

0950 State Treasurer

The State Treasurer, a constitutionally established office, provides banking services for state government with goals to minimize interest and service costs and to maximize yield on investments. The Treasurer is responsible for the custody of all monies and securities belonging to or held in trust by the state; investment of temporarily idle state monies; administration of the sale of state bonds, their redemption and interest payments; and payment of warrants drawn by the State Controller and other state agencies.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Investment Services	16.7	17.1	17.1	\$2,643	\$3,074	\$3,095
20 Cash Management	47.4	49.7	49.7	8,021	8,392	8,429
30 Public Finance	50.0	53.2	53.2	6,551	7,834	7,910
35 Securities Management	21.2	26.2	27.2	4,328	4,751	4,889
50.01 Administration and Information Services	81.4	89.2	90.1	10,780	12,064	12,263
50.02 Distributed Administration	-	-	-	-8,246	-8,752	-8,820
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	216.7	235.4	237.3	\$24,077	\$27,363	\$27,766
FUNDING				2007-08*	2008-09*	2009-10*
0001 General Fund				\$3,859	\$4,682	\$5,116
0995 Reimbursements				20,218	20,593	20,855
9740 Central Service Cost Recovery Fund				-	2,088	1,795
TOTALS, EXPENDITURES, ALL FUNDS				\$24,077	\$27,363	\$27,766

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Constitution Article XVI, Sections 1.5 and 7; and Government Code Sections 12300-12333, 16300-16600, 53661.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$15	\$5	-	\$28	\$12	-
• One-time cost reductions	-	-	-	-	-48	-
• Full Year Cost of New/Expanded Programs	-	-	-	-	130	1.0
• Miscellaneous Adjustments	-	2	-	384	-179	-
Totals, Other Workload Budget Adjustments	\$15	\$7	-	\$412	-\$85	1.0
Totals, Workload Budget Adjustments	\$15	\$7	-	\$412	-\$85	1.0
Policy Adjustments						
• New Program to Locate Bondholders of Unclaimed Debt Service	\$-	\$-	-	\$36	\$61	0.9
Totals, Policy Adjustments	\$-	\$-	-	\$36	\$61	0.9
Totals, Budget Adjustments	\$15	\$7	-	\$448	-\$24	1.9

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - INVESTMENT SERVICES

The Investment Division is responsible for investment of state monies from the date of receipt through the date of redemption. During the 2007-08 fiscal year, this Division handled 12,177 security investment transactions totaling \$445.8 billion. The Pooled Money Investment Board program accounted for 7,972 of these transactions totaling \$382.7 billion; time deposits accounted for 2,556 transactions totaling \$58.8 billion. The remaining \$4.3 billion is invested on behalf of the state's special funds, such as those associated with the California Housing Finance Agency, the Department of Fish and Game, the

* Dollars in thousands

0950 State Treasurer - Continued

state's retirement system, etc. The Division also administers the Local Agency Investment Fