Producing and presenting reports of transactions related to securities not held at the end of a quarter.
  - Determining if investment transactions for securities no longer held at the end of the quarter comply with the investment policy.
  - Accumulating and compiling data necessary to prepare the monthly reports of all transactions pursuant to Government Code section 53607, or any other monthly investment reports.

2. Local Agency Comments

   a. Vee-Jay Brann, Treasurer, Tax-Collector, Kings County[49]

   Kings County disagrees with the staff proposal for the following reasons:

   - The draft assumes that the investment report is a point in time document.
   - The draft includes limitations on reimbursement to proportionate share of pooled investments and does not define dependent special district.

[49] Exhibit R

- The draft only includes reimbursement for providing the Investment Report to the chief executive officer, the internal auditor, and the legislative body of the local agency and does not include reimbursement for providing copies to the various depositaries as specified in Government Code section 53686, subdivision (b).

Based on the foregoing, the Kings County requests that the parameters and guidelines be redrafted, and the limitations mentioned above be removed.

b. Los Angeles County Comments and New Proposal[50]

On November 8, 2002, the Los Angeles County commented on the staff proposal. The County contends:

- The parameters and guidelines language proposed by Commission staff is deficient – clearly not in keeping with the intent and specific wording of the test claim legislation.
- The recommended language "is in contradiction to Conny Jamison's report on reimbursable activities mandated by the test claim legislation."
- Compliance with the investment policy is mandated on a daily basis, even assuming that compliance reporting is mandated on a quarterly basis.
- The omission of compliance duties on all but the last day of the quarter was clearly not the Legislature's intent in enacting the test claim legislation, including Government Code section 53646, in the wake of the Orange County bankruptcy. Section 53646 ensures continuing compliance with the stated investment policy. The quarterly reporting of this compliance to the investment committee is merely a convenient time period sufficient to keep major interested parties appraised and notified of the investment activities and compliance with investment policy.
- Cash flow projections cannot be limited to a quarterly point in time if such projections are to be accurate. In order to determine cash flow from investment activity, all investment transactions must be input into an accounting system, balanced, reconciled, monitored, and then included in the overall cash flow projections.

Los Angeles County disagrees with Commission staff's addition of reimbursement limitations. Most objectionable is the limitation requiring county claims to identify the claimant's percentage of ownership in the county treasury's investment pool. Los Angeles County states that this restriction would deny reimbursement to 160 separate entities that make up the Pooled Surplus Investment fund. Los Angeles County states that currently, when the SCO makes reimbursement, the full amount is returned to each pool member based on the average daily balance of each fund.[51]

Finally, based on their findings, Los Angeles County proposes new reimbursable activities,[52] that differ from staff's draft, by authorizing reimbursement for *all costs* of:

- Accumulating and compiling data throughout the reporting period.

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[50] Exhibit S.
[51] Exhibit S, page325.
[52] Exhibit S, pages 328 to 330.

- Inputting, recording, or transferring investment data into a database, investment tracking software program, or subsidiary ledger.
- Obtaining and inputting daily market valuations of investments held by the local agency and under management of any outside party.
- Determining daily liquidity from scheduled maturities and daily interest receipts, scheduling, and updating daily, expected receipts and expenditures.
- Verifying and reconciling database, investment tracking, or subsidiary ledger information with related accounts, on a daily basis.
- Composing, printing, duplicating, and distributing each year, either the quarterly report or 12 monthly reports of investments which satisfy the requirements of test claim statutes.
- Reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency throughout the reporting period.

c. Newport Beach

On November 8, 2002, Newport Beach commented on the staff proposal.[53] Newport Beach concurs with Kings and Los Angeles Counties' statements that investment reports are not a point in time document.

Newport Beach also argues that the staff proposal overlooks the requirement imposed upon the city to provide information on transactions regarding securities not held at the end of the quarter, and determining whether securities not held at the end of a quarter comply with the Investment Policy. Newport Beach quotes a Senate Local Government Committee Analysis for SB 564 (Stats.1995, ch. 783) and explains that the city has adopted an Investment Policy, which requires that the quarterly investment reports state whether or not the portfolio was out of compliance *during* the reporting period.[54]

Newport Beach maintains that:

- The Legislature allowed each local agency to create its own investment policy.
- It is not for the Commission to dictate what the Legislature did not, by specifying what portion of the Investment Report is reimbursable.
- If the city's investment policy calls for reporting transactions, which were out of compliance during the quarter, it should be reimbursed for it.

Accordingly, Newport Beach requests that the limitations imposed in section IV.C, "Limitations", 2. (a) and (b) be deleted.[55]

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[53] Exhibit T.

[54] See Exhibit H, page 13 for Bill Analysis.

[55] 2.a. Producing and presenting reports of transactions related to securities not held at the end of a quarter; 2.b. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy. See Exhibit P.

d. State Controller's Office

On November 12, 2002, the SCO commented on the staff proposal.[56] The SCO stated its agreement with the analysis in principle, and their belief that additional language should be added to provide clarity for all parties. The SCO proposes these changes to the staff proposal:

- Add the following language to section IV.B.1, the reimbursable activity of "recording in a database, "only to the extent that this information is not merely transferred or captured from an existing database."
- Add the following language to section IV.C. Limitations, 2. Non-Reimbursable Activities:

" d. The ongoing entry of data identified in the reimbursable activities, number 1 'Recording in a database,' except for that data related to the last day of the quarter.

e. Ongoing maintenance (i.e. regular data entry and reconciliation, etc.) of a subsidiary ledger.

f. Data entry consistent with 'Reimbursable Activity' number 1, 'Recording in a database.' If that process merely involves transferring or 'electronically capturing' data which has already been recorded. "

III. Staff Analysis

On October 13, 2000, Newport Beach submitted its proposed parameters and guidelines amendments. During the intervening period, the Commission received comments from the DOF, the STO, the SCO, Newport Beach, Kings County, and Los Angeles County; conducted four pre-hearing conferences; and requested modified proposals and additional comments from the parties. Staff, with the assistance of Consultant Conny Jamison,[57] reviewed all proposals and comments and prepared the final proposed amendments to re-numbered section IV. Reimbursable Activities. Non-substantive changes were made to former sections I, II, and IV, to conform to current parameters and guidelines format, current legal citation format, and recent amendments to the Commission's statutory scheme. Substantive clarifying changes were made to former section V. Reimbursable Costs, and a sentence identifying specific offsetting cost reimbursements was added to section VI. All of these changes are described below:

I. Summary of the Mandate

Former section I, Summary of the Source of the Mandates, and former section II, Commission on State Mandates Decision, has been combined to create new section I, Summary of the Mandate. References to the test claim statutes have been corrected to reflect current legal citation formats. These are non-substantive changes.

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[56] Exhibit W.

[57] The Executive Director contracted with Ms. Jamison to act as a consultant on the reasonableness and necessity of the proposed amendments to the *Investment Reports* Parameters and Guidelines pursuant to section 17531. Ms. Jamison's resume is in Exhibit S, pages 341-342.

II. Eligible Claimants

Former section III, Eligible Claimants, has been renumbered section II.

III. Period of Reimbursement

Former section IV, Period of Reimbursement, has been renumbered section III and is updated to conform to current law. These revisions are addressed in Part II of this analysis.

IV. Reimbursable Activities

Former Section V. Reimbursable Costs has been renumbered and renamed Section IV Reimbursable Activities. These changes conform to current parameters and guidelines format. In this part of the analysis, only the language describing reimbursable activities will be discussed. The State Controller's proposal to add introductory language to this section will be reviewed in Part 2 of this analysis.

A. Statement of Investment Policy

Claimants propose deletion of Footnotes 1 and 2 of the original parameters and guidelines. In Footnote 1, the Commission recognized that counties with *Treasury Oversight Committees* had fee authority pursuant to Government Code section 27135 for the costs incurred to prepare and submit the annual statement of investment policy and changes to the county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997. Staff supports this proposed change and adds a sentence to section VII. Offsetting Savings and Reimbursements to identify relevant cost reimbursements for this program. Footnote 2 specified the initial reimbursement period for this activity. Since this is now unnecessary, staff agrees with claimant's proposed deletion.

B. Quarterly Report of Investments

1. Implementation Costs

This reimbursable activity addresses development or modification of policies and procedures for accumulating and compiling data to prepare the quarterly report of investments.

a. Implementation Costs

Develop or modify existing policies and procedures for ~~accumulating and~~ compiling data necessary to render ~~prepare~~ the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), (3), and/or (e) and update same as needed pursuant to the annual statement of investment policy.

Staff proposes three amendments to this section: (1) deleting the words "accumulating and" for consistency with the SCO's proposed changes to Ongoing Costs below; (2) adding the word *necessary* after the word "data"; (3) changing the word "prepare" to *render*. These changes are necessary to conform the reimbursable activities to the test claim statutes and statement of decision. Newport Beach proposes adding the following language to this paragraph: *and update same as needed pursuant to the annual statement of investment policy.* There is no opposition to this proposed change.

2. Ongoing Costs

Staff proposes to replace existing language with the following new description of reimbursable activities:

Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b)(1), (2), and (3) and/or (c).)

a. *For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:*

   1. *One-time data entry into investment reporting application or software:*

      - *the type of investment and issuer,*
      - *date of maturity, and*
      - *par and dollar amount invested.*

   2. *Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.*

   3. *Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.*

   4. *Providing required copies of the most recent statement(s) received by a local agency from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [unit cost per page]*

   5. *Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)*

b. *Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and investment revenue, plus investment revenue anticipated from securities held at the end of the quarter. (Gov. Code, § 53646, subd. (b)(3).)*

c. *Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is directly related to the reimbursable activities specified above, may be claimed under Materials and supplies and/or Contracted Services.*

STAFF RESPONSE TO COMMENTS

The primary issue before the Commission is whether the test claim statutes and statement of decision authorize reimbursement for the following activities proposed by Newport Beach, Kings County, and Los Angeles County:

Transactions

- Provide information on transactions regarding securities not held at the end of the quarter.

Newport Beach requests reimbursement for the costs of this activity. Section 53646 specifies what information should be included in the quarterly report of investments. Neither section 53646, nor the statement of decision specify that claimants are required to provide information on transactions regarding securities not held at the end of the quarter. Although county treasurers prepare monthly reports of transactions for boards of supervisors pursuant to section 53607, this provision was not included in the *Investment Reports* test claim. Thus, there is no mandate finding to support reimbursement of this activity. Accordingly, staff recommends that the Commission deny this proposed amendment.

Market Value

- Obtain and input daily market valuations of investments held by the local agency and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
- Report current market value as of the date of the quarterly report, and report the source of this valuation for *all investments held by the local agency throughout the reporting period.* (Emphasis added.)

Section 53646, subdivision (b) (1) specifies that the quarterly report shall be submitted within 30 days following the end of the quarter covered by the report, and include the "type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation. Staff's proposed parameters and guidelines include a reimbursable activity for obtaining and reporting current market value on investments included in the quarterly report. Claimants seek to expand this activity by allowing reimbursement for obtaining and inputting daily market valuations and reporting market value for all investments held throughout the reporting period.

Nowhere in subdivision (b)(1), is there a requirement for claimants to obtain and input daily market valuations of investments or to report current market value on investments that are no longer in the investment portfolio when the quarterly report is made. Accordingly, staff recommends that the Commission deny claimants' proposed amendments.

Compliance with Investment Policy

- Determine whether securities not held at the end of a quarter comply with the Investment Policy.

Section 53646, subdivision (b)(2), specifies that "[t]he quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. Staff's proposed parameters and guidelines add a specific reimbursable activity, "Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply." (Gov. Code, § 53646, subd. (b)(3).) Nowhere in section 53646, does it state that claimants are required to determine if securities not held at the end of a quarter comply with the statement of investment policy. Therefore, staff recommends that the Commission deny this proposed amendment.

Data Entry, Subsidiary Ledgers, Investment Tracking Software, Accounting System

- Input, record, or transfer investment data into a database, investment tracking software program, or subsidiary ledger.
- Verify and reconcile database, investment tracking software program, or subsidiary ledger information with related accounts, *on a daily basis.*
- Input all transactions into an accounting system, balance, reconcile, monitor, in order to make cash flow projections.
- Acquire specialized software for compilation of the investment report and cash flow projections.

Claimants seek reimbursement for costs to input, record or transfer investment data into a database, investment tracking software program, subsidiary ledger or accounting system, and costs to verify, balance, reconcile, and monitor this investment data with related accounts on a daily basis.

Subdivision (b)(4) of section 53646 specifically identifies the use of a "subsidiary ledger of investments" in the quarterly report but does not make it mandatory. In its statement of decision, the Commission determined that subdivision (b) of section 53646 is reimbursable, but did not state specifically that use of subsidiary ledgers was a reimbursable state mandated program.

At the hearing on the proposed parameters and guidelines, Commissioner Cox questioned the former Chief Counsel about whether the proposed Parameters and Guidelines allow Claimants to be reimbursed for preparing documents that are necessary to complete the quarterly report:

> MR. COX: With respect to item three[58], I just have one question; and then I'd like staff's assurance that the report that we're about to adopt is sufficient. My only concern is that we allow the - we allow the documents that are necessary to complete the report and not have a language so narrow, that it creates a problem. So I think that has been addressed; but if I could just have counsel address that from the standpoint of being certain that requirements that we're asking are sufficiently broad enough to allow discretion in the reporting aspect.
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> MR. HORI: It was a – what Mr. Cox is referring to was where staff addressed the outright necessity of, in particular, subsidiary ledgers with respect to subdivision (b)(4). (b)(4), on its face, is deemed not reimbursable. However, under items (b)(1), (2) and (3), the P's and – parameters and guidelines do indicate that reimbursable activities associated with compiling and accumulating any debt

[58] Member Dave Cox refers to Item three, *Investment Reports*, Proposed Parameters and Guidelines, Hearing of the Commission on State Mandates held on November 20, 1997 in Sacramento, California.

unnecessary to prepare a quarterly report. (The intended language was any *data necessary*, not any debt unnecessary.) In that situation, if a subsidiary ledger is necessary to produce the documents for (b)(1), (2), and (3), it would be subsumed in (b)(1), (2), and (3); and (b)(4) would not stand on its own.

MR. COX: Okay. That would be fine. I just wanted that clarification, Mr. Chairman.[59] (Emphasis added.)

After clarification from the former legal counsel, the Commission voted unanimously to adopt the Parameters and Guidelines as presented. Unlike staff's current proposal, the original parameters and guidelines do not define data necessary to prepare a quarterly report, but do cite to the subdivisions that define the content of the quarterly reports.

The STO commented on the issue of whether a subsidiary ledger of investments is *required* in the preparation of a quarterly report of investments:[60]

> At the State level, these reporting requirements were already being done to some degree to fulfill the day-to-day fiduciary duties of prudent money management. Our current fiduciary standards of care at the State dictate our need for utilizing a subsidiary ledger, regardless of the required quarterly reporting. We would seriously compromise our abilities to provide appropriate direction and execution of our investment objectives without the benefit of subsidiary ledgers. These ledgers exist specifically to support our daily investment activities, as well as ongoing policy decisions. The coincidental benefit is the use of these subsidiary ledgers in support of required quarterly reporting. Therefore, we would not consider this to be a mandated requirement to fulfill these quarterly reporting tasks. (Emphasis added.)

According to the SCO, the permissive language of section 53646, subdivision (b)(4), argues against the reimbursement of subsidiary ledgers, not for it. The Legislature is permitting them to utilize a pre-existing database or ledger to minimize the work required to produce the quarterly report. The SCO notes that the fact that some local policies may require subsidiary ledgers does not elevate those requirements to state mandates. Staff agrees with the STO and SCO that the test claim statute does not impose a reimbursable state mandated requirement regarding subsidiary ledgers. Staff also finds that the statement of decision does not specify that maintenance of subsidiary ledgers, or the costs of managing the day-to-day investment activities are reimbursable. Thus, staff recommends that the Commission deny claimant's proposed amendments.

Treasurers of local agencies may report monthly investment transactions to legislative bodies pursuant to section 53607.[61] This section was not included in the *Investment Reports* test claim. Thus, since there is no mandate finding on this proposed activity, staff recommends the

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[59] Transcript of Item 3, Commission Hearing held on November 20, 1997, Sacramento, California, attached as Exhibit P, page 1149.

[60] Exhibit F.

[61] Section 53607, as added by Statutes 1957, Chapter 220, and amended by Statutes 1996, Chapter 749, states: "The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year." (Emphasis added to 1996 amendments.)

Commission deny the proposed amendment to reimburse input of investment transactions into an accounting program.

However, consistent with the statement of decision and the hearing on the parameters and guidelines, staff proposes reimbursement for the costs of one-time data entry into investment reporting application or software: the type of investment and issuer, date of maturity, and par and dollar amount invested, for each investment that is held on the last day of each quarter and include a quarterly report of investments.[62] The proposed language specifies what data is necessary for the quarterly report.

Los Angeles County proposes reimbursement for costs to acquire specialized investment software and hardware to prepare quarterly reports of investments.[63] Staff modified claimant's proposal and added a reimbursable activity for the costs to use specialized investment software for compiling information required in the quarterly reports of investments. The proposed language specifies that if the specialized software is used for other purposes, only the pro rata cost of the software, including a licensing agreement that is directly related to the reimbursable activities could be claimed under Materials and Supplies and/or Contracted Services.[64]

The SCO proposed new limiting language to ensure that only one-time data entry for specified investments would be reimbursable. In response to the SCO, staff modified its draft. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the one-time data entry of specified information into the investment reporting application or software would be reimbursable.

Liquidity

- Determine daily liquidity from scheduled maturities and daily interest receipts, schedule, and update daily, expected receipts and expenditures.

Section 53646, subdivision (b)(3), requires claimants to include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Staff added this new language to the parameters and guidelines to describe what activities are reimbursable:

> Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter. (Gov. Code, § 53636, subd. (b)(3).)

Staff modified the description of what information is needed to provide this statement and moved the description from the footnote to the text of the reimbursable activity.

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[62] See Proposed Parameters and Guidelines, Section IV. Reimbursable Activities, B. Quarterly Report of Investments, 2. Ongoing Costs, a. 1.
[63] Exhibit I, page 258.
[64] See Proposed Parameters and Guidelines, Section IV. Reimbursable Activities, B. Quarterly Report of Investments, 2. Ongoing Costs, c. Automated Systems.

Investment Policy

- Implement Investment Policy

Both Newport Beach and Kings County argue that claimants should be reimbursed for the costs of implementing the investment policy. Section 53646, subdivision (c), provides that pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency. This subdivision was not addressed in the statement of decision. Therefore, staff recommends that the Commission deny this proposed amendment.

Investment Report

- Compose, print, duplicate, and distribute each year, either the quarterly report or 12 monthly reports of investments, which satisfy the requirements of the test claim statutes.

Claimants seek reimbursement for the costs to compose, print, duplicate, and distribute each year, either the quarterly report or 12 monthly reports of investments that satisfy the requirements of test claim statutes. The statement of decision determines that section 53646, subdivisions (b) and (e), require the treasurer or chief fiscal officer to render a quarterly report of investments, as specified, to the chief executive officer, the internal auditor, and the legislative body of the local agency.[65] Subdivision (d), which states, "The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly", was not part of this test claim.[66] Accordingly, staff finds that claimants' request to be reimbursed for the costs of 12 monthly reports is inconsistent with the statement of decision. Therefore, staff recommends that the Commission deny this proposed amendment.

Staff's proposed amendments clarify this provision by restating it as "compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report." This reimbursable activity is limited to each investment that is held on the last day of each quarter and included in a quarterly report of investments and also includes reimbursement for using specialized software for compiling information required in the quarterly reports.

- Provide copies of the quarterly report to the various depositaries as specified in Government Code section 53686, subdivision (b).

Kings County requests that the parameters and guidelines be amended to allow reimbursement for counties to provide copies of investment reports to the various depositaries, based on the requirements of section 53686, subdivision (b),[67] which states that "Any report rendered pursuant to Section 53646 shall be provided to the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasurer."

Section 53686, subdivision (b), added by Statutes 1996, chapter 81 was not included in the original test claim. Therefore, staff recommends that the Commission deny this proposed amendment.

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[65] Exhibit A, page 106.
[66] Exhibit A, page 104.
[67] Exhibit R, page 314.

Limitations

In footnote 1 of the original parameters and guidelines, the Commission recognized that counties with *Treasury Oversight Committees* had fee authority pursuant to Government Code section 27135 for the costs incurred to prepare and submit the annual statement of investment policy and changes to the county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.[68] Newport Beach and Los Angeles County propose deletion of this footnote.

Staff's draft parameters and guidelines included the following limitation in section 3:

> *Eligible county claimants are entitled to reimbursement only for the proportionate share of costs borne by the claimant, and its dependent special districts, as measured by their percentage of ownership in the county treasury's investment pool. County claims filed with the State Controller's Office shall identify the claimant's percentage of ownership in the county treasury's investment pool. (Gov. Code, §§ 53684 & 27013.)*

Stanislaus County objects to limitations on county reimbursement and requests a definition of "dependent special district." Los Angeles County also objects to this limitation and states that this restriction would deny reimbursement to 160 separate entities that makes up the Pooled Surplus Investment fund. According to Los Angeles County, currently, when the SCO makes reimbursement, the full amount is returned to each pool member based on the average daily balance of each fund.[69]

Staff deleted this limiting language from the final proposed amendments and proposes adding a sentence to section VII. Offsetting Savings and Reimbursements. This section now states:

> Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

Staff proposes adding the following sentence to this section to identify relevant sources of cost reimbursements for this mandate:

> Service fees collected shall include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013, and 53684, subdivision (b).[70]

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[68] Exhibit B, page 113.

[69] Exhibit S, page 325.

[70] Section 27135 states, "The costs of complying with this article [6. County Treasury Oversight Committees] shall be county charges and may be included with those charges enumerated under section 27013."

Section 27013 states, "Notwithstanding any other provision of law, any treasurer, or other authorized county officer, who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund."

Section 53684, subdivision (b), provides that "[t]he county treasurer shall, quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and district. Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency."

The inclusion of this language would clarify which cost reimbursements should be deducted by county claimants. Staff finds that this proposed change is consistent with the original statement of decision and parameters and guidelines.

Non-Reimbursable Activities

Finally, the staff proposal describes non-reimbursable activities, as follows:

1. *Non-Reimbursable Activities*

   The following activities are not reimbursable for any eligible claimant:

   a. *Duplicate entry of investment transactions into custodian bank records or other databases.*

   b. *Producing and presenting reports of transactions related to securities not held at the end of a quarter.*

   c. *Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.*

   d. *Accumulating and compiling data necessary to prepare the monthly reports of all investment transactions pursuant to Government Code section 53607, or any other monthly investment reports.*

In response to the SCO's comments, staff proposes adding " a. *Duplicate entry of investment transactions (type of investment and issuer, date of maturity, and par and dollar amount invested) into custodian bank records or other databases*" to the proposed list of non-reimbursable activities.

Newport Beach proposes deleting two of the non-reimbursable activities: b. Producing and presenting reports of transactions related to securities not held at the end of a quarter; and, c. Determining if investment transactions related to securities not held at the end of the quarter complies with the investment policy. As discussed above, nowhere in the test claim statutes are there requirements for local agencies to perform these activities. Therefore, staff recommends that the Commission deny Newport Beach's proposed amendments.

PART II. SUPPORTING DOCUMENTATION

On March 28, 2002, the Bureau of State Audits (BSA) issued an audit report on the *School Bus Safety II* program recommending, among other things, that the Commission "work with the Controller, other affected state agencies, and interested parties to make sure the language in the [parameters and] guidelines and the claiming instructions reflect the [C]ommission's intentions as well as the Controller's expectations regarding supporting documentation." In response, the SCO requested revisions to address documentation, and requested that these revisions be included in all parameters and guidelines. On January 23, 2003, the Commission adopted revisions to the parameters and guidelines for the *School Bus Safety II* program that detail the documentation necessary to support reimbursement claims.

Here, staff revised the sections to match the recently adopted language described above. These revisions clarify the intent of the BSA, and conform the language to recent statutory amendments. Staff modified sections IV through IX as follows:

IV. Reimbursable Activities

Numerous comments were filed regarding supporting documentation for reimbursable activities. The main issues in dispute are as follows:

1. Type of documentation that must be retained by entities filing reimbursement claims in the event claims are audited to verify the amount of the mandated costs claimed.
   a. Are contemporaneously created documents required to support initial and ongoing reimbursement claims?
   b. Are "increased costs" limited to the incremental cost of an activity?
   c. Should documentation requirements be identified for parameters and guidelines for each program rather than adopting "boilerplate" language that is generally applied to all parameters and guidelines?
2. Authority to require specific documentation to support a reimbursement claim.
   a. Do the proposed documentation requirements exceed the quasi-judicial due process standards of the Commission, Government Code section 17561, and the Commission's regulations?
   b. Is the proposed language implementing federal auditing standards and preventing auditors from properly fulfilling their required duties?

As described below, staff modified the parameters and guidelines to address documentation requirements.

1. Type of Documentation that Must Be Retained by Entities Filing Reimbursement Claims in the Event Claims Are Audited to Verify the Amount of the Mandated Costs Claimed.

SCO Proposal

Currently, source documentation that claimants are required to maintain to support reimbursement claims are set out under section VI, Supporting Data. The SCO proposes that the existing language be deleted and new language be inserted in this section that clarifies that source documentation must be contemporaneous and supported by corroborating documents. It includes definitions and examples of source documents and corroborating documents. "Increased cost" is limited to the "incremental cost" of a mandated activity. Following is the SCO's language:

> To be eligible for mandated cost reimbursement for any fiscal year, costs claimed must have been incurred and be traceable and supported by source documents that show the validity of such costs and their relationship to the reimbursable activities. A source document is a contemporaneously created document for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.
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> Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and

federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the incremental cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable.

Other Interested Persons Comments

Newport Beach states that the SCO's purported basis is that contemporaneous documents are the only evidence that is legally allowed to be relied upon for the purpose of supporting a reimbursement claim. However, "documentation, even if prepared contemporaneously, has a few legal hoops to jump through before it can be admitted into evidence, whereas testimony from memory is directly admissible." Therefore, Newport Beach asserts that the SCO's argument that declarations cannot be relied upon to support a claim is clearly without legal foundation. In general, the existing boilerplate language should not be amended, but rather, each set of parameters and guidelines should be closely examined as they are being considered.

Mandated Cost Systems (MCS) contends that contemporaneous records for the initial claim period are incomplete at best. Therefore, worksheets and declarations should not be removed from the current language because they are often the only viable documents available to support claimed costs for initial years. MCS argues that for subsequent claims, contemporaneous records may be warranted in cases where the total dollar amount or nature of the program necessitates contemporaneous detail. In such cases, time studies and personal activity reports should be acceptable.

The County of San Bernardino asserts that since the term "contemporaneous" can range in its meaning from simultaneous to occurring during the same time period, its inclusion to establish evidence validity is inconsistent with the Generally Accepted Governmental Auditing Standards (GAGAS) and does not provide any clarity or guidance for claimants.

The County of Santa Clara adds that all documentation need not and cannot be contemporaneous because it is impossible to create a truly contemporaneous document as the performed work and recording of the work can never be done at the same time.

Staff Findings

a. Are contemporaneously created documents required to support initial and ongoing reimbursement claims?

The statutes and regulations that govern the Commission and its processes require the Commission to adopt parameters and guidelines that include identifying supporting data for the claim. Government Code section 17557 requires the Commission to adopt parameters and guidelines. Section 1183.1 of the Commission's regulations requires claimants to submit proposed parameters and guidelines that include "supporting data for the claim including reference to required source documents, record keeping, and allowable overhead costs."[71]

The provisions in the Government Code that describe the system for reimbursing local agencies and school districts specify that reimbursement for state-mandated costs is for actual costs.

[71] Government Code section 17557 and section 1183.1, subdivision (a) (5) of the Commission's regulations.

Specifically, Government Code section 17560, subdivisions (a) and (b), state that reimbursement for state-mandated costs may be claimed as follows:

> (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the *costs actually incurred* for that fiscal year; or it may comply with the provisions of subdivision (b).
>
> (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the *costs actually incurred* for that fiscal year. (Emphasis added.)

In addition, Government Code section 17561, subdivision (d)(3) states that, "[w]hen paying a timely filed claim for *initial reimbursement,* the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the *actual* amount of the mandated costs." (Emphasis added.) Further, in *County of Sonoma*, the court found "that by using the word "cost" in section 6 the voters meant the common meaning of cost as an expenditure or expense *actually incurred.*" (Emphasis added.)[72]

The word "actual" is defined as follows: "1. existing in fact; typically as contrasted with what was intended, expected, or believed. 2. existing now; current."[73] Accordingly, actual costs for both initial and ongoing costs must be supported by source documents that show the validity of such costs and their contemporaneous relationship to the reimbursable activities, so that the costs are claimed according to the same time period in which the costs were incurred. Staff modified the SCO's proposed language to specify that only actual costs may be claimed, as follows:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. ~~must have been~~ Actual costs are those costs actually incurred to implement the mandated activities. ~~and~~ Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a ~~contemporaneously created~~ document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

MCS contends that the phrase "at or near the same time" may be interpreted differently by claimants and the SCO, which will result in an increase in incorrect reduction claims. Therefore, MCS suggests this phrase be replaced with "any time after."

Staff disagrees. The BSA report on the *School Bus Safety II* program and AB 2781 recommend that the Commission's intentions and the SCO's expectation regarding supporting documentation be addressed. Using the term "any time after" would not address the SCO's expectation that contemporaneous documents be available to support costs claimed. Staff reiterates that documentation specific to new mandates can be addressed during the development of parameters and guidelines. Therefore, staff did not make this amendment proposed by MCS.

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[72] *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1285.
[73] The New Oxford American Dictionary, 2001.

MCS also comments that claimants are unable to develop documentation for a particular activity prior to the test claim being adopted because they do not yet know what will be required when parameters and guidelines are adopted, sometimes years after the activity occurred, and thus, the proposed language does not take into account the initial fiscal years when activities occur before parameters and guidelines are adopted. As a result, documents that are listed as corroborating evidence to support source documents may sometimes themselves be the only available source documents.

Staff contends that source documents should be available that reflect the actual costs that were incurred at the time the mandate was implemented. Typically, when new legislation is enacted, it becomes operative immediately if it contains an urgency clause, or on January 1 of the following year.[74] Local agencies and school districts undertake activities to implement the requirements to be in compliance with the law, which may include purchasing equipment and administering training. While it may be several years before it is determined which activities claimants may claim for reimbursement, source documents should be available from the time the program began.

In addition, the local agencies or school districts that filed a test claim are required to develop the draft parameters and guidelines outlining the reimbursable activities for that claim. Staff reiterates its finding that if alternative documentation requirements for a particular program are necessary, the local government claimants are free to propose them when they develop proposed parameters and guidelines.

In addition, minutes or agendas may become source documents rather than corroborating evidence. While agendas are generally listed as corroborating evidence, in the case of the *Open Meetings Act* program, agendas would be considered source documents. In the case of the *Graduation Requirements* program, minutes and calendars could be considered source documents rather than corroborating evidence. Again, staff reiterates that nothing in the proposed language prohibits claimants from developing alternative documentation requirements tailored to particular programs.

b. Are "increased costs" limited to the incremental cost of an activity?

The interested parties contend that the term "incremental costs" has been rejected by the Commission and is in contravention to California law. They argue that if the SCO wishes to limit state mandate reimbursement to "incremental costs," the SCO should utilize the legislative process.

Article XIII B, section 6 of the California Constitution states that:

> Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service....

Government Code section 17514 defines "costs mandated by the state" to mean:

> Any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted

[74] Legislation may also contain delayed operative dates, such as the following July 1, or upon appropriation of funding.

on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

By definition, state mandated costs are limited to any increased costs which a local agency or school district is required to incur. Further, in those instances where a local agency or school district, at its option, has been incurring costs which are subsequently mandated by the state, the state must reimburse the local agency or school district for *all* of the costs incurred after the operative date of the mandate as provided in Government Code section 17565. Accordingly, the SCO's proposed language regarding "incremental cost" was not included, as shown below:

> The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the ~~incremental~~ cost of an activity that the claimant is required to incur as a result of the mandate.

c. *Should documentation requirements be identified for parameters and guidelines for each program rather than adopting "boilerplate" language that is generally applied to all parameters and guidelines?*

Taking documentation requirements out of "boilerplate" would allow the claimant to propose specific supporting documentation for each individual program and give the SCO the opportunity to comment. However, this may not be necessary for every set of parameters and guidelines. Therefore, no revisions were made to the SCO's proposed language. Instead, staff finds that claimants may propose alternate documentation to address their concerns on a case-by-case basis. For example, if claimants are concerned with the documentation requirements for initial reimbursement years, they may propose alternate documentation when they submit draft parameters and guidelines.

2. Authority to Require Specific Documentation to Support a Reimbursement Claim

Comments were also filed regarding the SCO's authority to require specific documentation to support a reimbursement claim.

Other Interested Persons Comments

Education Mandated Cost Network (EMCN) contends that there is no specific documentation "necessary" for reimbursement. EMCN asserts that the SCO's proposal to require contemporaneous source documentation with corroborating evidence appears to be implementing federal government accounting standards, which have not been determined to be applicable as a matter of law, regulation, or relevance to mandate reimbursement claims. To unilaterally establish additional criteria, the SCO would have to engage in rulemaking, which may lead to other burdens and more increased costs subject to reimbursement. Absent rulemaking by the SCO, EMCN maintains that the SCO's "quasi-legislative audit standards cannot exceed the quasi-judicial due process standards of the Commission."

The County of San Bernardino asserts that the proposed language "eviscerates" an auditor's duty to properly plan their audit, exercise professional judgment, examine the best evidence available, and apply the "prudent person" test to their findings.

Staff Findings

a. Do the proposed documentation requirements exceed the quasi-judicial due process standards of the Commission, Government Code section 17561, and the Commission's regulations?

Section 1187.5 of the Commission's regulations regarding evidence submitted to the Commission states: "Any relevant non-repetitive evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs." EMCN argues that the SCO is proposing quasi-legislative audit standards that exceed the quasi-judicial due process standards of the Commission, including section 1187.5. EMCN further argues that the SCO would have to engage in rulemaking to unilaterally establish additional documentation requirements.

Staff finds that the offered reference to section 1187.5 of the Commission's regulations cannot be used to define supporting data because it is found under article 7 of the Commission's regulations relative to Commission hearings, while the adoption of parameters and guidelines are governed by article 8. Staff also finds that the authority for adopting the contents of parameters and guidelines clearly falls under the Commission's jurisdiction.[75] Thus, whether or not the SCO is required to engage in rulemaking is not at issue here.

Section 17561, subdivision (d)(2), states:

> In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

The interested persons argue that the statutory requirement for documentation is limited to the records of the claimants and not to any further characterization, whether contemporaneous or corroborative, by the SCO.

As stated previously, section 17557 requires the Commission, if it determines there are costs mandated by the state, to determine the amount to be subvened to local agencies and school districts for reimbursement, and to adopt parameters and guidelines for this reimbursement. Section 17557 authorizes local agencies, school districts and the state to request that the Commission amend, modify, or supplement parameters and guidelines, and authorizes the Commission, after public notice and hearing, to amend, modify, or supplement the parameters and guidelines. Government Code section 17558 requires the SCO to issue claiming instructions that are derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Further, the Commission has regulatory authority to adopt documentation requirements to support reimbursement claims. Section 1183.1, subdivision (a), of the Commission's regulations requires that proposed parameters and guidelines describe the claimable reimbursable costs and contain the following information:

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[75] Section 17557 and section 1183.12 of the Commission's regulations.

(4) A description of the specific costs and types of costs that are reimbursable, including one-time costs and on-going costs, and a description of the most reasonable methods of complying with the mandate.

(5) Supporting data for the claim including reference to required source documents, record keeping, and allowable overhead costs.

Therefore, staff finds that it is within the Commission's statutory and regulatory authority to establish documentation requirements when it adopts parameters and guidelines.

b. Is the proposed language implementing federal auditing standards and preventing auditors from properly fulfilling their required duties?

EMCN asserts that the proposed language appears to be implementing federal government accounting standards, which have not been determined to be applicable as a matter of law, regulation, or relevance to mandate reimbursement claims.

Staff finds that whether or not the proposed language is similar to federal government accounting standards is not relevant.

The County of San Bernardino asserts that the proposed language "eviscerates" an auditor's duty to properly plan their audit, exercise professional judgment, examine the best evidence available, and apply the "prudent person" test to their findings. Staff finds that there is nothing in the proposed language that would preclude auditors from properly fulfilling their required duties.

V. Claim Preparation and Submission

The SCO proposes to add a sentence in the preamble to this section to reference necessary source documentation. The proposal also included other minor, technical changes.

No comments were filed on this section of the SCO's proposed language. Therefore, staff included the SCO's proposed language. However, the County of Santa Clara proposes that under subdivision 4. Fixed Assets, all costs for upgrades of data processing equipment, software and technical services should be reimbursed.

The existing boilerplate language was adopted on January 24, 2002. At that time, claimants proposed that language be included to allow reimbursement for data processing software and service costs to implement the mandated activities. The Commission found that these costs can be claimed in other cost elements, such as materials and supplies, contracted services, or under fixed assets. Therefore, the County of Santa Clara's request to include reimbursement was previously addressed.

VI. Supporting Data

The SCO states that since it is proposing that supporting data requirements be moved to section IV, Reimbursable Activities, this section should be revised to define records retention requirements that clarify that records must be maintained during the period a mandate is subject to audit, and once an audit is commenced, the records must be maintained until the final audit report is issued.

No comments were filed on this section. Statutes 2002, chapter 1124 (AB 3000) and chapter 1128 (AB 2834) clarify that if no funds are appropriated to reimburse claimants for a state-mandated program, the SCO's three-year audit period shall be tolled until the appropriation is made. The SCO's proposal to require claimants to maintain records until a final audit is

completed would conform record keeping language in the parameters and guidelines with the amendments enacted by AB 2834 and AB 3000. Therefore, staff included the SCO's proposed language.

VIII. State Controller's Claiming Instructions (formerly State Controller's Office Required Certification)

The SCO proposes to require that the certification contain, at a minimum, the following elements:

1. A statement that the officer submitting the claim is doing so in accordance with the provisions of Government Code section 17561, that he or she is an officer of the local agency or school district, authorized to file claims with the State of California for costs mandated by the test claim legislation, and that he or she is not in violation of any of the provisions of Government Code sections 1090 to 1098, inclusive.
2. A statement that there has been no other application from the claimant for the cost claimed; such claim is only for increased costs that are a direct result of the mandated program of the test claim legislation; all offsetting savings and reimbursements discussed in Section VII, Offsetting Savings and Reimbursements, of these parameters a and guidelines are identified and all costs claimed are supported by source documentation currently maintained by the claimant.
3. A certification or declaration in the following form:

   "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct."
   The form must be dated and signed by the hand of the authorized officer.

On November 8, 2002, the SCO amended its proposal by adding the following:

> The form must be dated and signed by the hand of the authorized officer, *deputy, or appointed assistant. In the case of deputies who hold their position by appointment, and all appointed assistants, appointment shall be made in writing and filed in the office of the appointing power of the office of its clerk.*

Interested Persons Comments

EMCN contends that if such a certification will be required, the SCO should state which state laws for perjury, if any, apply to mandate claims.

MCS states that certifications related to increased costs, source documentation, and other reimbursement should be removed until adequately defined.

Newport Beach argues that this section of the proposal is not supported by Government Code section 1090 et seq., which deals exclusively with conflict of interest. The requirement is unnecessary and opposed by statute, specifically Government Code section 1194.

The main issue in dispute is as follows:

1. Does the Commission have the authority to include certification requirements in the parameters and guidelines?

Staff Finding

There is nothing in statute or the Commission's regulations that specifically authorizes the Commission to impose certification requirements in the parameters and guidelines. Section 1183.1, subdivision (a)(6), of the Commission's regulations only require that the claimant submitting parameters and guidelines include a signed section in the parameters and guidelines that the person submitting reimbursement claims to the SCO is so authorized. Therefore, staff did not include the SCO's proposed certification language. However, the SCO is statutorily required to superintend the fiscal concerns of the state and to issue claiming instructions for each mandated program.

Section 12410 states:

> The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment. Whenever, in his opinion, the audit provided for by Chapter 4 (commencing with Section 925), Part 3, Division 3.6 of Title 1 of this code is not adequate, the Controller may make such field or other audit of any claim or disbursement of state money as may be appropriate to such determination.

Further, section 17558 requires the SCO to issue claiming instructions for mandates that require state reimbursement. It also states that "[t]he claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission." Moreover, section 17561, subdivision (d)(1), states that the "[i]ssuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission."

The role of the Commission in adopting parameters and guidelines pursuant to section 17557 is to establish what costs are reimbursable. sections 12410, 17558, and 17561, subdivision (d)(1), among others, give the SCO statutory jurisdiction over the payment of reimbursement claims, including the issuance of claiming instructions on how to file a valid reimbursement claim. There have been some questions on how to interpret the requirement in section 17558 that "The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the commission." Staff concludes that this requirement refers to the findings of which costs incurred are reimbursable, as this determination is within the Commission's exclusive jurisdiction. However, as the holder of the authority to issue claiming instructions, the SCO must issue instructions for how to file an acceptable reimbursement claim. A narrower interpretation of the SCO's authority, which only permits claiming instructions to be identical to the parameters and guidelines, renders all the statutes regarding claiming instructions superfluous, which violates a basic rule of statutory construction.[76] Thus, the SCO has the authority to establish requirements in the claiming instructions for filing a valid reimbursement claim, including the provision of a certification requirement.

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[76] [W]e avoid statutory constructions that render particular provisions superfluous or unnecessary. *Dix v. Superior Court* (1991) 53 Cal.3d 442, 459.

If claimants dispute the claiming instructions, or the parameters and guidelines in general, they may request that the Commission review the claiming instructions or amend the parameters and guidelines.

Therefore, staff replaced the existing section VIII with the statutes describing the SCO authority to issue claiming instructions, and revised section IX to include remedies before the Commission, including requests to review claiming instructions and amend parameters and guidelines.

STAFF RECOMMENDATION

Staff recommends that the Commission adopt the proposed amendments to the *Investment Reports* Parameters and Guidelines, as modified by staff, beginning on page 39.

PROPOSED AMENDMENTS TO
PARAMETERS AND GUIDELINES

AS MODIFIED BY STAFF

Government Code Section 53646, Subdivisions (a), (b), and (e)
Statutes 1995, Chapter 783~~, Statutes of 1995~~
Statutes 1996, Chapter 156~~, Statutes of 1996~~
Statutes 1996, Chapter 749~~, Statutes of 1996~~

Investment Reports

I. SUMMARY OF THE ~~SOURCE OF THE~~ MANDATES

Statutes 1995, Chapter 783~~, Statutes of 1995,~~ repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Statutes 1996, Chapter 156~~, Statutes of 1996~~, an urgency bill, and Statutes 1996, Chapter 749, ~~Statutes of 1996,~~ amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

~~II. COMMISSION ON STATE MANDATES DECISION~~

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes 1995, Chapter 783~~, Statutes of 1995~~, and amended by Statutes 1996, Chapters 156 and 749, ~~Statutes of 1996,~~ impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

~~III.~~ II. ELIGIBLE CLAIMANTS

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

~~IV.~~ III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes 1998, Chapter 681 (effective September 22, 1998), states that a test claim shall ~~must~~ be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The ~~County of Santa Clara and the City of Newport Beach filed the~~ test claim for ~~this~~ *Investment Reports* ~~state mandated program~~ was filed on December 23, 1996, establishing eligibility for

fiscal year 1995-96. However, the test claim statutes were not in effect on July 1, 1995. Therefore, initial reimbursement claims were ~~may be~~ filed for costs incurred, as follows:

Costs incurred pursuant to Chapter 783, Statutes of 1995, are reimbursable on or after January 1, 1996.

Costs incurred pursuant to Chapter 156, Statutes of 1996, an urgency statute, are reimbursable on or after July 12, 1996.

Costs incurred pursuant to Chapter 749, Statutes of 1996, are reimbursable on or after January 1, 1997.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable.

Pursuant to Government Code section 17561, subdivision (d)(1) ~~of the Government Code~~, all claims for reimbursement of costs shall be submitted within 120 days ~~from the date on which the State Controller issues~~of issuance of the claiming instructions by the State Controller. ~~claiming instructions~~.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed $1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

~~If the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.~~

~~V.~~IV. REIMBURSABLE ~~COSTS~~ ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

~~1.~~ A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy[77], and changes to:

~~a.~~ 1. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[78]

~~b.~~ 2. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

~~2.~~ B. Quarterly Report of Investments

~~a.~~ 1. Implementation Costs

Develop or modify existing policies and procedures for ~~accumulating and~~ compiling data necessary to render ~~prepare~~ the quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

~~b.~~ 2. Ongoing Costs

~~(1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code, Section 53646, subdivision (b)(1), (2), and (3), and/or (e).[79]~~

~~Included in the foregoing are the preparation and maintenance of a subsidiary portfolio ledger system for preparation of the quarterly report, measurement of portfolio compliance to the investment policy, and determination of liquidity from scheduled maturities and interest receipts; cash receipt and disbursement forecasting to determine ability to meet six month pool expenditure requirements; pool investment decisions relating to compliance with authorized investments and restrictions in Government Code, Sections 53601 and 53635, or as further refined by the approved investment policy; obtaining and reporting the market value of portfolio securities, and when necessary, amortizing the book value of the portfolio securities for comparison and reporting; verify credit ratings for~~

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[77] ~~In counties with Treasury Oversight Committees, costs to prepare annual statements of investment policy are allowable administrative costs, payable from proceeds of the investments as provided in Government Code section 27135.~~

[78] For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

[79] ~~Chapter 156, Statutes of 1996, an urgency statute, amended subdivision (e), effective July 12, 1996. The amendment permitted the use of a statement, in lieu of the report, for any investment in an insured account. This resulted in two reimbursement beginning dates: from January 1, 1996 if the agency placed all of its investment in insured accounts; from July 12, 1996, if less than all of an agency's investments were placed in insured accounts.~~

~~compliance of pooled investment instruments; and audit and reconciliation of the portfolio for preparation of investment reports.~~[80]

~~(2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code, Section 53646, subdivision (b)(1).~~

Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b) (1), (2), and (3) and/or (e).)

a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

1. One-time data entry into investment reporting application or software ~~Recording in a database~~:
    - the type of investment and issuer,
    - date of maturity, and
    - par and dollar amount invested

2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.

3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency[81] and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

4. Providing required copies of the most recent statement(s) received by a local agency[82] from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page]

5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)

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[80] Original amendment proposed by City of Newport Beach.

[81] Government Code section 53630, subdivision (a), defines "local agency" as "county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state."

[82] Ibid.

b. ~~6.~~ Compiling the cash flow information ~~on the pool's cash flow~~ necessary ~~in order~~ to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).

~~b.~~ c. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is *directly related* to the reimbursable activities specified above, may be claimed under Materials and Supplies and/or Contracted Services.

C. ~~Limitations~~

~~1. Eligible county claimants are entitled to reimbursement only for the proportionate share of costs borne by the claimant, and its dependent special districts, as measured by their percentage of ownership in the county treasury's investment pool.[83] County claims filed with the State Controller's Office shall identify the claimant's percentage of ownership in the county treasury's investment pool. (Gov. Code, §§ 53684 and 27013.)~~

~~2.~~ Non-Reimbursable Activities

The following activities are not reimbursable ~~for any eligible claimant~~:

a. Duplicate entry of investment transactions[84] into custodian bank records or other databases.

b. ~~a.~~ Producing and presenting reports of transactions related to securities not held at the end of a quarter.

~~b.~~ c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.

~~c.~~ d. Accumulating and compiling data necessary to prepare the monthly reports of ~~all~~ investment transactions ~~required by~~ pursuant to Government Code section ~~57603~~ 53607, or any other monthly investment reports.

~~[83] The phrase *dependent special district* includes those local agencies that are under the direct control of county boards of supervisors, with the county treasurer as the de facto treasurer, and other agencies which county treasurers are prohibited from charging and recovering the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. A *dependent special district* is also a local agency that does not have legal authority to invest its own excess funds but can only deposit them with the county treasurer.~~

[84] Type of investment and issuer, date of maturity, and par and dollar amount invested. (Gov. Code, § 53646, subd. (b).)

VI. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each

employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
3. Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.
4. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.
If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.
The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.
In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable

indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter* is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim. Service fees collected include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013 and 53684, subdivision (b).

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

IN RE AMENDMENT TO PARAMETERS AND GUIDELINES ON: Government Code Section 53646, Subdivisions (a), (b), and (e); Statutes 1995, Chapter 783; Statutes 1996, Chapter 156; and Statutes 1996, Chapter 749; Filed on October 13, 2000; By City of Newport Beach, Requestor.	No. OO-PGA-02 *Investment Reports* ADOPTION OF AMENDMENT TO PARAMETERS AND GUIDELINES PURSUANT TO GOVERNMENT CODE SECTION 17557 AND TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTIONS 1183.2 AND 1185.3. *(Adopted on February 27, 2003)*

AMENDED PARAMETERS AND GUIDELINES

On February 27, 2003, the Commission on State Mandates adopted the attached Amended Parameters and Guidelines.

This Decision shall become effective on March 6, 2003.

Paula Higashi

PAULA HIGASHI, Executive Director

PARAMETERS AND GUIDELINES AMENDMENT

Government Code Section 53646, Subdivisions (a), (b), and (e)

Statutes 1995, Chapter 783
Statutes 1996, Chapter 156
Statutes 1996, Chapter 749

Investment Reports

I. SUMMARY OF' THE MANDATE

Statutes 1995, chapter 783 repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Statutes 1996, chapter 156, an urgency bill, and Statutes 1996, chapter 749, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes 1995, chapter 783, and amended by Statutes 1996, chapters 156 and 749, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIII B of the California Constitution and section 175 14 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

II. ELIGIBLE CLAIMANTS

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 175 19.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 68 1 (effective September 22, 1998), states that a test claim shall be submitted on or before December 3 1st following a given fiscal year to establish eligibility for that fiscal year. The test claim for *Investment Reports* was filed on December 23, 1996, establishing eligibility for fiscal year 1995- 1996. However, the test claim statutes were not in effect on July 1, 1995. Therefore, initial reimbursement claims were filed for costs incurred, as follows:

- Costs incurred pursuant to Statutes 1995, chapter 783 are reimbursable on or after January 1, 1996.

- Costs incurred pursuant to Statutes 1996, chapter 156 an urgency statute, are reimbursable on or after July 12, 1996.
- Costs incurred pursuant to Statutes 1996, chapter 749 are reimbursable on or after January 1, 1997.

California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. A n amendment was filed on October 13, 2000. Therefore, in accordance with Section 1183.2, all costs incurred by eligible claimants in compliance with Statutes 1995, chapter 783, and Statutes 1996, chapters 156 and 749 are eligible for reimbursement on or after July 1, 1999.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable.

Pursuant to Government Code section 17561, subdivision (d)(l), all claims for reimbursement of costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed $200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed $1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy, and changes to:

1. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.[1]
2. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

1. Implementation Costs

   Develop or modify existing policies and procedures for compiling data necessary to render the quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(l), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

2. Ongoing Costs

   Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b) (1), (2), and (3) and/or (e).)

   a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

      1. One-time data entry into investment reporting application or software:

         - the type of investment and issuer,
         - date of maturity, and
         - par and dollar amount invested

      2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.

      3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency[2] and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

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[1] For the period from January 1, 1996, through December 3 1, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity,

[2] Government Code section 53630, subdivision (a), defines "local agency" as "county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state."

4. Providing required copies of the most recent statement(s) received by a local agency[3] from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page]

5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)

b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).

c. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is *directly related* to the reimbursable activities specified above, may be claimed under Materials and Supplies and/or Contracted Services.

3. Non-Reimbursable Activities

The following activities are not reimbursable:

a. Duplicate entry of investment transactions[4] into custodian bank records or other databases.

b. Producing and presenting reports of transactions related to securities not held at the end of a quarter.

c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.

d. Accumulating and compiling data necessary to prepare the monthly reports of investment transactions pursuant to Government Code section 53607, or any other monthly investment reports.

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

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[3] Ibid.

[4] Type of investment and issuer, date of maturity, and par and dollar amount invested. (Gov. Code, § 53646, subd. (b).)

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A. 1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of

cost element A. 1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
3. Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB Circular A-21 "Cost Principles of Educational Institutions ", (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7 % indirect cost rate.
4. Counties, Cities and Special Districts

Claimants have the option of using 10 % of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10 % ,

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies :

a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect

costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter5 is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim. Service fees collected include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013 and 53684, subdivision (b).

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(l), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

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5 This refers to Title 2, division 4, part '7, chapter 4 of the Government Code.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 1757 1. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (a), and California Code of Regulations, title 2, section 1183.2.

DECLARATION OF SERVICE BY MAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95 8 14.

March 6, 2003, I served the:

Amended Parameters and Guidelines
Investment Reports, 00-PGA-02
City of Newport Beach, Claimant
Government Code Section 53646, subdivisions (a), (b) and (e)
Statutes 1995, Chapter 783
Statutes 1996, Chapters 156 and 749

by placing a true copy thereof in an envelope addressed to:

Mr. Glen Everroad
Revenue Manager
City of Newport Beach
P.O. Box 1768
Newport Beach, CA 92658

Mr. Mike Havey, Bureau Chief
State Controller's Office
Division of Accounting & Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

State Agencies and Interested Parties (See attached mailing list);

and by sealing and depositing said envelope in the United States mail at Sacramento, California, with postage thereon fully paid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 6, 2003, at Sacramento, California.

Victoria Soriano
VICTORIA SORIANO

Hearing Date: May 27, 2010
j:\mandates\irc\2000\00-9635802\revised dsa

ITEM __

INCORRECT REDUCTION CLAIM
REVISED DRAFT STAFF ANALYSIS

Government Code Section 53646, Subdivisions (a), (b) and (e)
Statutes of 1995, Chapter 783
As Amended by Statutes of 1996, Chapters 156 and 749

Investment Reports
Fiscal Years 1996-1997 and 1997-1998
00-9635802-I-01

County of Los Angeles, Claimant

EXECUTIVE SUMMARY

Introduction

This is an incorrect reduction claim filed by the County of Los Angeles on reimbursement claims for costs incurred in fiscal years 1996-1997 and 1997-1998 on the *Investment Reports* program. This item was originally heard by the Commission on April 25, 2002, and was continued because the Commission wanted to first consider similar issues in a request to amend the parameters and guidelines for the *Investment Reports* program. On February 27, 2003, the Commission amended the parameters and guidelines for the *Investment Reports* program for costs incurred beginning in fiscal year 1998-1999.

The issues in dispute in this incorrect reduction claim involve the State Controller's reduction of costs claimed following a desk audit for the salaries and benefits of County employees accumulating and compiling data necessary to render the quarterly report of investments, and the costs claimed for investment software.

Staff Analysis

Salary and Benefit Costs

The parameters and guidelines, and claiming instructions for this program allow reimbursement to accumulate and compile the data necessary to prepare the quarterly reports of investment and to render the reports to the local agency. As indicated by the plain language of Government Codes section 53646, as amended by the test claim statutes, the quarterly investment report shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency.
2. Description of any of the local agency's funds, investments, or programs, that is under the management of contracted parties, including lending programs.

3. Current market value as of the date of the report, and source of this same valuation of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
4. Statement that the portfolio is in compliance with the statement of investment policy, or the manner in which the portfolio is not in compliance.
5. Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available.

The reimbursement claims filed by the County include costs for staff time to accumulate, compile, and render the report of investments. The County's reimbursement claim for fiscal year 1996-1997 includes costs for salaries and benefits of seven (7) employees to accumulate, compile, and render the report of investments for 7,055 hours in the amount of $215,901. The claim for salaries and benefits was reduced by the Controller's Office to $4,662. The State Controller's Office allowed reimbursement for four (4) of the seven (7) employees claimed. The four employees are identified on the claim as having worked on the "Report of Investments." The Controller's Office multiplied the salaries and benefits of the four employees by 32 hours for the year, or eight (8) hours per employee per quarter to perform the mandated duties. The Controller's Office eliminated and reduced to $0 all costs claimed for the Assistant Operations Chief, the Accountant III, and the Account Clerk I – employees not expressly identified on the claim as having worked on the "Report of Investments."

In the reimbursement claim for fiscal year 1997-1998, salary and benefit costs were claimed for seven (7) employees to perform the report of investment activities in the amount of $218,019. The Controller's Office reduced the salary and benefit costs to $0. Some of the staff costs claimed are the salary and benefits of employees listed as working on the "Report of Investments."

Staff finds that the reduction by the Controller's Office of salary and benefit costs to a unit time in fiscal year 1996-1997 and to zero in fiscal year 1997-1998 is arbitrary, not based on the parameters and guidelines, and not based on any evidence in the record. Thus, the reductions of salary and benefit costs are incorrect.

However, the reimbursement claims filed by the County for salaries and benefits include daily investment activities and costs that are not reimbursable, and were filed based on the County's policy of rendering 12 monthly investment reports rather than four quarterly reports. These activities performed by County employees, identified in the reimbursement claims and listed below, are ***not*** reimbursable:

- Perform daily download.
- System maintenance.
- Earnings Reconciliations.
- Monitor daily compliance with investment policy.
- Compile monthly report of investments.
- Daily market pricing.
- Daily trade ticket input.

- Generate daily reports, accounting records, data backup.
- Create various accounting records.

Thus, not all the costs claimed by the County for salaries and benefits can be reinstated.

The costs that should be reinstated to the County for salaries and benefits are identified in the 2003 amendment to the parameters and guidelines that clarified the reimbursable activities for the *Investment Reports* program as follows:

a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

   1. One-time data entry into investment reporting application or software:
      - the type of investment and issuer,
      - date of maturity, and
      - par and dollar amount invested.
   2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.
   3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
   4. Providing required copies of the most recent statement(s) received by a local agency from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page.]
   5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)

b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).

Although the period of reimbursement for the parameters and guidelines amendment is effective for costs incurred beginning in fiscal year 1998-1999 (one and two years after the fiscal years in question here), the Commission's analysis and findings can be used to determine what the Commission intended when it adopted the parameters and guidelines in 1997 because the parameters and guidelines amendment simply clarified the mandated activities. Pursuant to the rules of statutory construction, a clarification of existing law may be applied to transactions predating its enactment without being considered a retroactive application of the law. The clarified law is merely a statement of what the law has always been.

The County's reimbursement claims indicate that some of the County employees worked on the "report of investments." However, it cannot be determined from the claims how long it took those employees to perform the reimbursable activities. Thus, staff recommends that the Commission remand the reimbursement claims back to the State Controller's Office to further review the County's claims for the costs of the salaries and benefits of County employees to perform the reimbursable activities required to render the quarterly report of investments and, in accordance with the Commission's decision on this incorrect reduction claim, to reinstate the costs that are eligible for reimbursement.

Investment Software Costs

The County's reimbursement claim for fiscal year 1996-1997 identifies ongoing costs incurred for ADS investment software in the amount of $27,773. The reimbursement claim for fiscal year 1997-1998 identifies costs incurred for ADS investment software in the amount of $44,279. The State Controller's Office reduced the claims for the ADS investment software to $0 on the ground that the cost is not mandated.

However, section VI, B of the parameters and guidelines, Claim Preparation, allows reimbursement for "all direct costs for materials, services and supplies which have been purchased, leased, consumed, or expended for purposes of compliance with the mandate." Section VI, C allows reimbursement for the costs incurred for "contract services... for the development and operation of the mandated program."

Staff finds that the cost incurred for the ADS software is reimbursable in an amount equal to the pro rata cost that is directly related to the reimbursable activities to prepare and render a quarterly report of investments.

Thus, staff finds that the State Controller's Office incorrectly reduced the County's claim for ADS software costs and recommends that the Commission remand the reimbursement claims back to the State Controller's Office to further review the County's claims and to reinstate the ADS software costs that are eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim.

Conclusion

For the reasons stated in the analysis, staff concludes that the State Controller's Office incorrectly reduced the costs claimed by the County of Los Angeles in their reimbursement claims filed for the *Investment Reports* program for fiscal years 1996-1997 and 1997-1998.

Staff Recommendation

Staff recommends that the Commission adopt this analysis and remand the reimbursement claims back to the State Controller's Office for further review and reinstatement of those costs that are eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim.

STAFF ANALYSIS

Claimant

County of Los Angeles

Chronology

Incorrect Reduction Claim

12/23/96	Test claim filed by County of Santa Clara and City of Newport Beach
03/27/97	Statement of Decision adopted by the Commission
11/20/97	Parameters and guidelines adopted by the Commission
11/30/98	Statewide cost estimate adopted by the Commission
01/00/98	Claiming instructions issued by State Controller's Office
04/09/98	Reimbursement claim for $308,252 filed by Claimant for fiscal year 1996-1997
02/10/99	Reimbursement claim for $327,512 filed by Claimant for fiscal year 1997-1998
06/28/99	1996-1997 claim reviewed by State Controller's Office and reduced to $6,502
07/29/99	1997-1998 claim reviewed by State Controller's Office and reduced to $325
10/12/99	Claim adjustment letter regarding the 1996-1997 and 1997-1998 claims sent by State Controller's Office to claimant
09/01/00	Incorrect reduction claims (IRC) for fiscal years 1996-1997 and 1997-1998 filed by claimant
12/05/00	Response to IRC filed by State Controller's Office
01/16/01	Rebuttal to State Controller's Office's response filed by claimant
01/18/01	Supplemental comments filed by State Controller's Office
03/05/01	Response to State Controller's Office's supplemental comments filed by claimant
03/19/01	Additional supplemental comments filed by State Controller's Office
04/12/01	Response to State Controller's Office's additional supplemental comments filed by claimant
06/30/01	Commission Executive Director retained expert consultant
09/05/01	Pre-hearing conference held
09/13/01	Expert consultant report issued to parties
09/21/01	Comments on expert consultant report filed by State Controller's Office
09/27/01	Second pre-hearing conference held
10/15/01	Response to pre-hearing conference filed by State Controller's Office
10/17/01	Closing comments, including response to expert consultant report submitted by claimant

03/29/02	Staff analysis issued
04/25/02	Commission hearing on incorrect reduction claim – Commission continued matter until the Commission considered proposed amendments to the parameters and guidelines
02/27/03	Commission amends parameters and guidelines (96-358-02-PGA-1)
03/04/10	Revised draft staff analysis on incorrect reduction claim issued for comment

Background

This is an incorrect reduction claim filed by the County of Los Angeles on reimbursement claims for costs incurred in fiscal years 1996-1997 and 1997-1998 on the *Investment Reports* program. This item was originally heard by the Commission on April 25, 2002, and was continued because the Commission wanted to first consider similar issues in a request to amend the parameters and guidelines for the *Investment Reports* program.[1] On February 27, 2003, the Commission amended the parameters and guidelines for the *Investment Reports* program for costs incurred beginning in fiscal year 1998-1999.[2, 3]

The issues in dispute in this incorrect reduction claim involve the Controller's reduction of costs claimed following a desk audit for the salaries and benefits of County employees accumulating and compiling data necessary to render the quarterly report of investments, and the costs claimed for investment software.

In addition, in June 2001, the Commission retained an expert consultant, Conny Jamison, to advise the Commission regarding the duties required under the test claim statute. Ms. Jamison served as the San Diego City Treasurer for over 18 years before her retirement and was responsible for managing city investments of $1.2 billion. Her report and resume are included in Exhibit M, pages 1039-1045.

Investment Reports Program (Statement of Decision and Parameters and Guidelines)

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[1] Exhibit Q, Transcript from April 25, 2002 hearing.

[2] See Exhibit S. The City of Newport Beach filed the request to amend the parameters and guidelines on October 13, 2000. Pursuant to Government Code section 17557, the period of reimbursement for the amendments began in fiscal year 1998-1999. The Commission amended the parameters and guidelines by clarifying the reimbursable activities to conform to the test claim statutes and the Statement of Decision, including limiting reimbursement to activities related to each investment held on the last day of each quarter; specifying non-reimbursable activities; and replacing footnote 1 with language in section VII, Offsetting Savings and Reimbursements.

[3] This incorrect reduction claim has been on the Commission's list of backlogged claims. The 2000-2001 budget included approval of a half-time two-year limited term staff counsel position dedicated to determination of incorrect reduction claims. This position was filled between September 2000 and June 2002. During this period, the County of Los Angeles' incorrect reduction claim was analyzed and set for hearing. The dedicated half-time staff counsel position was eliminated in the 2002-2003 budget. During 2002-2003, 51 test claims and 73 incorrect reduction claims were filed. By July 2003, there were 112 test claims pending mandate determination and 84 incorrect reduction claims pending.

In 1996, the County of Santa Clara and the City of Newport Beach filed a test claim on Government Code section 53646, subdivisions (a), (b), and (e), as amended in 1995 and 1996.[4] The test claim statutes were enacted following recommendations from the Task Force on Local and State Investment Practices.[5] The Task Force was assembled at the request of Governor Pete Wilson for the purpose of reporting recommendations and findings for possible investment guidelines to be considered by the Legislature as a result of the losses incurred by the Orange County investment pool.[6]

As amended, Government Code section 53646 stated the following:

> (a)(1) In the case of county government, the treasurer shall annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.
>
> (2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency shall annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.
>
> (b)(1) The treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivision (e), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.
>
> (2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.
>
> (3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.
>
> (4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

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[4] Statutes 1995, chapter 783; Statutes 1996, chapters 156 and 749.

[5] Exhibit L, page 1015, Analysis of Senate Committee on Local Government, March 30, 1995, Assembly Bill 564 (1995-96 Leg. Sess.).

[6] See The Task Force's report, dated March 14, 1995, Exhibit L, pages 992-1008.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.[7]

On March 27, 1997, the Commission adopted a Statement of Decision finding that Government Code section 53646, subdivisions (a), (b), and (e) constituted a reimbursable state-mandated program.[8] The parameters and guidelines, adopted on November 20, 1997, describe the following activities as eligible for reimbursement:[9]

1. Statement of Investment Policy

   Prepare and submit the annual statement of investment policy, and changes to:

   a. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.

   b. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

2. Quarterly Reports of Investments

   a. Implementation Costs

      Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in section 53646, subdivisions (b)(1), (2), and/or (e).

   b. Ongoing Costs

      (1) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), and (3) and/or (e).

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[7] Government Code section 53646 has since been amended by Statutes 1997, chapter 825; Statutes 1998, chapter 82; Statutes 2000, chapter 687; Statutes 2002, chapter 454; Statutes 2004, chapter 889; and Statutes 2008, chapter 709. The amendments made in 2004 (AB 2853) changed the "shall" to "may" in subdivisions (a)(1) and (2), and (b)(1), to eliminate the mandate to render and approve the annual statement of investment policy and to render the quarterly report of investments.

[8] Exhibit A.

[9] Exhibit B.

(2) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency or school district, as required in Government Code section 53646, subdivision (b)(1).[10]

Section VI of the parameters and guidelines addresses claim preparation and instructs eligible claimants to include in their claim the salaries and benefits of employees performing the mandated activities. Employee costs "should be supported by name, position, productive hourly rate, hours worked, fringe benefits amount, and a brief description of assigned unit and function relative to the mandate." Claimants are also instructed to include in their claim descriptions of services and supplies, and contract services, and to maintain the supporting data for all costs claimed to be "made available to the State Controller or his/her agent, as may be requested ..."

The claiming instructions were issued in January 1998.[11] The reimbursable activities listed in the claiming instructions are consistent with the parameters and guidelines.

Reimbursement Claim for Fiscal Year 1996-1997 and Reductions Made by the Controller

The County filed a reimbursement claim for costs incurred in fiscal year 1996-1997 in the total amount of $305,252.[12] The reimbursement claim identifies ongoing costs incurred for ADS investment software in the amount of $27,773, and for the salary and benefits of seven (7) employees (Assistant Operations Chief, Accounting Officer III, Fiscal Officer 1, Accounting Officer 1, Assistant Data Systems Analyst, Accountant III, and an Account Clerk I) to accumulate, compile, and render the report of investments for 7,055 hours in the amount of $215,901. The claim also describes the duties of the County employees with respect to the report of investments as follows:

> Assistant Operations Chief – System maintenance and daily data download
>
> Accounting Officer III – Section Head, supervisorial/review of staff, work product, Report of Investments
>
> Fiscal Officer I – Assistant Section Head, daily compliance with Investment Policy, reconciliations, Reports of Investments
>
> Accounting Officer I – Supervisor, monitors daily compliance with Investment Policy, performs reconciliations, compiles monthly Report of Investments
>
> Assistant Data Systems Analyst – Staff member, performs system monitoring, schedule preparations for Report of Investments, daily market pricing
>
> Accountant III – Supervisor, responsible for daily trade ticket input, generates daily reports, accounting records, data backup
>
> Account Clerk I – Staff member, daily trade ticket input, creation of various accounting records

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[10] Footnote 1 of the parameters and guidelines recognized potential offsetting revenue for counties with Treasury Oversight Committees when preparing and submitting the annual statement of investment policy to the county's legislative body. The issues in this claim do not address the annual statement of investment policy.

[11] Exhibit R, claiming instructions.

[12] Exhibit C, pages 135-153.

Pages 151-152 of the record provide further descriptions of the County staff time claimed for the report of investment activities as follows:

Assistant Operations Chief – 25%
Approximately 5 days of the month spent on PSI Earnings Reconciliation, PSI securities research, and daily ADS systems monitoring to ensure the integrity of the data and system. Balance of time is spent with non-investment type issues related to County Improvement Bonds and other system projects.

Accounting Officer III – 40%
Approximately 8 days of the month is spent on reviewing the Monthly Report of Investments, reviewing the daily trade ticket packages, reviewing the daily input into the ADS system, and resolving any investment issues which may arise. Balance of time spent on other administrative and monitoring issues.

Fiscal Officer I – 25%
Approximately 5 days of the month is spent on preparing certain schedules for the Monthly Report of Investments, reviewing the daily trade ticket packages for compliance issues, reviewing the daily input into the ADS system, and resolving securities issues. Balance of time spent on monitoring other County-issued debt, reviewing reconciliations, resolving audit recommendations and other compliance issues, and special projects.

Accounting Officer I – 50%
Entire duties are within the Investment Area. Approximately half of the month is spent on daily review of input, review of compliance with Investment Guidelines, earnings and securities research and reconciliations, market valuation research, preparing schedules for the Monthly Report of Investments, and reviewing accounting documents. Balance of time is spent on reconciling accounts to CAPS and researching other investment issues for entities not included in the Monthly Report of Investments.

Assistant Data Systems Analyst – 75%
Approximately ¾ of the month is spent on daily monitoring and input of investments, performing and researching market valuations, investigating securities issues, running daily reports, preparing certain schedules for Monthly Report of Investments, and monitoring the ADS system. Balance of time is spent on updating monthly investments by Issuer and other systems type projects.

Accountant III – 100%
Entire duties revolve around daily review of purchases input, calculation of next day maturities, monitoring of securities, running of system and all related investment reports, and preparing accounting documents.

Account Clerk I – 80%
Majority of time is spent on daily trade ticket input into the ADS system, and performing clerical support for all accounting functions. Balance of time is spent on clerical support for accounting for investments for entities not included in the Monthly Report of Investments.

In addition, pages 149-150 of the record is a "Report" filed by the County regarding the reimbursement claim in response to the Controller's request for further information. The "report" clarifies that the County's claim is based on a filing of monthly reports of investments,

as required by the investment policy of the Los Angeles County Board of Supervisors, rather than quarterly reports of investments. The County's "Report" states in relevant part the following:

> It should be noted that the subject investment policy, adopted by the Los Angeles County Board of Supervisors, requires that the "Treasurer and Tax Collector shall provide the Board of Supervisors and the Los Angeles County Treasury Oversight Committee with a monthly report." While Government Code section 53646(b)(1) requires, in pertinent part, that "the treasurer or chief fiscal officer shall render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency," the local agency, according to Government Code section 53646(d), "may elect to require the report ... on a monthly basis instead of quarterly." However, where a legislative body has delegated investment authority to its treasurer, as is the case in Los Angeles County, monthly investment reporting is not an option but is State-mandated. Specifically, Government Code section 53607, ..., states:
>
> > "The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. ..." [Emphasis in original.]
>
> Therefore, the Los Angeles County Board of Supervisors, in conforming to (the above) State law, requires monthly investing reporting.
>
> Further, in order to perform its fiduciary duties with due diligence, quarterly investment reporting is not adequate for the Los Angeles County whose Treasury Pool varies from $6 billion to $9 billion, and is one of the largest in the State.
>
> The majority of costs incurred under the subject program is incurred in running the County's ADS Treasury Management System. The majority of time spent by County staff is spent on daily transaction and input accounting, required for investment reporting pursuant to the subject law. Data is processed, reports are printed, securities are market priced, maturities are calculated, transactions are reconciled to custody reports, and discrepancies are researched and corrected. These costs will be incurred regardless of whether reporting is on a monthly or quarterly basis.
>
> In addition, the costs of preparing the investment report itself, covering all the State-mandated disclosures of all the investment transactions during a period, will not be appreciably affected by the reporting period. Here, four quarterly investment reports will have about the same number of pages as twelve monthly reports, and, these reports would cost about the same to produce.
>
> Therefore, even if the frequency of the investment reporting periods could be decreased, from a monthly basis to a quarterly basis, reimbursable costs, authorized under the subject program, would not decrease.

The State Controller's Office reduced the County's 1996-1997 reimbursement claim to $6,502. The cost for the ADS investment software was reduced to $0 and completely disallowed. The claim for employee time to accumulate, compile, and render the report of investments for the year was reduced to a total of 32 hours each for four (4) of the seven (7) employees claimed, thereby eliminating all costs claimed for the Assistant Operations Chief, the Accountant III, and the Account Clerk I. The costs claimed for the salary and benefits of the employees performing the report of investment activities were reduced from $215,901 to $4,662.[13]

The handwritten notations made by the Controller's Office on the reimbursement claim state the following:

> Daily/monthly accounting duties are NOT mandated. Only the QTLY Report of investments is mandated for the incremental cost of preparing the report. ...
>
> Allowed 8 hours per QTR for the Accounting Officer III, Fiscal Officer I, Accounting Officer I, and Assistant Data Systems Analyst for preparation of the Quarterly Report of Investments.[14]

Reimbursement Claim for Fiscal Year 1997-1998 and Reductions Made by the Controller

The County filed a reimbursement claim for costs incurred in fiscal year 1997-1998 in the total amount of $327,512.[15] The County's claim identifies costs incurred for ADS investment software in the amount of $44,279 and salaries and benefits for seven (7) staff members to perform the report of investment activities in the amount of $218,019.[16]

The State Controller's Office reduced the County's total claim from $327, 512 to $325, denying all costs claimed for the ADS investment software and all costs claimed for the report of investment activities. The handwritten notes made by the Controller's Office on the claim state the following: "NOT mandated – Daily/Monthly accounting functions are not mandated."[17]

Claimant's Position[18]

Claimant contends that the reimbursement claims were incorrectly reduced because the reductions appear arbitrary and not based on an examination of which activities are "necessary" to prepare and render the required reports. Claimant also contends that the State Controller's Office based its reductions on a standard time selected by Controller staff without the benefit of a time study or any other stated basis. Finally, claimant contends that the State Controller's Office

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[13] Exhibit C, pages 139 and 175 (Remittance Advice dated October 12, 1999).

[14] *Ibid.*

[15] Exhibit C, pages 155-171.

[16] See also Exhibit C, page 164, which breaks down the cost incurred for the ADS investment software.

[17] Exhibit C, pages 158 and 174 (Remittance Advice dated October 12, 1999).

[18] Incorrect Reduction Claim of the County of Los Angeles submitted on August 31, 2000, Exhibit C, page 119 to 778. Additional comments submitted by Claimant on: January 16, 2001, attached as Exhibit E, page 789; February 28, 2001, attached as Exhibit G, page 839; April 12, 2001, attached as Exhibit I, page 863; and, October 17, 2001, attached as Exhibit L, page 985.

arbitrarily reimbursed some staffing costs in 1996-1997 and not in 1997-1998 and eliminated all costs claimed for ADS investment software costs with no explanation.

Claimant has included the costs for staff time and investment software necessary to "accumulate and compile" the data necessary to prepare the quarterly report of investments including the assurance that the county has enough cash flow to meet the next six months expenditures. Claimant contends that in order to comply with Government Code section 53646, the County must perform the following activities:

- Accumulate, compile and report data from transactions occurring throughout the reporting period for the County's managed investment pool;
- Track investments on a daily basis in order to produce a comprehensive cash flow analysis to determine if expenditure requirements could be met for the next six months following the filing of the report;
- Perform daily investment data input, monitoring and analysis in order to report securities held throughout the reporting period; and,
- Maintain subsidiary ledgers in order to compile the information required in the quarterly investment report.

In addition, the claimant is seeking reimbursement for preparing monthly reports of investments, as required by the County's Investment Policy.

Claimant further contends that the following staffing is necessary to "accumulate and compile" the data necessary to prepare the report of investments as required by section 53646:

1. Accounting Officer III: 40% Approximately 8 days per month is spent on reviewing the Monthly Report of Investments, reviewing the daily trade ticket packages, reviewing the daily input into the ADS system and resolving any investment issues.
2. Fiscal Officer I: 25% Approximately 5 days per month is spent preparing certain schedules for the Monthly Report of Investments, reviewing the daily trade ticket packages for compliance issues, reviewing the daily input into the ADS system, and resolving securities issues.
3. Accounting Officer I: 50% Entire duties are within the investment area. Approximately half of the month is spent on daily review of input, review of compliance with investment guidelines, earnings and securities research and reconciliations, market valuation research, preparing schedules for the Monthly Report of Investments, and reviewing accounting documents.
4. Assistant Data Systems Analyst: 75% Approximately three-fourths of the month is spent on daily monitoring input of investments, performing and researching market valuations, investigating securities issues, running daily reports, preparing certain schedules for Monthly Report of Investments, and monitoring the ADS system.
5. Assistant Operations Chief: 25% Approximately 5 days per month is spent on PSI Earnings Reconciliation, PSI securities research and daily ADS system monitoring to ensure the integrity of the data and system.

6. Accountant III: 100% Entire duties revolve around daily review of purchases input, calculation of next day maturities, monitoring of securities, running of system and all related investment reports, and preparing accounting documents.
7. Account Clerk I: 80% Majority of time is spent on daily trade ticket input into the ADS system, and performing clerical support for all accounting functions.[19]

State Controller's Office Position[20]

The State Controller's Office contends, "...that costs associated with the implementation of the local governmental agencies investment policies (i.e. daily tracking) are not a part of the reimbursable state mandate." The State Controller's Office contends that:

- Daily tracking or its equivalent was, and is required by other sources (i.e., Government Code section 27000, et seq.);
- Any requirement to conduct daily tracking and the use of subsidiary ledgers comes from pre-existing law and is therefore not a reimbursable activity;
- The fiduciary duty (which requires that the treasurer exercise care in the handling of the public's money) may require claimant to conduct daily tracking; however, it is not a state-mandated, reimbursable activity;
- The necessity for daily tracking comes from business concerns, not Government Code section 53646; thus, daily tracking is not a reimbursable activity; and,
- The use of investment software is not mandated by either the test claim statute or the parameters and guidelines.

DISCUSSION

Government Code section 17561, subdivision (b), authorizes the State Controller's Office to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state mandated costs that the State Controller's Office determines is excessive or unreasonable.

Government Code Section 17551, subdivision (d), requires the Commission to hear and decide a claim that the State Controller's Office has incorrectly reduced payments to the local agency or school district. That section states the following:

> The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (b) of Section 17561.

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[19] Exhibit C, page 151.

[20] State Controller's Office comments submitted on: December 5, 2000, attached as Exhibit D, page 779; January 17, 2001, attached as Exhibit F, page 801; March 16, 2001, attached as Exhibit H, page 861; September 21, 2001, attached as Exhibit J, page 873; and, October 12, 2001, attached as Exhibit K, page 875.

If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.7 of the Commission's regulations requires the Commission to send the Statement of Decision to the State Controller's Office and request that the costs in the claim be reinstated.

Issue I: Did the State Controller's Office incorrectly reduce the costs for the salaries and benefits of County employees to accumulate and compile the data necessary to prepare the quarterly report of investments and to render the reports to the chief executive officer, the internal auditor, and the legislative body of the local agency?

A. The State Controller's Office incorrectly reduced the costs for salaries and benefits

The parameters and guidelines, and claiming instructions for this program allow reimbursement to accumulate and compile the data necessary to prepare the quarterly reports of investment and to render the reports to the local agency. As indicated by the plain language of Government Codes section 53646, as amended by the test claim statutes, the quarterly investment report shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency.
2. Description of any of the local agency's funds, investments, or programs, that is under the management of contracted parties, including lending programs.
3. Current market value as of the date of the report, and source of this same valuation of all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
4. Statement that the portfolio is in compliance with the statement of investment policy, or the manner in which the portfolio is not in compliance.
5. Statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available.

The reimbursement claims filed by the County include costs for employee time to accumulate, compile, and render the report of investments. The County's reimbursement claim for fiscal year 1996-1997 includes costs for salaries and benefits of seven (7) employees (Assistant Operations Chief, Accounting Officer III, Fiscal Officer 1, Accounting Officer 1, Assistant Data Systems Analyst, Accountant III, and an Account Clerk I) to accumulate, compile, and render the report of investments for 7,055 hours in the amount of $215,901. The claim for salaries and benefits was reduced by the Controller's Office to $4,662. The State Controller's Office allowed reimbursement for four (4) of the seven (7) employees claimed. The four employees are identified on the claim as having worked on the "Report of Investments." The Controller's Office multiplied the salaries and benefits of the four employees by 32 hours for the year, or eight (8) hours per employee per quarter to perform the mandated duties. The Controller's Office eliminated and reduced to $0 all costs claimed for the Assistant Operations Chief, the Accountant III, and the Account Clerk I – staff members not expressly identified on the claim as having worked on the "Report of Investments."

In the reimbursement claim for fiscal year 1997-1998, salary and benefit costs were claimed for seven (7) employees to perform the report of investment activities in the amount of $218,019. The Controller's Office reduced the salary and benefit costs to $0. Some of the staff costs claimed are the salary and benefits of staff members listed as working on the "Report of

Investments."

For the reasons below, the reduction by the Controller's Office of salary and benefit costs is arbitrary, not based on the parameters and guidelines, and not based on any evidence in the record. In this respect, staff finds that the reductions of salary and benefit costs are incorrect.

For the 1996-1997 reimbursement claim, the Controller approved reimbursement based on a unit time of eight hours for the four employees that worked on the "Report of Investments." At the time the parameters and guidelines were adopted in 1997, the Commission had the authority to adopt a uniform allowance in lieu of requiring actual cost claims for time spent on a mandated activity for inclusion in the parameters and guidelines.[21] The parameters and guidelines, however, do not include a uniform allowance for time spent accumulating and compiling data, and rendering the quarterly report of investments. Rather, Section VI of the parameters and guidelines (Claim Preparation) allows reimbursement for the actual costs of salaries and benefits to perform the mandated activities. The parameters and guidelines state that "claimed reimbursement for employee costs should be supported by name, position, productive hourly rate, hours worked, fringe benefits amount, and a brief description of assigned unit and function relative to the mandate." Pursuant to Government Code section 17558, as the statute existed in 1997[22] and today, the claiming instructions prepared by the Controller's Office are required to be derived from the adopted parameters and guidelines. Thus, the Controller's reduction of staff time to a unit of eight hours for the four employees that worked on the "Report of Investments" in fiscal year 1996-1997 is not consistent with the parameters and guidelines.

Moreover, reducing employee time to $0 for fiscal year 1997-1998 is not consistent with the evidence in the record. The County's reimbursement claim for fiscal year 1997-1998 is filed under penalty of perjury and shows that the Accounting Officer III, Fiscal Officer I, and Assistant Data Systems Analyst worked on the "Report of Investments." Pursuant to the mandate, the County is required to report on a quarterly basis the type of investments held, a statement whether the portfolio is in compliance with the statement of investment policy, and a statement denoting the ability of the local agency to meet the pool's expenditure requirements for the next six months. In addition, the reduction does not take into account the County's large investment portfolio. In 1998, approximately 180 local agencies participated in the County's investment pool, with a portfolio of approximately $ 9 billion.[23] The requirements of the test claim statute and the evidence in the record do not support a reduction of salaries and benefits to $0.

Finally, the Controller's Office admits that the dollar amount reductions to employee time were arbitrary. At the hearing on this matter in April 2002, the Controller's representative on this claim testified as follows:

> Our office has never denied that a quarterly report is a mandate. It's a new activity that wasn't required before. And, as far as the issue of the actual

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[21] Government Code section 17557, subdivision (b) (as amended by Stats. 1995, ch. 945) stated the following: "In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year."

[22] Former Government Code section 17558, as amended by Statutes 1996, chapter 45, operative on July 1, 1996.

[23] Exhibit M, Report by Conny Jamison, consultant.

reductions that were made, in a sense, that's a distractor [sic], because we've never really contested that the reductions were perfectly accurate, that there is certainly a degree of arbitrariness.

And I think when you look at it from the perspective of those folks who had to analyze the claim, they were presented with what I think we could call – at least potentially call – a kitchen sink claim. Everything was claimed: things that we did not believe were reimbursable and things that did appear to be reimbursable.

We could have taken a very aggressive approach and simply said: The documents don't support the claim. They don't distinguish between what we believe is reimbursable and not and pay nothing. They chose to take a middle ground. And, obviously, that involves some arbitrariness. But, in the end, I think that's a red herring, because we get back to the basic question of whether daily or every other day, frequent data input and data management is covered under the mandate or whether it derives from some other source.[24]

Accordingly, staff finds that the State Controller's Office incorrectly reduced the salary and benefit costs for fiscal years 1996-1997 and 1997-1997.

B. But the County's reimbursement claims contain costs for activities that go beyond the scope of the mandate and are not reimbursable

Staff finds, however, that the County's reimbursement claims contain costs for activities that go beyond the scope of the mandate and, thus, are not reimbursable.

Claimant contends that in order to comply with Government Code section 53646, the County must perform the following activities:

- Render the report on investments on a *monthly* basis;
- Accumulate, compile and report data from transactions *occurring throughout the reporting period*;
- Track investments on a *daily basis* in order to produce a comprehensive cash flow analysis to determine if expenditure requirements could be met for the next six months following the filing of the report;
- *Perform daily investment* data input, monitoring and analysis in order to report securities held throughout the reporting period; and,
- *Maintain subsidiary ledgers* in order to compile the information required in the quarterly investment report.

Thus, the reimbursement claims filed by the County include costs for employees to:

- Perform daily download.
- System maintenance.
- Earnings Reconciliations.
- Monitor daily compliance with investment policy.

[24] Exhibit Q, Transcript, April 25, 2002 Commission hearing, page 30, lines 9-25, page 31, lines 1-6.

- Compile monthly report of investments.
- Daily market pricing.
- Daily trade ticket input.
- Generate daily reports, accounting records, data backup.
- Create various accounting records.

It is true that the County is required to perform the above activities pursuant to the County's own investment policy.[25] The County's investment policy states that the Treasurer and Tax Collector shall provide to the Board of Supervisors and County Treasury Oversight Committee a monthly report consisting of "*all investments*" detailing each type, issuer, date of maturity, par value, market value, and source of the market valuation and historical cost. The County's policy also requires the Investment Office or the Compliance Auditor to review "all investment transactions" to assure compliance with the investment policy.[26] The County's policy further requires that the report be made monthly by stating that:

> The Pooled Surplus Investment Portfolio (PSI) "revenue/loss distribution will be *performed monthly*, net of administrative costs authorized by Government Code section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing, or handling funds, and the distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs shall be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted to actual cost." (Emphasis added.)[27]

In addition, the County's policy states the following:

> … Short term liquidity SHALL further be maintained and *adjusted monthly* so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer term commitments, within ninety days.
>
> Such liquidity SHALL be *monitored where, at the beginning of each month*, the par value for maturities in the next ninety days plus projected PSI deposits for ninety days, divided by the projected PSI withdrawals for ninety days plus discretionary PSI deposits is equal to or greater than one. … (Emphasis added.)[28]

Although the investment activities identified by the County are required by local policy, the issue is whether these activities are mandated by the state and reimbursable under the test claim statute, the Statement of Decision, and the parameters and guidelines.[29]

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[25] Exhibit C, pages 490-507.

[26] Exhibit C, page 493.

[27] Exhibit C, page 491.

[28] Exhibit C, page 492.

[29] In this respect, comments filed by the County and the staff analysis prepared on this incorrect reduction claim for the April 2002 Commission hearing incorrectly framed some of the issues as determining the activities that were "reasonable methods of complying with the mandate." pursuant to section 1183.1 of the Commission's regulations. The Commission, however, no longer has jurisdiction to exercise discretion to add reimbursable activities to the parameters and

Generally, the same rules of construction and interpretation that apply to statutes will govern the construction and interpretation of an administrative agency's rules, such as the parameters and guidelines.[30] The interpretation of an administrative agency rule, like the parameters and guidelines, is a question of law.[31] Under the rules of statutory construction, when the language of an administrative agency's rule, such as the parameters and guidelines, is plain, the court is required to enforce the provisions according to the terms of the document. The California Supreme Court determined that:

> In statutory construction cases, our fundamental task is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. We begin by examining the statutory language, giving the words their usual and ordinary meaning. If the terms of the statute are unambiguous, we presume the lawmakers meant what they said, and the plain meaning of the language governs. [Citations omitted.][32]

Moreover, the language of the parameters and guidelines must be construed in the context of the entire statutory scheme in which the test claim statute is a part, so that every provision of the statutory scheme may be harmonized and have effect.[33] The court may not disregard or enlarge the plain provisions of the administrative rule, nor may it go beyond the meaning of the words used when the words are clear and unambiguous. Thus, the court is prohibited from writing into an administrative rule, by implication, express requirements that are not placed in the law.[34] In addition, it is presumed that the administrative agency, like the Commission when it adopted the parameters and guidelines, did not adopt a rule that alters or enlarges the terms of a legislative enactment.[35]

Appling these rules of construction, staff finds that some of the activities and costs claimed by the County go beyond the scope of the test claim statute, the Statement of Decision, and the parameters and guidelines.

1. Rendering the report of investments on a monthly basis is not reimbursable

The claimant contends that rendering the report of investments on a monthly basis is reimbursable.

The finding in the Statement of Decision, however, is that Government Code section 53646, subdivisions (b) and (e), require the treasurer or chief fiscal officer to render a *quarterly* report of investments, as specified, to the chief executive officer, the internal auditor, and the legislative body of the local agency. Subdivision (d), which states that "[t]he legislative body of a local agency *may* elect to require the report specified in subdivision (b) to be made on a monthly basis

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guidelines. The issue is what the Commission intended when it adopted the parameters and guidelines in 1997.

[30] *Cal. Drive-in Restaurant Ass'n v. Clark* (1943) 22 Cal.2d 287, 292.

[31] *Culligan Water Conditioning v. State Board of Equalization* (1976) 17 Cal.3d 86, 93.

[32] *Estate of Griswald* (2001) 25 Cal.4th 904, 910-911.

[33] *City of Merced v. State of California* (1984) 153 Cal.App.3d 777, 781-782.

[34] *Whitcomb v. California Employment Commission* (1944) 24 Cal.2d 753, 757.

[35] *Wallace v. State Personnel Board* (1959) 168 Cal.App.2d 543, 547.

instead of quarterly," was not pled in this test claim and does not require monthly reports. Although county treasurers prepare "monthly reports of transactions" for boards of supervisors pursuant to Government Code section 53607, section 53607 was not pled in the *Investment Reports* test claim. Thus, there is no mandate to render the report on a monthly basis. The activity mandated by the plain language of the test claim statute, as identified in the Statement of Decision and parameters and guidelines, is to render four quarterly reports per year.

This conclusion is supported by the legislative history of the test claim statute. The report prepared by the Task Force on Local and State Investment Practices, which recommended the amendment to Government Code section 53646 and is cited in the analysis prepared by the Senate Local Government Committee for the test claim statute, recognized that "[m]ore frequent reporting of market value may be preferable to quarterly reporting, but the Task Force is concerned that mandating reports more frequently than quarterly may be burdensome and costly."[36] The Task Force Report further states the following:

> Legislation adopted ten years ago (after San Jose suffered big investment losses) required treasurers to report monthly to local officials about their investments. ...
>
> In making Recommendation 1 [to require the quarterly report of investments], the Task Force recognizes that the local agency costs of state-mandated programs can be recovered from the State. Costs for the prior legislation, which required monthly reports, were approximately $5.5 million for the initial set-up year, and approximately $2.5 million per year thereafter. *By mandating quarterly (rather than monthly) reports, and taking into account the ready availability of market valuation information for most securities from custodial banks without additional charges, costs should not significantly exceed costs under the prior legislation and seem warranted to provide reasonable oversight over the investment of taxpayer funds.*" (Emphasis added.)[37]

The conclusion that monthly reports of investments are not mandated is further supported by the Commission's analysis and conclusion in the 2003 amendment to the parameters and guidelines for this program.[38] The Commission clarified that "accumulating and compiling data necessary to prepare the monthly reports of investment transactions pursuant to Government Code section 53607, or any other monthly investment reports," was not reimbursable. Although the period of reimbursement for the parameters and guidelines amendment is effective for costs incurred beginning in fiscal year 1998-1999 (one and two years after the fiscal years at issue in this incorrect reduction claim), the Commission's analysis and findings can be used to determine what the Commission intended when it adopted the parameters and guidelines in 1997 because the parameters and guidelines amendment simply clarified the mandated activities. Pursuant to the rules of statutory construction, a clarification of existing law may be applied to transactions predating its enactment without being considered a retroactive application of the law. The

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[36] Exhibit L, Task Force Report, page 997; Exhibit L, page 1014, Analysis of Senate Committee on Local Government, March 30, 1995, Assembly Bill 564 (1995-96 Leg. Sess.).

[37] *Id.* at page 998.

[38] Exhibit S, adopted analysis and parameters and guidelines amendment for *Investment Reports* program.

clarified law is merely a statement of what the law has always been.[39] In this case, the parameters and guidelines amendment was merely a clarification of what the reimbursable activities have always been.

Accordingly, staff finds that accumulating and compiling data necessary to render the report of investments pursuant to Government Code section 53646 on a monthly basis is ***not*** reimbursable.

2) Daily investment activities are not reimbursable

The County contends that daily investment activities are required to render the report of investments. The County states that:

> The majority of time spent by County staff is spent on daily transactions and input accounting, required for investment reporting pursuant to the subject law. Data is processed, reports are printed, securities are market priced, maturities are calculated, transactions are reconciled to custody reports, and discrepancies are researched and corrected.[40]

Thus, the County believes it should be reimbursed for the following activities:

- Accumulate, compile and report data from transactions *occurring throughout the reporting period* for the County's managed investment pool;
- Track investments on a *daily basis* in order to produce a comprehensive cash flow analysis to determine if expenditure requirements could be met for the next six months following the filing of the report;
- *Perform daily investment* data input, monitoring and analysis in order to report securities held throughout the reporting period; and,
- *Maintain subsidiary ledgers* in order to compile the information required in the quarterly investment report.

The County's reimbursement claims include costs to perform daily download; system maintenance; earnings reconciliations; monitor daily compliance with investment policy; daily market pricing; daily trade ticket input; generate daily reports, accounting records, data backup; and create various accounting records.

These activities, however, go beyond the scope of the mandate and are not reimbursable. The plain language of Government Code section 53646, the Statement of Decision, and the parameters and guidelines do not require daily tracking, inputting of investment data, implementation of the County's investment policy, or other investment activities. Rather, Government Code section 53646, subdivision (b), requires the treasurer or chief financial officer to prepare and render a quarterly report within 30 days following the end of the quarter. The report shall include the investments and money held by the local agency. With respect to securities held by the local agency under the management of an outside party that is not the local agency or the State of California Local Agency Investment Fund, the report shall include a current market value as of the date of the report. This statutory language is different than former

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[39] *McClung v. Employment Development Dept.* (2004) 34 Cal.4th 467, 471, quoting *Western Security Bank v. Superior Court* (1997) 15 Cal.4th 232, 243; *Riley v. Hilton Hotels Corp.* (2002) 100 Cal.App.4th 599, 603.

[40] Exhibit C, pages 149-150, "Report" filed by the County.

Government Code section 53646 enacted in 1984, that sunsetted in 1991, which required monthly reports of investments and a *detailed monthly report of transactions* involving repurchase and reverse purchase agreements.[41] Although a detailed "report of transactions" for the reporting period was required by the 1984 statute, it is not required by test claim statute. The mandate here is to report on *investments held* at the end of the reporting period. When different words and phrases are used by the Legislature in the same statutory scheme, it is presumed the Legislature intended a different result.[42]

Further, the Commission expressly denied the request for reimbursement for the daily activity of maintaining subsidiary ledgers when it adopted the parameters and guidelines in November 1997.[43] As reflected in the analysis adopted by the Commission, the claimant requested reimbursement for:

> Subsidiary ledger of investments – cost to input transactions of various reports to be included in the investment report. Costs to reconcile the subsidiary ledger to the control accounts, cost to update any subsidiary ledger and make necessary adjustments discovered during reconciliation process, and cost to adjust the subsidiary ledger to market value.[44]

The Commission denied these activities and adopted the following finding:

> There is disagreement on the issue of whether local entities are entitled to reimbursement for use of "subsidiary ledgers of investments." Government Code section 53646, subdivision (b)(4), states: "In the quarterly report, a subsidiary ledger may be used in accordance with accepted accounting practices." The Department of Finance recommended deletion of claimant's proposed language regarding subsidiary ledgers. Government Code section 53646, subdivision (b)(4) authorizes but does not require the use of subsidiary ledgers. Therefore, it is not a mandated activity. However, staff concludes that if "subsidiary ledgers" are necessary to "accumulate and compile data necessary to prepare the quarterly report of investments" under section 53646, subdivision (b)(1), (2), and (3), and/or subdivision (e), it is reimbursable.[45, 46]

Despite the plain language of the statute and the findings adopted by the Commission in November 1997, the County argues that daily investment monitoring and compliance activities are "necessary" in order to make the statements required by the test claim statute to be included

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[41] Exhibit __.

[42] *Briggs v. Eden Council for Hope and Opportunity* (1999) 19 Cal.4th 1106, 1117.

[43] Exhibit C, pages 351 - 363, the staff analysis for Item 3, Proposed Parameters and Guidelines, adopted on November 20, 1997.

[44] Exhibit C, pages 357-358.

[45] Exhibit C, page 356.

[46] See also, transcript of the November 20, 1997 Commission hearing, Exhibit G, pages 856-857, where the Commission's former Chief Legal Counsel explained that if a subsidiary ledger is necessary to accumulate and compile data necessary for the report of investment, it would be "subsumed" within the reimbursable activity to accumulate and compile the data, and would not stand on its own as a reimbursable activity.

in the investment report that the portfolio is in compliance with the statement of investment policy, or the manner in which the portfolio is not in compliance, and denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available. The Commission considered these arguments when it addressed the request to amend the parameters and guidelines in 2003, and denied the requests.[47] For purposes of these two statements that are required to be included in the quarterly investment report, the Commission clarified the mandate as follows:

> Determining if, *on the last day of each quarter*, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b)(2).)
>
> Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities *held at the end of the quarter*. (Gov. Code, § 53646, subd. (b)(3).)

The Commission also clarified that the following activities are not reimbursable:

a. Duplicate entry of investment transactions (type of investment and issuer, date of maturity, and par and dollar amount invested) into custodian bank records or other databases.

b. Producing and presenting reports of transactions related to securities not held at the end of the quarter.

c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.

As indicated above, the Commission's clarification of existing law may be applied to reimbursement claims for costs that predate the parameters and guidelines amendment. The Commission's clarification is merely a statement of what the law has always been.[48]

Finally, these legal conclusions are supported by the report prepared by Conny Jamison, the consultant retained by the Commission for this item.[49] Her report states in relevant part the following:

> The County should be reimbursed for the costs of ascertaining whether their portfolio is in compliance with its investment policy, which the Treasurer is required to affirm under Section 53646. I do not believe, however, that they should be reimbursed for the cost of ascertaining whether *every transaction* is in compliance with their policy. While such care may be both prudent and conservative, Government Code Section 53646 (b)(2) requires only that, "The

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[47] Exhibit S, adopted staff analysis for parameters and guidelines amendment, pages 15, 21-26.

[48] *McClung v. Employment Development Dept.* (2004) 34 Cal.4th 467, 471, quoting *Western Security Bank v. Superior Court* (1997) 15 Cal.4th 232, 243; *Riley v. Hilton Hotels Corp.* (2002) 100 Cal.App.4th 599, 603.

[49] Exhibit M.

quarterly report shall state compliance of the portfolio to the statement of investment policy ..."

It is my opinion that the use of the words "portfolio" in conjunction with "the quarterly report" implies that the statement refers simply to the portfolio which accompanies the report, which is the portfolio as of the last day of the reporting period. This is a standard convention in the industry, and even Los Angeles county does not include 20+ separate portfolios (one for each day of the month) with its monthly report. I do not agree with the County's position that the statement of compliance of CGC Section 53646 applies to every transaction during the reporting period."

Thus, staff finds that the daily investment activities claimed by the County are not reimbursable.

Accordingly, the following activities performed by County employees, as identified in the reimbursement claims for fiscal years 1996-1997 and 1997-1998 are ***not*** reimbursable:

- Perform daily download.
- System maintenance.
- Earnings Reconciliations .
- Monitor daily compliance with investment policy.
- Compile monthly report of investments.
- Daily market pricing.
- Daily trade ticket input.
- Generate daily reports, accounting records, data backup.
- Create various accounting records.

3) Reinstatement of costs for salaries and benefits

Pursuant to section 1185.7 of the Commission's regulations, if the Commission determines that a reimbursement claim has been incorrectly reduced, the Commission is required to send the Statement of Decision on the incorrect reduction claim to the State Controller's Office and request that the costs in the claim be reinstated.

In this case, staff finds that the State Controller's Office incorrectly reduced the reimbursement claims for salaries and benefits. However, the reimbursement claims include activities and costs that are not reimbursable, and were filed based on the County's policy of rendering 12 monthly investment reports rather than four quarterly reports. Thus, not all the costs claimed by the County for salaries and benefits are reimbursable and can be reinstated.

The costs that should be reinstated to the County are identified in the amendment to the parameters and guidelines that clarified the reimbursable activities for the *Investment Reports* program as follows:

a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

1. One-time data entry into investment reporting application or software:
    - the type of investment and issuer,
    - date of maturity, and
    - par and dollar amount invested.
2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.
3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
4. Providing required copies of the most recent statement(s) received by a local agency from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page.]
5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)

b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).

The County's claims indicate that some of the County employees worked on the "report of investments." However, it cannot be determined from the claims how long it took those employees to perform the reimbursable activities. Thus, staff recommends that the Commission remand the reimbursement claims back to the State Controller's Office to further review the County's claims for the costs of the salaries and benefits of County employees to perform the reimbursable activities required to render the quarterly report of investments and, in accordance with the Commission's decision on this incorrect reduction claim, to reinstate the costs that are eligible for reimbursement. Pursuant to Section VII of the parameters and guidelines, all costs claimed by the County shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the mandate. All documentation in support of claimed costs shall be made available to the State Controller as may be requested.

Issue 2: Did the State Controller's Office incorrectly reduce the costs for the ADS investment software?

The County's reimbursement claim for fiscal year 1996-1997 identifies ongoing costs incurred for ADS investment software in the amount of $27,773. The reimbursement claim for fiscal year 1997-1998 identifies costs incurred for ADS investment software in the amount of $44,279. The State Controller's Office reduced the claims for the ADS investment software to $0 on the ground that the cost is not mandated.

However, section VI, B of the parameters and guidelines, Claim Preparation, allows reimbursement for "all direct costs for materials, services and supplies which have been purchased, leased, consumed, or expended for purposes of compliance with the mandate." Section VI, C allows reimbursement for the costs incurred for "contract services... for the development and operation of the mandated program."

According to the consultant, Conny Jamison:

> The County should be reimbursed for those ADS software expenses associated with the above activities, plus the cost of the pricing service. Such investment tracking software is absolutely essential to accurate and timely investment reporting, and the pricing service is necessary in order to comply with the requirement of Section 53646 to provide the current market value of investments held as of the date of the report. However, the County needs to specify what portion of their ADS costs are related to producing the investment reports. It is not clear whether they are claiming reimbursement for all ADS costs or just a pro-rata share.
>
> (N)o large or even medium size agency could produce the required investment reports without such software. Even if it were possible to manually produce the information needed for the monthly reports, staff costs would far exceed the cost of the software.[50]

Staff finds that the cost incurred for the ADS software is reimbursable in an amount equal to the pro rata cost that is directly related to the reimbursable activities identified under Issue 1 above; preparing and rendering a quarterly report of investments.

Thus, staff finds that the State Controller's Office incorrectly reduced the County's claims for ADS software costs and recommends that the Commission remand the reimbursement claims back to the State Controller's Office to further review the County's claims and to reinstate the ADS software costs that are eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim. Pursuant to Section VII of the parameters and guidelines, all costs claimed by the County shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the mandate. All documentation in support of claimed costs shall be made available to the State Controller as may be requested.

CONCLUSION

For the foregoing reasons, staff concludes that the State Controller's Office incorrectly reduced the costs claimed by the County of Los Angeles in their reimbursement claims filed for the *Investment Reports* program for fiscal years 1996-1997 and 1997-1998.

Staff Recommendation

Staff recommends that the Commission adopt this analysis and remand the reimbursement claims back to the State Controller's Office for further review and reinstatement of those costs that are eligible for reimbursement in accordance with the Commission's decision on this incorrect reduction claim.

---

[50] Jamison Report, Exhibit M, pages 1042-1043.

JOHN CHIANG
California State Controller
Division of Accounting and Reporting

RECEIVED
APR 0 2 2010
COMMISSION ON
STATE MANDATES

March 26, 2010

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Notice of Incorrect Reduction Claim for Investment Reports for Los Angeles County

Dear Ms. Higashi:

The State Controller's Office (SCO) concurs with the Commission's draft analysis and comments on the incorrect reduction claim filed by the County of Los Angeles for the Investment Reports program for fiscal years 1996-97 and 1997-98.

If the draft analysis is approved as final by the Commission, the SCO will reinstate the county's claims for the costs of the salaries and benefits to perform the reimbursable activities required to prepare and render the quarterly reports of investment. In addition, the SCO will reinstate the claim for the ADS software in an amount equal to the pro rata costs directly related to the reimbursable activities for preparing and rendering quarterly reports of investment.

The time consumed by the county to perform the reimbursable activities for the quarterly reports of investment and the pro rata costs of the ADS software cannot be determined from the claims submitted to the SCO. In order for the appropriate reimbursable amounts to be reinstated, the county must provide supporting documentation for further review.

If you have questions, you may contact Angie Lowi-Teng at (916) 323-0706, e-mail to ateng@sco.ca.gov or fax to (916) 323-6527.

Sincerely,

Jill Kanemasu

JILL KANEMASU, Chief
Bureau of Payments
Division of Accounting and Reporting

cc: Jeff Brownfield, Chief, SCO Audits Division
Richard J. Chivaro, SCO Chief Counsel

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250
STREET ADDRESS 3301 C Street, Suite 700, Sacramento, CA 95816

EXHIBIT V

DEPARTMENT OF FINANCE
ARNOLD SCHWARZENEGGER, GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 5, 2010

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

The Department of Finance (Finance) has reviewed the Commission on State Mandates (Commission) revised draft staff analysis for the incorrect reduction claim under the Investment Reports mandate program (Claim No. CSM-00-9635802-I-01) filed by the County of Los Angeles (claimant).

Finance concurs with the recommendations of the Commission's draft staff analysis to remand the reimbursement claims back to the State Controller's Office (Controller) for further review and to reinstate those costs that are eligible for reimbursement for the following reasons:

1. The Controller would have an opportunity to review the audit disallowances based on the Commission findings which clarified that activities related to "accumulating and compiling data necessary to prepare the quarterly reports and rendering to local agencies" and prorated investment costs are reimbursable.

2. The claimant may resubmit the necessary source documents supporting the time spent on reimbursable activities based on the Commission's findings.

As required by the Commission's regulations, and consistent with the directions in your March 4, 2010 letter, we are submitting an Adobe Acrobat PDF file reflecting these comments.

If you have any questions or need additional information regarding this letter, please contact Carla Shelton, Associate Finance Budget Analyst at (916) 445-8913.

Sincerely,

ZLATKO THEODOROVIC
Assistant Program Budget Manager

Enclosure

Enclosure A

DECLARATION OF JEFF CAROSONE
DEPARTMENT OF FINANCE
CLAIM NO. CSM-00-9635802-I-01

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

4-5-10
at Sacramento, CA

Jeff Carosone

PROOF OF SERVICE

Test Claim Name: Investment Reports
Test Claim Number: CSM-00-9635802-I-01

I, the undersigned, declare as follows:
I am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within entitled cause; my business address is 915 L Street, 8 Floor, Sacramento, CA 95814.

On April 5, 2010, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and nonstate agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, 8 Floor, for Interagency Mail Service, addressed as follows:

A-16
Ms. Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
Facsimile No. 445-0278

SB 90 Service
C/O David M. Griffiths & Associates
Attention: Allan Burdick
4320 Auburn Boulevard, Suite 200
Sacramento, CA 95841

County of Los Angeles
Department of Auditor-Controller
Kenneth Hahn Hall of Administration
Attention: Leonard Kaye
500 West Temple Street, Suite 525
Los Angeles, CA 90012

County of San Bernardino
Office of Auditor / Controller / Recorder
Attention: Marcia Faulkner
222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415 - 0018

Wellhouse and Associates
Attention: David Wellhouse
9175 Kiefer Boulevard, Suite 121
Sacramento, CA 95826

B-8
State Controller's Office
Division of Accounting & Reporting
Attention: William Ashby
3301 C Street, Room 500
Sacramento, CA 95816B-29

B-29
Legislative Analyst's Office
Attention Marianne O'Malley
925 L Street, Suite 1000
Sacramento, CA 95814

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 5, 2010 at Sacramento, California.

Tamara Johnson

West's Ann.Cal.Gov.Code § 53646

WEST'S ANNOTATED CALIFORNIA **CODES**
GOVERNMENTCODE
TITLE 5. LOCAL AGENCIES
DIVISION 2. CITIES, **COUNTIES** AND OTHER AGENCIES
PART 1. POWERS AND DUTIES COMMON TO CITIES, **COUNTIES** AND OTHER AGENCIES
CHAPTER 4. FINANCIAL AFFAIRS
ARTICLE 2. DEPOSIT OF FUNDS

(Consult Note Following **Statute** for Information Regarding Effective Dates, Repeals, and Other Note Material)

§ 53646. **Treasurer'sreports** and statements of **investment** policy

(Text of section operative until Jan. 1, 1991.)

(a) The **treasurer** or chief fiscal officer shall annually render to the legislative body of the local agency a statement of **investment** policy.
(b) The **treasurer** or chief fiscal officer shall render a **monthlyreport** to the chief executive officer and legislative body of the local agency showing the type of **investment**, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than 12 **months**, rate of interest, and such data as may be **required** by the local agency. The **monthlyreport** shall specify in detail **investments** made pursuant to subdivision (i) of Section 53601, Section 53601.1, and subdivision (i) of Section 53635.
(1) The **monthlyreport** shall state its relationship to the statement of **investment** policy.
(2) In the **monthlyreport**, a subsidiary ledger of **investments** may be used in accordance with accepted accounting practices.
(3) The **monthlyreport** shall also include any information which the **treasurer** or chief fiscal officer determines would demonstrate that the local agency's expenditure **requirements** can be met in the following **month.**
(4) A school district is not **required** to render a **monthlyreport** on any of its funds in the custody of the **county-treasurer.**
(c) This section shall remain in effect only until January 1, 1991, and as of that date is repealed, unless a later enacted **statute**, which is enacted before January 1, 1991, deletes or extends that date. If that date is not deleted or extended, then, on and after January 1, 1991, pursuant to Section 9611 of the **GovernmentCode**, Section 53646 of the **GovernmentCode**, as amended by Section 8 of Chapter 105 of the **Statutes** of 1983, shall have the same force and effect as if this temporary provision had not been enacted.

(Added by Stats.1949, c. 81, p. 291 § 1. Amended by Stats.1983, c. 105, § 8; Stats.1984, c. 1226, § 3; Stats.1985, c. 1526, § 3.)

For text of section operative Jan. 1, 1991, see § 53646, post.

TITLE 5. LOCAL AGENCIES

Title 5 was added by Stats.1949, c. 81, p. 256, § 1.

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Supreme Court of California
DAN BRIGGS et al., Plaintiffs and Appellants,
v.
EDEN COUNCIL FOR HOPE AND OPPORTUNITY, Defendant and Respondent.
No. S062156.

Jan. 21, 1999.

SUMMARY

Two owners of residential rental properties brought an action for defamation and infliction of emotional distress against a nonprofit provider of tenant counseling services, alleging that defendant engaged in a pattern of harassment by giving false information to plaintiffs' tenants and making defamatory statements about plaintiffs. The trial court entered an order granting defendant's special motion to strike the complaint under the anti-SLAPP (strategic lawsuit against public participation) statute (Code Civ. Proc., § 425.16), entered a judgment of dismissal, and entered an order awarding attorney fees and costs to defendant. (Superior Court of Alameda County, No. H-180743-5, Bonnie Lewman, Judge.) The Court of Appeal, First Dist., Div. One, Nos. A072446 and A074357, reversed on the ground that defendant failed to make a prima facie showing that plaintiffs' lawsuit arose from a statement or writing in furtherance of defendant's constitutional rights of petition for the redress of grievances or freedom of speech in connection with a public issue.

The Supreme Court reversed the judgment of the Court of Appeal and remanded, holding that the Court of Appeal erred in construing Code Civ. Proc., § 425.16, subd. (e)(1) and (2), as if it contained an "issue of public interest" limitation. The court held that, in accordance with the plain language of the statute, and in consonance with discernible legislative intent, as well as for reasons of sound public policy, a defendant moving to strike a cause of action arising from a statement or writing made in connection with an issue under consideration by, a legally authorized official proceeding need not separately demonstrate that the statement or writing concerned an issue of public significance. In this case, plaintiffs' causes of action against defendant all arose from defendant's statements or writings made in connection with issues under consideration by official bodies or proceedings, specifically, actual and potential civil litigation and a Department of Housing and Urban Development investigation. Thus, to the extent that plaintiffs failed to establish, pursuant to Code Civ. Proc., § 425.16, subd. (b)(1), a probability of prevailing on their claim, their causes of action were subject to defendant's special motion to strike. (Opinion by Werdegar, J., with George, C. J., Mosk, Kennard and Chin, JJ., concurring. Concurring and dissenting opinion by Baxter, J., with Brown, J., concurring.)

HEADNOTES

Classified to California Digest of Official Reports

(1a, 1b, 1c) Pleading § 93--Motion to Strike Pleading as a Whole-- Statutory Remedy Against SLAPP Suits--Required Prima Facie Showing--Need to Demonstrate That Pertinent Statement Concerned Issue of Public Significance.
In an action brought by two owners of residential rental properties against a nonprofit provider of tenant counseling services related to landlord-tenant disputes, alleging that defendant engaged in a pattern of harassment by giving false information to plaintiffs' tenants and making defamatory statements about plaintiffs, the Court of Appeal erred in reversing the trial court's order granting defendant's special motion to strike the complaint under the anti-SLAPP (strategic lawsuit against public participation) statute (Code Civ. Proc., § 425.16), on the ground that Code Civ. Proc., § 425.16, subd. (e)(1) and (2), contains an "issue of public interest" limitation. In accordance with the plain language of the statute, and in consonance with discernible legislative intent, as well as for reasons of sound public policy, a defendant moving to strike a cause of action arising from a statement or writing made in connection with an issue under consideration by a legally authorized official proceeding need not separately demonstrate that the statement or writing concerned an issue of public significance. In this case, plaintiffs' causes of action against defendant all arose from defendant's statements or writings made in connection with issues under consideration by

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official proceedings-specifically, actual and potential civil litigation and a Department of Housing and Urban Development investigation. Thus, to the extent that, as the trial court impliedly found, plaintiffs failed to establish, pursuant to Code Civ. Proc., § 425.16, subd. (b)(1), a probability of prevailing on their claim, their causes of action were subject to defendant's special motion to strike. (Disapproving, to the extent they hold to the contrary: *Zhao v. Wong* (1996) 48 Cal.App.4th 1114[55 Cal.Rptr.2d 909]; *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.* (1996) 50 Cal.App.4th 1633[58 Cal.Rptr.2d 613]; *Ericsson GE Mobile Communications, Inc. v. C.S.I. Telecommunications Engineers* (1996) 49 Cal.App.4th 1591[57 Cal.Rptr.2d 491]; *Mission Oaks Ranch, Ltd. v. County of Santa Barbara* (1998) 65 Cal.App.4th 713[77 Cal.Rptr.2d 1].)
[See 5 Witkin, Cal. Procedure (4th ed. 1997) Pleading, § 962 et seq.]

(2) Statutes § 46--Construction--Presumptions--Legislative Intent--Different Words Used in Same Connection in Different Parts of Statute.
Where different words or phrases are used in the same connection in different parts of a statute, it is presumed that the Legislature intended a different meaning.

(3) Statutes § 38--Construction--Giving Effect to Statute--Construing Every Word.
Courts should give meaning to every word of a statute if possible, and should avoid a construction making any word surplusage.

(4) Statutes § 39--Construction--Giving Effect to Statute--Conformation of Parts.
Legislative intent is not gleaned solely from the preamble of a statute; it is gleaned from the statute as a whole, which includes the particular directives. Furthermore, every statute should be construed with reference to the whole system of law of which it is a part so that all may be harmonized and have effect.

(5) Statutes § 42--Construction--Extrinsic Aids--Propriety.
Where legislative intent is expressed in unambiguous terms, the court must treat the statutory language as conclusive; no resort to extrinsic aids is necessary or proper.

COUNSEL

Knox, Anderson & Blake, Anderson & Blake and Kevin Anderson for Plaintiffs and Appellants.

Brancart & Brancart, Christopher Brancart, Elizabeth Brancart; Mark Goldowitz; John C. Barker; and Elizabeth Bader for Defendant and Respondent.

Levy, Ram & Olson and Karl Olson for California Newspaper Publishers Association et al., as Amici Curiae on behalf of Defendant and Respondent.

James D. Smith for Fair Housing Organizations as Amici Curiae on behalf of Defendant and Respondent.
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Catherine I. Hanson and Astrid G. Meghrigian for California Medical Association as Amicus Curiae on behalf of Defendant and Respondent.

Julia Mandeville Damasco for City of Hayward, City of Pleasanton, City of Santa Clara and City and County of San Francisco as Amici Curiae on behalf of Defendant and Respondent.

Hagenbaugh & Murphy, Daniel A. Leipold and Cathy L. Shipe for Cult Awareness Network, Inc., and F.A.C.T.Net, Inc., as Amici Curiae on behalf of Defendant and Respondent.

WERDEGAR, J.

Must a defendant, moving specially under Code of Civil Procedure section 425.16 (hereafter section 425.16 or the anti-SLAPP [FN1] statute) to strike a cause of action arising from a statement made before, or in connection with an issue under consideration by, a legally authorized official proceeding, demonstrate separately that the statement concerned an issue of public significance? In accordance with the plain language of the statute and in consonance with discernible legislative intent, as well as for reasons of sound public policy, we conclude not. Accordingly, we reverse the judgment of the Court of Appeal.

FN1 Strategic lawsuit against public participation. We previously have adopted this acronym for lawsuits affecting speech or petition rights. (See *Rosenthal v. Great Western Fin. Securities Corp.* (1996) 14 Cal.4th 394,

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412[58 Cal.Rptr.2d 875, 926 P.2d 1061]; *College Hospital, Inc. v. Superior Court* (1994) 8 Cal.4th 704, 713-718[34 Cal.Rptr.2d 898, 882 P.2d 894].) The acronym was coined by Penelope Canan and George W. Pring, professors at the University of Denver. (See generally, Canan & Pring, *Strategic Lawsuits Against Public Participation* (1988) 35 Soc. Probs. 506; Comment, *Strategic Lawsuits Against Public Participation: An Analysis of the Solutions* (1990-1991) 27 Cal. Western L.Rev. 399.)

Background [FN2]

Plaintiffs Dan and Judy Briggs own residential rental properties. Defendant Eden Council for Hope and Opportunity (ECHO), a nonprofit corporation partly funded by city and county grants, counsels tenants and mediates landlord-tenant disputes. Seeking damages for defamation and intentional and negligent infliction of emotional distress, plaintiffs allege ECHO harassed and defamed them.

FN2 The factual recitation parallels that of the Court of Appeal. No party petitioned for rehearing to suggest the Court of Appeal omitted or misstated any material fact. (Cal. Rules of Court, rule 29(b)(2).)

Plaintiffs allege: In 1990, ECHO counseled Pamela Ford, an African-American woman who rented an apartment from plaintiffs. After Ford ***1110** complained to ECHO that plaintiffs were giving her a less favorable electricity offset than that given to a Caucasian tenant, ECHO assisted Ford in filing a complaint with the federal Department of Housing and Urban Development (HUD) and in prosecuting a small claims court action against plaintiffs. HUD exonerated plaintiffs, but Ford prevailed in small claims court. In an unrelated civil action, plaintiffs sought ECHO's files, ultimately obtaining a court order compelling their production and sanctioning ECHO. Plaintiffs allege that during HUD's investigation of Ford's complaint, ECHO employees referred to Dan Briggs as a "racist," and that other defamatory statements, including that Briggs "is a redneck and doesn't like women," were made to a HUD investigator and other persons.

In 1991, Dan Briggs telephoned ECHO asking for the names and addresses of ECHO's directors so he could complain to them about ECHO's failure to produce the earlier requested documents. Briggs asked to speak with Caroline Peattie, ECHO's assistant executive director. ECHO's receptionist gave Peattie a telephone message slip, and Peattie returned Briggs's call. The subsequently disclosed files revealed that, while talking with Briggs, Peattie wrote and circled on the telephone message slip the letters "KKK." Other ECHO staff members saw the message slip and the "KKK" notation.

The minutes of the ECHO board meetings reveal that at one meeting ECHO's directors discussed whether Dan Briggs was mentally unbalanced. The executive director's notes recorded the view that Briggs was on a "witchhunt." At another meeting, ECHO's executive director stated that Briggs had made racist comments to the city's staff while complaining about city funding of ECHO.

Another of plaintiffs' tenants, Diana Bond, punctured the refrigerator in her apartment while trying to defrost it. The refrigerator was repaired, but malfunctioned a year later. When plaintiffs refused to repair or replace the refrigerator, Bond consulted ECHO. Bond ultimately vacated the apartment, taking the refrigerator with her. Plaintiffs deducted the costs related to the refrigerator from Bond's security deposit, whereupon Bond successfully sued plaintiffs in small claims court. Plaintiffs allege ECHO maliciously gave Bond false advice in connection with this matter.

When plaintiffs' tenants Kirk and Gay-Rita Poates consulted ECHO, a staff member commented, "We know what kind of people you're dealing with." In another incident, involving a dispute between two roommates who also were tenants of plaintiffs, an ECHO staff member told one of the roommates that "this [has] happened [before] with Dan and Judy." The tenant understood the remark to be negative. ***1111**

After plaintiffs filed this action, ECHO filed a special motion to strike the complaint pursuant to the anti-SLAPP statute. In support, ECHO argued that plaintiffs' claims were based upon statements made in connection with issues pending before or under consideration by executive and judicial bodies (§ 425.16, subd. (e)(1) and (2)), and that plaintiffs had not established a probability they would prevail on their claims (§ 425.16, subd. (b)(1)). In opposition, plain-

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tiffs argued that ECHO's alleged activities did not involve matters of "public significance" (§ 425.16, subd. (a)). The trial court granted ECHO's motion, dismissed the complaint, and awarded ECHO attorney fees and costs.

Plaintiffs filed two appeals, one challenging the judgment of dismissal, the other the attorney fees award. The Court of Appeal consolidated the appeals and reversed both the judgment of dismissal and the order awarding attorney fees and costs. The Court of Appeal held that the trial court had erred in striking the complaint under section 425.16, because ECHO had not made a prima facie showing that this lawsuit arose from an act by ECHO in furtherance of its constitutional petition or speech rights in connection with a public issue. Thus, the Court of Appeal impliedly held that a cause of action is not subject to being struck under the anti-SLAPP statute unless it arises from a statement or writing by the defendant which, substantively, addresses an issue of public significance, even if the statement or writing is made before or in connection with an issue under consideration by an official body or proceeding. [FN3]

FN3 All three Court of Appeal justices concluded (erroneously, as will appear) that a defendant qualifies for anti-SLAPP protection only if the challenged suit arises from a petition or speech in connection with a "public issue." Only the two justices constituting the Court of Appeal majority for reversal, however, concluded that ECHO's statements did *not* have public significance within the meaning of the statute.

We granted ECHO's petition for review.

Discussion

Section 425.16[FN4] provides, inter alia, that "A cause of action against a person arising from any act of that person in furtherance of the person's right ***1112** of petition or free speech under the United States or California Constitution in connection with a public issue shall be subject to a special motion to strike, unless the court determines that the plaintiff has established that there is a probability that the plaintiff will prevail on the claim." (§ 425.16, subd. (b)(1).) "As used in this section, 'act in furtherance of a person's right of petition or free speech under the United States or California Constitution in connection with a public issue' includes: (1) any written or oral statement or writing made before a legislative, executive, or judicial proceeding, or any other official proceeding authorized by law; (2) any written or oral statement ***1113** or writing made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law ...." (*Id.*, subd. (e).)

FN4 In its entirety, section 425.16 reads:

"(a) The Legislature finds and declares that there has been a disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances. The Legislature finds and declares that it is in the public interest to encourage continued participation in matters of public significance, and that this participation should not be chilled through abuse of the judicial process. To this end, this section shall be construed broadly.

"(b)(1) A cause of action against a person arising from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue shall be subject to a special motion to strike, unless the court determines that the plaintiff has established that there is a probability that the plaintiff will prevail on the claim.

"(2) In making its determination, the court shall consider the pleadings, and supporting and opposing affidavits stating the facts upon which the liability or defense is based.

"(3) If the court determines that the plaintiff has established a probability that he or she will prevail on the claim, neither that determination nor the fact of that determination shall be admissible in evidence at any later stage of the case, and no burden of proof or degree of proof otherwise applicable shall be affected by that determination.

"(c) In any action subject to subdivision (b), a

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prevailing defendant on a special motion to strike shall be entitled to recover his or her attorney's fees and costs. If the court finds that a special motion to strike is frivolous or is solely intended to cause unnecessary delay, the court shall award costs and reasonable attorney's fees to a plaintiff prevailing on the motion, pursuant to [Code of Civil Procedure] Section 128.5.

"(d) This section shall not apply to any enforcement action brought in the name of the people of the State of California by the Attorney General, district attorney, or city attorney, acting as a public prosecutor.

"(e) As used in this section, 'act in furtherance of a person's right of petition or free speech under the United States or California Constitution in connection with a public issue' includes: (1) any written or oral statement or writing made before a legislative, executive, or judicial proceeding, or any other official proceeding authorized by law; (2) any written or oral statement or writing made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law; (3) any written or oral statement or writing made in a place open to the public or a public forum in connection with an issue of public interest; (4) or any other conduct in furtherance of the exercise of the constitutional right of petition or the constitutional right of free speech in connection with a public issue or an issue of public interest.

"(f) The special motion may be filed within 60 days of the service of the complaint or, in the court's discretion, at any later time upon terms it deems proper. The motion shall be noticed for hearing not more than 30 days after service unless the docket conditions of the court require a later hearing.

"(g) All discovery proceedings in the action shall be stayed upon the filing of a notice of motion made pursuant to this section. The stay of discovery shall remain in effect until notice of entry of the order ruling on the motion. The court, on noticed motion and for good cause shown, may order that specified discovery be conducted notwithstanding this subdivision.

"(h) For purposes of this section, 'complaint' includes 'cross-complaint' and 'petition,' 'plaintiff' includes 'cross-complainant' and 'petitioner,' and 'defendant' includes 'cross-defendant' and 'respondent.'

"(i) On or before January 1, 1998, the Judicial Council shall report to the Legislature on the frequency and outcome of special motions made pursuant to this section, and on any other matters pertinent to the purposes of this section."

(1a) Courts of Appeal applying section 425.16 have divided on the question whether a defendant who moves under the statute to strike a cause of action arising from a statement made before, or in connection with an issue under consideration by, an "official proceeding" must separately demonstrate that the statement was made in connection with a "public" issue. (Compare *Zhao v. Wong* (1996) 48 Cal.App.4th 1114[55 Cal.Rptr.2d 909] [section 425.16 applies only to causes of action arising from statements or writings on issues of public significance] with *Braun v. Chronicle Publishing Co.* (1997) 52 Cal.App.4th 1036[61 Cal.Rptr.2d 58] (*Braun v. Chronicle*) [section 425.16 applies to any cause of action arising from a statement or writing connected to an issue under consideration by an official proceeding].) The Court of Appeal in this matter followed *Zhao v. Wong*, holding that "a lawsuit qualifies as a SLAPP suit only if it challenges a statement made in connection with a *public* issue made in an official proceeding or a statement made in connection with a *public* issue under review in an official proceeding."

For the following reasons, we conclude the Court of Appeal erred.

1. *Statute's Plain Language*

First, the plain, unambiguous language of section 425.16 encompasses plaintiffs' causes of action against ECHO, without any separate "public issue" requirement. Section 425.16, subdivision (b)(1) expressly makes subject to a special motion to strike "[a]

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cause of action against a person arising from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue ...." As noted, for the statute's purposes, an " 'act in furtherance of a person's right of petition or free speech under the United States or California Constitution in connection with a public issue' includes: (1) *any* written or oral statement or writing made before a legislative, executive or judicial proceeding, or any other official proceeding authorized by law; [and] (2) *any* written or oral statement or writing made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law ...." (§ 425.16, subd. (e), italics added.) Thus, plainly read, section 425.16 encompasses any cause of action against a person arising from any statement or writing made in, or in connection with an issue under consideration or review by, an official proceeding or body. ***1114**

Construing clause (2) of section 425.16, subdivision (e), quoted above, the court in *Zhao v. Wong* nevertheless opined that, even though the clause "contains no reference to 'public issue' or an equivalent phrase," it does not "eliminate[] the requirement, expressed in the language subject to definition, that the oral statement or writing must be 'in connection with a public issue.' The operative language in subdivision (b) ... continues to require that the issue in question, i.e. 'an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law,' be a public issue." (*Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1127, fn. omitted; accord, *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.* (1996) 50 Cal.App.4th 1633, 1639[58 Cal.Rptr.2d 613]; *Ericsson GE Mobile Communications, Inc. v. C.S.I. Telecommunications Engineers* (1996) 49 Cal.App.4th 1591, 1601[57 Cal.Rptr.2d 491].)

Neither *Zhao v. Wong* nor its progeny provides authority, legal or grammatical, for such a strained construction. As explained, the statute plainly reads otherwise. Moreover, for us to adopt the *Zhao* court's novel understanding would contravene a "longstanding rule of statutory construction-the 'last antecedent rule'-[which] provides that 'qualifying words and phrases and clauses are to be applied to the words or phrases immediately preceding and are not to be construed as extending to or including others more remote.' " (*White v. County of Sacramento* (1982) 31 Cal.3d 676, 680[183 Cal.Rptr. 520, 646 P.2d 191], quoting *Board of Port Commrs. v. Williams* (1937) 9 Cal.2d 381, 389[70 P.2d 918].) And as will appear, the Legislature expressly has rejected *Zhao v. Wong*'s analysis and narrowing approach. (See generally, § 425.16, subd. (a); Assem. Com. on Judiciary, Analysis of Sen. Bill No. 1296 (1997-1998 Reg. Sess.) for July 2, 1997, hg., pp. 3-4.)

The record establishes that plaintiffs' three causes of action against ECHO all "arise from"-i.e., are based upon-statements or writings that ECHO personnel made in official proceedings or in connection with issues under consideration or review by executive or judicial bodies or proceedings.

Specifically, plaintiffs in their complaint base their defamation cause of action on ECHO's alleged assisting of tenant Ford "to institute legal action with ... HUD ... against the plaintiffs," and ECHO's alleged "defamatory statements ... made to a HUD investigator and other unknown persons" in connection with Ford's HUD action, "includ[ing] the term 'KKK' being handwritten and circled next to plaintiff Dan Briggs' name on a ***1115** telephone message note." [FN5] They base their intentional and negligent infliction of emotional distress causes of action on, first, ECHO's alleged provision to tenant Bond of "information with regard to the habitability of [Bond]'s apartment because of a broken refrigerator" about which the Court of Appeal noted Bond had successfully sued plaintiffs in small claims court; second, ECHO's alleged provision of false information and direction to two different tenants involved in a dispute over a security deposit; and, third, ECHO's alleged "failure to comply with a deposition subpoena for production of documents served in an unrelated civil action."

> FN5 Plaintiffs in their complaint also allude vaguely to unspecified (except for "We know what kind of people you're dealing with") and assertedly "defamatory statements concerning plaintiffs' character and qualifications in their business of renting residential apartments," made "in or about June, 1994, [to] another tenant of plaintiffs" and within the hearing of that tenant "and several other persons" on "other occasions."

Thus, plaintiffs' causes of action against ECHO all

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arise from ECHO's statements or writings made in connection with issues under consideration or review by official bodies or proceedings-specifically, HUD or the civil courts. Plaintiffs concede that "petitioning activity involves lobbying the government, suing, [and] testifying." As pertinent here, " '[t]he constitutional right to petition ... includes the basic act of filing litigation or otherwise seeking administrative action.' " (*Dove Audio, Inc. v. Rosenfeld, Meyer & Susman* (1996) 47 Cal.App.4th 777, 784[54 Cal.Rptr.2d 830], quoting *Ludwig v. Superior Court* (1995) 37 Cal.App.4th 8, 19[43 Cal.Rptr.2d 350].) Even ECHO's counseling of tenant Bond, apparently, was in anticipation of litigation, and courts considering the question have concluded that "[j]ust as communications preparatory to or in anticipation of the bringing of an action or other official proceeding are within the protection of the litigation privilege of Civil Code section 47, subdivision (b) [citation], ... such statements are equally entitled to the benefits of section 425.16." (*Dove Audio, Inc.*, *supra*, at p. 784, citing *Rubin v. Green* (1993) 4 Cal.4th 1187, 1194-1195[17 Cal.Rptr.2d 828, 847 P.2d 1044] and *Ludwig v. Superior Court*, *supra*, 37 Cal.App.4th at p. 19; see also *Mission Oaks Ranch, Ltd. v. County of Santa Barbara* (1998) 65 Cal.App.4th 713, 728[77 Cal.Rptr.2d 1].)

Thus, to the extent that, as the trial court impliedly found, plaintiffs failed to establish a probability of prevailing on their claim (§ 425.16, subd. (b)(1)),[FN6] it follows that their causes of action are, in accordance with section 425.16's plain language, "subject to [ECHO's] special motion to strike" (*ibid.*). ***1116**

> FN6 In issuing its order, the trial court expressly stated, "There is such minuscule ... basis for argument on behalf of plaintiff, I'm going to confirm the tentative ruling and strike the action." Thus, the trial court impliedly found plaintiffs had not established a probability that they would prevail on their claim. (See *Murray v. Superior Court* (1955) 44 Cal.2d 611, 619[284 P.2d 1] [trial court impliedly found "every fact necessary to support its order"].) In the Court of Appeal and in their briefing before this court, plaintiffs have argued that they met their burden under the anti-SLAPP statute of demonstrating a probability that they would prevail on their claims. Reversing on other grounds, we express no opinion on that question.

Plaintiffs, however, citing *Zhao v. Wong*, argue that section 425.16 does not apply to events that transpire between private individuals. The Court of Appeal in *Zhao* opined that "the Legislature contemplated that the statute would apply only to a limited sphere of activities covered by certain protections of the First Amendment, i.e., activities described by the statement of legislative purpose" (*Zhao v. Wong*, *supra*, 48 Cal.App.4th at p. 1129), which speaks of encouraging "participation in matters of public significance" (§ 425.16, subd. (a)). According to plaintiffs, section 425.16 protects only statements or writings that defend the speaker's or writer's own free speech or petition rights or that are otherwise "vital to allow citizens to make informed decisions within a government office." Plaintiffs insist tenant counseling activities like ECHO's are not protected by section 425.16 because they neither promoted ECHO's own constitutional right of free speech nor informed the public about possible wrongdoing.

Even assuming, for purposes of argument, that plaintiffs accurately have characterized ECHO's activities as constituting neither self-interested nor general political speech, we cannot conclude such activities thereby necessarily fall outside the protection of the anti-SLAPP statute. Contrary to plaintiffs' implied suggestion, the statute does not require that a defendant moving to strike under section 425.16 demonstrate that its protected statements or writings were made *on its own behalf* (rather than, for example, on behalf of its clients or the general public). We agree, moreover, with the court in *Braun v. Chronicle* that "*Zhao* is incorrect in its assertion that the only activities qualifying for statutory protection are those which meet the lofty standard of pertaining to the heart of self-government." (*Braun v. Chronicle*, *supra*, 52 Cal.App.4th at pp. 1046-1047.)

As the *Braun* court explained: "At least as to acts covered by clauses one and two of section 425.16, subdivision (e), the statute requires simply *any* writing or statement made in, or in connection with an issue under consideration or review by, the specified proceeding or body. Thus these clauses safeguard free speech and petition conduct aimed at advancing self government, as well as conduct aimed at more mundane pursuits. Under the plain terms of the statute it is the context or setting itself that makes the issue a public issue: all that matters is that the First Amend-

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ment activity take place in an official proceeding or be made in connection with an issue being reviewed by an official proceeding. [¶] The answer to *Zhao*'s concern over how to harmonize the language of section 425.16, subdivision (e), clause ***1117** two with the statement of legislative intent contained in subdivision (a) is now apparent: The Legislature when crafting the clause two definition clearly and unambiguously resorted to an easily understandable concept of what constitutes a public issue. Specifically, it *equated* a public issue with the authorized official proceeding to which it connects." (*Braun v. Chronicle, supra,* 52 Cal.App.4th at p. 1047, italics in original.)

Thus, contrary to the Court of Appeal's construction, "the statutory language is clear. [Citation.] The statute does *not* limit its application to certain types of petition activity." (*Beilenson v. Superior Court* (1996) 44 Cal.App.4th 944, 949[52 Cal.Rptr.2d 357], italics added; see also *Lafayette Morehouse, Inc. v. Chronicle Publishing Co.* (1995) 37 Cal.App.4th 855, 863[44 Cal.Rptr.2d 46] [anti-SLAPP law protects newspaper's statements relating to issue under consideration by county board of supervisors and federal courts]; *Church of Scientology v. Wollersheim* (1996) 42 Cal.App.4th 628, 647-648[49 Cal.Rptr.2d 620] [section 425.16 applies to action to set aside prior personal injury judgment, which resulted from defendant's exercise of his First Amendment litigation rights].)

2. *Principles of Statutory Construction*

Second, the Court of Appeal's analysis contravenes fundamental principles of statutory construction. (2) Where different words or phrases are used in the same connection in different parts of a statute, it is presumed the Legislature intended a different meaning. (*Playboy Enterprises, Inc. v. Superior Court* (1984) 154 Cal.App.3d 14, 21[201 Cal.Rptr. 207].) Clauses (3) and (4) of section 425.16, subdivision (e), concerning statements made in public fora and "other conduct" implicating speech or petition rights, include an express "issue of public interest" limitation; clauses (1) and (2), concerning statements made before or in connection with issues under review by official proceedings, contain no such limitation. In light of this variation in phraseology, it must be presumed the Legislature intended different "issue" requirements to apply to anti-SLAPP motions brought under clauses (3) and (4) of subdivision (e) than to motions brought under clauses (1) and (2). (*Playboy Enterprises, Inc., supra,* at p. 21.) That the Legislature, when amending section 425.16 in 1997 to add the substance of clause (4), was at pains simultaneously to separate, by parenthetical numbering, subdivision (e)'s resulting four clauses buttresses the point by emphasizing the grammatical and analytical independence of the clauses.

If, as plaintiffs contend, the operative language in section 425.16, subdivision (b), referring to a person's exercise of First Amendment rights "in connection with a public issue," were meant to function as a separate proof ***1118** requirement applicable to motions brought under all four clauses of subdivision (e), no purpose would be served by the Legislature's specification in clauses (3) and (4) that covered issues must be "of public interest." (3) " 'Courts should give meaning to every word of a statute if possible, and should avoid a construction making any word surplusage.' " (*Reno v. Baird* (1998) 18 Cal.4th 640, 658[76 Cal.Rptr.2d 499, 957 P.2d 1333], quoting *Arnett v. Dal Cielo* (1996) 14 Cal.4th 4, 22[56 Cal.Rptr.2d 706, 923 P.2d 1].) Accordingly, we reject plaintiffs' contention and adopt, instead, a construction that gives meaning and assigns import to the phrase "of public interest" in subdivision (e)(3) and (4) of section 425.16.

Contrary to plaintiffs' suggestion, that the Legislature, when enacting section 425.16, expressed in the statute's preamble a desire "to encourage continued participation in matters of public significance" (§ 425.16, subd. (a)) does not imply the Legislature intended to impose, in the statute's operative sections, an across-the-board "issue of public interest" pleading requirement. Construing clauses (1) and (2) of section 425.16, subdivision (e) as lacking such a requirement does not diminish their effectiveness in encouraging participation in public affairs. Any matter pending before an official proceeding possesses some measure of "public significance" owing solely to the public nature of the proceeding, and free discussion of such matters furthers effective exercise of the petition rights section 425.16 was intended to protect. The Legislature's stated intent is best served, therefore, by a construction of section 425.16 that broadly encompasses participation in official proceedings, generally, whether or not such participation remains strictly focused on "public" issues.

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As the Court of Appeal in *Braun v. Chronicle* explained: "The term 'significance' supports multiple meanings. It can mean '[t]he meaning or import *of* something' " and "[i]t can also mean '[i]mportance, consequence.' " (*Braun v. Chronicle, supra,* 52 Cal.App.4th at p. 1048, quoting 15 Oxford English Dict. (2d ed. 1989) p. 458.) Thus, a matter may have "public meaning or significance within the language of section 425.16, subdivision (a) because and solely because ... it occurs within the context of the proceedings delineated in clause one ... or ... in connection with an issue under consideration or review by one of the bodies or proceedings delineated in clause two." (*Braun v. Chronicle, supra,* at p. 1048.)

(4) Of course, "legislative intent is not gleaned solely from the preamble of a statute; it is gleaned from the statute as a whole, which includes the particular directives." (*Braun v. Chronicle, supra,* 52 Cal.App.4th at p. 1048.) And "every statute should be construed with reference to the whole system of law of which it is a part so that all may be harmonized and have ***1119** effect." (*Stafford v. Realty Bond Service Corp.* (1952) 39 Cal.2d 797, 805[249 P.2d 241].) In light of these fundamental principles, "the meaning ascribed to the concept of 'public significance' in the preamble must accommodate the singular, clearly defined protected activities set forth in each clause of section 425.16, subdivision (e)." (*Braun v. Chronicle, supra,* at p. 1048.) Construing the term "significance" in the preamble to denote simply "importance" (15 Oxford English Dict., *supra,* at p. 458) harmonizes the term with a plain reading of subdivision (e)(1) and (2) that imports no additional "public issue" requirement, because such a construction accounts for the measure of public significance possessed by "*any* written or oral statement or writing" (§ 425.16, subd. (e)(1) and (2), italics added) that is made before, or in connection with, an official proceeding.

3. *Legislative Intent*

(1b) Third, the Court of Appeal's analysis contravenes the specific legislative intent expressly stated in section 425.16, as well as that implied by the statute's legislative history as revealed by legislative history materials in the record.

In 1997, after the Court of Appeal's decision in this case, the Legislature amended section 425.16, effecting no substantive changes to the anti-SLAPP scheme, but providing that the statute "shall be construed broadly." (§ 425.16, subd. (a), as amended by Stats. 1997, ch. 271, § 1; cf. *Bradbury v. Superior Court* (1996) 49 Cal.App.4th 1108, 1114, fn. 3[57 Cal.Rptr.2d 207] [an appellate court, whenever possible, should interpret the First Amendment and section 425.16 in a manner "favorable to the exercise of freedom of speech, not its curtailment"].) [FN7] The proviso is not surprising, since the "stated purpose of the [anti-SLAPP] statute ... includes protection of not only the constitutional right to 'petition for the redress of grievances,' but the broader constitutional right of freedom of speech." (*Averill v. Superior Court* (1996) 42 Cal.App.4th 1170, 1176[50 Cal.Rptr.2d 62].) Our construction of section 425.16 to protect not just statements or writings on public issues, but all statements or writings made before, or in connection with issues under consideration by, official bodies and proceedings, is consistent with that purpose, as well as with the statute's plain language.

> FN7 Although the Court of Appeal did not have the benefit of the Legislature's pronouncement that section 425.16 must "be construed broadly" (§ 425.16, subd. (a)), plaintiffs do not contend that this court's decision depends on the wording of the section before the amendment, but, rather, citing *Roberston v. Rodriguez* (1995) 36 Cal.App.4th 347, 356[42 Cal.Rptr.2d 464], acknowledge that section 425.16 is a procedural statute that properly is applied prospectively to an existing cause of action.

(5) Where, as here, legislative intent is expressed in unambiguous terms, we must treat the statutory language as conclusive; "no resort to extrinsic ***1120** aids is necessary or proper." (*People v. Otto* (1992) 2 Cal.4th 1088, 1108[9 Cal.Rptr.2d 596, 831 P.2d 1178], citing *Griffin v. Oceanic Contractors, Inc.* (1982) 458 U.S. 564, 570 [102 S.Ct. 3245, 3249-3250, 73 L.Ed.2d 973]; see also *Delaney v. Superior Court* (1990) 50 Cal.3d 785, 804[268 Cal.Rptr. 753, 789 P.2d 934]; *Board of Supervisors v. Lonergan* (1980) 27 Cal.3d 855, 866[167 Cal.Rptr. 820, 616 P.2d 802].)
(1c) Accordingly, we need not refer to extrinsic indicators of legislative intent in concluding that section 425.16 applies to plaintiffs' causes of action based on ECHO's statements in connection with actual and potential civil litigation and a HUD investigation. Nevertheless, we observe that available legislative

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history buttresses the conclusion.

Legislative history materials respecting the origins of section 425.16 indicate the statute was intended broadly to protect, inter alia, direct petitioning of the government and petition-related statements and writings-that is, "any written or oral statement or writing made before a legislative, executive, or judicial proceeding" (§ 425.16, subd. (e)(1)) or "in connection with an issue under consideration or review" (*id.*, subd. (e)(2)) by such. The seminal academic research on which the original version of the statute was based used "an operational definition of SLAPP suits as implicating 'behavior protected by the Petition Clause.' " (*Zhao v. Wong, supra*, 48 Cal.App.4th at p. 1124, quoting Canan & Pring, *Studying Strategic Lawsuits Against Public Participation: Mixing Quantitative and Qualitative Approaches* (1988) 22 L. & Soc'y Rev. 385, 387.)

The Legislature's 1997 amendment of the statute to mandate that it be broadly construed apparently was prompted by judicial decisions, including that of the Court of Appeal in this case, that had narrowly construed it to include an overall "public issue" limitation. (See Stats. 1997, ch. 271, § 1; *Zhao v. Wong, supra*, 48 Cal.App.4th at p. 1128 [disagreeing "that the statute was meant to have broad application"]; *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra*, 50 Cal.App.4th at p. 1638 [opining that "the statute must be given a narrow interpretation"].) The timing of the amendment alone supports the inference: That the Legislature added its broad construction proviso within a year following issuance of *Zhao*, *Linsco/Private Ledger, Inc.*, and the decision below plainly indicates these decisions were mistaken in their narrow view of the relevant legislative intent.

The Assembly Judiciary Committee's analysis of the amendatory legislation confirms the amendment was intended specifically to overrule *Zhao v. Wong* and the Court of Appeal's decision in this case. (See Assem. Com. on Judiciary, Analysis of Sen. Bill No. 1296 (1997-1998 Reg. Sess.) for July 2, 1997, hg., pp. 3-4 [stating "proponents have provided ample evidence ***1121** that the state's courts of appeal are issuing conflicting opinions about the breadth of Section 425.16," noting that *Averill v. Superior Court, supra*, 42 Cal.App.4th 1170,*Church of Scientology v. Wollersheim, supra*, 42 Cal.App.4th 628, and *Braun v. Chronicle, supra*, 52 Cal.App.4th 1036, "have construed the statute broadly," while *Zhao v. Wong, supra*, 48 Cal.App.4th 1114, and the Court of Appeal in this case "have construed it very narrowly," and stating Sen. Bill No. 1296 "would clarify the Legislature's intent that the provisions of Section 425.16 be construed broadly"].)

As defendant points out, inferring a separate "public issue" requirement in subdivision (e)(1) and (2) of section 425.16 would result in the anomalous result that much direct petition activity-viz., petition activity connected to litigation that trial courts determine is not focused on an inherently "public" issue-while absolutely privileged under the litigation privilege codified by Civil Code section 47, subdivision (b) and under the federal and state Constitutions, would *not* be entitled to the procedural protections of the anti-SLAPP law, even though section 425.16 expressly states the Legislature's intent thereby "broadly" to protect the right of petition (§ 425.16, subd. (a)). [FN8]

FN8 Plaintiffs, apparently drawing upon the United States Supreme Court's decision in *Connick v. Myers* (1983) 461 U.S. 138 [103 S.Ct. 1684, 75 L.Ed.2d 708], argue at length that whether a statement or writing is protected under section 425.16, subdivision (e)(1) and (2) must be determined by the content, form, and context of the statement or writing, as revealed by the whole record. *Connick* was concerned primarily with protection of speech by public employees and so is not particularly apposite. Moreover, the high court in *Connick* did " 'not deem it either appropriate or feasible to attempt to lay down a general standard against which all ... statements [by employees that are critical of their superiors] may be judged.' " (*Connick, supra*, at p. 154 [103 S.Ct. at p. 1694].) Thus, *Connick*'s suggestion that "[w]hether an employee's speech addresses a matter of public concern must be determined by the content, form, and context of a given statement, as revealed by the whole record" (*id.* at pp. 147-148 [103 S.Ct. at p. 1690], fn. omitted), for the purpose of resolving the issue presented in that case, cannot be taken as authority (either binding or persuasive) for construing section 425.16, our state anti-SLAPP statute.

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Thus, the timing of the Legislature's amendment, considered together with relevant legislative history and materials related to both the original statute and the amendment, amply demonstrates the Legislature's intent consistently has been to protect all direct petitioning of governmental bodies (including, as relevant here, courts and administrative agencies) and petition-related statements and writings.

4. *Public Policy*

We also believe that the broad construction expressly called for in subdivision (a) of section 425.16 is desirable from the standpoint of judicial ***1122** efficiency and that our straining to construe the statute as the Court of Appeal did would serve Californians poorly. In effectively deeming statements and writings made before or connected with issues being considered by any official proceeding to have public significance per se, the Legislature afforded trial courts a reasonable, bright-line test applicable to a large class of potential section 425.16 motions. As discussed, the "Legislature when crafting the clause two definition clearly and unambiguously resorted to an easily understandable concept of what constitutes a public issue." (*Braun v. Chronicle, supra,* 52 Cal.App.4th at p. 1047.) For the sake of clarity, as well as under the compulsion of the legal principles earlier discussed, we shall not disturb the bright-line "official proceeding" test the Legislature has embedded in subdivision (e), clauses (1) and (2).

That the Court of Appeal in this case divided on the question whether defendant ECHO's statements about plaintiffs were in fact connected to a "public issue" illustrates that where a bright-line "official proceeding" test is not available, confusion and disagreement about what issues truly possess "public" significance inevitably will arise, thus delaying resolution of section 425.16 motions and wasting precious judicial resources. [FN9] The plain language construction we adopt, on the other hand, retains for California courts, advocates and disputants a relatively clear standard for resolving a large class of section 425.16 disputes quickly, at minimal expense to taxpayers and themselves.

> FN9 In a related context, one commentator opines that use of a "public concern" test " 'amounts to little more than a message to judges and attorneys that no standards are necessary because they will, or should, know a public concern when they see it.' " (Post, *The Constitutional Concept of Public Discourse: Outrageous Opinion, Democratic Deliberation and Hustler Magazine v. Falwell* (1990) 103 Harv. L.Rev. 603, 669, quoting Langvardt, *Public Concern Revisited: A New Role for an Old Doctrine in the Constitutional Law of Defamation* (1987) 21 Val. U. L.Rev. 241, 259.)

Contrary to the suggestion of the concurring and dissenting opinion, we do not believe our construction will unduly jeopardize meritorious lawsuits. The Legislature already has weighed an appropriate concern for the viability of meritorious claims against the concern "to encourage participation in matters of public significance," as is evident in its having declared that the statute is directed against "lawsuits brought primarily to chill the valid exercise of constitutional rights" and "abuse of the judicial process" (§ 425.16, subd. (a)), and in its having provided that lawsuits based on protected statements are nevertheless *not* subject to being stricken when "the court determines that the plaintiff has established a probability that he or she will prevail on the claim" (*id.*, subd. (b)(1)).

The Legislature, moreover, has provided, and California courts have recognized, substantive and procedural limitations that protect plaintiffs ***1123** against overbroad application of the anti-SLAPP mechanism. As we recognized in *Rosenthal v. Great Western Fin. Securities Corp., supra,* 14 Cal.4th at page 412, "This court and the Courts of Appeal, noting the potential deprivation of jury trial that might result were [section 425.16 and similar] statutes construed to require the plaintiff first to *prove* the specified claim to the trial court, have instead read the statutes as requiring the court to determine only if the plaintiff has stated and substantiated a legally sufficient claim. [Citations.]" (Italics in original; see also *College Hospital, Inc. v. Superior Court, supra,* 8 Cal.4th at pp. 718-719 [section 425.16 and similar motions operate "like a demurrer or motion for summary judgment in 'reverse' "].)

We have no reason to suppose the Legislature failed to consider the need for reasonable limitations on the use of special motions to strike. As discussed, the Legislature apparently judged the bright-line "official pro-

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ceeding" test set out in clauses (1) and (2) of section 425.16, subdivision (e) to be adequate, and thought it unnecessary to add an "issue of public interest" limitation for those two classes of potential cases. For potential cases where an analog to the "official proceeding" bright-line test does not readily appear-viz., "public forum" (§ 425.16, subd. (e)(3)) and "other conduct" (§ 425.16, subd. (e)(4)) cases-the Legislature *did* include an "issue of public interest" limitation. We find no grounds for reweighing these concerns in an effort to second-guess the Legislature's considered policy judgment. If we today mistake the Legislature's intention, the Legislature may easily amend the statute.

Conclusion

For the foregoing reasons, we conclude the Court of Appeal erred in construing section 425.16 as if, contrary to the statute's plain language, clauses (1) and (2) of subdivision (e) contained an "issue of public interest" limitation. Under section 425.16, a defendant moving to strike a cause of action arising from a statement made before, or in connection with an issue under consideration by, a legally authorized official proceeding need *not* separately demonstrate that the statement concerned an issue of public significance. [FN10] Accordingly, we have neither need nor occasion to consider whether ECHO's statements on which plaintiffs base their causes of action in fact concerned such issues. ***1124**

FN10 Insofar as they hold to the contrary, *Zhao v. Wong*, *supra*, 48 Cal.App.4th 1114,*Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.*, *supra*, 50 Cal.App.4th 1633,*Ericsson GE Mobile Communications, Inc. v. C.S.I. Telecommunications Engineers*, *supra*, 49 Cal.App.4th 1591, and *Mission Oaks Ranch, Ltd. v. County of Santa Barbara*, *supra*, 65 Cal.App.4th 713, are disapproved.

Disposition

The judgment of the Court of Appeal is reversed and the cause remanded for further proceedings consistent with this opinion.

George, C. J., Mosk, J., Kennard, J., and Chin, J., concurred.

BAXTER, J.,

Concurring and Dissenting.-I concur in the majority's determination to reverse the judgment of the Court of Appeal below. Eden Council for Hope and Opportunity (ECHO), a nonprofit, publicly funded fair housing counseling organization, was plainly acting in furtherance of its right of petition or free speech *in connection with a public issue or issue of public interest* when it assisted tenants in pursuing legal claims against their landlords, and is thus entitled to seek anti-SLAPP (strategic lawsuit against public participation) protection from a landlord's retaliatory lawsuit aimed at punishing the nonprofit organization for assisting tenants in understanding and defending their legal rights.

I dissent from the majority's conclusion that a defendant moving specially under subdivision (e)(1) or (2) of Code of Civil Procedure section 425.16 (hereafter section 425.16 or the anti-SLAPP legislation) to strike a cause of action arising from a statement made before, or in connection with an issue under consideration by a legislative, executive, or judicial body, or any other official proceeding authorized by law, need never further demonstrate that such proceeding involved a public issue or issue of public interest. The anti-SLAPP legislation is a powerful tool to be broadly construed to promote "... the open expression of ideas, opinions and the disclosure of information." (*Beilenson v. Superior Court* (1996) 44 Cal.App.4th 944, 956[52 Cal.Rptr.2d 357].) It is not, however, generally available to the parties to any civil action, but is instead expressly limited to those lawsuits " 'brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances' 'in connection with a public issue.' (§ 425.16, subds. (a), (b).)" (*Wilcox v. Superior Court* (1994) 27 Cal.App.4th 809, 819[33 Cal.Rptr.2d 446] (*Wilcox*).) The majority's holding in this case belies that carefully delineated legislative purpose and will authorize use of the extraordinary anti-SLAPP remedy in a great number of cases to which it was never intended to apply.

I

The Legislature has expressly set forth the intent and purpose behind the anti-SLAPP legislation in subdivision (a) of section 425.16: "The Legislature finds and declares that there has been a disturbing increase

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in lawsuits *1125 brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances. The Legislature finds and declares that it is in the public interest to encourage continued participation in matters of public significance, and that this participation should not be chilled through abuse of the judicial process. To this end, this section shall be construed broadly."

Accordingly, under the anti-SLAPP statutory scheme, "A cause of action against a person arising from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue shall be subject to a special motion to strike ...." (§ 425.16, subd. (b)(1).)

The legislative intent behind the anti-SLAPP legislation could not be clearer. The Legislature enacted the remedial legislation to curtail the "disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances" because such lawsuits discourage persons from "participation in matters of public significance" and thereby constitute an "abuse of the judicial process." (§ 425.16, subd. (a).)

The anti-SLAPP legislation was enacted in response to a growing number of meritless lawsuits, usually alleging tort liability, brought against persons for exercising their constitutional rights of petition and freedom of speech. (Sen. Bill No. 1264 (1991-1992 Reg. Sess.) enacted as Stats. 1992, ch. 726, § 2, pp. 3523-3524.) The term "SLAPP suit," the acronym for "strategic lawsuit against public participation," was coined by two University of Denver professors, George W. Pring and Penelope Canan, who authored the seminal influential studies on this phenomenon.

In *Hull v. Rossi* (1993) 13 Cal.App.4th 1763, 1769[17 Cal.Rptr.2d 457], the court defined a SLAPP suit, plain and simple, as "one brought to intimidate and for purely political purposes:"

In *Wilcox, supra,* 27 Cal.App.4th 809, the court characterized the precise nature of SLAPP suits in the following terms: "The paradigm SLAPP is a suit filed by a large land developer against environmental activists or a neighborhood association intended to chill the defendants' continued political or legal opposition to the developers' plans. [Citations.] ... [¶] The favored causes of action in SLAPP suits are defamation, various business torts such as interference with prospective economic advantage, nuisance and intentional infliction of emotional distress. (Barker, *1126*Common-Law and Statutory Solutions to the Problem of SLAPPs* (1993) 26 Loyola L.A. L.Rev. 395, 402-403.) Plaintiffs in these actions typically ask for damages which would be ruinous to the defendants. (See, e.g., *Protect Our Mountain v. District Court* [(Colo. 1984)] 677 P.2d [1361,] 1364 [developer sought $10 million compensatory and $30 million punitive damages]; Barker, *supra,* 26 Loyola L.A. L.Rev. at p. 403 [estimating damage claims in SLAPP's average $9.1 million].)

"SLAPP suits are brought to obtain an *economic* advantage over the defendant, not to vindicate a legally cognizable right of the plaintiff. [Citations.] Indeed, one of the common characteristics of a SLAPP suit is its lack of merit. [Citation.] But lack of merit is not of concern to the plaintiff because the plaintiff does not expect to succeed in the lawsuit, only to tie up the defendant's resources for a sufficient length of time to accomplish plaintiff's underlying objective. [Citation.] As long as the defendant is forced to devote its time, energy and financial resources to combating the lawsuit its ability to combat the plaintiff in the political arena is substantially diminished. [Citations.] The SLAPP strategy also works even if the matter is already in litigation because the defendant/cross-complainant hopes to drive up the cost of litigation to the point where the plaintiff/cross-defendant will abandon its case or have less resources available to prosecute its action against the defendant/cross-complainant and to deter future litigation. [Citation.]" (*Wilcox, supra,* 27 Cal.App.4th at pp. 815-816, italics in original.)

To summarize, "while SLAPP suits 'masquerade as ordinary lawsuits' the conceptual features which reveal them as SLAPP's are that they are generally meritless suits brought by large private interests to deter common citizens from exercising their political or legal rights or to punish them for doing so. (Pring, *SLAPPs: Strategic Lawsuits Against Public Participation* (1989) 7 Pace Envtl. L.Rev. 3, 5-6, 9.) [Fn. omitted.] Because winning is not a SLAPP plaintiff's primary motivation, defendants' traditional safeguards against meritless actions, (suits for malicious prose-

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cution and abuse of process, requests for sanctions) are inadequate to counter SLAPP's. Instead, the SLAPPer considers any damage or sanction award which the SLAPPee might eventually recover as merely a cost of doing business. (Barker, *Common-Law and Statutory Solutions to the Problem of SLAPPs, supra,* 26 Loyola L.A. L.Rev. at pp. 406-407.) By the time a SLAPP victim can win a 'SLAPP-back' suit years later the SLAPP plaintiff will already have accomplished its underlying objective. Furthermore, retaliation against the SLAPPer may be counter-productive because it ties up the SLAPPee's resources even longer than defending the SLAPP suit itself. (*Id.* at p. 432; Comment, *Strategic Lawsuits Against Public Participtaion: An Analysis of the Solutions* [(1991)] 27 Cal. W. L.Rev. [399,] 403.)" (*Wilcox, supra,* 27 Cal.App.4th at pp. 816-817.) ***1127**

In response to the growing incidence of SLAPP suits, legislatures and courts nationwide have sought to fashion procedural remedies to allow for prompt exposure and dismissal of such abusive lawsuits. California's legislative response to the growing problem was the enactment, in 1992, of the anti-SLAPP legislation embodied in section 425.16. The opening paragraph of California's anti-SLAPP statutory scheme leaves no doubt that the specific intent and purpose behind the remedial legislation was to combat the pernicious problem of SLAPP suits described above, a category of litigation the Legislature deemed an "abuse of the judicial process." (425.16, subd. (a).) [FN1]

> FN1 As the court in *Zhao v. Wong* (1996) 48 Cal.App.4th 1114[55 Cal.Rptr.2d 909] explained: "The legislative history provides further clarity to the statement of legislative purpose. [Fn. omitted.] Without exception, the documents in the chaptered bill file all refer to 'the empirical research of the two University of Denver professors,' in effect incorporating the scholarship of Canan and Pring into the legislative history. [Fn. omitted.] In addition, the report prepared by the Senate Committee on the Judiciary describes five examples of SLAPP suits .... [¶] The Legislature's concerns, as revealed by the legislative history, invariably involved activities violating the right of petition. The research of Canan and Pring is in fact based on an operational definition of SLAPP suits as implicating 'behavior protected by the Petition Clause.' [Fn. omitted.] Pring describes SLAPP suits as 'counter-attack[s] against petition-clause-protected activity. [Fn. omitted.] Three of the five examples of SLAPP suits cited by the Senate Committee on the Judiciary involved expressive activity protected by both the right of petition and the right of freedom of speech. The other two examples cited by the Senate Committee on the Judiciary involve retaliation against lawsuits, i.e., judicial petitions. [Citation.]" (48 Cal.App.4th at pp. 1123-1124.)

Given the purpose and intent behind the anti-SLAPP legislation, I conclude the Legislature could not possibly have intended that *any* litigation arising from *any* written or oral statement made during, or in connection with, *any* legislative, executive, judicial, or other "official" proceeding should automatically qualify as a SLAPP suit within the meaning of section 425.16.

None of the foregoing well-recognized attributes of SLAPP suits-i.e., meritless suits brought primarily to obtain an *economic* advantage over defendants by tying up their resources, driving up their costs of litigation, and ultimately deterring the defendants from exercising their political or legal rights, or punishing them for doing so-are acknowledged by the majority as having any significance in resolving the issue of statutory construction posed in this case. Instead, the majority suggest that "[*a*]*ny matter pending before an official proceeding* possesses some measure of 'public significance' owing solely to the public nature of the proceeding, and free discussion of such matters furthers effective exercise of the petition rights section 425.16 was intended to protect. The Legislature's stated intent is best served, therefore, by a construction of section 425.16 that broadly ***1128** encompasses participation in official proceedings, generally, whether or not such participation remains strictly focused on 'public' issues." (Maj. opn., *ante,* at p. 1118, italics added.)

I fail to see how the majority's broad and expansive construction of the statute will effectuate the carefully circumscribed purpose and intent behind the anti-SLAPP legislation explicitly set forth in section 425.16, subdivision (a).

Our task in this case is to construe the provisions of subdivision (e)(1) and (2) of section 425.16 in a

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manner that best comports with the carefully delineated purpose and intent behind the remedial legislation expressed in subdivision (a). Subdivision (e) provides in its entirety: "As used in this section, 'act in furtherance of a person's right of petition or free speech under the United States or California Constitution in connection with a public issue' includes: *(1) any written or oral statement or writing made before a legislative, executive, or judicial proceeding, or any other official proceeding authorized by law; (2) any written or oral statement or writing made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law*; (3) any written or oral statement or writing made in a place open to the public or a public forum in connection with an issue of public interest; (4) or any other conduct in furtherance of the exercise of the constitutional right of petition or the constitutional right of free speech in connection with a public issue or an issue of public interest." (Italics added.)

The majority conclude that under section 425.16, subdivision (e)(1) and (2) there is no separate requirement that the subject inquiry of the legislative, executive, judicial or other "official" proceeding be shown to involve a public issue or issue of public interest. I do not dispute that the language of all four clauses of subdivision (e), taken as a whole, is susceptible of such a literal interpretation. However, such a construction of subdivision (e)(1) and (2) literally reads right out of the statutory scheme the very heart and purpose of this remedial legislation-legislation expressly designed to discourage the filing of a specifically defined category of lawsuits deemed by the Legislature to constitute an "abuse of the judicial process" because they, by statutory definition expressly set forth in subdivision (a), are "brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances."

It would be an exercise in futility to attempt to quantify all possible examples of lawsuits based on actionable oral statements or writings which, under the majority's construction of section 425.16, subdivision (e)(1) and ***1129** (2), will automatically qualify as retaliatory SLAPP suits as a matter of law. *Any* litigation arising from *any* word uttered in a court of law, in a legislative or executive proceeding, or in any "official" proceeding in California, will henceforth, under the majority's rationale, automatically constitute a retaliatory SLAPP suit. *Any* writing made in connection with *any* such proceeding (for example, every pleading or piece of paper prepared in connection with any legal proceeding transpiring in this state), if actionable on some legal basis and sued upon, will likewise, under the majority's rationale, constitute a retaliatory SLAPP suit as a matter of law. It is highly unlikely the Legislature intended or envisioned that such an enormity of legal actions would automatically qualify as retaliatory SLAPP suits under subdivision (e)(1) and (2) when it enacted legislation specifically designed to curb the abusive practice.

The majority's overly broad construction of section 425.16 subdivision (e)(1) and (2) will also likely have a significant impact on pretrial civil litigation in California. The special motion to strike a SLAPP suit is a drastic and extraordinary remedy. It not only allows an early summary dismissal of the plaintiff's complaint, it also cuts off all discovery upon its filing and authorizes an award of attorney fees to the prevailing defendant. (§ 425.16, subds. (b), (c), (g).) The majority's holding expands the definition of a SLAPP suit to include a potentially huge number of cases, thereby making the special motion to strike available in an untold number of legal actions that will bear no resemblance to the paradigm retaliatory SLAPP suit to which the remedial legislation was specifically addressed.

The decision of the Court of Appeal below (including both the majority and dissenting opinions), an earlier published opinion of the same division of that court (*Zhao v. Wong, supra,* 48 Cal.App.4th 1114), and the published decisions of several other Courts of Appeal (see, e.g., *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.* (1996) 50 Cal.App.4th 1633[58 Cal.Rptr.2d 613]; *Ericsson GE Mobile Communications, Inc. v. C.S.I. Telecommunications Engineers* (1996) 49 Cal.App.4th 1591[57 Cal.Rptr.2d 491]), have all strived to interpret the overbroad and ambiguous language of section 425.16, subdivisions (b)(1) and (e)(1) and (2), in a manner that preserves the original intent, purpose, and mandate of the anti-SLAPP legislation. In my view those courts have reasonably interpreted subdivision (e)(1) and (2) as requiring that the subject-matter inquiry of the legislative, executive, judicial, or other "offical" proceeding be shown to involve a public issue or issue of public interest so as to preserve and effectuate the

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overriding mandate of subdivision (a). The broad construction given subdivision (e)(1) and (2) by the majority, in contrast, effectively abrogates that carefully drafted statement of legislative purpose and intent. ***1130**

In interpreting subdivisions (b)(1) and (e)(1) and (2) of section 425.16 in a manner at odds with the Legislature's carefully circumscribed definition of SLAPP suits set forth in subdivision (a), the majority invoke a " 'longstanding rule of statutory construction-the "last antecedent rule"-[which] provides that "qualifying words and phrases and clauses are to be applied to the words or phrases immediately preceding and are not to be construed as extending to or including others more remote." ' (*White v. County of Sacramento* (1982) 31 Cal.3d 676, 680[183 Cal.Rptr. 520, 646 P.2d 191], quoting *Board of Port Commrs. v. Williams* (1937) 9 Cal.2d 381, 389[70 P.2d 918].)" (Maj. opn., *ante*, at p. 1114.) Rules of statutory construction such as the "last antecedent rule" can oftentimes prove useful in gleaning legislative intent behind complex statutes, but they are not immutable. To my mind, " '[m]ore in point here .... is the principle that such rules shall always " 'be subordinated to the primary rule that the intent shall prevail over the letter.' " ' (*Estate of Banerjee* (1978) 21 Cal.3d 527, 539[147 Cal.Rptr. 157, 580 P.2d 657]; accord, *In re Joseph B.* (1983) 34 Cal.3d 952, 957[196 Cal.Rptr. 348, 671 P.2d 852]; *Wildlife Alive v. Chickering* (1976) 18 Cal.3d 190, 195[132 Cal.Rptr. 377, 553 P.2d 537].)" (*California Fed. Savings & Loan Assn. v. City of Los Angeles* (1995) 11 Cal.4th 342, 351[45 Cal.Rptr.2d 279, 902 P.2d 297].)

The heart of this anti-SLAPP legislation is embodied in subdivision (a) of section 425.16. This is a case in which a practical reading of the clearly stated purpose and intent behind this remedial legislation found in subdivisions (a) and (b) should take precedence over a literal reading of the broadly worded subdivision (e)(1) and (2), since the latter, expansively interpreted, is in patent conflict with the former. Unlike the majority, I conclude the Legislature's primary intent is that this remedial statutory scheme be governed by the restricted scope of the statement of legislative purpose found in subdivision (a). As suggested by the court in *Zhao v. Wong, supra,* 48 Cal.App.4th at page 1129, "The very fact that the Legislature included a precisely drafted statement of legislative purpose in the statute manifests an intent that the application of the statute be governed by this statement of purpose."

The statutory construction invoked by the majority does, in a literal sense, appear to harmonize clauses (1) and (2) with clauses (3) and (4) of section 425.16, subdivision (e), since the latter two clauses expressly require a separate showing of involvement of a public issue or issue of public interest where the constitutionally protected written or oral statement was made "in a place open to the public" (subd. (e)(3)) or any other place (subd. (e)(4)). But that same analysis virtually nullifies the precisely drafted statement of legislative intent contained in subdivision (a) when the availability of the ***1131** special motion is being assessed under subdivision (e)(1) or (2), a matter I believe should be of far greater concern to this court in our effort to reasonably construe and effectuate the Legislature's intent and purpose behind the legislation. "[A] court is to construe a statute ' "so as to effectuate the purpose of the law." ' " (*White v. County of Sacramento* (1982) 31 Cal.3d 676, 681[183 Cal.Rptr. 520, 646 P.2d 191].) The purpose of the anti-SLAPP legislation is to make available a drastic pretrial remedy designed to discourage the filing of a specifically defined category of lawsuits deemed by the Legislature to constitute an "abuse of the judicial process" because they are "brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances." (§ 425.16, subd. (a).) The legislation was *not* intended to make such an extraordinary remedy broadly available in every case involving an actionable statement uttered in a court of law, or in a legislative, executive, or other "offical" proceeding.

All three justices comprising the panel that decided petitioner's appeal below, majority and dissenting alike, agreed that the anti-SLAPP statute was not intended to immunize every statement made before or in connection with an official proceeding, but was instead intended to protect statements on a *public issue* made in an official proceeding and statements made in connection with a *public issue* under consideration or review in an official proceeding. (See also *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1633; *Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1127.) I would commend what I believe are the key portions of those two separate opinions, which together conclude, contrary to the holding of the majority here, that subdivision (e)(1) and (2) of section 425.16 must be construed

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to require a separate showing that the legislative, executive, judicial or other "official" proceeding involved inquiry into a public issue or issue of public interest. The section that follows sets forth the relevant portions of the opinions of the Court of Appeal holding to that effect.

II

In the Court of Appeal below in this case (maj. opn. by Dossee, J.; Stein, J., conc.; dis. opn. by Strankman, P. J.), the majority made the following observations in concluding that a defendant seeking anti-SLAPP protection under section 425.16, subdivision (e)(1) or (2), must separately demonstrate that such statement was made in a legislative, executive, judicial or other "official" proceeding involving a public issue or issue of public interest:

"The remedy authorized by the anti-SLAPP statute is a special motion to strike any cause of action which arises from an 'act of [the defendant] in ***1132** furtherance of the [defendant's] right of petition or free speech under the United States or California Constitution in connection with a public issue ....' (§ 425.16, subd. (b); see generally, *Wilcox v. Superior Court* (1994) 27 Cal.App.4th 809[33 Cal.Rptr.2d 446].)

"The special motion to strike a SLAPP suit is a drastic and extraordinary remedy. It not only allows an early dismissal of the plaintiff's complaint; it also authorizes an award of attorney fees to the prevailing defendant. (§ 425.16, subds. (b), (c).) ....

. . . . . .

"Subdivision (e) of section 425.16 [as in effect and controlling in the instant case] defines an ' "act in furtherance of a person's right of petition or free speech ... in connection with a public issue" ' to include '[1] any written or oral statement or writing made before a legislative, executive, or judicial proceeding, or any other official proceeding authorized by law; [2] any written or oral statement or writing made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law; or [3] any written or oral statement or writing made in a place open to the public or a public forum in connection with an issue of public interest.'

"In the present case, respondent ECHO contends that plaintiffs' lawsuit qualifies as a SLAPP suit because it is based upon petitioning activities which fall within phrases [1] and [2] of section 425.16, subdivision (e). [FN2] ECHO asserts that statements made in assisting tenants Ford and Bond to complain to HUD and to file small claims court actions, including ECHO's efforts to resist plaintiffs' subpoenas, qualify as statements within an official proceeding under phrase [1]. Further, ECHO asserts that statements made in response to plaintiffs' efforts to challenge ECHO's public funding were connected to the issues under consideration by HUD or the courts and therefore fall within phrase [2].

> FN2 ECHO does not rely upon phrase [3], which is expressly limited to the use of a public forum in connection with an issue of public interest.

"On two previous occasions, this division has been called upon to examine the scope of the anti-SLAPP statute, and on both occasions we gave the statute a narrow interpretation. First, in *Zhao v. Wong*[, *supra,*] 48 Cal.App.4th [at pp.] 1120-1121, 1129..., we concluded that in light of the legislative history and the declared legislative purpose of the anti-SLAPP statute, the statute applies only to lawsuits which are based upon activities closely tied ***1133** to the right to petition and the freedom of speech. [FN3] We emphasized that the challenged petition or speech must have been 'in connection with a public issue.' (*Zhao, supra,* 48 Cal.App.4th at p. 1127.) Specifically, we held in *Zhao* that within phrase [2] of section 425.16, subdivision (e), the 'issue under consideration or review by a legislative, executive, or judicial body' must be a public issue. (48 Cal.App.4th at p. 1127.) More recently, in *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.* [, *supra,*] 50 Cal.App.4th [at pp.] 1638-1639..., we followed the reasoning of *Zhao* to hold that within phrase [1] the statements made before an official proceeding must be on a public issue. In sum, we have concluded that the anti-SLAPP statute was not intended to immunize every statement made before or in connection with an official proceeding, but was instead intended to protect statements on a *public issue* made in an official proceeding and statements made in connection with a *public issue* under consideration or review in an official proceeding. (*Linsco/Private Ledger, Inc. v. Investors Arbi-*

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tration Services, Inc., supra, 50 Cal.App.4th at p. 1639;*Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1127.)

> FN3Subdivision (a) of section 425.16 provides: 'The Legislature finds and declares that there has been a disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances. The Legislature finds and declares that it is in the public interest to encourage continued participation in matters of public significance, and that this participation should not be chilled through abuse of the judicial process.'

"Recently, Division Four of this district has disagreed with our interpretation of the anti-SLAPP statute. (*Braun v. Chronicle Publishing Co.* (1997) 52 Cal.App.4th 1036, 1045-1048[61 Cal.Rptr.2d 58]; see also *Church of Scientology v. Wollersheim* (1996) 42 Cal.App.4th 628, 650[49 Cal.Rptr.2d 620].) The *Braun* court reasoned that the Legislature *equated* a public issue with the authorized official proceeding to which it connects. Hence, it is the setting itself-an official proceeding-that makes the issue a public issue: 'all that matters is that the First Amendment activity take place in an official proceeding or be made in connection with an issue being reviewed by an official proceeding.' (*Braun, supra,* at p. 1047.)

"We cannot accept this construction of the anti-SLAPP statute. Certainly not every issue before the courts and other official bodies is a public issue, and we find it doubtful that the Legislature thought otherwise. (*Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1639; see *Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1131.) Furthermore, such a broad reading of the anti-SLAPP statute would have legal consequences beyond the statute's declared purpose, as the anti-SLAPP statute would supplant the statutory privilege for statements made in official proceedings (Civ. Code, § 47, subd. (b)). (***1134***Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1639; see *Zhao v. Wong, supra,* 48 Cal.App.4th at pp. 1129-1130.) We remain committed to our earlier position that a lawsuit qualifies as a SLAPP suit only if it challenges a statement on a *public* issue made in an official proceeding or a statement made in connection with a *public* issue under review in an official proceeding. (*Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1639;*Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1127.)"

Although Presiding Justice Strankman dissented below, he disagreed only with the majority's conclusion that the proceedings at which statements were made that were attributed to ECHO's employees and allegedly slandered plaintiff Briggs did not involve a public issue. Presiding Justice Strankman joined in the majority's threshold conclusion that a public issue showing is separately required under subdivision (e)(1) or (2) of section 425.16 in order for the special anti-SLAPP remedy to apply. The portion of his dissenting opinion relevant here read as follows:

"I agree with the majority that a defendant qualifies for anti-SLAPP protection only if the challenged suit arose from the defendant's petitioning or speech 'in connection with a public issue.' ... [¶] ... [¶] The Legislature expressly declared that its intent in enacting the anti-SLAPP statute was 'to encourage continued participation in matters of public significance' and thus granted a person protection from lawsuits arising from 'any act of that person in furtherance of the person's right of petition or free speech ... in connection with a public issue.' (Code Civ. Proc., § 425.16, subds. (a), (b).) If the statute said no more, there would be no question that a defendant lodging an anti-SLAPP motion must make a prima facie showing that plaintiff's suit arises from an act in furtherance of defendant's right of petition or free speech *in connection with a public issue.* But the statute further provides that an ' "act in furtherance of a person's right of petition or free speech ... in connection with a public issue" ' includes '[1] any ... statement ... made before a legislative, executive, or judicial proceeding, or any other official proceeding authorized by law; [2] any ... statement ... made in connection with an issue under consideration or review by a legislative, executive, or judicial body, or any other official proceeding authorized by law; or [3] any ... statement ... made in a place open to the public or a public forum in connection with an issue of public interest.' (Code Civ. Proc., § 425.16, subd. (e).)

"The public issue, or public interest, element is expressly included in only the third definitional category of the anti-SLAPP statute, which has led some courts

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to conclude that the statute protects any statement made before or in ***1135** connection with an official proceeding even if the statement does not concern a public issue. (E.g., *Church of Scientology v. Wollersheim* (1996) 42 Cal.App.4th 628, 650[49 Cal.Rptr.2d 620].) We have rejected this interpretation of the anti-SLAPP statute as contrary to the express declaration of legislative intent and general statutory provision protecting a person's exercise of constitutional rights of petition and free speech *in connection with a public issue*. (Code Civ. Proc., § 425.16, subds. (a), (b); *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc.* [, *supra*,] 50 Cal.App.4th 1633, 1639 ...; *Zhao v. Wong*[, *supra*,] 48 Cal.App.4th 1114, 1127....) I agree with the majority that 'the anti-SLAPP statute was not intended to immunize every statement made before or in connection with an official proceeding, but was instead intended to protect statements on a *public issue* made in an official proceeding and statements made in connection with a *public issue* under consideration or review in an official proceeding. (*Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1639;*Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1127.)' [Citation.]"

III

The majority emphasize that in 1997 the Legislature amended section 425.16, to provide that the statute "shall be broadly construed." (§ 425.16, subd. (a), as amended by Stats. 1997, ch. 271, § 1.) The majority concede the 1997 amendment "effect[ed] no substantive changes to the anti-SLAPP scheme ...." (Maj. opn., *ante*, at p. 1119.) I remain unconvinced the legislative intent behind the statute, as originally enacted *or as amended in 1997*, was to expand the categories of litigation qualifying as SLAPP suits in as broad and open-ended a manner as does the majority's rationale and holding in this case.

The 1997 amendment added a single sentence (italicized below) to the end of subdivision (a) of section 425.16, which currently reads: "The Legislature finds and declares that there has been a disturbing increase in lawsuits brought primarily to chill the valid exercise of the constitutional rights of freedom of speech and petition for the redress of grievances. The Legislature finds and declares that it is in the public interest to encourage continued participation in matters of public significance, and that this participation should not be chilled through abuse of the judicial process. *To this end, this section shall be construed broadly.*" (Italics added.)

Obviously, the opening phrase of the single sentence added by the 1997 amendment-"To this end ..."-reflects the Legislature's intent that the remedial provisions of the anti-SLAPP legislation be "broadly construed" ***1136***within the context of the restricted scope of the statement of legislative purpose contained in subdivision (a).* (See also *Zhao v. Wong, supra,* 48 Cal.App.4th at p. 1129.) If the Legislature had instead desired to overrule those decisions of the Courts of Appeal that have construed section 425.16, subdivision (e)(1) and (2), as requiring demonstration of involvement of a public issue, it could have easily done so in precise and explicit terms. To my mind, the majority's analysis and holding serve neither the letter nor spirit of the 1997 amendment. Not only does the rule set down in this case fail to "construe [] broadly" the statute's remedial provisions consistent with the ends described in the carefully drawn statement of legislative purpose found in section 425.16, subdivision (a), it literally reads that statement of legislative purpose right out of the statutory scheme by recognizing sweeping new categories of litigation, bearing no resemblance to the abusive litigation practices described in that subdivision, that will henceforth automatically qualify as SLAPP suits under subdivision (e)(1) and (2).

Finally, the majority's expansive reading of section 425.16, subdivision (e)(1) and (2), may have legal consequences well beyond the statute's declared purpose, as the anti-SLAPP legislation thusly interpreted stands to supplant Civil Code section 47, subdivision (b)'s absolute litigation privilege for communications made in any legislative, judicial, or other official proceeding authorized by law. (See *Linsco/Private Ledger, Inc. v. Investors Arbitration Services, Inc., supra,* 50 Cal.App.4th at p. 1639;*Zhao v. Wong, supra,* 48 Cal.App.4th at pp. 1129-1130.) From a practical standpoint, why, under the majority's rationale, would a defendant move, *at his own expense*, to dismiss an unmeritorious lawsuit based on Civil Code section 47, subdivision (b)'s otherwise applicable litigation privilege for statements made in official proceedings, when, under the majority's expansive interpretation of the anti-SLAPP legislation, he could instead move to specially strike the suit as a retaliatory SLAPP suit and thereby immediately cut off discovery

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in the litigation and recover his attorney fees if dismissal is ultimately ordered?

The majority suggest it would be "anomalous" for "direct petition activity" that is "not focused on an inherently 'public' issue" to be absolutely privileged under the litigation privilege of Civil Code section 47, subdivision (b), and yet not be otherwise "entitled to the procedural protections of the anti-SLAPP law." (Maj. opn., *ante*, at p. 1121.) Under the majority's rationale, the scope of the anti-SLAPP legislation is seemingly coextensive with, if not broader than, the litigation privilege embodied in Civil Code section 47, subdivision (b). Could that have been the intent of the Legislature in enacting remedial legislation specifically designed and intended to target the abusive practice of SLAPP suits?

The majority suggest in conclusion that, "If we today mistake the Legislature's intention, the Legislature may easily amend the statute." (Maj. opn., ***1137***ante*, at p. 1123.) Of course the converse is true as well-were we to construe section 425.16, subdivision (e)(1) and (2), as requiring demonstration of the involvement of a public issue in the legislative, executive, judicial or "official" proceedings covered under those clauses of subdivision (e), then if the Legislature disagreed with that construction, it could amend those clauses to more clearly and explicitly convey that no such separate showing is required. I would rather this court risk reversal by the Legislature in construing the provisions of subdivision (e)(1) and (2) *consistently* with the concisely drafted statement of statutory purpose found in subdivision (a), than to interpret those two clauses so broadly as to virtually nullify the very purpose and spirit of the anti-SLAPP legislation by holding that *every* lawsuit based on *any* actionable word uttered or written in connection with *any* legislative, executive, judicial, or other "official" proceeding in the state of California will henceforth, as a matter of law, be deemed a retaliatory SLAPP suit.

I would hold, consistent with the unanimous determination of the Court of Appeal below, that the Legislature intended involvement of a public issue or issue of public interest be demonstrated under subdivision (e)(1) and (2) of section 425.16.

Brown, J., concurred. ***1138**
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CALIFORNIA DRIVE-IN RESTAURANT ASSOCIATION, et al., Respondents,
v.
MARGARETE L. CLARK, as Chief of the Division of Industrial Welfare, etc., et al., Appellants.
L. A. No. 18093.

Supreme Court of California
June 16, 1943.

HEADNOTES

(1) Administrative Law--Rules of Administrative Agencies--Interpretation.
Generally, the same rules of construction and interpretation which apply to statutes govern the construction and interpretation of rules and regulations of administrative agencies.

(2) Statutes § 87, 92--Repeal by Implication--Rule AgainstRepeal by Inconsistent Statute--Necessity for Clear Repugnancy.
The presumption is against repeals by implication, especially where the prior act has been generally understood and acted upon; and to overcome the presumption the two acts must be irreconcilable, clearly repugnant and so inconsistent that they cannot have concurrent operation.
See 23 **Cal.Jur.** 694; 25 **R.C.L.** 918.
(3) Statutes § 124--Construction--Circumstances Indicating Legislative Intent--Object to Be Accomplished.
The purpose and object sought to be accomplished by legislation is an important factor in determining the legislative intent.

(4a, 4b) Labor § 17--Regulation of Tipping--Rules and Statutes.
Section 3 of Order 12-A of the Industrial Welfare Commission and Lab. Code, §§ 350-356, are not irreconcilable, but entirely harmonious, since the basic policy underlying the order is the regulation of wages, hours and working conditions for minors and adult female employees in eating establishments, the subject of tipping being embraced only incidentally in furtherance of that general purpose, and the statute is concerned exclusively with tipping in respect to its relation to the public, the Legislature having expressly stated that its purpose was to prevent fraud upon the public.

(5) Labor § 17--Regulation of Tipping--Construction of Order.
Conceding that the effect of § 3 of Order 12-A of the Industrial Welfare Commission is to prohibit deduction of tips from employees' wages and that Lab. Code, §§ 350-356, impliedly authorizes their deduction, such prohibition should be strictly limited, and the section will not be violated in instances where the employer retains the entire amount of all tips received above the minimum wage, or deducts the tips from the amount of any wages it has agreed to pay in excess of a specified minimum.

(6) Labor § 17--Regulation of Tipping--Construction of Lab. Code, §§ 350-356.
That Lab. Code, §§ 350-356, authorize tipping is not a necessary conclusion, since the statute does not purport to legalize the retention or deduction of tips received by employees and is nothing more than a comprehensive regulation requiring that the public be informed of an employer's retention of tips.

(7) Labor § 17--Regulation of Tipping--Construction of Order.
Section 3 of Order 12-A of the Industrial Welfare Commission, given a liberal meaning to effectuate the ends in view, prohibits the retention by the employer of any amount of tips received by the employee below the minimum wage.

(8) Labor § 17--Regulation of Tipping--Purpose of Lab. Code, §§ 350-356.
If it be assumed that the Legislature in enacting Lab. Code, §§ 350-356, was endeavoring to avoid the difficulty encountered in reference to Stats. 1917, p. 257, still it did not purport to authorize deduction of tips from the minimum wage but merely regulated the retention of tips by employers regardless of whether such retention was or was not a violation of § 3 of Order 12-A of the Industrial Welfare Commission.

(9) Statutes § 180(2)--Aids to Construction--Contemporaneous Construction-- Executive or

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Departmental Construction.
While it is a rule of statutory interpretation that the construction given a statute by the administrative agency charged with its enforcement is a significant factor to be considered by the courts in ascertaining the meaning of the statute, where there is no ambiguity and the interpretation is clearly erroneous, such administrative interpretation does not give legal sanction to a long continued incorrect construction.

(10) Trial § 379--Findings--Conclusiveness.
A finding constituting a conclusion of law is not binding upon the appellate court.

(11) Labor § 17--Regulation of Tipping--Validity of Order.
Section 3 of Order 12-A of the Industrial Welfare Commission is not invalid as an unconstitutional interference with freedom of contract as between employer and employee, since in the field of regulation of wages and hours by legislative authority constitutional guarantees relating to freedom of contract must give way to reasonable police regulations, and the Legislature did not act arbitrarily or capriciously, but reasonable grounds appear for the policy established by § 3 of the order.
See 15 **Cal.Jur.** 575; 31 **Am.Jur.** 1080.
(12) Labor § 17--Regulation of Tipping--Validity of Order.
Section 3 of Order 12-A of the Industrial Welfare Commission does not create an improper discrimination in respect to employers or the employees affected. The particular evils at which it is aimed are a part of the minimum wage policy and must be viewed in that light, hence it applies only to situations where such wages are fixed.
See 31 **Am.Jur.** 1038.
(13) Labor § 17--Regulation of Tipping--Validity of Order--Finding of Commission.
The fact that no finding by the Industrial Welfare Commission as a basis for Order 12-A appears in the order itself is not of importance, since § 6(a) of the minimum wage law (Stats. 1913, p. 632, as amended by Stats. 1921, p. 378) merely requires that the order shall specify "the minimum wage for women and minors in the occupation in question, maximum hours ... and the standard conditions of labor. ..."

(14a, 14b) Labor § 17--Regulation of Tipping--As Implied Power.
The adoption of § 3 of Order 12-A is within the implied power of the Industrial Welfare Commission, flowing from its power to fix minimum wages delegated to the commission.

(15) Administrative Law--Power of Administrative Agency to Adopt Rules and Regulations.
While an administrative agency may not, under the guise of its rule-making power, abridge or enlarge its authority or exceed the powers given to it by statutes, the authority of an administrative board or officer to adopt reasonable rules and regulations deemed necessary to the due and efficient exercise of the powers expressly granted cannot be questioned, and is implied from the power granted.

SUMMARY

APPEAL from a judgment of the Superior Court of Los Angeles County. Charles D. Ballard, Judge. Reversed.

Action for injunction and declaratory relief. Judgment for plaintiffs reversed.

COUNSEL

Robert W. Kenny, Attorney General, Earl Warren, Attorney General, Burdette J. Daniels and Alberta Belford, Deputies ***290** Attorney General, Leo L. Schaumer and E. A. Lackmann for Appellants.

Thorpe & Bridges, Gerald Bridges, Frank R. Johnston and E. R. Young for Respondents.

CARTER, J.

Plaintiffs, operators of drive-in restaurants, successfully challenged in the superior court the validity of a regulation of the Industrial Welfare Commission, designated Order 12-A. Defendants, the Chief of the Division of Industrial Welfare of the Department of Industrial Relations and the members of the Industrial Welfare Commission of the Division of Industrial Welfare of the Department of Industrial Relations, appeal from the judgment entered for plaintiffs.

Plaintiffs are independent owners of establishments serving food and beverages. Their patronage consists chiefly of motorists who are served while remaining in their vehicles, however, service may be obtained in the

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owner's restaurant buildings. Most of the employees are girls and women commonly referred to as "car hops." The employment arrangement contemplates that the tips received by the employees shall constitute their wages, except that the employers make up the difference if the tips received fall below the minimum wage for minors and adult females fixed by the Industrial Welfare Commission. Plaintiffs posted in their business establishments, the notices required by a statute of 1929, hereinafter set forth. In 1940, plaintiffs were advised by the Chief of the Division of Industrial Welfare that their employment arrangement violated Order 12-A, in that they could not consider the tips received by the minor and female adult employees in computing and paying the minimum wage, and that they would be required to comply with said order.

Order 12-A became effective on June 8, 1923. In section 1 it fixed a minimum wage of $16 per week to be paid to all female adult or minor employees in restaurants or other places where food and drinks were sold. Section 2 fixed the maximum amount the employer could deduct from the minimum wage for meals and lodging furnished the employee. Section 3, here in question, reads: "No employer may include tips or gratuities received by employees designated in section *291 1 hereof as part of the legal minimum wages fixed by said section of this Order." The remaining nine sections deal with hours of labor, working conditions, the employer's duty to keep records, and the like.

In 1929 (Stats. 1929, p. 1971), a statute was passed by the Legislature, now appearing in sections 350-356 of the Labor Code. Section 351 of the Labor Code reads:

"Every employer or agent who collects, takes, or receives any gratuity or a part thereof, paid, given to, or left for an employee by a patron, or who deducts any amount from wages due an employee on account of such gratuity, or who requires an employee to credit the amount, or any part thereof, of such gratuity against and as a part of the wages due the employee from the employer, shall keep posted in a conspicuous place at the location where his business is carried on, in a place where it can easily be seen by the patrons thereof, a notice, in lettering or printing of not less than 48-point black- face type, to the following effect:

"(a) If not shared by the employees, that any gratuities paid, given to, or left for employees by patrons go to and belong to the business or employer and are not shared by the employees thereof.

"(b) If shared by the employees, the extent to which gratuities are shared between employer and employees."

Section 352 specifies that the notice shall also state the extent to which employees are required to accept gratuities in lieu of wages or permit them to be credited against their wages. The provisions apply to all businesses having one or more persons in service. A gratuity "includes any tip, gratuity, money, or part thereof, which has been paid or given to or left for an employee by a patron of a business over and above the actual amount due such business for services rendered or for goods, food, drink, or articles sold or served to such patron."

A penalty is imposed for violation of the act, and it is declared that:

"The Legislature expressly declares that the purpose of this article is to prevent fraud upon the public in connection with the practice of tipping and declares that this article is passed for a public reason and cannot be contravened by a private agreement. As a part of the social public policy *292 of this State, this article is binding upon all departments of the State." (Lab. Code, sec. 356.)

Whether the 1929 statute impliedly annulled section 3 of said Order 12-A must be determined in the light of the appropriate rules of statutory construction. (1) Generally, the same rules of construction and interpretation which apply to statutes govern the construction and interpretation of rules and regulations of administrative agencies. (*Miller v. United States*, 294 U.S. 435 [55 St.Ct. 440, 79 L.Ed. 977].) (2) With reference to implied repeals of statutes this court stated in *Penziner v. West American Finance Co.*, 10 Cal.2d 160, 176 [74 P.2d 252]:

"The presumption is against repeals by implication, especially where the prior act has been generally understood and acted upon. To overcome the presumption the two acts must be irreconcilable, clearly repugnant, and so inconsistent that the two cannot have concurrent operation. The courts are bound, if possible, to maintain the integrity of both statutes if the two

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may stand together. Where a modification will suffice, a repeal will not be presumed." (See 23 Cal.Jur. 694, et seq.) (3) The purpose and object sought to be accomplished by legislation is an important factor in determining the legislative intent. (*San Francisco v. San Mateo County*, 17 Cal.2d 814 [112 P.2d 595].)

(4a) Applying those rules to the instant case we find no repugnancy. The statute of 1929 and section 3 of Order 12-A rather than being irreconcilable are entirely harmonious. The basic policy underlying the order is the regulation of wages, hours and working conditions for minors and adult female employees in eating establishments. The subject of tipping is embraced only incidentally in the furtherance of that general purpose. Broadly, it was designed to deal with the industrial welfare of such employees, and the relation of their welfare to the general public interest. On the other hand the statute is concerned exclusively with tipping in respect to its relation to the public which patronizes not only restaurant establishments but many other businesses. The Legislature expressly stated that its purpose is "to prevent fraud upon the public," a policy underlying no part of the order. Section 3 of the order states that tips received by the designated employees may not be included in the minimum wage therein fixed. (5) If it be conceded that the effect ***293** of said section is to prohibit the deduction of tips from the employees' wages, and that the statute impliedly authorizes such deduction as asserted by plaintiffs, such prohibition should be strictly limited, and said section would not be violated in instances where the employer retained the entire amount of all tips received *above* the minimum wage, or deducted the tips from the amount of any wages he agreed to pay in excess of the specified minimum. It does not apply to male employees or persons employed in businesses other than those mentioned.

(6) Further, it is not necessary to conclude that the statute authorizes tipping. It does not purport to authorize or legalize the retention or deduction of the tips received by the employees. It is nothing more than a comprehensive regulation in respect to advising the public of the retention of tips by the employer whether such retention is legal or not, the essential requirement being that the public be informed of the practice. Fairly interpreted, the posting of the notice is required regardless of whether such retention or deduction is being made from the minimum legal wage fixed by section 3. (7) It may be said that section 3 given a liberal meaning to effectuate the ends in view, prohibits the retention by the employer of any amount of tips received by the employee below the minimum wage, because if the employer could retain such tips he would be, in effect, accomplishing indirectly that which he could not do directly, namely, including the tips in the legal wage. It would be a subterfuge for him to receive all the tips and pay the minimum wage. The end result would be counting the tips as a part of the legal wage. That conclusion does not mean that section 3 and the statute are inconsistent to that extent. (4b) The purpose of the statute and section 3 are entirely different. The statute does not purport to cover the special field of tipping in regard to its effect on the minimum wage law. It is aimed at the protection of the public against fraud.

(8) For the same reasons the historical arguments advanced by plaintiffs are not persuasive. True, a statute was enacted in 1917 (Stats. 1917, p. 257) which made it unlawful for an employer to demand tips received by his employee in consideration of the latter's being hired or retained. That act, like the 1929 act, was broad in its scope and did not purport ***294** to affect tipping in relation to minimum wages. It was declared invalid in *In re Farb*, 178 Cal. 592 [174 P. 320, 3 A.L.R. 301], and thereafter the 1929 act was passed. Both of those statutes were aimed at the prevention of a fraud on the public and were not concerned with the effect on the inclusion of tips in minimum wages and the purpose of section 3 of said Order 12-A. If it be assumed that the Legislature in passing the 1929 statute was endeavoring to avoid the difficulty encountered with reference to the 1917 act in *In re Farb, supra,* still it did not purport to authorize the deduction of tips from the minimum wage. It was regulating the retention of tips by employers regardless of whether such retention was or was not a violation of section 3 of Order 12-A. The statute and the order were designed for fundamentally different purposes.

(9) Plaintiffs urge that because the predecessors in office of defendants did not enforce section 3 of Order 12-A, they must have considered it annulled by the 1929 statute, and some of the plaintiffs having been so advised by executive officers of defendants predecessors, the statute should be interpreted to annul said section 3. It is undoubtedly a rule of statutory interpretation that the construction given a statute by the administrative agency charged with the enforcement

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of it is a significant factor to be considered by the courts in ascertaining the meaning of such statute. (*Los Angeles County v. Superior Court*, 17 Cal.2d 707 [112 P.2d 10]; 23 Cal.Jur. 776-7.) But where there is no ambiguity and the interpretation is clearly erroneous, such administrative interpretation does not give legal sanction to a long continued incorrect construction. The administrative interpretation cannot alter the clear meaning of a statute. (*Los Angeles County v. Superior Court, supra;* 23 Cal.Jur. 776.) We have seen that the 1929 statute does not purport to legalize the deduction or retention of tips by an employer, nor does section 3 of Order 12-A prohibit tipping; it merely prohibits the inclusion of tips in the minimum wage for certain employees. The alleged implied nullification which is not favored in the law does not exist.

(10) The trial court found: "... that in adopting section 3 of Order 12A ... defendant ... acted in excess of its jurisdiction." That finding is not, as claimed by plaintiffs, binding upon this court, inasmuch as it is a conclusion of law. In ***295** support of it plaintiffs challenge the constitutionality of section 3, and the validity of the adoption of the order.

(11) Plaintiffs contend that section 3 is invalid because it is an unconstitutional interference with the freedom of contract as between employer and employee. (United States Const., Fourteenth Amendment; Cal.Const., art. I, secs. 1, 13; art. XX, sec. 18.) The main premise relied upon by plaintiffs is that section 3 prohibits an employer and his employee from agreeing that the former shall retain all tips received by the latter, citing *In re Farb, supra,* declaring unconstitutional the 1917 act (*supra.*), and denouncing such practice. It has heretofore been pointed out that the 1917 act was not aimed at and did not involve any restrictions on such contracts directly as a part and in aid of the minimum wage requirements. The 1917 act applied expressly to any and all employees without regard to whether a legal wage was fixed for them. For that reason we do not consider the Farb case as necessarily supporting plaintiffs' position. Furthermore, the reasoning of the Farb case is out of line with the later authorities upholding minimum wage legislation. (See *United States v. Darby*, 312 U.S. 100 [61 S.Ct. 451, 85 L.Ed. 609, 132 A.L.R. 1430]; *West Coast Hotel Co. v. Parrish*, 300 U.S. 379 [57 S.Ct. 578, 81 L.Ed. 703, 108 A.L.R. 1330]; 31 Am.Jur., Labor, sec. 503; 130 A.L.R. 273; 132 A.L.R. 1443.) There is a distinct difference between a comprehensive prohibition of retention of tips by employers, and the prohibition of such practice as a part of an order fixing minimum wages.

It must be remembered that in the field of regulation of wages and hours by legislative authority, constitutional guarantees relating to freedom of contract must give way to reasonable police regulations. The Supreme Court of the United States in discussing the regulation of hours and wages of women employees stated in *West Coast Hotel Co. v. Parrish, supra,* at 392:

"This power under the Constitution to restrict freedom of contract has had many illustrations. That it may be exercised in the public interest with respect to contracts between employer and employee is undeniable. Thus statutes have been sustained limiting employment in underground mines and smelters to eight hours a day (***296***Holden v. Hardy*, 169 U.S. 366 [18 S.Ct. 383, 42 L.Ed. 780]; in requiring redemption in cash of store orders or other evidences of indebtedness issued in the payment of wages (*Knoxville Iron Co. v. Harbison*, 183 U.S. 13 [22 S.Ct. 1, 46 L.Ed. 55]); in forbidding the payment of seamen's wages in advance (*Patterson v. Bark Eudora*, 190 U.S. 169 [23 S.Ct. 821, 47 L.Ed. 1002]); in making it unlawful to contract to pay miners employed at quantity rates upon the basis of screened coal instead of the weight of the coal as originally produced in the mine (*McLean v. Arkansas*, 211 U.S. 539 [29 S.Ct. 206, 53 L.Ed. 315]); in prohibiting contracts limiting liability for injuries to employees (*Chicago, B. & Q. R. Co. v. McGuire supra* [219 U.S. 549 (31 S.Ct. 259, 55 L.Ed. 328)]); in limiting hours of work of employees in manufacturing establishments (*Bunting v. Oregon*, 243 U.S. 426 [37 S.Ct. 435, 61 L.Ed. 830]); and in maintaining workmen's compensation laws (*New York Central R. Co. v. White*, 243 U.S. 188 [37 S.Ct. 247, 61 L.Ed. 667]; *Mountain Timber Co. v. Washington*, 243 U.S. 219 [37 S.Ct. 260, 61 L.Ed. 685]). In dealing with the relation of employer and employed, the Legislature has necessarily a wide field of discretion in order that there may be suitable protection of health and safety, and that peace and good order may be promoted through regulations designed to insure wholesome conditions of work and freedom from oppression. *Chicago, B. & Q. R. Co. v. McGuire, supra,* p. 570." And at page 399:

"The legislature had the right to consider that its

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minimum wage requirements would be an important aid in carrying out its policy of protection. The adoption of similar requirements by many States evidences a deepseated conviction both as to the presence of the evil and as to the means adapted to check it. *Legislative response to that conviction cannot be regarded as arbitrary or capricious, and that is all we have to decide.* Even if the wisdom of the policy be regarded as debatable and its effects uncertain, still the legislature is entitled to its judgment." (Emphasis added.) Many other illustrations could be given. In the recent case of *Williams* v. [*Jacksonville*] *Terminal Co.*, 315 U.S. 386 [62 S.Ct. 659, 86 L.Ed. 914], the court had before it the question of whether the tips received by red caps could be counted as a part of the minimum wage under the Fair Labor Standards Act (29 U.S.C.A. 201 et seq.) It was held ***297** that they could and that legally speaking such tips were wages under the agreement between the employer and employee. However, the court was careful to point out that the Fair Labor Standards Act did not prohibit the inclusion of tips in the minimum wage, and it recognized that such a prohibition might well be valid. It stated at page 388:

"The Fair Labor Standards Act is not intended to do away with tipping. Nor does it appear that Congress intended by the general minimum wage to give the tipping employments an earnings-preference over the nonservice vocations. The petitioners do not dispute the railroad's contention that, during the entire period, each red cap received as earnings-cash pay plus tips-a sum equal to the required minimum wage. Nor is there denial of increased pay to the red caps on account of the minimum wage guarantee of the challenged plan as compared with the former tipping system. The guarantee also betters the mischief of irregular income from tips and increases wage security. *The desirability of considering tips in setting a minimum wage, that is whether tips from the viewpoint of social welfare should be counted as part of that legal wage, is not for judicial decision. We deal here only with the petitioners' assertion that the wages Act requires railroads to pay the red caps the minimum wage without regard to their earnings from tips.*" (Emphasis added.)

The presumption is that the Legislature had adequate and reasonable basis for its police regulations and that a statute providing for such regulations is constitutional (5 Cal.Jur. 628, et seq.), and, as expressed in *West Coast Hotel Co. v. Parrish, supra,* the only question to be decided is whether it acted arbitrarily or capriciously. There may be others, but certain reasonable grounds appear for the policy established by section 3 of Order 12-A. As we have seen from the foregoing quotation from *Williams v. Terminal Co., supra,* that possibility is recognized where the court declared that whether the social welfare required that tips be not counted as part of the minimum wage was not for "judicial decision." It cited for that statement, Anderson, *Tips & Legal Minimum Wages,* XXXI American Labor Legislation Review 11, at page 13, where it was aptly said that if the tips received were to be counted as a part of the minimum ***298** wage "... the employee would be required to report to her employer the amount of tips received each week, in order that he in turn could know the amount of wage he must pay to make up the $16.

"If this practice were followed the purpose of the minimum-wage law would soon be defeated. It would not be long before employers discovered which of their employees were costing them the most money. Obviously, the girls who received the least in tips would have to be paid the highest wages to make up the $16. Gradually the girls receiving low tips would be dismissed, whether efficient or not, and those with ability to wile larger tips from an irresponsible public would be employed in their places. The workers would be no slower than the employers in discovering the effects of the reporting system on their welfare. The dismissal of one or two workers would be sufficient to warn the others that if they were to retain their jobs their tips must equal those of their more fortunate co-workers. There is always one effective way out of a situation like this for a worker who is desperately in need of a job, and that is to report to the employer a greater amount of tips than actually is received. The whole purpose of the minimum wage law, that of guaranteeing the worker a living wage, would be defeated if this practice were permitted and the State authorities would be almost helpless to correct the situation. To prevent just this kind of abuse, most State minimum-wage orders for hotels and restaurants contain a provision that under no circumstances shall tips be counted as a part of the legal minimum wage." In order that the welfare of the employees be advanced and the benefits of the minimum wage law be preserved, it may well be said that section 3 has a reasonable basis. If the employees may be induced, and in effect coerced, by fear of dismissal by an employment contract requiring the tips to be counted as a part of the

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minimum wage, to report their tips as equal to the minimum wage even though they are not, the minimum wage requirement is seriously undermined. By indirect method they would be forced into a position of receiving less than the standard fixed. If the employer is permitted to retain the tips in an amount equal to the minimum wage, which as seen would be a violation of section 3, the same condition would exist. The fear of dismissal might well coerce the employees to turn over as tips ***299** a portion of their own funds when the tips received were not equal to the legal wage. The effectiveness of the minimum wage law would be thus impaired. With the employer prevented from retaining tips in the amount of the minimum legal wage, a salutary result would follow. The benefits of the minimum wage law would be preserved, and the dignity of the laborer and his social position would be advanced by relieving him of the necessity of resorting to the undignified conduct encouraged by the tipping practice.

The Legislature clearly sets forth the purpose sought to be obtained by the fixing of minimum wages as that adequate to supply the necessary cost of proper living and to maintain the health and welfare of the employees. (Lab. Code, sec. 1182.) We perceive that that purpose may be thwarted if tips may be included in the minimum wage.

The foregoing discussion does not mean that tips may not be considered wages under certain circumstances such as, computation of compensation under workmen's compensation laws. (*Hartford Acc. & Indem. Co. v. Industrial Acc. Com.*, 41 Cal.App. 543 [183 P. 234]; 29 Cal.L.Rev. 774; 75 A.L.R. 1223, and generally *Williams v. Terminal Co., supra.*) An employer may permit his employee to retain the tips and the arrangement may be that they shall be compensation, but section 3 is aimed at the evils above-mentioned in connection with *minimum wages,* and merely because tips may be termed wages under certain circumstances does not mean that they may be counted as part of the minimum wage where to do so would contravene the policy of section 3 and permit the evils there denounced.

(12) In their contention that section 3 is not uniform and is discriminatory (United States Const., Fourteenth Amendment; Cal.Const., art. I, sec. 21; art. IV, sec. 25), plaintiffs suggest that section 3 would not be violated if the employment contract called for all tips to be retained by the employer, citing *Settrie v. Falkner,* Commerce Clearing House Labor Law Service, 3d ed. sec. 60, 779. Apparently that case does not appear in the reporter system nor the Ohio Appellate Reports, but in any event we are not persuaded by its reasoning. Section 3 does present such a situation.

Section 3 creates no improper discrimination in respect to employers or the employees affected. The particular evils ***300** at which it is aimed are a part of the minimum wage policy and must be viewed in that light, hence it applies only to situations where such wages are fixed. A reasonable classification has been made. There are many instances where classifications with reference to wages and hours have been upheld. (See *Matter of Application of Martin,* 157 Cal. 51 [106 P. 235, 26 L.R.A. N.S. 242], hours of employment in underground mines; *Matter of Application of Miller,* 162 Cal. 687 [124 P. 427], hours of labor for women but not men.) It is said in 31 Am.Jur., Labor, sec. 414:

"The relation of employer and employee has long been the basis for specific legislation, and statutes applicable only to such relation are not subject to the objection that they constitute class legislation. Moreover, the equal protection of the laws is not denied by the classification of occupations if such classification has a reasonable basis. Such classification may be based upon matters which are personal to the individuals who are acting as employees. For example, statutory regulations with reference to labor of women or children or both may be sustained as against the objection that they constitute an arbitrary discrimination because they do not extend to men. Moreover, the classification may be based not only on the character of the employees but upon the nature of the employer's business, since the character of the work may largely depend upon the nature and the incidents of the business in connection with which the work is done. A statute dealing with employees in a particular line of business does not create an arbitrary discrimination merely because the operation of the statute is not extended to other lines of business having their own circumstances and conditions, or to domestic service."

(13) It is contended that there was no finding by the Industrial Welfare Commission as a basis for its Order 12-A, and that such finding was necessary to the validity of said order; that is, that the wages fixed were adequate to supply the cost of proper living as speci-

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fied in the minimum wage law at the time of its adoption. (Stats. 1913, p. 632, as amended.) That contention must necessarily be limited to the claim that such finding must appear in the order itself inasmuch as the appeal is on the judgment roll alone and hence all of the court's findings must be deemed to have been supported by the evidence. Plaintiffs, respondents herein, are bound by those *301 findings. The trial court found that the order was adopted by the commission pursuant to and under the authority of the minimum wage laws; that on "June 8, 1923, the ... Commission promulgated Order 12-A for the hotel and restaurant industries. That *prior to the formulation and adoption* of said Order 12-A, and in the manner and form prescribed by statute, a conference denominated a wage board of the employers and employees of the said hotel and restaurant industries was called by said commission; that thereafter and prior to the adoption of said Order 12-A, and within the time and in the manner prescribed by law a public hearing was called and held upon said proposed Order 12-A, at which said meeting and wage board conference the employers and employees of said restaurant industry of the State of California were regularly represented.

"That at said public hearing and other meetings witnesses were sworn, testimony taken, and evidence received. It is further true that *every act and thing required by statute to be done by said Commission in the promulgation and adoption of said Order 12-A was done by said Commission within the time and in the manner and form required by statute.*" (Emphasis added.) It was also found that the order was in full force and effect except as otherwise found in the findings referring to its constitutionality and implied repeal by the 1929 statute.

There have been decisions by the United States Supreme Court both ways upon the question of the necessity of findings by an administrative agency as a basis for a rule or regulation issued by it. In *Panama Ref. Co. v. Ryan*, 293 U.S. 388 [55 S.Ct. 241, 79 L.Ed. 446], findings were declared necessary to support a presidential order. The most recent holding by that court in *Pacific States Box & Basket Co. v. White*, 296 U.S. 176 [56 S.Ct. 159, 80 L.Ed. 138, 101 A.L.R. 853], is that no findings are necessary where the statute does not require them to support the order of the Department of Agriculture of the State of Oregon fixing the sizes for containers of horticultural products, although a violation of the order is a misdemeanor. That holding is a definite departure from the broad rule announced in *Panama Ref. Co. v. Ryan, supra.* (See 49 Harv.L.Rev. 827.) Other cases have considered the question. (See *American Telephone & Telegraph Co. v. United States*, 14 F.Supp. 121; *Bayley v. Southland Gasoline Co.*, 131 F.2d 412; *302*Twin City Milk Producers Assn. v. McNutt*, 122 F.2d 564.) We have not been referred to and have been unable to find any case in California on the subject, and while some of the federal court cases indicate that the findings must appear in the order, plaintiffs have suffered no prejudice. The findings of the trial court show that if findings were required by the statute the commission made them. The mere fact that they do not appear on the face of the order is not therefore of importance. The statute did not require that the findings appear on the face of the order. Section 6(c) of the act states merely that the order shall specify "the minimum wage for women and minors in the occupation in question, the maximum hours ... and the standard conditions of labor. ..." (Stats. 1913, p. 632, as amended Stats. 1921, p. 378.)

(14a) The adoption of section 3 of Order 12-A was within the power and authority delegated to the Industrial Welfare Commission by the Legislature. The Constitution authorizes the Legislature to provide a minimum wage for women and minors and for the comfort, health, safety and general welfare of employees, and to confer upon a commission the authority it deems necessary to carry out those purposes. (Cal. Const., art. XX, sec. 17 I/2.) The act under which Order 12-A was promulgated empowers the commission to fix "a minimum wage to be paid to women and minors engaged in any occupation, which shall not be less than a wage adequate to supply such women and minors the necessary cost of proper living and to maintain the health and welfare of such women and minors," and to establish the maximum working hours and the standard conditions of labor. (Stats. 1913, p. 632, sec. 6, as amended Stats. 1921, p. 378.) In our previous discussion of the constitutionality of section 3 we have shown that it had a direct relation to minimum wages and was a natural and important incident thereof. It is an incident of the establishment of minimum wages similar to the provisions in Order 12-A, which specify to what extent board and lodging furnished by the employer may be considered wages. The power to provide safeguards to insure the receipt of the minimum wage and to prevent evasion and subterfuge, is necessarily an implied power flowing from the power to fix a minimum wage delegated to

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the commission.

(15) It is true that an administrative agency may not, under the guise of its rule making power, abridge or enlarge its authority or exceed the powers given to it by the statute *303 the source of its power. (*Boone v. Kingsbury,* 206 Cal. 148 [273 P. 797]; *California E. Com. v. Black-Foxe Military Inst.,* 43 Cal.App.2dSupp. 868 [110 P.2d 729]; *Hodge v. McCall,* 185 Cal. 330 [197 P. 86]; *Bank of Italy v. Johnson,* 200 Cal. 1 [251 P. 784].) However, "the authority of an administrative board or officer, ... to adopt reasonable rules and regulations which are deemed necessary to the due and efficient exercise of the powers expressly granted cannot be questioned. This authority is implied from the power granted." (*Bank of Italy v. Johnson, supra,* 20.) (See, also, *Crawford v. Imperial Irrigation Dist.,* 200 Cal. 318 [253 P. 725]; 21 Cal.Jur. 874.) (14b) In the instant case the power to adopt section 3 may be implied as a power to make effective the order fixing the minimum wage. The power to fix that wage does not confine the agency to that single act. It may adopt rules to make it effective. Plaintiffs cite *Adolph Coors Co. v. Corbett,* (Cal.App.) 123 P.2d 74, decided by the District Court of Appeal. A hearing was granted by this court in that case and thereafter it was dismissed. It is not a controlling authority.

The judgment is reversed.

Gibson, C. J., Shenk, J., Curtis, J., and Edmonds, J., concurred.
Traynor, J., and Schauer, J., did not participate herein.
Respondents' petition for a rehearing was denied July 15, 1943. Traynor, J., and Schauer, J., did not participate therein. *304

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California Drive-In Restaurant Ass'n v. Clark
22 Cal.2d 287, 140 P.2d 657, 147 A.L.R. 1028, 7 Lab.Cas. P 61,672

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CULLIGAN WATER CONDITIONING OF BELLFLOWER, INC., Plaintiff and Respondent,
v.
STATE BOARD OF EQUALIZATION, Defendant and Appellant
L.A. No. 30464.

Supreme Court of California
June 4, 1976.

SUMMARY

In an action by a water conditioning company against the State Board of Equalization for recovery of use taxes paid under protest, the trial court entered judgment in favor of plaintiff. The court concluded that plaintiff's income from water conditioning contracts under which it furnished its customers with "exchange units" it had acquired without paying sales tax reimbursement thereon was service income and not a receipt from the lease of tangible personal property and thus was not taxable. (Superior Court of Los Angeles County, No. SEC 5658, W. James Turpit, Judge.)

The Supreme Court reversed with directions to enter judgment for defendant. The court held that the transactions in question were leases of "tangible personal property" within the meaning of Rev. & Tax. Code, § 6006, subd. (g), and therefore fell within that statute's definition of "sale," subject to use tax under Rev. & Tax. Code, § 6201, required to be collected by the lessor pursuant to Rev. & Tax. Code, § 6203, at the time rentals are paid. It was pointed out that the transactions contained the requisite elements of a "hiring" under Civ. Code, § 1925, of the "temporary possession and use" of the exchange water conditioning unit for "reward" as well as the requisite elements of a "lease," of the giving up of possession to the hirer so that he uses and controls the rented property. Preliminarily the court had held that the basis of the board's assessment against plaintiff was interpretation of existing regulations and that the proper test on review was whether the board had properly interpreted the relevant sections of the Sales and Use Tax Law and its own relevant regulations adopted pursuant to such law. (Opinion by Sullivan, J., expressing the unanimous view of the court.)

HEADNOTES

Classified to California Digest of Official Reports

(1) Sales and Use Taxes § 30--Collection and Enforcement--Judicial Review of Board of Equalization.
The appropriate test on review of a decision of the State Board of Equalization assessing a use tax delinquency against a water conditioning company based on its receipts from customers for furnishing of "exchange units" under water conditioning contracts was whether the board had properly interpreted the relevant sections of the Sales and Use Tax Law and its own relevant regulations adopted pursuant to such law rather than whether it had employed a classification that was arbitrary, capricious or without rational basis, where the basis of the assessment was not embodied in any formal regulation or even an interpretative ruling covering the water conditioning industry as a whole and directed to the industry's use of exchange units, but was nothing more than the board auditor's interpretation of existing regulations. (Disapproving language to the contrary in *Coast Elevator Co. v. State Bd. of Equalization* (1975) 44 Cal.App.3d 576 [118 Cal.Rptr. 818], and *L.A.J., Inc. v. State Bd. of Equalization* (1974) 38 Cal.App.3d 549 [113 Cal.Rptr. 319].)

(2) Administrative Law § 35--Administrative Actions--Construction and Interpretation of Rules and Regulations.
The interpretation of a regulation, like the interpretation of a statute, is a question of law, and while an administrative agency's interpretation of its own regulation obviously deserves great weight, the ultimate resolution of such legal questions rests with the courts.

(3) Sales and Use Taxes § 21--Use Taxes--Transactions Subject to Tax-- Leases of Personal Property--What Constitutes Lease.
The State Board of Equalization properly determined that a water conditioning company's contracts under which it furnished its customers with "exchange units" it had acquired without paying sales tax reimbursement thereon, were leases of "tangible personal property" within the meaning of Rev. & Tax. Code, §

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6006, subd. (g), and therefore fell within that statute's definition of "sale," subject to use tax under Rev. & Tax. Code, § 6201, required to be collected by the lessor pursuant to Rev. & Tax. Code, § 6203, at the time rentals were paid. The transaction contained the requisite elements of a "hiring" under Civ. Code, § 1925, of the "temporary possession and use" of the exchange water conditioning unit for "reward" as well as the requisite elements of a "lease," of the giving up of possession to the hirer so that he uses and controls the rented property, and, though "service" is involved in regenerating the units, the "real object" sought by the individual customer, within the meaning of Cal. Admin. Code, tit. 18, § 1501, is to obtain "the property produced by the service."
[See **Cal.Jur.2d, Rev.,** Sales and Use Taxes, § 16; **Am.Jur.2d,** Sales and Use Taxes, §§ 53, 54.]
COUNSEL

Evelle J. Younger, Attorney General, Ernest P. Goodman, Assistant Attorney General, and Philip C. Griffin, Deputy Attorney General, for Defendant and Appellant.

J. Kimball Walker for Plaintiff and Respondent.

Brookes, Brookes & Vogl, Valentine Brookes and Lawrence V. Brookes as Amici Curiae on behalf of Plaintiff and Respondent.

SULLIVAN, J.

Defendant State Board of Equalization (Board) appeals from a judgment granting plaintiff Culligan Water Conditioning of Bellflower, Inc. recovery of certain use taxes paid under protest.

The case was tried by the court, sitting without a jury, upon an agreed statement of facts. In substance the pertinent facts are as follows: Plaintiff is in the business of conditioning water at the point of use. Hard water contains calcium and magnesium, and these "hardness" ions cause it to be unsuitable in the home for doing the laundry or for washing and bathing. Plaintiff "softens" the water by removing "hardness" ions. This is accomplished at the point of use, in the home, by passing the water supply through a conditioning unit containing an ion-exchange material *89 which exchanges its more soluble sodium ions for the calcium and magnesium ions. After the ion-exchanger is spent, the unit is regenerated.

Plaintiff's residential business consists of two separate categories: (1) The sale or lease of "home-owned" automatic units; and (2) the furnishing of "exchange units" under a water conditioning contract. The "home-owned unit" is a softener complete within itself which continuously regenerates the ion-exchange material within the unit and regularly provides soft water once inserted in the customer's plumbing system. In connection with the sale or lease of this unit, plaintiff pays a sales tax and secures sales tax reimbursement from its customers. Such taxes are not in issue in the instant case.

It is the furnishing of the "exchange unit" under the water conditioning contract which is at the heart of the present controversy. This unit, once inserted in the customer's plumbing, also regularly provides soft water but unlike the "home-owned unit" cannot itself regenerate the ion-exchange material. Consequently this unit must be replaced periodically by plaintiff in order to provide soft water continuously. The householder contracts with plaintiff for water conditioning and does not purchase the installed equipment. Under its arrangement with the customer, plaintiff agrees to provide the exchange unit, to connect it to the customer's water system and to periodically replace the ion-exchange material in the unit in order to maintain a continuous flow of softened water. The customer pays an initial charge for the necessary alterations to the plumbing system and a monthly or bi-monthly charge for the water conditioning depending upon the quantity of water and the degree of the hardness of the water. Plaintiff regularly removes the exchange material when exhausted, replaces it with new or regenerated material and regenerates the exhausted material at its plant. At all times, plaintiff retains ownership of, and full control over, the unit. [FN1]

FN1 A specimen of plaintiff's water conditioning contract is attached to, and made a part of, the agreed statement of facts. It is entitled "Culligan Annual Service Subscription" and contains provisions generally reflecting the arrangement described above. Plaintiff also advertises and bills its customers as a water conditioning service.

Prior to 1966 plaintiff operated in a prescribed franchise area in and about the City of Bellflower, California. About May 1, 1966, plaintiff acquired the

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assets of a Culligan franchise business known as Culligan of South Gate, Inc. Among the assets purchased were 2,000 portable ***90** exchange units. Since plaintiff paid no sales tax reimbursement upon the acquisition of these units, the tax auditor for the Board determined that the 2,000 units were acquired by plaintiff "ex-tax." Accordingly, the tax auditor determined that the service income from the equivalent number of service customers should be included in the measure of taxable sales as "taxable rentals." The Board therefore assessed a tax delinquency of $12,816.17, with accrued interest of $2,347.86, or a total assessment of $15,164.03, for the audit period from April 1, 1966, to December 31, 1968. Plaintiff paid this assessment under protest and filed a timely claim for refund on the ground that the income derived from the lease of these 2,000 units was income from a service business rather than from the rental of property and thus not subject to sales and use tax liability. The Board rejected the claim for refund and plaintiff filed the instant action.

Plaintiff acquired the 2,000 portable exchange units from its transferor (Culligan of South Gate) under a contract of sale whereby such transferor agreed to pay any sales tax due. Plaintiff paid no sales tax reimbursement on this transfer of the 2,000 units, but Culligan of South Gate had paid sales tax reimbursement on them at the time that South Gate had originally acquired the units and prior to the sale to plaintiff by South Gate. Plaintiff had paid sales tax reimbursement on all *other* portable exchange units at the time plaintiff originally acquired them and accordingly was not required to charge sales tax to its customers in connection with the units other than the 2,000.

The Board took the position that section 6006, subdivision (g), of the Revenue and Taxation Code [FN2] applied to the transactions involving the above-mentioned 2,000 exchange units and therefore assessed the tax as being due on a "lease of tangible personal property" in its audit for the period April 1, 1966, through December 31, 1968. [FN3] Attached to the agreed statement of facts and made a part thereof is a declaration of ***91** Thomas P. Putnam, assistant chief counsel of the Board, who, the parties agreed, if called as a witness would testify to the statements made in the declaration, it being further agreed, however, that the relevance and probative value of his testimony and the Board's position concerning the lease "are issues in this case."

FN2 Hereafter, unless otherwise indicated, all section references are to the Revenue and Taxation Code.

FN3 Section 6006 as it read at the time of the tax period covered by the assessment, provided in pertinent part as follows:

"'Sale' means and includes:

"

. . . . .

"(g) Any lease of tangible personal property in any manner or by any means whatsoever, for a consideration, except a lease of:

"

. . . . .

"(5) Tangible personal property leased in substantially the same form as acquired by the lessor or leased in substantially the same form as acquired by a transferor, as to which the lessor or transferor has paid sales tax reimbursement pursuant to Section 6052 or has paid use tax measured by the purchase price of the property. For purposes hereof, transferor shall mean the following:

"(A) A person from whom the lessor acquired the property in a transaction described in subdivision (b) of Section 6006.5.

"(B) A decedent from whom the lessor acquired the property by will or the laws of succession."

Subdivision (g) was added to section 6006 in 1965. (See Stats. 1965, First Ex. Sess., ch. 2, § 2, p. 5444.)

At the same time section 6010, defining "purchase" was amended by identical language to include "any lease of tangible personal property." (See § 6010, subd. (e),

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added by Stats. 1965, First Ex. Sess., ch. 2, § 6, p. 5445; see also Cal. Admin. Code, tit. 18, § 1660.)

Mr. Putnam stated that the Board and its staff considered the type of transaction here involved pertaining to the portable exchange units "to be a 'lease' within the meaning of the Sales and Use Tax Law and, unless the property is leased in substantially the same form as acquired by the lessor and he has previously paid sales tax reimbursement or use tax measured by his purchase price, as a 'sale' and 'purchase' within the meaning of that law, subject to tax measured by the payments made by his customers ...." He explained that this type of transaction was considered to fall within the definition of "hiring" in Civil Code section 1925 and that the periodic payments made by the customer were considered to be the measure of tax by reason of section 6011. He concluded as follows: "By reason of the interworking of Sections 6009, 6201, 6203, 6390, and 6401, the basic tax on leases is considered to be a use tax on the lessee, which the lessor must collect. If the lessee is exempt, then the tax is considered imposed on the lessor as a sales tax and Sections 6051 and 6012 become applicable.

"Regulation 1660 (18 Cal. Admin. Code, § 1660), a copy of which is attached, describes the position of the Board with respect to leases of tangible personal property in general."

The trial court adopted by reference as its findings of fact the agreed statement of facts and concluded that the income upon which the Board's assessment was made "is service income and not a receipt from the lease of tangible personal property and as such is not taxable under *92 the Sales Tax Law," that the Board's position that the transaction in question constituted a lease of tangible personal property "is, on the facts of this case, an arbitrary, unreasonable and unwarranted extension of the interpretation of the words 'lease,' 'rental,' 'sale,' or 'purchase,'" and that plaintiff was entitled to a refund of the tax paid. Judgment was entered accordingly. This appeal followed.

(1, 2) Initially, we must determine the appropriate standard of review applicable to the assessment against plaintiff of use tax liability based on the receipts derived from the lease of the exchange units. The Board contends that the assessment, grounded on what it denominates an administrative classification, may be overturned only if such classification was arbitrary, capricious or without rational basis. However, it is clear from the record that the basis of the assessment was not embodied in any formal regulation or even interpretative ruling covering the water conditioning industry as a whole and directed to the industry's use of exchange units (see § 7051 and Gov. Code, § 11420 et seq.), but rather that the basis of the assessment was nothing more than the Board auditor's interpretation of two existing regulations, that is, the regulation governing the lease of tangible personal property (Cal. Admin. Code, tit. 18, § 1660) and the regulation governing service businesses (Cal. Admin. Code, tit. 18, § 1501).

If the Board had promulgated a formal regulation determining the proper classification of receipts derived from the rental of exchange units to condition water and the regulation had been challenged in the action for refund of the tax paid (§ 6933), the proper scope of reviewing such regulation would be one of limited judicial review as urged by the Board. (*Henry's Restaurants of Pomona, Inc. v. State Bd. of Equalization* (1973) 30 Cal.App.3d 1009, 1020-1021 [106 Cal.Rptr. 867]; *Mission Pak Co. v. State Bd. of Equalization* (1972) 23 Cal.App.3d 120, 124-125 [100 Cal.Rptr. 69]; see *Carmona v. Division of Industrial Safety* (1975) 13 Cal.3d 303, 309-310 [118 Cal.Rptr. 473, 530 P.2d 161]; *Pitts v. Perluss* (1962) 58 Cal.2d 824, 834-835 [27 Cal.Rptr. 19, 377 P.2d 83].) However, in the instant case the Board adopted no formal regulation of a general nature. Considering the particular facts of the transactions involved in the audit of plaintiff taxpayer and interpreting the statutes and regulations deemed applicable, the Board and its staff arrived at certain conclusions as to plaintiff's tax liability and assessed the tax accordingly. As we have set forth in the details of the record before us, the Board "took the position" that certain sections of the law and the regulations *93 applied and made its assessment in conformity with its view of the law. Thus the "position" taken by the Board with respect to plaintiff's exchange unit transaction was not the equivalent of a regulation or ruling of general application but, as the amicus points out to us and indeed as the very phraseology of the record indicates, was merely its litigating position in this particular matter.

In sum, our present task is to determine whether the Board in making the assessment in controversy has properly interpreted the relevant sections of the Sales

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and Use Tax Law and the Board's own relevant regulations adopted pursuant to such law. We recently summarized our proper function thusly: "The interpretation of a regulation, like the interpretation of a statute, is, of course, a question of law [citations], and while an administrative agency's interpretation of its own regulation obviously deserves great weight [citations], the ultimate resolution of such legal questions rests with the courts. [Citations.]" (*Carmona v. Division of Industrial Safety, supra,* 13 Cal.3d 303, 310; see also *Merrill v. Department of Motor Vehicles* (1969) 71 Cal.2d 907, 917 [80 Cal.Rptr. 89, 458 P.2d 33]; *Szabo Food Service, Inc. v. State Bd. of Equalization* (1975) 46 Cal.App.3d 268, 271 [119 Cal.Rptr. 911]; *King v. State Bd. of Equalization* (1972) 22 Cal.App.3d 1006, 1012 [99 Cal.Rptr. 802].)[FN4] (3) Therefore, giving the appropriate weight to the Board's interpretation, we must decide whether the receipts from plaintiff's customers using the 2,000 exchange units are taxable rentals for leases of tangible personal property within the meaning of the applicable provisions of the Sales and Use Tax Law and regulations promulgated thereunder.

FN4 In both *Henry's Restaurants of Pomona, Inc. v. State Bd. of Equalization, supra,* 30 Cal.App.3d 1009, 1020-1021, and *Mission Pak Co. v. State Bd. of Equalization, supra,* 23 Cal.App.3d 120, 124-125, the taxpayer attacked the validity of a formal regulation promulgated by the Board and the Courts of Appeal properly held the applicable standard of review to be whether the regulation was arbitrary, capricious or had no reasonable or rational basis. However, in *Coast Elevator Co. v. State Bd. of Equalization* (1975) 44 Cal.App.3d 576, 586-587 [118 Cal.Rptr. 818], and *L.A.J., Inc. v. State Bd. of Equalization* (1974) 38 Cal.App.3d 549, 552 [113 Cal.Rptr. 319], it would appear that the taxpayer attacked the Board's interpretation of existing regulations, rather than the regulations themselves. Accordingly we disapprove any language in those opinions indicating that the proper scope of review of such litigating positions of the Board (announced either in tax bulletins or merely as the result of an individual audit) is to determine whether the Board's assessment was arbitrary, capricious or had no reasonable or rational basis. The proper scope of review in such cases is that enunciated in the text of this opinion.

It will be helpful to our determination of this question to set forth at this point the respective positions of the parties. It is the position of the ***94** Board that plaintiff's installation of the exchange units in its customers' residences under its water conditioning or service contract constitutes a lease of the exchange units. Plaintiff takes the position that such an arrangement does not constitute a lease since although having possession of the unit, the customer has neither use of it, nor dominion or control over it. [FN5] The Board rejoins that it is quite obvious that the customer *uses* the unit and by having control over the use of water in his house, simultaneously has dominion and control over the unit which softens it.

FN5 Plaintiff points to the following portion of the agreed statement of facts: "The exchange unit is under the dominion control, and use of the plaintiff [Culligan] at all times and plaintiff has the full right and power over the unit; the customer is not permitted to tamper with, change, control, or use the exchange unit in any way for his own purposes. At any time at will and as needed, the plaintiff (dealer) exchanges one tank for another .... The customer does not have the right, interest, the desire or the physical or technical ability to alter, control, or make use of the unit in any way other than which is provided for him under his contract by the plaintiff."

We start with the observation that if a lease of tangible personal property is a "sale" (§ 6006) and "purchase" (§ 6010) under the code and regulation (Cal. Admin. Code, tit. 18, § 1660), then the use of the leased property in this state by the lessee is subject to a use tax (§§ 6009, 6201) which the lessor must collect from the lessee at the time rentals are paid (§ 6203) and is measured by the rentals payable (§ 6012). "Any lease of tangible personal property in any manner whatsoever for a consideration is a 'sale' as defined in section 6006, and a 'purchase' as defined in 6010 ..." (Cal. Admin. Code, tit. 18, § 1660) except where sales or use tax is paid upon acquisition of the tangible personal property which is leased in substantially the same form as acquired. (See fn. 3, *ante.*)

Since upon acquiring the 2,000 exchange units here in question, plaintiff neither "paid sales tax reimburse-

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ment pursuant to Section 6052 [nor] ... paid use tax measured by the purchase price of the property" (§ 6006, subd. (g)(5); see fn. 3, *ante*) any lease of the units by plaintiff in substantially the form acquired was subject to use tax collectable by plaintiff. Section 6006.3 provides: "'Lease' includes rental, hire and license. ..." Hiring is defined in Civil Code section 1925 as "a contract by which one gives to another the temporary possession and use of property, other than money, for reward, and the latter agrees to return the same to the former at a future time." As stated in *Entremont v. Whitsell* (1939) 13 Cal.2d 290, 295 [89 P.2d 392], "The chief characteristic of a renting or a leasing is the giving up of possession to the hirer, so that the hirer and not the owner uses and controls the rented property." (*Id.*, citing Civ. Code, § 1925.) ***95**

Contrary to plaintiff's claim, we are satisfied that on the record before us, plaintiff's customer in a general but very practical sense has the use of the exchange unit which is installed in his plumbing system and has dominion and control over it while it is there. Certainly the customer *uses* the exchange unit by having the water pass along the lead-in pipes, through the conditioning unit, and thereafter throughout the entire water system of his residence. He also has dominion and control over the unit. He may permit it to remain inactive simply by not using the water in his house, as he might do during long absences during the day or over many days while away from home, or during long hours of nonuse during the night. Or he or members of his family may activate the unit and avail themselves of its functioning by the simple act of turning on a faucet. The fact that plaintiff has an *owner's* control of the unit and the exclusive right to replace one unit with another so as to regenerate the exhausted material at its plant, does not derogate in any way from the customer's right to use and control the unit while it is on his premises.

Thus, we conclude that there are present the requisite elements of a "hiring," namely the "temporary possession and use" of the exchange water conditioning unit for "reward" (Civ. Code, § 1925) as well as the requisite elements of a "lease," namely "the giving up of possession to the hirer" so that he "uses and controls the rented property." (*Entremont v. Whitsell, supra*, 13 Cal.2d 290, 295.) We therefore agree with the position of the Board and conclude that on the present record plaintiff's furnishing of the exchange units in controversy under the provisions of its so-called annual service subscription constituted a lease of tangible personal property.

Nevertheless, plaintiff insists that even if the elements of a lease of tangible personal property are present, it is nonetheless unreasonable for the Board to so classify plaintiff's business because it is more properly classified as a service business. [FN6] Plaintiff urges that it provides a water conditioning service consisting of the processing, regeneration and installation of the ion-exchange material which requires the skill and labor of its employees and that the water conditioning exchange unit is merely the vehicle by which such service is provided. Additionally, plaintiff points out that the water conditioning contract is called a service ***96** contract, the bill is labelled a service bill and the water softening industry has always advertised and considered itself as a service industry. Finally, plaintiff claims that its business is more like businesses that have been characterized as service businesses, such as swimming pool cleaners which use chemicals to clean the pool, exterminators which use electronic devices, and linen suppliers who launder the linen, than like businesses commonly thought of as leasing tangible personal property.

> FN6 "Persons engaged in the business of rendering service are consumers, not retailers, of the tangible personal property which they use incidentally in rendering the service. Tax, accordingly, applies to the sale of property to them. ..." (Cal. Admin. Code, tit. 18, § 1501.)

The Board has set forth its general standard for classifying transactions involving the transfer of tangible personal property as follows: "The basic distinction in determining whether a particular transaction involves a sale of tangible personal property or the transfer of tangible personal property incidental to the performance of a service is one of the true objects of the contract; that is, *is the real object sought by the buyer the service per se or the property produced by the service.* ..." (Cal. Admin. Code, tit. 18, § 1501, italics added.) Service is defined as "performance of labor for the benefit of another." (Webster's New Internat. Dict. (2d ed., unabridged).) Essentially the crucial point of inquiry is whether the true object of the transaction is the finished article or the performance of labor. (*Albers v. State Board of Equalization* (1965) 237 Cal.App.2d 494, 497 [47 Cal.Rptr. 69].)

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We think it quite clear that the true object of the water conditioning contract is the furnishing of the exchange unit which, by itself and without requiring any performance of human labor, softens the water. It is true that human labor or service is involved in regenerating the ion-exchange material, but realistically viewed the customer's purpose in entering into the contract is to obtain, not personal services, but a properly generated and efficiently functioning water conditioning unit. Plaintiff's contention that it is providing primarily a water softening service and that the transfer of the water conditioning unit is merely incidental to the provision of this service simply does not fit the facts - the water softening is done by the water conditioning unit, the service of plaintiff's employees of generating and installing being merely incidental to the function performed by the unit.

Finally plaintiff contends that its business is indistinguishable from various other businesses involving service and the use of tangible personal property which the Board has held not to be lease transactions and that its "water softening service is so analogous to such other cases as to require the same use tax treatment." We shall explain why we consider plaintiff's several arguments unpersuasive. *97

Plaintiff first points out that section 6006, subdivision (g)(2) [FN7] provides that the Sales and Use Tax Law does not apply to a linen supplier and argues that the "furnishing of soft water by [plaintiff] to a customer's home is almost identical in nature to the linen supply service." We do not see how this reference assists plaintiff, since the point plaintiff attempts to make contains its own complete answer, namely that the Legislature has seen fit to provide a statutory exemption for the linen industry. Indeed it would appear that if the exemption indicated in subsection (2) had not been enacted, the lease transactions now covered by the subsection would have fallen within the statutory definition of "sale."

> FN7 Section 6006, subdivision (g)(2) provides: "'Sale' means and includes:
>
> "
>
> . . . . .
>
> "(g) Any lease of tangible personal property in any manner or by any means whatsoever, for a consideration, except a lease of:
>
> "
>
> . . . . .
>
> "(2) Linen supplies and similar articles when an essential part of the lease agreement is the furnishing of the recurring service of laundering or cleaning the articles."

Second, plaintiff argues that the Board "has ruled in a number of other cases that income from similar businesses [is] not subject to sales tax." Plaintiff merely lists, without any development of the point other than a citation to certain sales tax rulings of the Board, the following four types of businesses: (1) swimming pool contractors who service pools with chemicals; (2) exterminators who use electronic devices; (3) security companies who utilize burglar alarms; and (4) community antenna television services. The tax rulings pertaining to the first two types of businesses antedated the 1965 amendments to the Sales and Use Tax Law defining "sale" and "purchase" as including "any lease of tangible personal property." (See fn. 3, *ante*.) These rulings were written at a time when such types of businesses were considered as consumers, rather than retailers, of the chemicals provided with the service; we do not apprehend that they dealt with the factual situation now presented to us, namely the lease of tangible personal property. With respect to the last two types of businesses, plaintiff, as we have already observed, has presented no facts whatsoever as to the methods of conducting the businesses involved, no discussion of the basis of the pertinent tax rulings referred to, and no analyses of plaintiff's position that these last two types of businesses are so indistinguishable from plaintiff's business as to compel a similar tax treatment in the instant case. [FN8] *98

> FN8 Indeed, if it were necessary to analogize, we would think, as the Board itself suggests, that plaintiff's business appears similar to the situation involved in the leasing of automatic data processing equipment, where the taxable rental is deemed to include the incidental services required to be provided as part of the lease, namely the programming of the equipment, the training of operators, and

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> the general maintenance of the equipment. (Cal. Admin. Code, tit. 18, § 1502, subd. (k).) In each instance, it would seem that the true object of the transaction is the equipment itself while any services involved are merely incidental to its functioning.

The judgment is reversed and the cause is remanded to the trial court with directions to enter judgment for defendant.

Wright, C. J., McComb, J., Tobriner, J., Mosk, J., Clark, J., and Richardson, J., concurred. *99

Cal.
Culligan Water Conditioning v. State Bd. of Equalization
17 Cal.3d 86, 550 P.2d 593, 130 Cal.Rptr. 321

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Estate of DENIS H. GRISWOLD, Deceased.
NORMA B. DONER-GRISWOLD, Petitioner and Respondent,
v.
FRANCIS V. SEE, Objector and Appellant.
No. S087881.

Supreme Court of California
June 21, 2001.

SUMMARY

After an individual died intestate, his wife, as administrator of the estate, filed a petition for final distribution. Based on a 1941 judgment in a bastardy proceeding in Ohio, in which the decedent's biological father had confessed paternity, an heir finder who had obtained an assignment of partial interest in the estate from the decedent's half siblings filed objections. The biological father had died before the decedent, leaving two children from his subsequent marriage. The father had never told his subsequent children about the decedent, but he had paid court-ordered child support for the decedent until he was 18 years old. The probate court denied the heir finder's petition to determine entitlement, finding that he had not demonstrated that the father was the decedent's natural parent pursuant to Prob. Code, § 6453, or that the father had acknowledged the decedent as his child pursuant to Prob. Code, § 6452, which bars a natural parent or a relative of that parent from inheriting through a child born out of wedlock on the basis of the parent/child relationship unless the parent or relative acknowledged the child and contributed to the support or care of the child. (Superior Court of Santa Barbara County, No. B216236, Thomas Pearce Anderle, Judge.) The Court of Appeal, Second Dist., Div. Six, No. B128933, reversed.

The Supreme Court affirmed the judgment of the Court of Appeal. The court held that, since the father had acknowledged the decedent as his child and contributed to his support, the decedent's half siblings were not subject to the restrictions of Prob. Code, § 6452. Although no statutory definition of "acknowledge" appears in Prob. Code, § 6452, the word's common meaning is: to admit to be true or as stated; to confess. Since the decedent's father had confessed paternity in the 1941 bastardy proceeding, he had acknowledged the decedent under the plain terms of the statute. The court also held that the 1941 Ohio judgment established the decedent's biological father as his natural parent for purposes of intestate succession under Prob. Code, § 6453, subd. (b). Since the identical issue was presented both in the Ohio proceeding and in this California proceeding, the Ohio proceeding bound the parties in this proceeding. (Opinion by Baxter, J., with George, C. J., Kennard, Werdegar, and Chin, JJ., concurring. Concurring opinion by Brown, J. (see p. 925).)

HEADNOTES

Classified to California Digest of Official Reports

(1a, 1b, 1c, 1d) Parent and Child § 18--Parentage of Children-- Inheritance Rights--Parent's Acknowledgement of Child Born Out of Wedlock:Descent and Distribution § 3--Persons Who Take--Half Siblings of Decedent.
In a proceeding to determine entitlement to an intestate estate, the trial court erred in finding that the half siblings of the decedent were precluded by Prob. Code, § 6452, from sharing in the intestate estate. Section 6452 bars a natural parent or a relative of that parent from inheriting through a child born out of wedlock unless the parent or relative acknowledged the child and contributed to that child's support or care. The decedent's biological father had paid court-ordered child support for the decedent until he was 18 years old. Although no statutory definition of "acknowledge" appears in § 6452, the word's common meaning is: to admit to be true or as stated; to confess. Since the decedent's father had appeared in a 1941 bastardy proceeding in another state, where he confessed paternity, he had acknowledged the decedent under the plain terms of § 6452. Further, even though the father had not had contact with the decedent and had not told his other children about him, the record disclosed no evidence that he disavowed paternity to anyone with knowledge of the circumstances. Neither the language nor the history of § 6452 evinces a clear intent to make inheritance contingent upon the decedent's awareness of the relatives who claim an inheritance right.
[See 12 Witkin, Summary of Cal. Law (9th ed. 1990)

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Wills and Probate, §§ 153, 153A, 153B.]

(2) Statutes § 29--Construction--Language--Legislative Intent.
In statutory construction cases, a court's fundamental task is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. A court begins by examining the statutory language, giving the words their usual and ordinary meaning. If the terms of the statute are unambiguous, the court presumes the lawmakers meant what they said, and the plain meaning of the language governs. If there is ambiguity, however, the court may then look to extrinsic sources, including the ostensible objects to be achieved and the legislative history. In such cases, the court selects the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoids an interpretation that would lead to absurd consequences.

(3) Statutes § 46--Construction--Presumptions--Legislative Intent--Judicial Construction of Certain Language.
When legislation has been judicially construed and a subsequent statute on the same or an analogous subject uses identical or substantially similar language, a court may presume that the Legislature intended the same construction, unless a contrary intent clearly appears.

(4) Statutes § 20--Construction--Judicial Function.
A court may not, under the guise of interpretation, insert qualifying provisions not included in a statute.

(5a, 5b) Parent and Child § 18--Parentage of Children--Inheritance Rights--Determination of Natural Parent of Child Born Out of Wedlock:Descent and Distribution § 3--Persons Who Take--Half Siblings of Decedent.
In a proceeding to determine entitlement to an intestate estate, the trial court erred in finding that the half siblings of the decedent, who had been born out of wedlock, were precluded by Prob. Code, § 6453 (only "natural parent" or relative can inherit through intestate child), from sharing in the intestate estate. Prob. Code, § 6453, subd. (b), provides that a natural parent and child relationship may be established through Fam. Code, § 7630, subd. (c), if a court order declaring paternity was entered during the father's lifetime. The decedent's father had appeared in a 1941 bastardy proceeding in Ohio, where he confessed paternity. If a valid judgment of paternity is rendered in Ohio, it generally is binding on California courts if Ohio had jurisdiction over the parties and the subject matter, and the parties were given reasonable notice and an opportunity to be heard. Since the Ohio bastardy proceeding decided the identical issue presented in this California proceeding, the Ohio proceeding bound the parties in this proceeding. Further, even though the decedent's mother initiated the bastardy proceeding prior to adoption of the Uniform Parentage Act, and all procedural requirements of Fam. Code, § 7630, may not have been followed, that judgment was still binding in this proceeding, since the issue adjudicated was identical to the issue that would have been presented in an action brought pursuant to the Uniform Parentage Act.

(6) Judgments § 86--Res Judicata--Collateral Estoppel--Nature of Prior Proceeding--Criminal Conviction on Guilty Plea.
A trial court in a civil proceeding may not give collateral estoppel effect to a criminal conviction involving the same issues if the conviction resulted from a guilty plea. The issue of the defendant's guilt was not fully litigated in the prior criminal proceeding; rather, the plea bargain may reflect nothing more than a compromise instead of an ultimate determination of his or her guilt. The defendant's due process right to a civil hearing thus outweighs any countervailing need to limit litigation or conserve judicial resources.

(7) Descent and Distribution § 1--Judicial Function.
Succession of estates is purely a matter of statutory regulation, which cannot be changed by the courts.

COUNSEL

Kitchen & Turpin, David C. Turpin; Law Office of Herb Fox and Herb Fox for Objector and Appellant.

Mullen & Henzell and Lawrence T. Sorensen for Petitioner and Respondent.

BAXTER, J.

Section 6452 of the Probate Code (all statutory references are to this code unless otherwise indicated) bars a "natural parent" or a relative of that parent from inheriting through a child born out of wedlock on the basis of the parent and child relationship unless the parent or relative "acknowledged the child" and

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"contributed to the support or the care of the child." In this case, we must determine whether section 6452 precludes the half siblings of a child born out of wedlock from sharing in the child's intestate estate where the record is undisputed that their father appeared in an Ohio court, admitted paternity of the child, and paid court-ordered child support until the child was 18 years old. Although the father and the out-of-wedlock child apparently never met or communicated, and the half siblings did not learn of the child's existence until after both the child and the father died, there is no indication that the father ever denied paternity or knowledge of the out-of-wedlock child to persons who were aware of the circumstances.

Since succession to estates is purely a matter of statutory regulation, our resolution of this issue requires that we ascertain the intent of the lawmakers who enacted section 6452. Application of settled principles of statutory *908 construction compels us to conclude, on this uncontroverted record, that section 6452 does not bar the half siblings from sharing in the decedent's estate.

Factual and Procedural Background

Denis H. Griswold died intestate in 1996, survived by his wife, Norma B. Doner-Griswold. Doner-Griswold petitioned for and received letters of administration and authority to administer Griswold's modest estate, consisting entirely of separate property.

In 1998, Doner-Griswold filed a petition for final distribution, proposing a distribution of estate property, after payment of attorney's fees and costs, to herself as the surviving spouse and sole heir. Francis V. See, a self-described "forensic genealogist" (heir hunter) who had obtained an assignment of partial interest in the Griswold estate from Margaret Loera and Daniel Draves, [FN1] objected to the petition for final distribution and filed a petition to determine entitlement to distribution.

FN1 California permits heirs to assign their interests in an estate, but such assignments are subject to court scrutiny. (See § 11604.)

See and Doner-Griswold stipulated to the following background facts pertinent to See's entitlement petition.

Griswold was born out of wedlock to Betty Jane Morris on July 12, 1941 in Ashland, Ohio. The birth certificate listed his name as Denis Howard Morris and identified John Edward Draves of New London, Ohio as the father. A week after the birth, Morris filed a "bastardy complaint" [FN2] in the juvenile court in Huron County, Ohio and swore under oath that Draves was the child's father. In September of 1941, Draves appeared in the bastardy proceeding and "confessed in Court that the charge of the plaintiff herein is true." The court adjudged Draves to be the "reputed father" of the child, and ordered Draves to pay medical expenses related to Morris's pregnancy as well as $5 per week for child support and maintenance. Draves complied, and for 18 years paid the court-ordered support to the clerk of the Huron County court.

FN2 A "bastardy proceeding" is an archaic term for a paternity suit. (Black's Law Dict. (7th ed. 1999) pp. 146, 1148.)

Morris married Fred Griswold in 1942 and moved to California. She began to refer to her son as "Denis Howard Griswold," a name he used for the rest of his life. For many years, Griswold believed Fred Griswold was his father. At some point in time, either after his mother and Fred Griswold *909 divorced in 1978 or after his mother died in 1983, Griswold learned that Draves was listed as his father on his birth certificate. So far as is known, Griswold made no attempt to contact Draves or other members of the Draves family.

Meanwhile, at some point after Griswold's birth, Draves married in Ohio and had two children, Margaret and Daniel. Neither Draves nor these two children had any communication with Griswold, and the children did not know of Griswold's existence until after Griswold's death in 1996. Draves died in 1993. His last will and testament, dated July 22, 1991, made no mention of Griswold by name or other reference. Huron County probate documents identified Draves's surviving spouse and two children-Margaret and Daniel-as the only heirs.

Based upon the foregoing facts, the probate court denied See's petition to determine entitlement. In the court's view, See had not demonstrated that Draves was Griswold's "natural parent" or that Draves "acknowledged" Griswold as his child as required by

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section 6452.

The Court of Appeal disagreed on both points and reversed the order of the probate court. We granted Doner-Griswold's petition for review.

Discussion

(1a) Denis H. Griswold died without a will, and his estate consists solely of separate property. Consequently, the intestacy rules codified at sections 6401 and 6402 are implicated. Section 6401, subdivision (c) provides that a surviving spouse's share of intestate separate property is one-half "[w]here the decedent leaves no issue but leaves a parent or parents or their issue or the issue of either of them." (§ 6401, subd. (c)(2)(B).) Section 6402, subdivision (c) provides that the portion of the intestate estate not passing to the surviving spouse under section 6401 passes as follows: "If there is no surviving issue or parent, to the issue of the parents or either of them, the issue taking equally if they are all of the same degree of kinship to the decedent ...."

As noted, Griswold's mother (Betty Jane Morris) and father (John Draves) both predeceased him. Morris had no issue other than Griswold and Griswold himself left no issue. Based on these facts, See contends that Doner-Griswold is entitled to one-half of Griswold's estate and that Draves's issue (See's assignors, Margaret and Daniel) are entitled to the other half pursuant to sections 6401 and 6402.

Because Griswold was born out of wedlock, three additional Probate Code provisions-section 6450, section 6452, and section 6453-must be considered. ***910**

As relevant here, section 6450 provides that "a relationship of parent and child exists for the purpose of determining intestate succession by, through, or from a person" where "[t]he relationship of parent and child exists between a person and the person's natural parents, regardless of the marital status of the natural parents." (*Id.*, subd. (a).)

Notwithstanding section 6450's general recognition of a parent and child relationship in cases of unmarried natural parents, section 6452 restricts the ability of such parents and their relatives to inherit from a child as follows: "If a child is born out of wedlock, neither a *natural parent* nor a relative of that parent inherits from or through the child on the basis of the parent and child relationship between that parent and the child unless both of the following requirements are satisfied: [¶] (a) The parent or a relative of the parent *acknowledged the child.* [¶] (b) The parent or a relative of the parent contributed to the support or the care of the child." (Italics added.)

Section 6453, in turn, articulates the criteria for determining whether a person is a "natural parent" within the meaning of sections 6450 and 6452. A more detailed discussion of section 6453 appears *post*, at part B.

It is undisputed here that section 6452 governs the determination whether Margaret, Daniel, and See (by assignment) are entitled to inherit from Griswold. It is also uncontroverted that Draves contributed court-ordered child support for 18 years, thus satisfying subdivision (b) of section 6452. At issue, however, is whether the record establishes all the remaining requirements of section 6452 as a matter of law. First, did Draves acknowledge Griswold within the meaning of section 6452, subdivision (a)? Second, did the Ohio judgment of reputed paternity establish Draves as the natural parent of Griswold within the contemplation of sections 6452 and 6453? We address these issues in order.

A. *Acknowledgement*

As indicated, section 6452 precludes a natural parent or a relative of that parent from inheriting through a child born out of wedlock unless the parent or relative "acknowledged the child." (*Id.*, subd. (a).) On review, we must determine whether Draves acknowledged Griswold within the contemplation of the statute by confessing to paternity in court, where the record reflects no other acts of acknowledgement, but no disavowals either.

(2) In statutory construction cases, our fundamental task is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. (*Day v. City of Fontana* (2001) 25 Cal.4th 268, 272 [***911**105 Cal.Rptr.2d 457, 19 P.3d 1196].) "We begin by examining the statutory language, giving the words their usual and ordinary meaning." (*Ibid.*; *People v. Lawrence* (2000) 24 Cal.4th 219, 230 [99 Cal.Rptr.2d

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570, 6 P.3d 228].) If the terms of the statute are unambiguous, we presume the lawmakers meant what they said, and the plain meaning of the language governs. (*Day v. City of Fontana*, *supra*, 25 Cal.4th at p. 272; *People v. Lawrence*, *supra*, 24 Cal.4th at pp. 230-231.) If there is ambiguity, however, we may then look to extrinsic sources, including the ostensible objects to be achieved and the legislative history. (*Day v. City of Fontana*, *supra*, 25 Cal.4th at p. 272.) In such cases, we " ' "select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences." ' " (*Ibid.*)

(1b) Section 6452 does not define the word "acknowledged." Nor does any other provision of the Probate Code. At the outset, however, we may logically infer that the word refers to conduct other than that described in subdivision (b) of section 6452, i.e., contributing to the child's support or care; otherwise, subdivision (a) of the statute would be surplusage and unnecessary.

Although no statutory definition appears, the common meaning of "acknowledge " is "to admit to be true or as stated; confess." (Webster's New World Dict. (2d ed. 1982) p. 12; see Webster's 3d New Internat. Dict. (1981) p. 17 ["to show by word or act that one has knowledge of and agrees to (a fact or truth) ... [or] concede to be real or true ... [or] admit"].) Were we to ascribe this common meaning to the statutory language, there could be no doubt that section 6452's acknowledgement requirement is met here. As the stipulated record reflects, Griswold's natural mother initiated a bastardy proceeding in the Ohio juvenile court in 1941 in which she alleged that Draves was the child's father. Draves appeared in that proceeding and publicly " confessed" that the allegation was true. There is no evidence indicating that Draves did not confess knowingly and voluntarily, or that he later denied paternity or knowledge of Griswold to those who were aware of the circumstances. [FN3] Although the record establishes that Draves did not speak of Griswold to Margaret and Daniel, there is no evidence suggesting he sought to actively conceal the facts from them or anyone else. Under the plain terms of section 6452, the only sustainable conclusion on this record is that Draves acknowledged Griswold.

FN3 Huron County court documents indicate that at least two people other than Morris, one of whom appears to have been a relative of Draves, had knowledge of the bastardy proceeding.

Although the facts here do not appear to raise any ambiguity or uncertainty as to the statute's application, we shall, in an abundance of caution, ***912** test our conclusion against the general purpose and legislative history of the statute. (See *Day v. City of Fontana*, *supra*, 25 Cal.4th at p. 274; *Powers v. City of Richmond* (1995) 10 Cal.4th 85, 93 [40 Cal.Rptr.2d 839, 893 P.2d 1160].)

The legislative bill proposing enactment of former section 6408.5 of the Probate Code (Stats. 1983, ch. 842, § 55, p. 3084; Stats. 1984, ch. 892, § 42, p. 3001), the first modern statutory forerunner to section 6452, was introduced to effectuate the Tentative Recommendation Relating to Wills and Intestate Succession of the California Law Revision Commission (the Commission). (See 17 Cal. Law Revision Com. Rep. (1984) p. 867, referring to 16 Cal. Law Revision Com. Rep. (1982) p. 2301.) According to the Commission, which had been solicited by the Legislature to study and recommend changes to the then existing Probate Code, the proposed comprehensive legislative package to govern wills, intestate succession, and related matters would "provide rules that are more likely to carry out the intent of the testator or, if a person dies without a will, the intent a decedent without a will is most likely to have had." (16 Cal. Law Revision Com. Rep., *supra*, at p. 2319.) The Commission also advised that the purpose of the legislation was to "make probate more efficient and expeditious." (*Ibid.*) From all that appears, the Legislature shared the Commission's views in enacting the legislative bill of which former section 6408.5 was a part. (See 17 Cal. Law Revision Com. Rep., *supra*, at p. 867.)

Typically, disputes regarding parental acknowledgement of a child born out of wedlock involve factual assertions that are made by persons who are likely to have direct financial interests in the child's estate and that relate to events occurring long before the child's death. Questions of credibility must be resolved without the child in court to corroborate or rebut the claims of those purporting to have witnessed the parent's statements or conduct concerning the child. Recognition that an in-court admission of the parent

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and child relationship constitutes powerful evidence of an acknowledgement under section 6452 would tend to reduce litigation over such matters and thereby effectuate the legislative objective to "make probate more efficient and expeditious." (16 Cal. Law Revision Com. Rep., *supra*, at p. 2319.)

Additionally, construing the acknowledgement requirement to be met in circumstances such as these is neither illogical nor absurd with respect to the intent of an intestate decedent. Put another way, where a parent willingly acknowledged paternity in an action initiated to establish the parent-child relationship and thereafter was never heard to deny such relationship (§ 6452, subd. (a)), and where that parent paid all court-ordered support for that child for 18 years (*id.*, subd. (b)), it cannot be said that the participation ***913** of that parent or his relative in the estate of the deceased child is either (1) so illogical that it cannot represent the intent that one without a will is most likely to have had (16 Cal. Law Revision Com. Rep., *supra*, at p. 2319) or (2) "so absurd as to make it manifest that it could not have been intended" by the Legislature (*Estate of De Cigaran* (1907) 150 Cal. 682, 688 [89 P. 833] [construing Civ. Code, former § 1388 as entitling the illegitimate half sister of an illegitimate decedent to inherit her entire intestate separate property to the exclusion of the decedent's surviving husband]).

There is a dearth of case law pertaining to section 6452 or its predecessor statutes, but what little there is supports the foregoing construction. Notably, *Lozano v. Scalier* (1996) 51 Cal.App.4th 843 [59 Cal.Rptr.2d 346] (*Lozano*), the only prior decision directly addressing section 6452's acknowledgement requirement, declined to read the statute as necessitating more than what its plain terms call for.

In *Lozano*, the issue was whether the trial court erred in allowing the plaintiff, who was the natural father of a 10-month-old child, to pursue a wrongful death action arising out of the child's accidental death. The wrongful death statute provided that where the decedent left no spouse or child, such an action may be brought by the persons "who would be entitled to the property of the decedent by intestate succession." (Code Civ. Proc., § 377.60, subd. (a).) Because the child had been born out of wedlock, the plaintiff had no right to succeed to the estate unless he had both "acknowledged the child " and "contributed to the support or the care of the child" as required by section 6452. *Lozano* upheld the trial court's finding of acknowledgement in light of evidence in the record that the plaintiff had signed as "Father" on a medical form five months before the child's birth and had repeatedly told family members and others that he was the child's father. (*Lozano*, *supra*, 51 Cal.App.4th at pp. 845, 848.)

Significantly, *Lozano* rejected arguments that an acknowledgement under Probate Code section 6452 must be (1) a witnessed writing and (2) made after the child was born so that the child is identified. In doing so, *Lozano* initially noted there were no such requirements on the face of the statute. (*Lozano*, *supra*, 51 Cal.App.4th at p. 848.)*Lozano* next looked to the history of the statute and made two observations in declining to read such terms into the statutory language. First, even though the Legislature had previously required a witnessed writing in cases where an illegitimate child sought to inherit from the father's estate, it repealed such requirement in 1975 in an apparent effort to ease the evidentiary proof of the parent-child relationship. (*Ibid.*) Second, other statutes that required a parent-child relationship expressly contained more formal acknowledgement requirements for the assertion of certain other rights or privileges. (See *id.* at p. 849, citing ***914**Code Civ. Proc., § 376, subd. (c), Health & Saf. Code, § 102750, & Fam. Code, § 7574.) Had the Legislature wanted to impose more stringent requirements for an acknowledgement under section 6452, *Lozano* reasoned, it certainly had precedent for doing so. (*Lozano*, *supra*, 51 Cal.App.4th at p. 849.)

Apart from Probate Code section 6452, the Legislature had previously imposed an acknowledgement requirement in the context of a statute providing that a father could legitimate a child born out of wedlock for all purposes "by publicly acknowledging it as his own." (See Civ. Code, former § 230.) [FN4] Since that statute dealt with an analogous subject and employed a substantially similar phrase, we address the case law construing that legislation below.

> FN4 Former section 230 of the Civil Code provided: "The father of an illegitimate child, by publicly acknowledging it as his own, receiving it as such, with the consent of his wife, if he is married, into his family, and otherwise treating it as if it were a legitimate child, thereby adopts it as such; and such

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> child is thereupon deemed for all purposes legitimate from the time of its birth. The foregoing provisions of this Chapter do not apply to such an adoption." (Enacted 1 Cal. Civ. Code (1872) § 230, p. 68, repealed by Stats. 1975, ch. 1244, § 8, p. 3196.)
>
> In 1975, the Legislature enacted California's Uniform Parentage Act, which abolished the concept of legitimacy and replaced it with the concept of parentage. (See *Adoption of Kelsey S.* (1992) 1 Cal.4th 816, 828-829 [4 Cal.Rptr.2d 615, 823 P.2d 1216].)

In *Blythe v. Ayres* (1892) 96 Cal. 532 [31 P. 915], decided over a century ago, this court determined that the word "acknowledge," as it appeared in former section 230 of the Civil Code, had no technical meaning. (*Blythe v. Ayers*, *supra*, 96 Cal. at p. 577.) We therefore employed the word's common meaning, which was " 'to own or admit the knowledge of.' " (*Ibid.* [relying upon Webster's definition]; see also *Estate of Gird* (1910) 157 Cal. 534, 542 [108 P. 499].) Not only did that definition endure in case law addressing legitimation (*Estate of Wilson* (1958) 164 Cal.App.2d 385, 388-389 [330 P.2d 452]; see *Estate of Gird*, *supra*, 157 Cal. at pp. 542-543), but, as discussed, the word retains virtually the same meaning in general usage today-"to admit to be true or as stated; confess." (Webster's New World Dict., *supra*, at p. 12; see Webster's 3d New Internat. Dict., *supra*, at p. 17.)

Notably, the decisions construing former section 230 of the Civil Code indicate that its public acknowledgement requirement would have been met where a father made a single confession in court to the paternity of a child.

In *Estate of McNamara* (1919) 181 Cal. 82 [183 P. 552, 7 A.L.R. 313], for example, we were emphatic in recognizing that a single unequivocal act could satisfy the acknowledgement requirement for purposes of statutory legitimation. Although the record in that case had contained additional evidence of the father's acknowledgement, we focused our attention on his ***915** one act of signing the birth certificate and proclaimed: "A more public acknowledgement than the act of [the decedent] in signing the child's birth certificate describing himself as the father, it would be difficult to imagine." (*Id.* at pp. 97-98.)

Similarly, in *Estate of Gird*, *supra*, 157 Cal. 534, we indicated in dictum that "a public avowal, made in the courts" would constitute a public acknowledgement under former section 230 of the Civil Code. (*Estate of Gird*, *supra*, 157 Cal. at pp. 542-543.)

Finally, in *Wong v. Young* (1947) 80 Cal.App.2d 391 [181 P.2d 741], a man's admission of paternity in a verified pleading, made in an action seeking to have the man declared the father of the child and for child support, was found to have satisfied the public acknowledgement requirement of the legitimation statute. (*Id.* at pp. 393-394.) Such admission was also deemed to constitute an acknowledgement under former Probate Code section 255, which had allowed illegitimate children to inherit from their fathers under an acknowledgement requirement that was even more stringent than that contained in Probate Code section 6452. [FN5] (*Wong v. Young*, *supra*, 80 Cal.App.2d at p. 394; see also *Estate of De Laveaga* (1904) 142 Cal. 158, 168 [75 P. 790] [indicating in dictum that, under a predecessor to Probate Code section 255, father sufficiently acknowledged an illegitimate child in a single witnessed writing declaring the child as his son].) Ultimately, however, legitimation of the child under former section 230 of the Civil Code was not found because two other of the statute's express requirements, i.e., receipt of the child into the father's family and the father's otherwise treating the child as his legitimate child (see *ante*, fn. 4), had not been established. (*Wong v. Young*, *supra*, 80 Cal.App.2d at p. 394.)

> FN5 Section 255 of the former Probate Code provided in pertinent part: " 'Every illegitimate child, whether born or conceived but unborn, in the event of his subsequent birth, is an heir of his mother, and also of the person who, in writing, signed in the presence of a competent witness, acknowledges himself to be the father, and inherits his or her estate, in whole or in part, as the case may be, in the same manner as if he had been born in lawful wedlock ....' " (*Estate of Ginochio* (1974) 43 Cal.App.3d 412, 416 [117 Cal.Rptr. 565], italics omitted.)

Although the foregoing authorities did not involve section 6452, their views on parental acknowledgement of out-of-wedlock children were part of the legal landscape when the first modern statutory forerunner

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to that provision was enacted in 1985. (See former § 6408.5, added by Stats. 1983, ch. 842, § 55, p. 3084, and amended by Stats. 1984, ch. 892, § 42, p. 3001.) (3) Where, as here, legislation has been judicially construed and a subsequent statute on the same or an analogous subject uses identical or substantially similar language, we may presume that the Legislature intended the ***916** same construction, unless a contrary intent clearly appears. (*In re Jerry R.* (1994) 29 Cal.App.4th 1432, 1437 [35 Cal.Rptr.2d 155]; see also *People v. Masbruch* (1996) 13 Cal.4th 1001, 1007 [55 Cal.Rptr.2d 760, 920 P.2d 705]; *Belridge Farms v. Agricultural Labor Relations Bd.* (1978) 21 Cal.3d 551, 557 [147 Cal.Rptr. 165, 580 P.2d 665].) (1c) Since no evidence of a contrary intent clearly appears, we may reasonably infer that the types of acknowledgement formerly deemed sufficient for the legitimation statute (and former § 255, as well) suffice for purposes of intestate succession under section 6452. FN6

> FN6 Probate Code section 6452's acknowledgement requirement differs from that found in former section 230 of the Civil Code, in that section 6452 does not require a parent to "publicly" acknowledge a child born out of wedlock. That difference, however, fails to accrue to Doner-Griswold's benefit. If anything, it suggests that the acknowledgement contemplated in section 6452 encompasses a broader spectrum of conduct than that associated with the legitimation statute.

Doner-Griswold disputes whether the acknowledgement required by Probate Code section 6452 may be met by a father's single act of acknowledging a child in court. In her view, the requirement contemplates a situation where the father establishes an ongoing parental relationship with the child or otherwise acknowledges the child's existence to his subsequent wife and children. To support this contention, she relies on three other authorities addressing acknowledgement under former section 230 of the Civil Code: *Blythe v. Ayers*, *supra*, 96 Cal. 532, *Estate of Wilson*, *supra*, 164 Cal.App.2d 385, and *Estate of Maxey* (1967) 257 Cal.App.2d 391 [64 Cal.Rptr. 837].

In *Blythe v. Ayres*, *supra*, 96 Cal. 532, the father never saw his illegitimate child because she resided in another country with her mother. Nevertheless, he "was garrulous upon the subject" of his paternity and "it was his common topic of conversation." (*Id.* at p. 577.) Not only did the father declare the child to be his child, "to all persons, upon all occasions," but at his request the child was named and baptized with his surname. (*Ibid.*) Based on the foregoing, this court remarked that "it could almost be held that he shouted it from the house-tops." (*Ibid.*) Accordingly, we concluded that the father's public acknowledgement under former section 230 of the Civil Code could "hardly be considered debatable." (*Blythe v. Ayres*, *supra*, 96 Cal. at p. 577.)

In *Estate of Wilson*, *supra*, 164 Cal.App.2d 385, the evidence showed that the father had acknowledged to his wife that he was the father of a child born to another woman. (*Id.* at p. 389.) Moreover, he had introduced the child as his own on many occasions, including at the funeral of his mother. (*Ibid.*) In light of such evidence, the Court of Appeal upheld the trial court's finding that the father had publicly acknowledged the child within the contemplation of the legitimation statute. ***917**

In *Estate of Maxey*, *supra*, 257 Cal.App.2d 391, the Court of Appeal found ample evidence supporting the trial court's determination that the father publicly acknowledged his illegitimate son for purposes of legitimation. The father had, on several occasions, visited the house where the child lived with his mother and asked about the child's school attendance and general welfare. (*Id.* at p. 397.) The father also, in the presence of others, had asked for permission to take the child to his own home for the summer, and, when that request was refused, said that the child was his son and that he should have the child part of the time. (*Ibid.*) In addition, the father had addressed the child as his son in the presence of other persons. (*Ibid.*)

Doner-Griswold correctly points out that the foregoing decisions illustrate the principle that the existence of acknowledgement must be decided on the circumstances of each case. (*Estate of Baird* (1924) 193 Cal. 225, 277 [223 P. 974].) In those decisions, however, the respective fathers had not confessed to paternity in a legal action. Consequently, the courts looked to what other forms of public acknowledgement had been demonstrated by fathers. (See also *Lozano*, *supra*, 51 Cal.App.4th 843 [examining father's acts both before and after child's birth in ascertaining acknowledgement under § 6452].)

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That those decisions recognized the validity of different forms of acknowledgement should not detract from the weightiness of a father's in-court acknowledgement of a child in an action seeking to establish the existence of a parent and child relationship. (See *Estate of Gird*, *supra*, 157 Cal. at pp. 542-543; *Wong v. Young*, *supra*, 80 Cal.App.2d at pp. 393-394.) As aptly noted by the Court of Appeal below, such an acknowledgement is a critical one that typically leads to a paternity judgment and a legally enforceable obligation of support. Accordingly, such acknowledgements carry as much, if not greater, significance than those made to certain select persons (*Estate of Maxey*, *supra*, 257 Cal.App.2d at p. 397) or "shouted ... from the house-tops " (*Blythe v. Ayres*, *supra*, 96 Cal. at p. 577).

Doner-Griswold's authorities do not persuade us that section 6452 should be read to require that a father have personal contact with his out-of-wedlock child, that he make purchases for the child, that he receive the child into his home and other family, or that he treat the child as he does his other children. First and foremost, the language of section 6452 does not support such requirements. (See *Lozano*, *supra*, 51 Cal.App.4th at p. 848.) (4) We may not, under the guise of interpretation, insert qualifying provisions not included in the statute. (*California Fed. Savings & Loan Assn. v. City of Los Angeles* (1995) 11 Cal.4th 342, 349 [45 Cal.Rptr.2d 279, 902 P.2d 297].)

(1d) Second, even though *Blythe v. Ayres*, *supra*, 96 Cal. 532, *Estate of Wilson*, *supra*, 164 Cal.App.2d 385, and *Estate of Maxey*, *supra*, *918 257 Cal.App.2d 391, variously found such factors significant for purposes of legitimation, their reasoning appeared to flow directly from the express terms of the controlling statute. In contrast to Probate Code section 6452, former section 230 of the Civil Code provided that the legitimation of a child born out of wedlock was dependent upon three distinct conditions: (1) that the father of the child "publicly acknowledg[e] it as his own"; (2) that he "receiv[e] it as such, with the consent of his wife, if he is married, into his family"; and (3) that he "otherwise treat[] it as if it were a legitimate child." (*Ante*, fn. 4; see *Estate of De Laveaga*, *supra*, 142 Cal. at pp. 168-169 [indicating that although father acknowledged his illegitimate son in a single witnessed writing, legitimation statute was not satisfied because the father never received the child into his family and did not treat the child as if he were legitimate].) That the legitimation statute contained such explicit requirements, while section 6452 requires only a natural parent's acknowledgement of the child and contribution toward the child's support or care, strongly suggests that the Legislature did not intend for the latter provision to mirror the former in all the particulars identified by Doner-Griswold. (See *Lozano*, *supra*, 51 Cal.App.4th at pp. 848-849; compare with Fam. Code, § 7611, subd. (d) [a man is "presumed" to be the natural father of a child if "[h]e receives the child into his home and openly holds out the child as his natural child"].)

In an attempt to negate the significance of Draves's in-court confession of paternity, Doner-Griswold emphasizes the circumstance that Draves did not tell his two other children of Griswold's existence. The record here, however, stands in sharp contrast to the primary authority she offers on this point. *Estate of Baird*, *supra*, 193 Cal. 225, held there was no public acknowledgement under former section 230 of the Civil Code where the decedent admitted paternity of a child to the child's mother and their mutual acquaintances but actively concealed the child's existence and his relationship to the child's mother from his own mother and sister, with whom he had intimate and affectionate relations. In that case, the decedent not only failed to tell his relatives, family friends, and business associates of the child (193 Cal. at p. 252), but he affirmatively denied paternity to a half brother and to the family coachman (*id.* at p. 277). In addition, the decedent and the child's mother masqueraded under a fictitious name they assumed and gave to the child in order to keep the decedent's mother and siblings in ignorance of the relationship. (*Id.* at pp. 260-261.) In finding that a public acknowledgement had not been established on such facts, *Estate of Baird* stated: "A distinction will be recognized between a mere failure to disclose or publicly acknowledge paternity and a willful misrepresentation in regard to it; in such circumstances there must be no purposeful concealment of the fact of paternity. " (*Id.* at p. 276.) *919

Unlike the situation in *Estate of Baird*, Draves confessed to paternity in a formal legal proceeding. There is no evidence that Draves thereafter disclaimed his relationship to Griswold to people aware of the circumstances (see *ante*, fn. 3), or that he affirmatively denied he was Griswold's father despite his confession

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of paternity in the Ohio court proceeding. Nor is there any suggestion that Draves engaged in contrivances to prevent the discovery of Griswold's existence. In light of the obvious dissimilarities, Doner-Griswold's reliance on *Estate of Baird* is misplaced.

Estate of Ginochio, *supra*, 43 Cal.App.3d 412, likewise, is inapposite. That case held that a judicial determination of paternity following a vigorously contested hearing did not establish an acknowledgement sufficient to allow an illegitimate child to inherit under section 255 of the former Probate Code. (See *ante*, fn. 5.) Although the court noted that the decedent ultimately paid the child support ordered by the court, it emphasized the circumstance that the decedent was declared the child's father *against his will* and at no time did he admit he was the father, or sign any writing acknowledging publicly or privately such fact, or otherwise have contact with the child. (*Estate of Ginochio*, *supra*, 43 Cal.App.3d at pp. 416-417.) Here, by contrast, Draves did not contest paternity, vigorously or otherwise. Instead, Draves stood before the court and openly admitted the parent and child relationship, and the record discloses no evidence that he subsequently disavowed such admission to anyone with knowledge of the circumstances. On this record, section 6452's acknowledgement requirement has been satisfied by a showing of what Draves did and did not do, not by the mere fact that paternity had been judicially declared.

Finally, Doner-Griswold contends that a 1996 amendment of section 6452 evinces the Legislature's unmistakable intent that a decedent's estate may not pass to siblings who had no contact with, or were totally unknown to, the decedent. As we shall explain, that contention proves too much.

Prior to 1996, section 6452 and a predecessor statute, former section 6408, expressly provided that their terms did not apply to "a natural brother or a sister of the child" born out of wedlock. [FN7] In construing former section 6408, *Estate of Corcoran* (1992) 7 Cal.App.4th 1099 [9 Cal.Rptr.2d 475] held that a half sibling was a "natural brother or sister" within the meaning of such ***920** exception. That holding effectively allowed a half sibling and the issue of another half sibling to inherit from a decedent's estate where there had been no parental acknowledgement or support of the decedent as ordinarily required. In direct response to *Estate of Corcoran*, the Legislature amended section 6452 by eliminating the exception for natural siblings and their issue. (Stats. 1996, ch. 862, § 15; see Sen. Com. on Judiciary, Analysis of Assem. Bill No. 2751 (1995-1996 Reg. Sess.) as amended June 3, 1996, pp. 17-18 (Assembly Bill No. 2751).) According to legislative documents, the Commission had recommended deletion of the statutory exception because it "creates an undesirable risk that the estate of the deceased out-of-wedlock child will be claimed by siblings with whom the decedent had no contact during lifetime, and of whose existence the decedent was unaware." (Assem. Com. on Judiciary, Analysis of Assem. Bill No. 2751 (1995-1996 Reg. Sess.) as introduced Feb. 22, 1996, p. 6; see also Sen. Com. on Judiciary, Analysis of Assem. Bill No. 2751, *supra*, at pp. 17-18.)

> FN7 Former section 6408, subdivision (d) provided: "If a child is born out of wedlock, neither a parent nor a relative of a parent (except for the issue of the child *or a natural brother or sister of the child or the issue of that brother or sister*) inherits from or through the child on the basis of the relationship of parent and child between that parent and child unless both of the following requirements are satisfied: [¶] (1) The parent or a relative of the parent acknowledged the child. [¶] (2) The parent or a relative of the parent contributed to the support or the care of the child. " (Stats. 1990, ch. 79, § 14, p. 722, italics added.)

This legislative history does not compel Doner-Griswold's construction of section 6452. Reasonably read, the comments of the Commission merely indicate its concern over the "undesirable risk" that unknown siblings could rely on the statutory exception to make claims against estates. Neither the language nor the history of the statute, however, evinces a clear intent to make inheritance contingent upon the decedent's awareness of or contact with such relatives. (See Assem. Com. on Judiciary, Analysis of Assem. Bill No. 2751, *supra*, at p. 6; see also Sen. Com. on Judiciary, Analysis of Assem. Bill No. 2751, *supra*, at pp. 17-18.) Indeed, had the Legislature intended to categorically preclude intestate succession by a natural parent or a relative of that parent who had no contact with or was unknown to the deceased child, it could easily have so stated. Instead, by deleting the statutory exception for natural siblings, thereby sub-

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jecting siblings to section 6452's dual requirements of acknowledgement and support, the Legislature acted to prevent sibling inheritance under the type of circumstances presented in *Estate of Corcoran*, *supra*, 7 Cal.App.4th 1099, and to substantially reduce the risk noted by the Commission. [FN8]*921

FN8 We observe that, under certain former versions of Ohio law, a father's confession of paternity in an Ohio juvenile court proceeding was not the equivalent of a formal probate court "acknowledgement" that would have allowed an illegitimate child to inherit from the father in that state. (See *Estate of Vaughan* (2001) 90 Ohio St.3d 544 [740 N.E.2d 259, 262-263].) Here, however, Doner-Griswold does not dispute that the right of the succession claimants to succeed to Griswold's property is governed by the law of Griswold's domicile, i.e., California law, not the law of the claimants' domicile or the law of the place where Draves's acknowledgement occurred. (Civ. Code, §§ 755, 946; see *Estate of Lund* (1945) 26 Cal.2d 472, 493-496 [159 P.2d 643, 162 A.L.R. 606] [where father died domiciled in California, his out-of-wedlock son could inherit where all the legitimation requirements of former § 230 of the Civ. Code were met, even though the acts of legitimation occurred while the father and son were domiciled in two other states wherein such acts were not legally sufficient].)

B. *Requirement of a Natural Parent and Child Relationship*

(5a) Section 6452 limits the ability of a "natural parent" or "a relative of that parent" to inherit from or through the child "on the basis of the parent and child relationship between that parent and the child."

Probate Code section 6453 restricts the means by which a relationship of a natural parent to a child may be established for purposes of intestate succession. [FN9] (See *Estate of Sanders* (1992) 2 Cal.App.4th 462, 474-475 [3 Cal.Rptr.2d 536].) Under section 6453, subdivision (a), a natural parent and child relationship is established where the relationship is presumed under the Uniform Parentage Act and not rebutted. (Fam. Code, § 7600 et seq.) It is undisputed, however, that none of those presumptions applies in this case.

FN9 Section 6453 provides in full: "For the purpose of determining whether a person is a 'natural parent' as that term is used is this chapter: [¶] (a) A natural parent and child relationship is established where that relationship is presumed and not rebutted pursuant to the Uniform Parentage Act, Part 3 (commencing with Section 7600) of Division 12 of the Family Code. [¶] (b) A natural parent and child relationship may be established pursuant to any other provisions of the Uniform Parentage Act, except that the relationship may not be established by an action under subdivision (c) of Section 7630 of the Family Code unless any of the following conditions exist: [¶] (1) A court order was entered during the father's lifetime declaring paternity. [¶] (2) Paternity is established by clear and convincing evidence that the father has openly held out the child as his own. [¶] (3) It was impossible for the father to hold out the child as his own and paternity is established by clear and convincing evidence."

Alternatively, and as relevant here, under Probate Code section 6453, subdivision (b), a natural parent and child relationship may be established pursuant to section 7630, subdivision (c) of the Family Code, [FN10] if a court order was entered during the father's lifetime declaring paternity. [FN11] (§ 6453, subd. (b)(1).)

FN10 Family Code section 7630, subdivision (c) provides in pertinent part: "An action to determine the existence of the father and child relationship with respect to a child who has no presumed father under Section 7611 ... may be brought by the child or personal representative of the child, the Department of Child Support Services, the mother or the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor. An action under this subdivision shall be consolidated with a proceeding pursuant to Section 7662 if a proceeding has been filed under Chapter 5 (commencing with Section 7660). The pa-

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rental rights of the alleged natural father shall be determined as set forth in Section 7664."

FN11 See makes no attempt to establish Draves's natural parent status under other provisions of section 6453, subdivision (b).

See contends the question of Draves's paternity was fully and finally adjudicated in the 1941 bastardy proceeding in Ohio. That proceeding, he ***922** argues, satisfies both the Uniform Parentage Act and the Probate Code, and should be binding on the parties here.

If a valid judgment of paternity is rendered in Ohio, it generally is binding on California courts if Ohio had jurisdiction over the parties and the subject matter, and the parties were given reasonable notice and an opportunity to be heard. (*Ruddock v. Ohls* (1979) 91 Cal.App.3d 271, 276 [154 Cal.Rptr. 87].) California courts generally recognize the importance of a final determination of paternity. (E.g., *Weir v. Ferreira* (1997) 59 Cal.App.4th 1509, 1520 [70 Cal.Rptr.2d 33] (*Weir*); *Guardianship of Claralyn S.* (1983) 148 Cal.App.3d 81, 85 [195 Cal.Rptr. 646]; cf. *Estate of Camp* (1901) 131 Cal. 469, 471 [63 P. 736] [same for adoption determinations].)

Doner-Griswold does not dispute that the parties here are in privity with, or claim inheritance through, those who are bound by the bastardy judgment or are estopped from attacking it. (See *Weir*, *supra*, 59 Cal.App.4th at pp. 1516-1517, 1521.) Instead, she contends See has not shown that the issue adjudicated in the Ohio bastardy proceeding is identical to the issue presented here, that is, whether Draves was the natural parent of Griswold.

Although we have found no California case directly on point, one Ohio decision has recognized that a bastardy judgment rendered in Ohio in 1950 was res judicata of any proceeding that might have been brought under the Uniform Parentage Act. (*Birman v. Sproat* (1988) 47 Ohio App.3d 65 [546 N.E.2d 1354, 1357] [child born out of wedlock had standing to bring will contest based upon a paternity determination in a bastardy proceeding brought during testator's life]; see also Black's Law Dict., *supra*, at pp. 146, 1148 [equating a bastardy proceeding with a paternity suit].) Yet another Ohio decision found that parentage proceedings, which had found a decedent to be the "reputed father" of a child, [FN12] satisfied an Ohio legitimation statute and conferred standing upon the illegitimate child to contest the decedent's will where the father-child relationship was established prior to the decedent's death. (*Beck v. Jolliff* (1984) 22 Ohio App.3d 84 [489 N.E.2d 825, 829]; see also *Estate of Hicks* (1993) 90 Ohio App.3d 483 [629 N.E.2d 1086, 1088-1089] [parentage issue must be determined prior to the father's death to the extent the parent-child relationship is being established under the chapter governing descent and distribution].) While we are not bound to follow these Ohio authorities, they persuade us that the 1941 bastardy proceeding decided the identical issue presented here.

FN12 The term "reputed father" appears to have reflected the language of the relevant Ohio statute at or about the time of the 1941 bastardy proceeding. (See *State ex rel. Discus v. Van Dorn* (1937) 56 Ohio App. 82 [8 Ohio Op. 393, 10 N.E.2d 14, 16].)

Next, Doner-Griswold argues the Ohio judgment should not be given res judicata effect because the bastardy proceeding was quasi-criminal in nature. ***923** It is her position that Draves's confession may have reflected only a decision to avoid a jury trial instead of an adjudication of the paternity issue on the merits.

To support this argument, Doner-Griswold relies upon *Pease v. Pease* (1988) 201 Cal.App.3d 29 [246 Cal.Rptr. 762] (*Pease*). In that case, a grandfather was sued by his grandchildren and others in a civil action alleging the grandfather's molestation of the grandchildren. When the grandfather cross-complained against his former wife for apportionment of fault, she filed a demurrer contending that the grandfather was collaterally estopped from asserting the negligent character of his acts by virtue of his guilty plea in a criminal proceeding involving the same issues. On appeal, the judgment dismissing the cross-complaint was reversed. (6) The appellate court reasoned that a trial court in a civil proceeding may not give collateral estoppel effect to a criminal conviction involving the same issues if the conviction resulted from a guilty plea. "The issue of appellant's guilt was not fully litigated in the prior criminal proceeding; rather, appellant's plea bargain may reflect nothing more than a compromise instead of an ultimate determination of his guilt. Appellant's due process right to a hearing

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thus outweighs any countervailing need to limit litigation or conserve judicial resources." (*Id.* at p. 34, fn. omitted.)

(5b) Even assuming, for purposes of argument only, that *Pease*'s reasoning may properly be invoked where the father's admission of paternity occurred in a bastardy proceeding (see *Reams v. State ex rel. Favors* (1936) 53 Ohio App. 19 [6 Ohio Op. 501, 4 N.E.2d 151, 152] [indicating that a bastardy proceeding is more civil than criminal in character]), the circumstances here do not call for its application. Unlike the situation in *Pease*, neither the in-court admission nor the resulting paternity judgment at issue is being challenged by the father (Draves). Moreover, neither the father, nor those claiming a right to inherit through him, seek to litigate the paternity issue. Accordingly, the father's due process rights are not at issue and there is no need to determine whether such rights might outweigh any countervailing need to limit litigation or conserve judicial resources. (See *Pease*, *supra*, 201 Cal.App.3d at p. 34.)

Additionally, the record fails to support any claim that Draves's confession merely reflected a compromise. Draves, of course, is no longer living and can offer no explanation as to why he admitted paternity in the bastardy proceeding. Although Doner-Griswold suggests that Draves confessed to avoid the publicity of a jury trial, and not because the paternity charge had merit, that suggestion is purely speculative and finds no evidentiary support in the record. ***924**

Finally, Doner-Griswold argues that See and Griswold's half siblings do not have standing to seek the requisite paternity determination pursuant to the Uniform Parentage Act under section 7630, subdivision (c) of the Family Code. The question here, however, is whether the judgment in the bastardy proceeding initiated by Griswold's mother forecloses Doner-Griswold's relitigation of the parentage issue.

Although Griswold's mother was not acting pursuant to the Uniform Parentage Act when she filed the bastardy complaint in 1941, neither that legislation nor the Probate Code provision should be construed to ignore the force and effect of the judgment she obtained. That Griswold's mother brought her action to determine paternity long before the adoption of the Uniform Parentage Act, and that all procedural requirements of an action under Family Code section 7630 may not have been followed, should not detract from its binding effect in this probate proceeding where the issue adjudicated was identical with the issue that would have been presented in a Uniform Parentage Act action. (See *Weir*, *supra*, 59 Cal.App.4th at p. 1521.) Moreover, a prior adjudication of paternity does not compromise a state's interests in the accurate and efficient disposition of property at death. (See *Trimble v. Gordon* (1977) 430 U.S. 762, 772 & fn. 14 [97 S.Ct. 1459, 1466, 52 L.Ed.2d 31] [striking down a provision of a state probate act that precluded a category of illegitimate children from participating in their intestate fathers' estates where the parent-child relationship had been established in state court paternity actions prior to the fathers' deaths].)

In sum, we find that the 1941 Ohio judgment was a court order "entered during the father's lifetime declaring paternity" (§ 6453, subd. (b)(1)), and that it establishes Draves as the natural parent of Griswold for purposes of intestate succession under section 6452.

Disposition

(7) " 'Succession to estates is purely a matter of statutory regulation, which cannot be changed by the courts.' " (*Estate of De Cigaran*, *supra*, 150 Cal. at p. 688.) We do not disagree that a natural parent who does no more than openly acknowledge a child in court and pay court-ordered child support may not reflect a particularly worthy predicate for inheritance by that parent's issue, but section 6452 provides in unmistakable language that it shall be so. While the Legislature remains free to reconsider the matter and may choose to change the rules of succession at any time, this court will not do so under the pretense of interpretation.

The judgment of the Court of Appeal is affirmed.

George, C. J., Kennard, J., Werdegar, J., and Chin, J., concurred. ***925BROWN, J.**
I reluctantly concur. The relevant case law strongly suggests that a father who admits paternity in court with no subsequent disclaimers "acknowledge[s] the child" within the meaning of subdivision (a) of Probate Code section 6452. Moreover, neither the statutory language nor the legislative history supports an alternative interpretation. Accordingly, we must af-

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firm the judgment of the Court of Appeal.

Nonetheless, I believe our holding today contravenes the overarching purpose behind our laws of intestate succession-to carry out "the intent a decedent without a will is most likely to have had." (16 Cal. Law Revision Com. Rep. (1982) p. 2319.) I doubt most children born out of wedlock would have wanted to bequeath a share of their estate to a "father" who never contacted them, never mentioned their existence to his family and friends, and only paid court-ordered child support. I doubt even more that these children would have wanted to bequeath a share of their estate to that father's other offspring. Finally, I have *no* doubt that most, if not all, children born out of wedlock would have balked at bequeathing a share of their estate to a "forensic genealogist."

To avoid such a dubious outcome in the future, I believe our laws of intestate succession should allow a parent to inherit from a child born out of wedlock only if the parent has some sort of parental connection to that child. For example, requiring a parent to treat a child born out of wedlock as the parent's own before the parent may inherit from that child would prevent today's outcome. (See, e.g., *Bullock v. Thomas* (Miss. 1995) 659 So.2d 574, 577 [a father must "openly treat" a child born out of wedlock "as his own " in order to inherit from that child].) More importantly, such a requirement would comport with the stated purpose behind our laws of succession because that child likely would have wanted to give a share of his estate to a parent that treated him as the parent's own.

Of course, this court may not remedy this apparent defect in our intestate succession statutes. Only the Legislature may make the appropriate revisions. I urge it to do so here. ***926**

Cal. 2001.
Estate of Griswold
25 Cal.4th 904, 24 P.3d 1191, 108 Cal.Rptr.2d 165, 01 Cal. Daily Op. Serv. 5116, 2001 Daily Journal D.A.R. 6305

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Supreme Court of California
Lesli Ann McCLUNG, Plaintiff and Appellant,
v.
EMPLOYMENT DEVELOPMENT DEPARTMENT et al., Defendants and Respondents.
No. S121568.

Nov. 4, 2004.

Background: A state Employment Development Department (EDD) auditor, who alleged she was sexually harassed by a lead auditor, sued EDD and the lead auditor for hostile work environment and failure to remedy hostile work environment under the California Fair Employment and Housing Act (FEHA). The Superior Court, Sacramento County, No. 98AS00092, Joe S. Gray, J., granted summary judgment for defendants. Plaintiff appealed. The Court of Appeal affirmed as to EDD and reversed as to lead auditor. The Supreme Court granted lead auditor's petition for review, superseding the opinion of the Court of Appeal.

Holdings: The Supreme Court, Chin, J., held that:
(1) amendment to FEHA making nonsupervisory employees liable for sex harassment effectuated a change in the law, rather than merely clarifying it, and
(2) amendment imposing liability on nonsupervisory personnel did not apply retroactively.

Judgment of the Court of Appeal reversed and matter remanded.

Moreno, J., filed a concurring and dissenting opinion.

Opinion, 6 Cal.Rptr.3d 504, superseded.

West Headnotes

[1] Constitutional Law 92 ⚷2450

92 Constitutional Law
92XX Separation of Powers
92XX(C) Judicial Powers and Functions
92XX(C)1 In General
92k2450 k. Nature and scope in general. Most Cited Cases
(Formerly 92k67)
It is the province and duty of the judicial department, to say what the law is; those who apply the rule to particular cases, must of necessity expound and interpret that rule.

[2] Statutes 361 ⚷278.16

361 Statutes
361VI Construction and Operation
361VI(D) Retroactivity
361k278.16 k. Declaratory, clarifying, and interpretative acts. Most Cited Cases
(Formerly 92k188)
A statute that merely clarifies, rather than changes, existing law does not operate retrospectively even if applied to transactions predating its enactment, because the true meaning of the statute remains the same.

[3] Statutes 361 ⚷278.2

361 Statutes
361VI Construction and Operation
361VI(D) Retroactivity
361k278.2 k. Nature and scope. Most Cited Cases
(Formerly 92k188)
A statute has "retrospective effect" when it substantially changes the legal consequences of past events.

[4] Constitutional Law 92 ⚷2450

92 Constitutional Law
92XX Separation of Powers
92XX(C) Judicial Powers and Functions
92XX(C)1 In General
92k2450 k. Nature and scope in general. Most Cited Cases
(Formerly 92k67)
The judicial power is conferred upon the courts by the Constitution and, in the absence of a constitutional provision, cannot be exercised by any other body. West's Ann.Cal. Const. Art. 6, § 1.

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[5] **Constitutional Law 92 ⚷2340**

92 Constitutional Law
92XX Separation of Powers
92XX(B) Legislative Powers and Functions
92XX(B)1 In General
92k2340 k. Nature and scope in general. Most Cited Cases
(Formerly 92k50)

Constitutional Law 92 ⚷2457

92 Constitutional Law
92XX Separation of Powers
92XX(C) Judicial Powers and Functions
92XX(C)1 In General
92k2457 k. Interpretation of statutes. Most Cited Cases
(Formerly 92k67)
Subject to constitutional constraints, the Legislature may enact legislation, but the judicial branch interprets that legislation. West's Ann.Cal. Const. Art. 4, § 1; Art. 6, § 1.

[6] **Constitutional Law 92 ⚷2457**

92 Constitutional Law
92XX Separation of Powers
92XX(C) Judicial Powers and Functions
92XX(C)1 In General
92k2457 k. Interpretation of statutes. Most Cited Cases
(Formerly 92k67)
Ultimately, the interpretation of a statute is an exercise of the judicial power the Constitution assigns to the courts. West's Ann.Cal. Const. Art. 6, § 1.

[7] **Statutes 361 ⚷176**

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k176 k. Judicial authority and duty. Most Cited Cases
It is the duty of the court, when a question of law is properly presented, to state the true meaning of the statute finally and conclusively. West's Ann.Cal. Const. Art. 6, § 1.

[8] **Civil Rights 78 ⚷1106**

78 Civil Rights
78II Employment Practices
78k1102 Constitutional and Statutory Provisions
78k1106 k. Retrospective application. Most Cited Cases
Supreme Court's decision in *Carrisales v. Department of Corrections* interpreted the California Fair Employment and Housing Act (FEHA) finally and conclusively as not imposing personal liability on a nonsupervisory coworker for sex harassment, and thus, for purposes of determining the status of the law when state employee's cause of action against her coworker accrued, Legislature's subsequent amendment imposing personal liability on nonsupervisory personnel had to be interpreted as effectuating a change in the law, rather than as a mere clarification of it. West's Ann.Cal.Gov.Code § 12940(j)(3).

[9] **Courts 106 ⚷91(1)**

106 Courts
106II Establishment, Organization, and Procedure
106II(G) Rules of Decision
106k88 Previous Decisions as Controlling or as Precedents
106k91 Decisions of Higher Court or Court of Last Resort
106k91(1) k. Highest appellate court. Most Cited Cases
The decisions of the California Supreme Court are binding upon and must be followed by all the state courts of California.

[10] **Courts 106 ⚷91(.5)**

106 Courts
106II Establishment, Organization, and Procedure
106II(G) Rules of Decision
106k88 Previous Decisions as Controlling or as Precedents
106k91 Decisions of Higher Court or Court of Last Resort
106k91(.5) k. In general. Most Cited Cases
Courts exercising inferior jurisdiction must accept the law declared by courts of superior jurisdiction; it is not their function to attempt to overrule decisions of a higher court.

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[11] Statutes 361 220

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k213 Extrinsic Aids to Construction
361k220 k. Legislative construction. Most Cited Cases

If the courts have not yet finally and conclusively interpreted a statute and are in the process of doing so, a declaration of a later Legislature as to what an earlier Legislature intended is entitled to consideration.

[12] Statutes 361 220

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k213 Extrinsic Aids to Construction
361k220 k. Legislative construction. Most Cited Cases

A legislative declaration of an existing statute's meaning is but a factor for a court to consider and is neither binding nor conclusive in construing the statute.

[13] Constitutional Law 92 2351

92 Constitutional Law
92XX Separation of Powers
92XX(B) Legislative Powers and Functions
92XX(B)2 Encroachment on Judiciary
92k2351 k. Construction of statutes in general. Most Cited Cases
(Formerly 92k53)

The Legislature has no authority to interpret a statute; interpretation is a judicial task.

[14] Constitutional Law 92 2351

92 Constitutional Law
92XX Separation of Powers
92XX(B) Legislative Powers and Functions
92XX(B)2 Encroachment on Judiciary
92k2351 k. Construction of statutes in general. Most Cited Cases
(Formerly 92k53)

Although the Legislature may define the meaning of statutory language by a present legislative enactment which, subject to constitutional restraints, it may deem retroactive, the Legislature has no authority simply to say what the statute meant.

[15] Statutes 361 220

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k213 Extrinsic Aids to Construction
361k220 k. Legislative construction. Most Cited Cases

A declaration that a statutory amendment merely clarified the law cannot be given an obviously absurd effect, and the court cannot accept the legislative statement that an unmistakable change in the statute is nothing more than a clarification and restatement of its original terms.

[16] Civil Rights 78 1006

78 Civil Rights
781 Rights Protected and Discrimination Prohibited in General
78k1002 Constitutional and Statutory Provisions
78k1006 k. Retrospective application. Most Cited Cases

Civil Rights 78 1106

78 Civil Rights
78II Employment Practices
78k1102 Constitutional and Statutory Provisions
78k1106 k. Retrospective application. Most Cited Cases

Because the Supreme Court had already finally and definitively interpreted sex harassment provision in the California Fair Employment and Housing Act (FEHA), the Legislature had no power to decide that a later amendment merely declared existing law. West's Ann.Cal.Gov.Code § 12940.

[17] Statutes 361 174

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k174 k. In general. Most Cited Cases

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A judicial construction of a statute is an authoritative statement of what the statute meant before as well as after the decision of the case giving rise to that construction.

[18] **Statutes 361 ⚷219(4)**

361 Statutes
361VI Construction and Operation
361VI(A) General Rules of Construction
361k213 Extrinsic Aids to Construction
361k219 Executive Construction
361k219(4) k. Erroneous construction; conflict with statute. Most Cited Cases
It is the courts' duty to construe statutes, even if this requires the overthrow of an earlier erroneous administrative construction.

[19] **Statutes 361 ⚷278.5**

361 Statutes
361VI Construction and Operation
361VI(D) Retroactivity
361k278.4 Prospective Construction
361k278.5 k. In general. Most Cited Cases
(Formerly 361k263)
Generally, statutes operate prospectively only.

[20] **Constitutional Law 92 ⚷2488**

92 Constitutional Law
92XX Separation of Powers
92XX(C) Judicial Powers and Functions
92XX(C)2 Encroachment on Legislature
92k2485 Inquiry Into Legislative Judgment
92k2488 k. Policy. Most Cited Cases
(Formerly 92k70.3(3))
A statute's retroactivity is, in the first instance, a policy determination for the legislature and one to which courts defer absent some constitutional objection to retroactivity.

[21] **Statutes 361 ⚷278.7**

361 Statutes
361VI Construction and Operation
361VI(D) Retroactivity
361k278.7 k. Express retroactive provisions. Most Cited Cases
(Formerly 361k263, 361k262)
A statute may be applied retroactively only if it contains express language of retroactively or if other sources provide a clear and unavoidable implication that the Legislature intended retroactive application.

[22] **Civil Rights 78 ⚷1106**

78 Civil Rights
78II Employment Practices
78k1102 Constitutional and Statutory Provisions
78k1106 k. Retrospective application. Most Cited Cases

Statutes 361 ⚷278.36

361 Statutes
361VI Construction and Operation
361VI(D) Retroactivity
361k278.24 Validity of Particular Retroactive Statutes
361k278.36 k. Labor and employment. Most Cited Cases
(Formerly 92k190)
Amendment to California Fair Employment and Housing Act (FEHA) provision, imposing liability on nonsupervisory personnel for sex harassment, did not apply retroactively to alleged sex harassment in the workplace occurring before amendment; any inference that Legislature intended retroactive application was weak, and creating retroactive liability posed constitutional concerns. West's Ann.Cal.Gov.Code § 12940(j)(2, 3).
See 8 Witkin, Summary of Cal. Law (9th ed. 1988) Constitutional Law, § 760C; Chin et al., Cal. Practice Guide: Employment Litigation (The Rutter Group 2003) ¶ 10:495 et seq. (CAEMPL Ch. 10-E); Cal. Jur. 3d, Labor, § 74 et seq.; Cal. Civil Practice (Thomson/West 2003) Employment Litigation, § 5:47 et seq.

[23] **Constitutional Law 92 ⚷994**

92 Constitutional Law
92VI Enforcement of Constitutional Provisions
92VI(C) Determination of Constitutional Questions
92VI(C)3 Presumptions and Construction as to Constitutionality
92k994 k. Avoidance of constitutional questions. Most Cited Cases

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(Formerly 92k48(1))
Courts are required to construe statutes to avoid constitutional infirmities.

[24] **Constitutional Law 92 ⚿975**

92 Constitutional Law
92VI Enforcement of Constitutional Provisions
92VI(C) Determination of Constitutional Questions
92VI(C)2 Necessity of Determination
92k975 k. In general. Most Cited Cases
(Formerly 92k46(1))
Before a court entertains the question whether retroactive application of a statute implicates constitutional concerns, the court must be confronted with a statute that explicitly authorized the imposition of liability for preenactment conduct.

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CHIN, J.

**1017[1]*469 "It is, emphatically, the province and duty of the judicial department, to say what the law is. Those who apply the rule to particular cases, *470 must of necessity expound and interpret that rule." (*Marbury v. Madison* (1803) 1 Cranch 137, 5 U.S. 137, 177, 2 L.Ed. 60.)

This basic principle is at issue in this case. In *Carrisales v. Department of Corrections* (1999) 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083 (*Carrisales*), we interpreted Government Code section 12940 (hereafter section 12940), part of the California Fair Employment and Housing Act (FEHA). Later, the Legislature amended that section by adding language to impose personal liability on persons *Carrisales* had concluded had no personal liability. (§ 12940, subd. (j)(3).) Subdivision***431** (j) also contains a statement that its provisions "are declaratory of existing law ...." (§ 12940, subd. (j)(2).) Based on this statement, plaintiff argues that the amendment**1018** did not *change,* but merely *clarified,* existing law. Accordingly, she argues, the amendment applies to this case to impose personal liability for earlier actions despite our holding in *Carrisales* that no personal liability attached to those actions.

We disagree. Under fundamental principles of separation of powers, the legislative branch of government enacts laws. Subject to constitutional constraints, it may *change* the law. But *interpreting* the law is a judicial function. After the judiciary definitively and finally interprets a statute, as we did in *Carrisales, supra,* 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083, the Legislature may amend the statute to say something different. But if it does so, it *changes* the law; it does not merely state what the law always was. Any statement to the contrary is beyond the Legislature's power. We also conclude this change in the law does not apply retroactively to impose liability for actions not subject to liability when performed.

I. FACTS AND PROCEDURAL BACKGROUND

In January 1998, plaintiff Lesli Ann McClung filed a complaint against the Employment Development Department and Manuel Lopez, alleging claims of hostile work environment and failure to remedy a hostile work environment under the FEHA, as well as another cause of action not relevant here. The superior court granted summary judgment for defendants, and plaintiff appealed.

The Court of Appeal affirmed the judgment in favor of the Employment Development Department, but reversed it as to Lopez. In so doing, it held that Lopez was plaintiff's coworker, not supervisor. It also recognized that we had held in *Carrisales, supra,* 21 Cal.4th at page 1140, 90 Cal.Rptr.2d 804, 988 P.2d 1083, that the FEHA does not "impose personal liability for harassment on nonsupervisory coworkers." Nevertheless, it found Lopez personally liable for harassment under the FEHA. It applied an amendment to the FEHA that imposes personal liability *471 on coworkers (§ 12940, subd. (j)(3)), even though the amendment postdated the actions underlying this lawsuit. It found that the preexisting statement in section 12940, subdivision (j)(2), that subdivision (j)'s provisions "are declaratory of existing law," "supports

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the conclusion that [the amendment] merely clarifies the meaning of the prior statute." Ultimately, it concluded that whether "the amendment merely states the true meaning of the statute or reflects the Legislature's purpose to achieve a retrospective change, the result is the same: we must give effect to the legislative intent that the personal liability amendment apply to all existing cases, including this one." "For Lopez," said the Court of Appeal, "the Supreme Court's interpretation of individual liability under FEHA can be said to have come and gone."

We granted Lopez's petition for review to decide whether section 12940, subdivision (j)(3), applies to this case.

II. DISCUSSION

A. Background

The FEHA "declares certain kinds of discrimination and harassment in the workplace to be 'unlawful employment practice[s].' (§ 12940.)" (*Carrisales, supra,* 21 Cal.4th at p. 1134, 90 Cal.Rptr.2d 804, 988 P.2d 1083.) In *Carrisales,* we interpreted the FEHA as imposing "on the *employer* the duty to take all reasonable steps to prevent this harassment from occurring in the first place and to take immediate***432 and appropriate action when it is or should be aware of the conduct," but as not imposing "personal liability for harassment on nonsupervisory coworkers." (*Carrisales, supra,* at p. 1140, 90 Cal.Rptr.2d 804, 988 P.2d 1083, citing § 12940, former subd. (h)(1).) Later, effective January 1, 2001, the Legislature amended the subdivision of section 12940 that we interpreted in *Carrisales* (now subdivision (j)). (Stats.2000, ch. 1049, §§ 7.5, 11.) As amended, section 12940, subdivision (j)(3), provides in relevant part: "An employee of an entity subject to this subdivision is personally liable for any harassment prohibited by this section that is perpetrated by the employee...." It seems clear, and no one disputes, that this provision imposes on nonsupervisory coworkers the personal liability that *Carrisales* said the FEHA had not imposed. Subdivision (j) also states that its **1019 provisions "are declaratory of existing law ...." (§ 12940, subd. (j)(2).)

[2][3] We must decide whether the amendment to section 12940 applies to actions that occurred before its enactment. If the amendment merely clarified existing law, no question of retroactivity is presented. "[A] statute that merely *clarifies,* rather than changes, existing law does not operate retrospectively even if applied to transactions predating its enactment" "because the true meaning of the statute remains the same." *472(*Western Security Bank v. Superior*http://www.westlaw.com/Find/Default.wl?rs=dfa1.0&vr=2.0&DB=661&FindType=Y&SerialNum=1997084961*Court* (1997) 15 Cal.4th 232, 243, 62 Cal.Rptr.2d 243, 933 P.2d 507(*Western Security Bank*).) In that event, personal liability would have existed at the time of the actions, and the amendment would not have changed anything. But if the amendment changed the law and imposed personal liability for earlier actions, the question of retroactivity arises. "A statute has retrospective effect when it substantially changes the legal consequences of past events." (*Ibid.*) In this case, applying the amendment to impose liability that did not otherwise exist would be a retroactive application because it would "attach[ ] new legal consequences to events completed before its enactment." (*Landgraf v. USI Film Products* (1994) 511 U.S. 244, 270, 114 S.Ct. 1483, 128 L.Ed.2d 229(*Landgraf*).) Specifically, it would "increase a party's liability for past conduct...." (*Id.* at p. 280, 114 S.Ct. 1483; accord, *Myers v. Philip Morris Companies, Inc.* (2002) 28 Cal.4th 828, 839, 123 Cal.Rptr.2d 40, 50 P.3d 751(*Myers*).)

Accordingly, two separate questions are presented here: (1) Did the amendment extending liability in subdivision (j)(3) change or merely clarify the law? (2) If the amendment did change the law, does the change apply retroactively? We consider the former question first. Because we conclude the amendment did, indeed, change the law, we also consider the latter question.

B. Whether the Amendment Changed the Law

[4] "The powers of state government are legislative, executive, and judicial. Persons charged with the exercise of one power may not exercise either of the others except as permitted by this Constitution." (Cal. Const., art. III, § 3.) "The judicial power of this State is vested in the Supreme Court, courts of appeal, and superior courts, all of which are courts of record." (Cal. Const., art. VI, § 1.) Thus, "The judicial power is conferred upon the courts by the Constitution and, in the absence of a constitutional provision, cannot be exercised by any other body." (*Bodinson Mfg. Co. v. California E. Com.* (1941) 17 Cal.2d 321, 326, 109

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P.2d 935.)

[5][6][7] The legislative power rests with the Legislature. (Cal. Const., art. IV, § 1.) Subject to constitutional constraints, the Legislature may enact legislation. ***433(*Methodist Hosp. of Sacramento v. Saylor* (1971) 5 Cal.3d 685, 691, 97 Cal.Rptr. 1, 488 P.2d 161.) But the judicial branch *interprets* that legislation. "Ultimately, the interpretation of a statute is an exercise of the judicial power the Constitution assigns to the courts." (*Western Security Bank, supra,* 15 Cal.4th at p. 244, 62 Cal.Rptr.2d 243, 933 P.2d 507; see also *People v. Cruz* (1996) 13 Cal.4th 764, 781, 55 Cal.Rptr.2d 117, 919 P.2d 731.) Accordingly, "it is the duty of this court, when ... a question of law is properly presented, to state the true meaning of the statute finally and conclusively...." (*Bodinson Mfg. Co. v. California E. Com., supra,* 17 Cal.2d at p. 326, 109 P.2d 935.)

[8][9][10]*473 In *Carrisales, supra,* 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083, we interpreted the FEHA finally and conclusively as not imposing personal liability on a nonsupervisory coworker. This interpretation was binding on lower state courts, including the Court of Appeal. (*Auto Equity Sales, Inc. v. Superior Court* (1962) 57 Cal.2d 450, 455, 20 Cal.Rptr. 321, 369 P.2d 937.) "The decisions of this court are binding upon and must be followed by all the state courts of California.... Courts exercising inferior jurisdiction must accept the law declared by courts of superior jurisdiction. It is not their function to attempt to overrule decisions of a higher court." (*Ibid.*)

[11][12][13][14][15][16] It is true that if the courts have not yet finally and conclusively interpreted a statute and are in the process of doing so, a declaration of a later Legislature as to what **1020 an earlier Legislature intended is entitled to consideration. (*Western Security Bank, supra,* 15 Cal.4th at p. 244, 62 Cal.Rptr.2d 243, 933 P.2d 507.) But even then, "a legislative declaration of an existing statute's meaning" is but a factor for a court to consider and "is neither binding nor conclusive in construing the statute." (*Ibid.*; see also *Peralta Community College Dist. v. Fair Employment & Housing Com.* (1990) 52 Cal.3d 40, 52, 276 Cal.Rptr. 114, 801 P.2d 357;*Del Costello v. State of California* (1982) 135 Cal.App.3d 887, 893, fn. 8, 185 Cal.Rptr. 582.) This is because the "Legislature has no authority to interpret a statute. That is a judicial task. The Legislature may define the meaning of statutory language by a present legislative enactment which, subject to constitutional restraints, it may deem retroactive. But it has no legislative authority simply to say what it *did* mean." (*Del Costello v. State of California, supra,* at p. 893, fn. 8, 185 Cal.Rptr. 582, cited with approval in *People v. Cruz, supra,* 13 Cal.4th at p. 781, 55 Cal.Rptr.2d 117, 919 P.2d 731.) A declaration that a statutory amendment merely clarified the law "cannot be given an obviously absurd effect, and the court cannot accept the Legislative statement that an unmistakable change in the statute is nothing more than a clarification and restatement of its original terms." (*California Emp. etc. Com. v. Payne* (1947) 31 Cal.2d 210, 214, 187 P.2d 702.) Because this court had already finally and definitively interpreted section 12940, the Legislature had no power to decide that the later amendment merely declared existing law.

On another occasion, the Legislature similarly enacted legislation overruling a decision of this court-which was within its power-but also purported to state that the new legislation merely declared what the law always was-which was beyond its power. In *People v. Harvey* (1979) 25 Cal.3d 754, 159 Cal.Rptr. 696, 602 P.2d 396, we interpreted Penal Code section 1170.1 as not permitting a certain consecutive sentence enhancement. The Legislature promptly amended the statute to permit the enhancement. (Stats.1980, ch. 132, § 2, p. 306.) It also declared that its ***434** intent was "to clarify and reemphasize what has been the legislative intent since July 1, 1977." (Stats.1980, ch. 132, § 1, subd. (c), p. 305.) The judicial response was swift and emphatic. The courts concluded that, although the Legislature may amend a *474 statute to overrule a judicial decision, doing so *changes* the law; accordingly, they refused to apply the amendment retroactively. (*People v. Savala* (1981) 116 Cal.App.3d 41, 55-61, 171 Cal.Rptr. 882;*People v. Harvey* (1980) 112 Cal.App.3d 132, 138-139, 169 Cal.Rptr. 153;*People v. Cuevas* (1980) 111 Cal.App.3d 189, 198-200, 168 Cal.Rptr. 519;*People v. Vizcarra* (1980) 110 Cal.App.3d 858, 866, 168 Cal.Rptr. 257;*People v. Fulton* (1980) 109 Cal.App.3d 777, 783, 167 Cal.Rptr. 436;*People v. Matthews* (1980) 108 Cal.App.3d 793, 796, 167 Cal.Rptr. 8; see *People v. Wolcott* (1983) 34 Cal.3d 92, 104, fn. 4, 192 Cal.Rptr. 748, 665 P.2d 520.) As one of these decisions explained, this court had "finally and conclusively" interpreted the statute, and a "legislative clarification in the amended statute may not be used to overrule this exercise of the judicial function of sta-

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tutory construction and interpretation. The amended statute defines the law for the future, but it cannot define the law for the past." (*People v. Cuevas, supra,* at p. 200, 168 Cal.Rptr. 519.)

[17][18] Plaintiff points out that *Carrisales, supra,* 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083, itself postdated the acts alleged in this case and argues that before that decision, nonsupervisory coworkers had been personally liable under the statute. However, "[a] judicial construction of a statute is an authoritative statement of what the statute meant before as well as after the decision of the case giving rise to that construction." (*Rivers v. Roadway Express, Inc.* (1994) 511 U.S. 298, 312-313, 114 S.Ct. 1510, 128 L.Ed.2d 274; accord, *Plaut v. Spendthrift Farm, Inc.* (1995) 514 U.S. 211, 216, 115 S.Ct. 1447, 131 L.Ed.2d 328.) This is why a judicial decision generally applies retroactively. (*Rivers v. Roadway Express, Inc., supra,* at pp. 311-312, 114 S.Ct. 1510; *People v. Guerra* (1984) 37 Cal.3d 385, 399, 208 Cal.Rptr. 162, 690 P.2d 635.) It is true that two administrative decisions had previously interpreted the statute differently than we did. (See *Carrisales, supra,* at pp. 1138-1139, 90 Cal.Rptr.2d 804, 988 P.2d 1083.) But we merely concluded that those decisions **1021 had misconstrued the statute (*ibid.*); we did not, and could not, amend the statute ourselves. (See *People v. Guerra, supra,* at p. 399, fn. 13, 208 Cal.Rptr. 162, 690 P.2d 635.) It is the courts' duty to construe statutes, " even though this requires the overthrow of an earlier erroneous administrative construction." (*Bodinson Mfg. Co. v. California E. Com., supra,* 17 Cal.2d at p. 326, 109 P.2d 935; see also *Rivers v. Roadway Express, Inc., supra,* at pp. 312-313 & fn. 12, 114 S.Ct. 1510 [explaining that a United States Supreme Court decision interpreting a statute stated what the statute had always meant, even if the decision overruled earlier federal appellate court decisions that had interpreted the statute differently].)

Our conclusion that the amendment to section 12940, subdivision (j)(3), changed rather than clarified the law does not itself decide the question whether it applies to this case. It just means that applying the amended section to this case would be a retroactive application. "The fact that application of [the statute] to the instant case would constitute a *475 retroactive rather than a prospective application of the statute is, of course, just the beginning, rather than the conclusion, of our analysis." (*Evangelatos v. Superior Court* (1988) 44 Cal.3d 1188, 1206, 246 Cal.Rptr. 629, 753 P.2d 585.) We turn now to the question ***435** whether the amendment applies retroactively.

C. Whether the Amendment Applies Retroactively

[19] "Generally, statutes operate prospectively only." (*Myers, supra,* 28 Cal.4th at p. 840, 123 Cal.Rptr.2d 40, 50 P.3d 751; see also *Evangelatos v. Superior Court, supra,* 44 Cal.3d at pp. 1206-1208, 246 Cal.Rptr. 629, 753 P.2d 585.) "[T]he presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic. Elementary considerations of fairness dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly.... For that reason, the 'principle that the legal effect of conduct should ordinarily be assessed under the law that existed when the conduct took place has timeless and universal appeal.' " (*Landgraf, supra,* 511 U.S. at p. 265, 114 S.Ct. 1483, fns. omitted; see also *Myers, supra,* at pp. 840-841, 123 Cal.Rptr.2d 40, 50 P.3d 751.) "The presumption against statutory retroactivity has consistently been explained by reference to the unfairness of imposing new burdens on persons after the fact." (*Landgraf, supra,* at p. 270, 114 S.Ct. 1483.)

[20][21] This is not to say that a statute may never apply retroactively. "[A] statute's retroactivity is, in the first instance, a policy determination for the Legislature and one to which courts defer absent 'some constitutional objection' to retroactivity." (*Myers, supra,* 28 Cal.4th at p. 841, 123 Cal.Rptr.2d 40, 50 P.3d 751.) But it has long been established that a statute that interferes with antecedent rights will not operate retroactively unless such retroactivity be "the unequivocal and inflexible import of the terms, and the manifest intention of the legislature." (*United States v. Heth* (1806) 3 Cranch 399, 7 U.S. 399, 413, 2 L.Ed. 479; accord, *Myers, supra,* at p. 840, 123 Cal.Rptr.2d 40, 50 P.3d 751.) "[A] statute may be applied retroactively only if it contains express language of retroactivity *or* if other sources provide a clear and unavoidable implication that the Legislature intended retroactive application." (*Myers, supra,* at p. 844, 123 Cal.Rptr.2d 40, 50 P.3d 751.)

[22] We see nothing here to overcome the strong presumption against retroactivity. Plaintiff and Justice Moreno argue that the statement in section 12940,

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subdivision (j)(2), that the subdivision's provisions merely declared existing law, shows an intent to apply the amendment retroactively. They cite our statement that "where a statute provides that it clarifies or declares existing law, '[i]t is obvious that such a provision is indicative of a legislative intent that the amendment apply to all existing causes of action from the date of its enactment. In accordance with the general rules of statutory construction, we must give effect to this intention unless there is some constitutional objection *476 thereto.' " (*Western Security Bank, supra,* 15 Cal.4th at p. 244, 62 Cal.Rptr.2d 243, 933 P.2d 507, quoting **1022*California Emp. etc. Com. v. Payne, supra,* 31 Cal.2d at p. 214, 187 P.2d 702.)

Neither *Western Security Bank, supra,* 15 Cal.4th 232, 62 Cal.Rptr.2d 243, 933 P.2d 507, nor *California Emp. etc. Com. v. Payne, supra,* 31 Cal.2d 210, 187 P.2d 702, holds that an erroneous statement that an amendment merely declares existing law is sufficient to overcome the strong presumption against retroactively applying a statute that responds to a judicial interpretation. In *California Emp. etc. Com. v. Payne,* the amendment at issue does not appear to have been adopted in response to a judicial decision. In *Western Security Bank, supra,* 15 Cal.4th 232, 62 Cal.Rptr.2d 243, 933 P.2d 507, the only judicial action that had interpreted the statute before the Legislature amended it was a ***436 Court of Appeal decision that never became final. After considering all of the circumstances, we specifically held that the amendment at issue "did not effect any change in the law, but simply clarified and confirmed the state of the law prior to the Court of Appeal's first opinion. Because the legislative action did not change the legal effect of past actions, [the amendment] does not act retrospectively; it governs this case." (*Id.* at p. 252, 62 Cal.Rptr.2d 243, 933 P.2d 507.) Here, by contrast, as we have explained, *Carrisales, supra,* 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083, was a final and definitive judicial interpretation of the FEHA. The amendment at issue here *did* change the law.

Moreover, the language of section 12940, subdivision (j)(2), namely, that "The provisions of this subdivision are declaratory of existing law," long predates the Legislature's overruling of *Carrisales, supra,* 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083. That language was added to the section in reference to a different, earlier, change to the statute. (Stats.1987, ch. 605, § 1, p.1945.) Any inference the Legislature intended the 2000 amendment to apply retroactively is thus far weaker than if the Legislature had asserted, *in the 2000 amending act itself,* that the amendment's provisions declared existing law.

Plaintiff and the Court of Appeal also cite statements in the legislative history to the effect that the proposed amendment would only "clarify" the law's original meaning. But these references may have been intended only to demonstrate that clarification was necessary, not as positive assertions that the law always provided for coworker liability. We see no indication the Legislature even thought about giving, much less expressly intended to give, the amendment retroactive effect to the extent the amendment did change the law. Specifically, we see no clear and unavoidable intent to have the statute retroactively impose liability for actions not subject to liability when taken. "Requiring clear intent assures that [the legislative body] itself has affirmatively considered the potential unfairness of retroactive application and determined that it is an acceptable price to pay for the countervailing benefits." (*Landgraf, supra,* 511 U.S. at pp. 272-273, 114 S.Ct. 1483.)

[23][24] Retroactive application would also raise constitutional implications. Both this court and the United States Supreme Court have expressed concerns that *477 retroactively creating liability for past conduct might violate the Constitution, although it appears neither court has so held. (*Landgraf, supra,* 511 U.S. at p. 281, 114 S.Ct. 1483 ["Retroactive imposition of punitive damages would raise a serious constitutional question"]; *Myers, supra,* 28 Cal.4th at pp. 845-847, 123 Cal.Rptr.2d 40, 50 P.3d 751; but see also *Landgraf,* at p. 272, 114 S.Ct. 1483 [describing "the *constitutional* impediments to retroactive civil legislation" as "now modest"].) "An established rule of statutory construction requires us to construe statutes to avoid 'constitutional infirmit[ies].' [Citations.] That rule reinforces our construction of the [statute] as prospective only." (*Myers, supra,* at pp. 846-847, 123 Cal.Rptr.2d 40, 50 P.3d 751.) "Before we entertained that [constitutional] question, we would have to be confronted with a statute that explicitly authorized" the imposition of liability "for preenactment conduct." (*Landgraf, supra,* at p. 281, 114 S.Ct. 1483.) The amendment here contains no such explicit authorization.

For all of these reasons, we conclude that section

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12940, subdivision (j)(3), does not apply**1023 retroactively to conduct predating its enactment.

***437III. CONCLUSION

We reverse the judgment of the Court of Appeal and remand the matter for further proceedings consistent with this opinion.

WE CONCUR: GEORGE, C.J., KENNARD, BAXTER, WERDEGAR and BROWN, JJ.Concurring and Dissenting Opinion by MORENO, J.
We held in *Carrisales v. Department of Corrections* (1999) 21 Cal.4th 1132, 90 Cal.Rptr.2d 804, 988 P.2d 1083 that the California Fair Employment and Housing Act (FEHA) (Gov.Code, § 12900 et seq.) does not impose on nonsupervisory coworkers personal liability for harassment. The Legislature later amended Government Code section 12940, subdivision (j), to impose such personal liability. The statute as amended states that its provisions "are declaratory of existing law." (Gov.Code, § 12940, subd. (j)(2).) [FN1]

FN1. All further statutory references are to the Government Code, unless otherwise specified.

I agree with the majority that the Legislature could not, by amending the statute, clarify its meaning in a manner inconsistent with our decision in *Carrisales*. Thus, the amendment must be deemed to have changed, rather than merely clarified, the law. But unlike the majority, I conclude that by purporting to clarify its original intent, the Legislature clearly intended to apply this statutory change retroactively. We must honor this legislative intent, unless prevented from doing so by constitutional concerns.

The majority correctly recognizes that a statute may apply retroactively. As we stated in *478*Myers v. Philip Morris Companies, Inc.* (2002) 28 Cal.4th 828, 840-841, 123 Cal.Rptr.2d 40, 50 P.3d 751, "[g]enerally, statutes operate prospectively only"; "unless there is an 'express retroactivity provision, a statute will *not* be applied retroactively unless it is *very clear* from extrinsic sources that the Legislature ... must have intended a retroactive application' [citation].... Under this formulation a statute's retroactivity is, in the first instance, a policy determination for the Legislature and one to which courts defer absent 'some constitutional objection' to retroactivity. [Citation.]"

The majority, however, "see[s] nothing here to overcome the strong presumption against retroactivity." (Maj. opn., *ante*, 20 Cal.Rptr.3d at p. 435, 99 P.3d at p. 1021.) I disagree. The statute at issue, subdivision (j)(2) of section 12940, states that its provisions "are declaratory of existing law...." In *Western Security Bank v. Superior Court* (1997) 15 Cal.4th 232, 244, 62 Cal.Rptr.2d 243, 933 P.2d 507, we recognized the importance of such legislative language: "[E]ven if the court does not accept the Legislature's assurance that an unmistakable change in the law is merely a 'clarification,' the declaration of intent may still effectively reflect the Legislature's purpose to achieve a retrospective change. [Citation.] ... Thus, where a statute provides that it clarifies or declares existing law, '[i]t is obvious that such a provision is indicative of a legislative intent that the amendment apply to all existing causes of action from the date of its enactment.' "

We made the same point half a century earlier in *California Emp. etc. Com. v. Payne* (1947) 31 Cal.2d 210, 213, 187 P.2d 702, in which the Legislature had amended a statute to add a requirement of an "intent to evade the provisions of this act," further stating that the amendment "is hereby declared to be merely a clarification of the original intention of the legislature rather than a substantive change and ***438** such section shall be construed for all purposes as though it had always read as hereinbefore set forth." Despite the Legislature's statement, it was clear that the amendment changed, rather than merely clarified, the law, as no such intent to evade had previously been required. Accordingly, we held that "the language of the 'clarification' provision in this case cannot be given an obviously absurd effect, and the court cannot accept the Legislative statement that an unmistakable change in the statute is nothing more than a clarification and restatement of its original terms." (*Id.* at p. 214, 187 P.2d 702.) We recognized, however, that the Legislature's statement indicated a clear **1024 intent that the amendment apply retroactively: "It does not follow, however, that the 'clarification' provision ... is ineffective for any purpose. It is obvious that such a provision is indicative of a legislative intent that the amendment apply to all existing causes of action from the date of its enactment. In accordance with the general rules of statutory construction, we must give effect to this intention unless there is some constitutional objection thereto." (*Ibid.*)

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*479 In the present case, as in *Western Security Bank* and *California Emp.*, we cannot give effect to the Legislature's statement that the amendment to section 12940, subdivision (j) was declaratory of existing law, but we can give effect to the Legislature's clear expression of its intent that this amendment be given retroactive effect.

The majority notes that the statutory language stating that the provisions of subdivision (j) of section 12940 are declaratory of existing law was originally added to the statute in reference to a 1987 amendment. The majority concludes from this that "[a]ny inference the Legislature intended the 2000 amendment to apply retroactively is thus far weaker than if the Legislature had asserted, *in the 2000 amending act itself,* that the amendment's provisions declared existing law." (Maj. opn., *ante,* 20 Cal.Rptr.3d at p. 436, 99 P.3d at p. 1022.) Again, I do not agree.

A statute that is amended is "re-enacted as amended." (Cal. Const., art. IV, § 9.) "The amendment of a statute ordinarily has the legal effect of reenacting (thus enacting) the statute as amended, including its unamended portions." (*People v. Scott* (1987) 194 Cal.App.3d 550, 554, 239 Cal.Rptr. 588.) As amended, section 12940, subdivision (j) clearly states that its provisions are declaratory of existing law. The circumstance that the same statement had been made in reference to an earlier amendment of the same statute does not lessen the plain meaning of this statutory language. In general, we take it that the Legislature means what it says. In the present case, it is difficult to imagine how the Legislature could have more clearly expressed its intention that the 2000 amendment to subdivision (j) of section 12940, like the earlier amendment, was declaratory of existing law.

Because the Legislature clearly indicated its intent that the amendment to the statute be applied retroactively, we must honor that intent unless there is a constitutional objection to doing so.

The high court addressed the constitutional concerns posed by retroactive application of statutes at some length in *Landgraf v. USI Film Products* (1994) 511 U.S. 244, 114 S.Ct. 1483, 128 L.Ed.2d 229. The court recognized that "the presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic. Elementary considerations of fairness dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted." ***439(*Id.* at p. 265, 114 S.Ct. 1483, fn. omitted.) The court noted that "the antiretroactivity principle finds expression in several provisions of our Constitution," including the ex post facto clause, the provision prohibiting the impairment of obligations of contracts, the Fifth Amendment's takings clause, the prohibition of bills of attainder, and the due process clause. (*Id.* at p. 266, 114 S.Ct. 1483.)

*480 The court was careful to make clear, however, that these concerns do not necessarily prohibit retroactive application of statutes: "The Constitution's restrictions, of course, are of limited scope. Absent a violation of one of those specific provisions, the potential unfairness of retroactive civil legislation is not a sufficient reason for a court to fail to give a statute its intended scope. Retroactivity provisions often serve entirely benign and legitimate purposes, whether to respond to emergencies, to correct mistakes, to prevent circumvention of a new statute in the interval immediately preceding its passage, or simply to give comprehensive effect to a new law Congress considers salutary. However, a requirement that Congress first make its intention clear helps ensure that Congress itself has determined that the benefits of retroactivity outweigh the potential for disruption or unfairness." **1025(*Landgraf v. USI Film Products, supra,* 511 U.S. 244, 267-268, 114 S.Ct. 1483, fn. omitted.)

Further, courts must defer to a legislative judgment that a statute should be applied retroactively: "In this century, legislation has come to supply the dominant means of legal ordering, and circumspection has given way to greater deference to legislative judgments." (*Landgraf v. USI Film Products, supra,* 511 U.S. 244, 272, 114 S.Ct. 1483.) Accordingly, the high court declared, "the constitutional impediments to retroactive civil legislation are now modest." (*Ibid.*, italics omitted.)

Significantly, defendant Lopez does not cite any authority establishing that retroactive application of the amendment to section 12940, subdivision (j) would violate the Constitution. Rather, he simply asserts that "to impose personal liability ... retroactively should require a 'clear and unavoidable' statement from the Legislature favoring retroactivity...." As explained

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above, I conclude that the provision stating that the amendment is declaratory of existing law constitutes such a clear statement of intent to apply the amendment retroactively.

Neither does the majority cite any authority establishing that retroactive application of the amendment to section 12940, subdivision (j) would violate the Constitution. Rather, the majority asserts that retroactive application would "raise constitutional implications," while acknowledging that "[b]oth this court and the United States Supreme Court have expressed concerns that retroactively creating liability for past conduct *might* violate the Constitution, *although it appears neither court has so held.* [Citations.]" (Maj. opn., *ante,* 20 Cal.Rptr.3d at p. 436, 99 P.3d at p. 1022, italics added.)

I discern no constitutional impediment to giving effect to the Legislature's clear intent to apply the amendment to section 12940, subdivision (j) retroactively. As noted above, the amendment changed the law by imposing upon nonsupervisory coworkers personal liability under the FEHA for harassment, but this did not subject such nonsupervisory coworkers to liability for ***481** harassment for the first time. As we noted in *Carrisales,* "our conclusion [that nonsupervisory coworkers could not be held personally liable under the FEHA] does not necessarily prevent a harasser from being personally liable to the victim under some other statute or theory of tort. All we hold is that the ***440***FEHA* does not cover harassment short of an unlawful employment practice. The FEHA's noncoverage does not immunize anyone, including a coworker, from the consequences of conduct that is otherwise tortious." (*Carrisales v. Department of Corrections, supra,* 21 Cal.4th 1132, 1136, 90 Cal.Rptr.2d 804, 988 P.2d 1083.) And we have recognized "that employment discrimination, including sexual harassment ... can cause emotional distress [and] that such distress is a compensable injury under traditional theories of tort law...." (*Peralta Community College Dist. v. Fair Employment & Housing Com.* (1990) 52 Cal.3d 40, 48, 276 Cal.Rptr. 114, 801 P.2d 357, fn. omitted.)

Given the "modest" constitutional impediments to retroactive civil legislation (*Landgraf v. USI Film Products, supra,* 511 U.S. 244, 272, 114 S.Ct. 1483), and the circumstance that harassment by nonsupervisory coworkers was tortious prior to the statutory amendment imposing liability for such conduct under the FEHA, I conclude that there is no constitutional obstacle to the retroactive imposition of personal liability for harassment on nonsupervisory coworkers, as the Legislature intended.

Cal.,2004.
McClung v. Employment Development Dept.
34 Cal.4th 467, 99 P.3d 1015, 20 Cal.Rptr.3d 428, 94 Fair Empl.Prac.Cas. (BNA) 1693, 04 Cal. Daily Op. Serv. 9912, 2004 Daily Journal D.A.R. 13,516

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100 Cal.App.4th 599, 123 Cal.Rptr.2d 157, 02 Cal. Daily Op. Serv. 6707, 2002 Daily Journal D.A.R. 8379
(Cite as: 100 Cal.App.4th 599)

KATHLEEN RILEY et al., Plaintiffs and Appellants,
v.
HILTON HOTELS CORPORATION et al., Defendants and Respondents.
No. B153812.

Court of Appeal, Second District, Division 4, California.
July 25, 2002.

SUMMARY

An individual brought an action against a hotel for violation of a local ordinance governing signage at parking facilities. After plaintiff filed her complaint, the city amended its ordinance in such a way that, if the amended ordinance applied to the hotel, it breached no duty to plaintiff. Unlike the original ordinance, the amended version excluded from the definition of "vehicle parking facility" an off-street parking facility that accommodated, among others, guests and employees of hotels. The trial court found that the ordinance changed the law and that the new law applied retroactively and granted defendant judgment on the pleadings. (Superior Court of Los Angeles County, No. BC236769, Carolyn B. Kuhl, Judge.)

The Court of Appeal reversed and remanded for further proceedings. The court held that the amendment did not apply retroactively. Although the trial court correctly found that the amendment effected a substantive change in the law, there was no basis in the language or the legislative history of the ordinance to apply retroactively the amended ordinance excluding hotels. (Opinion by Epstein, J., with Vogel (C. S.), P. J., and Hastings, J., concurring.)

HEADNOTES

Classified to California Digest of Official Reports

(1) Judgments § 8--On the Pleadings--Appellate Review.
An appellate court reviews de novo an order granting a motion for judgment on the pleadings. In determining whether the complaint withstands the motion, the appellate court accepts as true the plaintiff's factual allegations. If the trial court incorporates a summary adjudication ruling and reasoning in its order granting judgment on the pleadings, the appellate court also reviews these legal conclusions de novo.

(2a, 2b, 2c, 2d, 2e) Municipalities § 50--Ordinances--Operation and Effect--Retroactivity--Amendment Changing Law During Pendency of Civil Action.
In an individual's action against a hotel for violation of a local ordinance governing signage at parking facilities, the trial court erred in granting defendant judgment on the pleadings, applying retroactively an amendment to the ordinance, enacted during the pendency of the action, that removed the duty plaintiff claimed defendant breached. First, the trial court correctly found that the amendment effected a substantive change in the law. Unlike the original ordinance, the amended version excluded from the definition of "vehicle parking facility" an off-street parking facility that accommodated, among others, guests and employees of hotels. An uncodified provision stating that the ordinance was merely a qualification of, and not an alteration of, existing law, was incorrect and not binding. The amended version with its new exceptions was not a mere clarification of existing law. However, there was no basis in the language or the legislative history of the ordinance to apply the amended ordinance excluding hotels retroactively. Indeed, the incorrect statement that the law was not changed expressly disclaimed an intent to change the original law.
[See 7 Witkin, Summary of Cal. Law (9th ed. 1988) Constitutional Law, § 486; West's Key Number Digest, Automobiles 363.]
(3) Statutes § 5--Operation and Effect--Retroactivity--Clarification.
A clarification of existing law may be applied to transactions predating the enactment of the clarification without being considered retroactive. The clarified law is merely a statement of what the law has always been.

(4) Statutes § 20--Construction--Judicial Function.
A legislative declaration of the meaning of an existing statute is neither binding nor conclusive in construing

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the statute. Ultimately, the interpretation of a statute is an exercise of the judicial power the Constitution assigns to the courts.

(5) Statutes § 42--Construction--Aids--Declaration of Subsequent Legislature.
One Legislature may not speak authoritatively on the intent of an earlier Legislature's enactment when decades separate the two bodies.

(6) Statutes § 5--Operation and Effect--Retroactivity.
Statutes do not operate retrospectively unless the Legislature plainly intended them to do so. Although statutes are generally presumed to operate prospectively and not retroactively, this presumption is rebuttable. When the Legislature clearly intends a statute to operate retrospectively, courts are obliged to carry out that intent unless due process considerations prevent it. Courts may infer such an intent from the express provisions of the statute as well as from extrinsic sources, including the legislative history.

(7) Municipalities § 59--Ordinances--Enforcement--Private Cause of Action.
An individual was entitled to pursue an action against a hotel for failure to comply with a municipal ordinance governing parking facilities, even though the municipal code did not provide for a private cause of action. Gov. Code, § 36900, subd. (a), expressly permits violations of city ordinances to be redressed by civil action, and both Cal. Const., art. XI, § 7, and Gov. Code, § 37100, prohibit giving effect to city ordinances that conflict with state law. There is no state law that allows a city to abrogate the right of redress created in the Government Code.

COUNSEL

Schreiber & Schreiber, Edwin C. Schreiber and Eric A. Schreiber for Plaintiffs and Appellants.

McNamara, Spira & Smith, Michael P. McNamara and David Campbell Smith for Defendants and Respondents.

EPSTEIN, J.

A local ordinance was amended during the pendency of a lawsuit to recite that it does not impose the duty that the defendants allegedly breached. In this case, we consider whether the amendment is in fact a substantive change in the law, and if so whether the language of the amending ordinance, and the scant legislative history of record, are adequate to give the change retroactive application. The trial court ruled that the law was indeed changed, but that the change was retroactive. We reverse. We agree with the trial court that the law was substantively changed, but we find no basis in the plain language of the ordinance or its legislative history to apply the change to past conduct.

Factual and Procedural Summary

In 1962, the Beverly Hills City Council (Council) adopted an off-street parking ordinance, which included the following definition: "For the purposes of this chapter, the words and phrases set forth in this section are *602 defined as set forth herein, unless the context clearly indicates a different meaning is intended: [¶] ... [¶] (b) '[p]arking facility' shall mean an off-street facility used for the parking of motor vehicles." (Beverly Hills Ord. No. 1152, § 6-16.01.) The ordinance required any parking facility seeking to charge a fee for parking to display readily visible signs listing the rates and maximum fees. It specified that it was the responsibility of the parking facility's operator and attendants to comply with its terms. This ordinance was codified, starting with section 6-16.01 of the Beverly Hills Municipal Code. [FN1] (*Ibid.*)

FN1 All undesignated section references are to the Beverly Hills Municipal Code, unless otherwise indicated.

At some point, the ordinance was recodified to its present numbering, beginning at section 4-4.201, and the term "parking facility" was replaced with "vehicle parking facility" throughout the relevant sections. The language prefatory to the definitions was removed, but the definition of "vehicle parking facility," in section 4-4.201(b), remained "an off-street facility used for the parking of motor vehicles." The signage requirement, in section 4-4.202, was expanded to require that the signs be "clearly visible to the motorist from the street prior to entering such facility ...." The responsibility for compliance, in section 4-4.206, remained with attendants and operators.

This was the substance of the ordinance when Kathleen Riley, suing individually and on behalf of a class

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of persons similarly situated, filed the present suit. Named as defendants were hotel operators Hilton Hotels Corporation and Hilton Hotels U.S.A., Inc. In the first amended complaint, plaintiffs alleged that defendants operated a vehicle parking facility, charged a fee, but did not provide reasonable notice or the notice required under section 4-4.202.

On May 1, 2001, the Council adopted a new ordinance (the 2001 ordinance) that amended section 4-4.201(b) to read: " 'Vehicle parking facility' shall mean an off-street parking facility, where the primary use of the property is to accommodate the parking of motor vehicles by members of the public. A vehicle parking facility does not include an off-street parking facility that accommodates the parking of motor vehicles by the occupants, customers, clientele and employees of an on-site or adjacent structure where the primary use of that structure is for office, retail or hotel purposes." An uncodified provision, section 2, declared: "This ordinance is declarative of existing law and does not alter the meaning of Section 4-4.201(b) as adopted on March 20, 1962." (Beverly Hills Ord. No. 01-0-2375, § 2.)

Three days later, defendants moved for summary adjudication on the issue of duty. They argued they breached no duty imposed by sections 4.4-202 and ***603** 4.4-206. The trial court agreed, ruling that although the 2001 ordinance did effect a change of law, it was the intent of the Council that it be applied retroactively. The court also ruled that retroactive application neither offended due process nor unconstitutionally impaired any contract between the parties. As construed by the court, the retroactive application meant that defendants never had a duty under section 4.4-202 and 4.4-206, leaving only the common law duty of reasonable notice as a basis for liability.

Plaintiffs amended their complaint again. The second amended complaint alleged in each of the 10 causes of action that liability was incurred as a result only of defendants' violation of sections 4.4-202 and 4.4-206, eliminating the common law theory of lack of notice. Based on the amended ordinance, defendants moved for judgment on the pleadings. The motion was granted, judgment was entered in favor of defendants, and plaintiffs filed this timely appeal.

Discussion

The basis for defendants' motion for judgment on the pleadings was that the second amended complaint does not state facts sufficient to constitute a cause of action against them. (Code Civ. Proc., § 438, subd. (c)(1)(B)(ii).) (1) We review de novo the order granting the motion for judgment on the pleadings. (*Gerawan Farming, Inc. v. Lyons* (2000) 24 Cal.4th 468, 515[101 Cal.Rptr.2d 470, 12 P.3d 720].) In determining whether the complaint withstands the motion, we accept as true plaintiffs' factual allegations. (*Ibid.*) The trial court incorporated the summary adjudication ruling and reasoning in its order granting judgment on the pleadings. We also review these legal conclusions de novo.

(2a) Defendants argue the trial court erred in rejecting their argument that the 2001 ordinance was declarative of existing law. (3) A finding that the ordinance is merely a clarification of existing law would resolve this appeal because a clarification may be applied to transactions predating its enactment without being considered retroactive. (*Western Security Bank v. Superior Court* (1997) 15 Cal.4th 232, 243[62 Cal.Rptr.2d 243, 933 P.2d 507].) The clarified law is merely a statement of what the law has always been. (*Ibid.*) (2b) We agree with the trial court that this rule has no application to the present case.

As we have discussed, section 2 of the 2001 ordinance stated: "This ordinance is declarative of existing law and does not alter the meaning of Section 4-4.201(b) as adopted on March 20, 1962." This statement is the beginning, but not the end, of our analysis. (4) "[A] legislative declaration of an existing statute's meaning is neither binding nor conclusive in ***604** construing the statute. Ultimately, the interpretation of a statute is an exercise of the judicial power the Constitution assigns to the courts." (*Western Security Bank v. Superior Court, supra*, 15 Cal.4th at p. 244.)

(2c) A similar situation arose in *California Emp. etc. Com. v. Payne* (1947) 31 Cal.2d 210[187 P.2d 702]. A provision was added to the Unemployment Insurance Act in 1939 declaring that there was no limitations bar against the California Employment Stabilization Commission enforcing payment of unemployment insurance contributions against an employer who had not filed a return with the commission. (*Id.* at p. 213.) The provision had been amended in 1943, suspending the statute of limitations only if the employer acted with intent to evade the provisions of the Unem-

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ployment Insurance Act. (*Ibid.*) The amending measure "further provided that 'the amendment ... is hereby declared to be merely a clarification of the original intention of the legislature rather than a substantive change and such section shall be construed for all purposes as though it had always read as hereinbefore set forth.' " (*Ibid.*) The court refused to take the Legislature at its word on the issue of statutory construction: "[T]he language of the 'clarification' provision in this case cannot be given an obviously absurd effect, and the court cannot accept the Legislative statement that an unmistakable change in the statute is nothing more than a clarification and restatement of its original terms." (*Id.* at p. 214.)

Defendants argue that we should give effect to the Council's statement that the restricted definition of "vehicle parking facility" in the 2001 ordinance is declarative of what the 1962 law provided. They point to a recent statement by the city attorney that the 1962 ordinance was "intended to apply solely to stand-alone parking lots where parking is the primary use of the site" and never "intended to apply to the vehicular entrances to hotels."

(5) "[T]here is little logic and some incongruity in the notion that one Legislature may speak authoritatively on the intent of an earlier Legislature's enactment when a gulf of decades separates the two bodies." (*Western Security Bank v. Superior Court, supra,* 15 Cal.4th at p. 244.) (2d) There is even less logic in the notion that the city attorney in 2001, apparently unaided by any legislative history, may speak authoritatively on the intent of the Council in 1962. We find greater logic and less incongruity in giving effect to the plain terms of the 1962 ordinance.

As we have mentioned, the paragraph prefacing the definition of "parking facility" in the 1962 enactment stated: "For the purposes of this chapter, the words and phrases set forth in this section are defined as set forth herein, unless the context clearly indicates a different meaning is intended [.]" ***605** (Beverly Hills Ord. No. 1152, § 6-16.01.) The plain language of the 1962 definition provided for no exclusions. In oral argument before the trial court, defendants contended that the placement of the 1962 ordinance in a chapter of the Municipal Code entitled "Parking Lots and Garages" is "objective support for the idea that hotels and offices and retail uses were excluded from the scope of the definition of vehicle parking facility." They found further objective support in the lack of enforcement of the ordinance against hotels until plaintiffs complained. The construction of an ordinance by those charged with its enforcement is only entitled to deference if the ordinance is ambiguous and "the construction has a reasonable basis in the text of the legislation or the policy which underlies it." (*Department of Health Services v. Civil Service Com.* (1993) 17 Cal.App.4th 487, 501[21 Cal.Rptr.2d 428].) The chapter title is not the clear indication called for in 1962. Lacking such an indication, there is no ambiguity or basis in text or policy from which those charged with enforcement could draw their construction. We also note that, on appeal, defendants do not urge these grounds as support for their interpretation of the Council's intent in 1962.

As in *California Emp. etc. Com. v. Payne, supra,* 31 Cal.2d 210, we cannot agree that the new substantive provision, here a new exception, always was the law. More specifically, we cannot say that when, in 1962, the Council defined "parking facility" as "an off-street parking facility used for the parking of motor vehicles," it actually meant to exclude any parking facility "that accommodates the parking of motor vehicles by the occupants, customers, clientele and employees of an on-site or adjacent structure where the primary use of that structure is for office, retail or hotel purposes." Despite the Council's pronouncement to the contrary nearly four decades later, the 2001 ordinance substantively changed the definition adopted in 1962.

Defendants argue, *California Emp. etc. Com.* notwithstanding, that courts routinely give effect to the expressed legislative intent to clarify existing law rather than change the law. But in each case cited by defendants, the court found the amendment or statute was in fact a clarification of the prior law, and not a substantive change declared to be a clarification by its enactors. (See *City of Los Angeles v. Rancho Homes, Inc.* (1953) 40 Cal.2d 764, 771[256 P.2d 305] [construction of original statute to intend meaning made express in amendment "reasonable ... and in accordance with the announced policy underlying the section"]; *Kern v. County of Imperial* (1990) 226 Cal.App.3d 391, 401[276 Cal.Rptr. 524] [prior law was ambiguous; amendment resolved ambiguities]; *Marina Village v. California Coastal Zone Conservation Com.* (1976) 61 Cal.App.3d 388, 393[132 Cal.Rptr. 120] [clarification to regulation resolved

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ambiguity and unintended inconsistency *606 between regulations and enabling statute]; *Re-Open Rambla, Inc. v. Board of Supervisors* (1995) 39 Cal.App.4th 1499, 1510[46 Cal.Rptr.2d 822] [concluding after independent analysis of prior law that amendment "did no more than clarify existing law"]; *Western Security Bank v. Superior Court, supra*, 15 Cal.4th at p. 252 [concluding after independent analysis of state of the law before a statute that "the Legislature's action did not effect a change in the law"].)

Because we conclude that the 2001 ordinance changed the law, we must determine whether the language of the enactment demonstrates an intent by the Council that the change be retroactive. (6) "[S]tatutes do not operate retrospectively unless the Legislature plainly intended them to do so." (*Western Security Bank v. Superior Court, supra*, 15 Cal.4th at p. 243.)

"Although statutes 'are generally presumed to operate prospectively and not retroactively,' this presumption is rebuttable. [Citation.] '[W]hen the Legislature clearly intends a statute to operate retrospectively, we are obliged to carry out that intent unless due process considerations prevent us.' [Citation.] We may infer such an intent from the express provisions of the statute as well as from extrinsic sources, including the legislative history." (*Preston v. State Bd. of Equalization* (2001) 25 Cal.4th 197, 221-222[105 Cal.Rptr.2d 407, 19 P.3d 1148].)

(2e) In *Preston*, the court based its holding that a statute should be applied retroactively in part on a provision stating: " 'It is the intent of the Legislature in enacting this act to clarify the application [of an existing law].' " (*Preston v. State Bd. of Equalization, supra*, 25 Cal.4th at p. 222.) That statement "strongly suggests" that the statute should apply to causes of action existing on the date of enactment (i.e. retroactively), but the court did not end its analysis there. (*Ibid.*) It also concluded that the Legislature intended a retroactive application, but only when, upon examination of the legislative history, it found the Legislature added the intent provision despite (1) knowledge that "the bill may partially change existing law," and (2) awareness that the provision may result in retroactive application. (*Id.* at p. 223.)

It was necessary for the *Preston* court to resort to extrinsic indicia of intent such as legislative history because the Legislature's intent was not clear from the express terms of the statute. (See *Preston v. State Bd. of Equalization, supra*, 25 Cal.4th at p. 222.) Similarly, we look to the express provisions of the 2001 ordinance, and to extrinsic sources if necessary, to determine the Council's intent. *607

Section 2 of the 2001 ordinance states that the new enactment is "declarative of existing law *and does not alter the meaning of Section 4-4.201(b) as adopted on March 20, 1962*." (Italics added.) Either the Council is correct and the law is unchanged-a conclusion we have rejected-or it is incorrect. What section 2 does not do is expressly declare the change is retroactive. Nor may we infer an intent to rebut the presumption of prospective application. Even if the Council's intent were unclear, there are no extrinsic indicia that it intended the change to be applied retroactively. [FN2] There is no evidence of awareness that the 2001 ordinance changes the 1962 ordinance, and the only analysis on record is the city attorney's statement that the 2001 ordinance does *not* change existing law. The Council not only failed to express an intent to amend the ordinance retroactively, it expressly disclaimed an intent to change the meaning of the 1962 ordinance. The trial court erred in finding otherwise.

> FN2 Defendants claim that the Council and city attorney "unequivocally indicated an intent that the Amended Ordinance apply to all existing causes of action." The record does not support this assertion.

The trial court granted defendants' motion for judgment on the pleadings based on its previous grant of defendants' motion for summary adjudication, which in turn was based on the finding that the ordinance applies retroactively. Because we find the ordinance changes the law and does not apply retroactively, we reverse the grant of defendants' motion for judgment on the pleadings. We need not address the arguments concerning whether retroactive application offends due process or unconstitutionally impairs any contract between the parties.

(7) Finally, defendants argue that a separate basis for affirmance is the absence of a private right of action under the Municipal Code. The comprehensive regulatory scheme for violations of the Municipal Code, defendants assert, indicates the Council's intent to occupy the enforcement field to the exclusion of private lawsuits. However, Government Code section

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36900, subdivision (a), expressly permits violations of city ordinances to be "redressed by civil action." Both our Constitution and the Government Code prohibit giving effect to city ordinances in conflict with state law. (Cal. Const., art. XI, § 7; Gov. Code, § 37100.) Defendants refer us to no state law that allows a city to abrogate the right of redress created in the Government Code. We decline to read into the Municipal Code an intent to create an impermissible conflict with state law by abrogating the right to a civil action created by the Government Code. *608

Disposition

The judgment is reversed. The cause is remanded to the trial court for further proceedings. Plaintiffs are to have their costs on appeal.

Vogel (C. S.), P. J., and Hastings, J., concurred.
Respondents' petition for review by the Supreme Court was denied October 16, 2002. *609

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JOHN A. WALLACE, Appellant,
v.
STATE PERSONNEL BOARD et al., Respondents.
Civ. No. 9447.

District Court of Appeal, Third District, California.
Mar. 9, 1959.

HEADNOTES

(1a, 1b) Civil Service § 8.1--Sick Leave.
Since Gov. Code, § 18100, relating to civil service sick leave, does not limit such sick leave to physical illness, the administrative directive embodied in the Personnel Transactions Manual, § 502, providing that an employee must be physically incapacitated if his request for absence is based on an emotional disturbance, cannot be used to restrict the purpose and intent of Cal. Admin. Code, tit. 2, § 401, defining sick leave to be absence from duty of an employee because of his illness or injury, his exposure to contagious disease, his attendance on a member of his immediate family who is seriously ill, or death in his immediate family, or Gov. Code, § 18100, and the provisions of Cal. Admin. Code, tit. 2, § 401, must be given their obvious meaning that illness may be mental as well as physical.
See **Cal.Jur.2d**, Civil Service, § 11; **Am.Jur.**, Civil Service, § 4 et seq.
(2) Statutes § 180(2)--Construction--Executive or Departmental Construction.
Although the construction placed on a statute by an administrative agency is entitled to great weight, neither an administrative officer nor an agency may make a rule or regulation that alters or enlarges the terms of a legislative enactment.

(3) Statutes § 180(2)--Construction--Executive or Departmental Construction.
An erroneous administrative construction does not govern the interpretation of a statute.

(4) Statutes § 180(2)--Construction--Executive or Departmental Construction.
An administrative directive does not have the force of law and may not be asserted as a standard for the conduct of an agency if the assertion would in any way effect a change in the meaning of an Administrative Code section.

(5) Civil Service § 8.1--Sick Leave.
It was reversible error for the State Personnel Board and the lower court to fail to consider an employee's evidence of inability to perform the services demanded by his employment by reason of emotional disturbance in passing on the validity of his request for sick leave, it being unnecessary under the applicable statutes and rules that an employee suffer such a mental collapse as results in physical incapacity before becoming entitled to sick leave.

SUMMARY

APPEAL from a judgment of the Superior Court of Sacramento County. John Quincy Brown, Judge. Reversed with directions.

Proceeding in mandamus to compel the State Personnel Board to annul its order discharging a permanent civil service employee. Judgment denying writ, reversed with directions.

COUNSEL

Frank G. Finnegan for Appellant.

Edmund G. Brown, Attorney General, Willard A. Shank, Deputy Attorney General, Robert E. Reed and John B. Matheny for Respondents.

PEEK, J.

This is an appeal by petitioner Wallace from a judgment denying his petition for a writ of mandate whereby he sought to annul an order of the State Personnel Board, referred to herein as the Board, and be restored to his former civil service position with the State of California.

From 1949 until he was discharged in 1955, petitioner had been a permanent civil service employee of the Division of Architecture of the Department of Public Works of the State of California, which we shall refer

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to as the Department, and since 1951 had been employed in the capacity of senior electrical engineer assigned to the Sacramento office of the Department. While at Sacramento his duties, which required substantial travel of from two to four thousand miles per month, included inspecting electrical installations in state construction projects, interpreting plans and specifications and clarifying misunderstandings relative thereto, inspecting installations with respect to whether or not the work was proceeding according to plan, rendering decisions as to intent *545 of design, making final inspections and preparing all necessary reports relative thereto.

On August 1, 1955, petitioner was transferred from Sacramento to the Los Angeles office where he was assigned similar work. Approximately two weeks after his assumption of duties in that office he began to feel ill. This he described as extreme depression, severe headaches, fatigue, muscle tension, insomnia, loss of weight, and mental confusion. This condition became progressively worse, and on August 29, after completing an assignment at Bishop, California, he returned to Sacramento to consult his family physician, Dr. James D. Coyle. Following his examination of petitioner, Dr. Coyle determined that he was suffering from a complete physical and emotional collapse. He prescribed medication and complete rest. Petitioner thereupon requested sick leave for the month of October. His request stated he was suffering from "complete physical and emotional collapse." Attached to said request was a certificate from Dr. Coyle stating: "My present diagnosis, well verified, is Myocardial Strain, aggravated by a severe emotional disturbance. I have advised him that he cannot return to work at least until 11-15-55, and probably not at that time." The department referred his request to Dr. Norris Jones, the medical officer for the Board, who in turn ordered an independent medical examination of petitioner by Dr. Herbert W. Jenkins. Dr. Jenkins concluded his report as follows: "On the basis of his statements and my examination, I do not believe there is any physical reason for his not returning to work. He intimated that he might prefer to take a demotion if he could continue to live in this area. He apparently would be incapacitated by symptoms of nervous origin if he were forced to move to the Los Angeles Area." On the basis of Dr. Jenkins' report, the Department, on November 29, 1955, disapproved petitioner's request for sick leave in its entirety and ordered him to return to work in Los Angeles, stating that should he refuse to do so his services would be terminated by reason of the automatic resignation provisions contained in Government Code, section 19503. Thereafter petitioner filed a further request for sick leave for the month of November which likewise was denied as was his request for the month of December. The amount of his accumulated sick leave is not questioned. On December 10 petitioner appealed to the Board from denials of his applications for sick leave and also appealed from the order of the *546 Department construing his continued absence to be an automatic resignation under the previously mentioned code section.

On March 9 the Board conducted a hearing and thereafter, on June 4, 1956, sustained the action of the Department. Petitioner's request for a rehearing was denied and shortly thereafter he filed the present proceeding in the Superior Court of Sacramento County. The court found in favor of respondents and the present appeal followed.

(1a) Petitioner's first contention relates to the specific finding of the trial court "that petitioner as an employee of the State of California was required, pursuant to section 18100 of the Government Code, to submit satisfactory proof of the necessity for sick leave, *and that pursuant to Section 502 of the Personnel Transactions Manual, adopted by the State Personnel Board, an employee must be physically incapacitated if his request for absence is based upon an emotional disturbance.*"

In accordance with article XXIV, section 4, of the Constitution, the Legislature, by Government Code, section 18100, has provided for sick leave credits for all civil service personnel upon the "submission of satisfactory proof of the necessity" therefor, and the Board, pursuant to the rulemaking power granted by the Constitution, has, by section 401 of article 18 of the Administrative Code, defined sick leave to be "... the absence from duty of an employee because of his illness or injury, his exposure to contagious disease, his attendance upon a member of his immediate family who is seriously ill and requires the care or attendance of the employee, or death in the immediate family of the employee. 'Member of his immediate family' means the mother, father, husband, wife, son, daughter, brother, or sister of the employee, or any person living in the immediate household of the employee."

The Board, in addition, by rule 406, has provided that

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"the appointing power shall approve sick leave only after having ascertained that the absence was for an authorized reason. He may require the employee to submit substantiating evidence including, but not limited to, a physician's certificate. If the appointing power does not consider the evidence adequate, he shall disapprove the request for sick leave." The above- mentioned provisions are the only ones pertinent to questions raised by petitioner that are to be found in the Constitution, legislative enactments or administrative rules. Section 502, referred to in the findings of the court, has never *547 been adopted as a rule by the Personnel Board and hence can be considered as nothing more than an administrative directive for the guidance of department heads to assist them in the maintenance of uniformity in the determination of the availability of sick leave to state employees.

In their brief respondents admit said section 502 "has no formal status in law but is a source of administrative interpretation of the laws and rules for which the State Personnel Board has administrative responsibility." But respondents then contend that by the same token said section is entitled to great weight.

(2) Although the construction placed upon a statute by an administrative agency is entitled to said great weight, nevertheless neither an administrative officer nor an agency may "make a rule or regulation that alters or enlarges the terms of a legislative enactment. [Citations.] (3) Moreover, an erroneous administrative construction does not govern the interpretation of a statute, ..." (*Whitcomb Hotel, Inc. v. California Emp. Com.*, 24 Cal.2d 753, 757 [151 P.2d 233, 155 A.L.R. 405].) (4) It is well established that an administrative directive such as is embodied in section 502 does not have the force of law and hence may not be asserted as a standard for the conduct of the agency if the assertion would in any way effect a change in the meaning of section 401 of the Administrative Code. (*Conroy v. Wolff*, 34 Cal.2d 745 [214 P.2d 529].) (1b) If, as was held in *Nelson v. Dean*, 27 Cal.2d 873 [168 P.2d 16, 168 A.L.R. 467], section 151 of the 1937 Civil Service Act (now 18100 of the Government Code) does not limit sick leave to physical illness, then it follows that the administrative directive embodied in section 502 of the Transactions Manual cannot be used to so restrict the purpose and intent expressed in section 401 of the Administrative Code or 18100 of the Government Code. If the provisions of the Transactions Manual may not be so used, then it also follows that the provisions of section 401 of the Administrative Code, which are clear and unambiguous, must be given their obvious meaning that illness may be mental as well as physical.

(5) If as we have concluded, it was not necessary under the applicable statutes and rules that an employee suffer such a mental collapse as resulted in physical incapacity before becoming entitled to sick leave, then the court and the Board erred in failing to consider the substantial evidence to this effect which was introduced by petitioner. Certainly this must be true since according to the kind of work to be done *548 one may be as incapacitated from performing his duties by reason of mental illness as one also may be incapacitated by reason of purely physical illness.

From examination of the transcript it is quite apparent that the conclusion of the court and the Board was predicated upon the necessity of a showing of physical inability to do the job, and that any question of inability to perform the services demanded by the employment by reason of emotional disturbance was wholly outside of the issues.

The record is replete with instances which point up this conclusion. We refer to the comments by the court in its findings relative to the necessity of physical illness; the colloquies between counsel for the Board and the medical witnesses relative to the lack of objective symptoms indicating physical illness; the testimony of the physician appointed by the Board that he was not asked "to evaluate his nervous symptoms in connection with his job. I was asked to evaluate his physical capacity for work"; and the testimony of Mr. Hunter (acting for the Department) that he ignored not only Dr. Coyle's report but also ignored the concluding sentence of Dr. Jenkins' report that the petitioner "would be incapacitated by symptoms of nervous origin if he were forced to move to the Los Angeles Area"; and finally the letter of Dr. Kelley, a psychiatrist, in corroboration of the testimony of Dr. Coyle.

It necessarily follows that an improper standard was applied for the purpose of determining sick leave, and that the court and the Board, in the application of such standard, completely ignored the substantial evidence of mental illness introduced by the petitioner. The result was an unfair hearing.

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The judgment is reversed and the cause remanded for further proceedings in accordance with the views herein expressed.

Van Dyke, P. J., and Schottky, J., concurred. ***549**

Cal.App.3.Dist.
Wallace v. State Personnel Bd.
168 Cal.App.2d 543, 336 P.2d 223

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WHITCOMB HOTEL, INC. (a Corporation) et al., Petitioners,
v.
CALIFORNIA EMPLOYMENT COMMISSION et al., Respondents; FERNANDO R. NIDOY et al., Interveners and Respondents.
S. F. No. 16854.

Supreme Court of California
Aug. 18, 1944.

HEADNOTES

(1) Statutes § 180(2)--Construction--Executive or Departmental Construction.
The construction of a statute by the officials charged with its administration must be given great weight, for their substantially contemporaneous expressions of opinion are highly relevant and material evidence of the probable general understanding of the times and of the opinions of men who probably were active in drafting the statute.
See 23 **Cal.Jur.** 776; 15 **Am.Jur.** 309.
(2) Statutes § 180(2)--Construction--Executive or Departmental Construction.
An administrative officer may not make a rule or regulation that alters or enlarges the terms of a legislative enactment.

(3) Statutes § 180(2)--Construction--Executive or Departmental Construction.
An erroneous administrative construction does not govern the interpretation of a statute, even though the statute is subsequently reenacted without change.

(4) Unemployment Relief--Disqualification--Refusal to Accept Suitable Employment.
The disqualification imposed on a claimant by Unemployment Insurance Act, § 56(b) (Stats. 1935, ch. 352, as amended; Deering's Gen. Laws, 1937, Act 8780d), for refusing without good cause to accept suitable employment when offered to him, or failing to apply for such employment when notified by the district public employment office, is an absolute disqualification that necessarily extends throughout the period of his unemployment entailed by his refusal to accept suitable employment, and is terminated only by his subsequent employment.
See 11 **Cal.Jur. Ten-year Supp.** (Pocket Part) "Unemployment Reserves and Social Security."
(5) Unemployment Relief--Disqualification--Refusal to Accept Suitable Employment.
One who refuses suitable employment without good cause is not involuntarily unemployed through no fault of his own. He has no claim to benefits either at the time of his refusal or at any subsequent time until he again brings himself within the Unemployment Insurance Act.

(6) Unemployment Relief--Disqualification--Refusal to Accept Suitable Employment.
Employment Commission Rule 56.1, which attempts to create a limitation as to the time a person may be disqualified for refusing to accept suitable employment, conflicts with Unemployment Insurance Act, § 56(b), and is void.

(7) Unemployment Relief--Powers of Employment Commission--Adoption of Rules.
The power given the Employment Commission by the Unemployment Insurance Act, § 90, to adopt rules and regulations is not a grant of legislative power, and in promulgating such rules the commission may not alter or amend the statute or enlarge or impair its scope.

(8) Unemployment Relief--Remedies of Employer--Mandamus.
Inasmuch as the Unemployment Insurance Act, § 67, provides that in certain cases payment of benefits shall be made irrespective of a subsequent appeal, the fact that such payment has been made does not deprive an employer of the issuance of a writ of mandamus to compel the vacation of an award of benefits when he is entitled to such relief.

SUMMARY

PROCEEDING in mandamus to compel the California Employment Commission to vacate an award of unemployment benefits and to refrain from charging petitioners' accounts with benefits paid. Writ granted.

COUNSEL

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Brobeck, Phleger & Harrison, Gregory A. Harrison and Richard Ernst for Petitioners.

Robert W. Kenny, Attorney General, John J. Dailey, Deputy Attorney General, Forrest M. Hill, Gladstein, Grossman, Margolis & Sawyer, Ben Margolis, William Murrish, Gladstein, Grossman, Sawyer & Edises, Aubrey Grossman and Richard Gladstein for Respondents.

Clarence E. Todd and Charles P. Scully as Amici Curiae on behalf of Respondents.

TRAYNOR, J.

In this proceeding the operators of the Whitcomb Hotel and of the St. Francis Hotel in San Francisco seek a writ of mandamus to compel the California Employment Commission to set aside its order granting unemployment insurance benefits to two of their former employees, Fernando R. Nidoy and Betty Anderson, corespondents in this action, and to restrain the commission from charging petitioners' accounts with benefits paid pursuant to *755 that order. Nidoy had been employed as a dishwasher at the Whitcomb Hotel, and Betty Anderson as a maid at the St. Francis Hotel. Both lost their employment but were subsequently offered reemployment in their usual occupations at the Whitcomb Hotel. These offers were made through the district public employment office and were in keeping with a policy adopted by the members of the Hotel Employers' Association of San Francisco, to which this hotel belonged, of offering available work to any former employees who recently lost their work in the member hotels. The object of this policy was to stabilize employment, improve working conditions, and minimize the members' unemployment insurance contributions. Both claimants refused to accept the proffered employment, whereupon the claims deputy of the commission ruled that they were disqualified for benefits under section 56(b) of the California Unemployment Insurance Act (Stats. 1935, ch. 352, as amended; Deering's Gen. Laws, 1937, Act 8780d), on the ground that they had refused to accept offers of suitable employment, but limited their disqualification to four weeks in accord with the commission's Rule 56.1. These decisions were affirmed by the Appeals Bureau of the commission. The commission, however, reversed the rulings and awarded claimants benefits for the full period of unemployment on the ground that under the collective bargaining contract in effect between the hotels and the unions, offers of employment could be made only through the union.

In its return to the writ, the commission concedes that it misinterpreted the collective bargaining contract, that the agreement did not require all offers of employment to be made through the union, and that the claimants are therefore subject to disqualification for refusing an offer of suitable employment without good cause. It alleges, however, that the maximum penalty for such refusal under the provisions of Rule 56.1, then in effect, was a four-week disqualification, and contends that it has on its own motion removed all charges against the employers for such period.

The sole issue on the merits of the case involves the validity of Rule 56.1, which limits to a specific period the disqualification imposed by section 56(b) of the act. Section 56 of the act, under which the claimants herein were admittedly disqualified, *756 provides that: "An individual is not eligible for benefits for unemployment, and no such benefit shall be payable to him under any of the following conditions: ... (b) If without good cause he has refused to accept suitable employment when offered to him, or failed to apply for suitable employment when notified by the District Public Employment Office." Rule 56.1, as adopted by the commission and in effect at the time here in question, restated the statute and in addition provided that: "In pursuance of its authority to promulgate rules and regulations for the administration of the Act, the Commission hereby provides that an individual shall be disqualified from receiving benefits if it finds that he has failed or refused, without good cause, either to apply for available, suitable work when so directed by a public employment office of the Department of Employment or to accept suitable work when offered by any employing unit or by any public employment office of said Department. Such disqualification shall continue for the week in which such failure or refusal occurred, and for not more than three weeks which immediately follow such week as determined by the Commission according to the circumstances in each case." The validity of this rule depends upon whether the commission was empowered to adopt it, and if so, whether the rule is reasonable.

The commission contends that in adopting Rule 56.1 it exercised the power given it by section 90 of the act to adopt "rules and regulations which to it seem neces-

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sary and suitable to carry out the provisions of this act" (2 Deering's Gen. Laws, 1937, Act 8780d, § 90(a)). In its view section 56(b) is ambiguous because it fails to specify a definite period of disqualification. The commission contends that a fixed period is essential to proper administration of the act and that its construction of the section should be given great weight by the court. It contends that in any event its interpretation of the act as embodied in Rule 56.1 received the approval of the Legislature in 1939 by the reenactment of section 56(b) without change after Rule 56.1 was already in effect.

(1) The construction of a statute by the officials charged with its administration must be given great weight, for their "substantially contemporaneous expressions of opinion are ***757** highly relevant and material evidence of the probable general understanding of the times and of the opinions of men who probably were active in the drafting of the statute." (*White v. Winchester Country Club*, 315 U.S. 32, 41 [62 S.Ct. 425, 86 L.Ed. 619]; *Fawcus Machine Co. v. United States*, 282 U.S. 375, 378 [51 S.Ct. 144, 75 L.Ed. 397]; *Riley v. Thompson*, 193 Cal. 773, 778 [227 P. 772]; *County of Los Angeles v. Frisbie*, 19 Cal.2d 634, 643 [122 P.2d 526]; *County of Los Angeles v. Superior Court*, 17 Cal.2d 707, 712 [112 P.2d 10]; see, Griswold, *A Summary of the Regulations Problem*, 54 Harv.L.Rev. 398, 405; 27 Cal.L.Rev. 578; 23 Cal.Jur. 776.) When an administrative interpretation is of long standing and has remained uniform, it is likely that numerous transactions have been entered into in reliance thereon, and it could be invalidated only at the cost of major readjustments and extensive litigation. (*Helvering v. Griffiths*, 318 U.S. 371, 403 [63 S.Ct. 636, 87 L.Ed. 843]; *United States v. Hill*, 120 U.S. 169, 182 [7 S.Ct. 510, 30 L.Ed. 627]; see *County of Los Angeles v. Superior Court*, 17 Cal.2d 707, 712 [112 P.2d 10]; *Hoyt v. Board of Civil Service Commissioners*, 21 Cal.2d 399, 402 [132 P.2d 804].) Whatever the force of administrative construction, however, final responsibility for the interpretation of the law rests with the courts. "At most administrative practice is a weight in the scale, to be considered but not to be inevitably followed. ... While we are of course bound to weigh seriously such rulings, they are never conclusive." (*F. W. Woolworth Co. v. United States*, 91 F.2d 973, 976.) (2) An administrative officer may not make a rule or regulation that alters or enlarges the terms of a legislative enactment. (*California Drive-In Restaurant Assn. v. Clark*, 22 Cal.2d 287, 294 [140 P.2d 657, 147 A.L.R. 1028]; *Bodinson Mfg. Co. v. California Employment Com.*, 17 Cal.2d 321, 326 [109 P.2d 935]; *Boone v. Kingsbury*, 206 Cal. 148, 161 [273 P. 797]; *Bank of Italy v. Johnson*, 200 Cal. 1, 21 [251 P. 784]; *Hodge v. McCall*, 185 Cal. 330, 334 [197 P. 86]; *Manhattan General Equipment Co. v. Commissioner of Int. Rev.*, 297 U.S. 129 [56 S.Ct. 397, 80 L.Ed. 528]; *Montgomery v. Board of Administration*, 34 Cal.App.2d 514, 521 [93 P.2d 1046,94 A.L.R. 610].) (3) Moreover, an erroneous administrative construction does not govern the interpretation of a statute, even though the statute is subsequently reenacted ***758** without change. (*Biddle v. Commissioner of Internal Revenue*, 302 U.S. 573, 582 [58 S.Ct. 379, 82 L.Ed. 431]; *Houghton v. Payne*, 194 U.S. 88 [24 S.Ct. 590, 48 L.Ed. 888]; *Iselin v. United States*, 270 U.S. 245, 251 [46 S.Ct. 248, 70 L.Ed. 566]; *Louisville & N. R. Co. v. United States*, 282 U.S. 740, 757 [51 S.Ct. 297, 75 L.Ed. 672]; *F. W. Woolworth Co. v. United States*, 91 F.2d 973, 976; *Pacific Greyhound Lines v. Johnson*, 54 Cal.App.2d 297, 303 [129 P.2d 32]; see *Helvering v. Wilshire Oil Co.*, 308 U.S. 90, 100 [60 S.Ct. 18, 84 L.Ed. 101]; *Helvering v. Hallock*, 309 U.S. 106, 119 [60 S.Ct. 444, 84 L.Ed. 604, 125 A.L.R. 1368]; *Federal Comm. Com. v. Columbia Broadcasting System*, 311 U.S. 132, 137 [61 S.Ct. 152, 85 L.Ed. 87]; Feller, *Addendum to the Regulations Problem*, 54 Harv.L.Rev. 1311, and articles there cited.)

In the present case Rule 56.1 was first adopted by the commission in 1938. It was amended twice to make minor changes in language, and again in 1942 to extend the maximum period of disqualification to six weeks. The commission's construction of section 56(b) has thus been neither uniform nor of long standing. Moreover, the section is not ambiguous, nor does it fail to indicate the extent of the disqualification. (4) The disqualification imposed upon a claimant who without good cause "has refused to accept suitable employment when offered to him, or failed to apply for suitable employment when notified by the district public employment office" is an absolute disqualification that necessarily extends throughout the period of his unemployment entailed by his refusal to accept suitable employment, and is terminated only by his subsequent employment. (Accord: 5 C.C.H. Unemployment Insurance Service 35,100, par. 1965.04 [N.Y.App.Bd.Dec. 830-39, 5/27/39].) The Unemployment Insurance Act was expressly intended to establish a system of unemployment insurance to provide benefits for "persons unemployed through no fault of their own, and to reduce involuntary unem-

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ployment. ..." (Stats. 1939, ch. 564, § 2; Deering's Gen. Laws, 1939 Supp., Act 8780d, § 1.) The public policy of the State as thus declared by the Legislature was intended as a guide to the interpretation and application of the act. (*Ibid.*) (5) One who refuses suitable employment without good cause is not involuntarily unemployed through no fault of his own. He has no claim to benefits either at the time of his refusal or at any subsequent time until he again brings himself within *759 the provisions of the statute. (See 1 C.C.H. Unemployment Insurance Service 869, par. 1963.) Section 56(b) in excluding absolutely from benefits those who without good cause have demonstrated an unwillingness to work at suitable employment stands out in contrast to other sections of the act that impose limited disqualifications. Thus, section 56(a) disqualifies a person who leaves his work because of a trade dispute for the period during which he continues out of work by reason of the fact that the trade dispute is still in active progress in the establishment in which he was employed; and other sections at the time in question disqualified for a fixed number of weeks persons discharged for misconduct, persons who left their work voluntarily, and those who made wilful misstatements. (2 Deering's Gen. Laws, 1937, Act 8780(d), §§ 56(a), 55, 58(e); see, also, Stats. 1939, ch. 674, § 14; Deering's Gen. Laws, 1939 Supp., Act 8780d, § 58.) Had the Legislature intended the disqualification imposed by section 56(b) to be similarly limited, it would have expressly so provided. (6) Rule 56.1, which attempts to create such a limitation by an administrative ruling, conflicts with the statute and is void. (*Hodge v. McCall, supra;* Manhattan General Equipment Co. v. Commissioner of Int. Rev., 297 U.S. 129, 134 [56 S.Ct. 397, 80 L.Ed. 528]; see *Bodinson Mfg. Co. v. California Employment Com.*, 17 Cal.2d 321, 326 [109 P.2d 935].) Even if the failure to limit the disqualification were an oversight on the part of the Legislature, the commission would have no power to remedy the omission. (7) The power given it to adopt rules and regulations (§ 90) is not a grant of legislative power (see 40 Columb. L. Rev. 252; cf. Deering's Gen. Laws, 1939 Supp., Act 8780(d), § 58(b)) and in promulgating such rules it may not alter or amend the statute or enlarge or impair its scope. (*Hodge v. McCall, supra;* Bank of Italy v. Johnson, 200 Cal. 1, 21 [251 P. 784]; *Manhattan General Equipment Co. v. Commissioner of Int. Rev., supra;* Koshland v. Helvering, 298 U.S. 441 [56 S.Ct. 767, 80 L.Ed. 1268, 105 A.L.R. 756]; *Iselin v. United States, supra.*) Since the commission was without power to adopt Rule 56.1, it is unnecessary to consider whether, if given such power, the provisions of the rule were reasonable.

The commission contends, however, that petitioners are not entitled to the writ because they have failed to exhaust *760 their administrative remedies under section 41.1. This contention was decided adversely in *Matson Terminals, Inc. v. California Employment Com., ante,* p. 695 [151 P.2d 202]. It contends further that since all the benefits herein involved have been paid, the only question is whether the charges made to the employers' accounts should be removed, and that since the employers will have the opportunity to protest these charges in other proceedings, they have an adequate remedy and there is therefore no need for the issuance of the writ in the present case. The propriety of the payment of benefits, however, is properly challenged by an employer in proceedings under section 67 and by a petition for a writ of mandamus from the determination of the commission in such proceedings. (See *Matson Terminals, Inc. v. California Employment Com., ante,* p. 695 [151 P.2d 202]; *W. R. Grace & Co. v. California Employment Com., ante,* p. 720 [151 P.2d 215].) An employer's remedy thereunder is distinct from that afforded by section 45.10 and 41.1, and the commission may not deprive him of it by the expedient of paying the benefits before the writ is obtained. (8) The statute itself provides that in certain cases payment shall be made irrespective of a subsequent appeal (§ 67) and such payment does not preclude issuance of the writ. (See *Bodinson Mfg. Co. v. California Emp. Com., supra,* at pp. 330-331; *Matson Terminals, Inc. v. California Emp. Com., supra.*)

Let a peremptory writ of mandamus issue ordering the California Employment Commission to set aside its order granting unemployment insurance benefits to the corespondents, and to refrain from charging petitioners' accounts with any benefits paid pursuant to that award.

Gibson, C. J., Shenk, J., Curtis, J., and Edmonds, J., concurred.
CARTER, J.

I concur in the conclusion reached in the majority opinion for the reason stated in my concurring opinion in *Mark Hopkins, Inc. v. California Emp. Co.*, this day filed, *ante,* p. 752 [151 P.2d 233].

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Schauer, J., concurred.
Intervener's petition for a rehearing was denied September 13, 1944. Carter, J., and Schauer, J., voted for a rehearing. ***761**

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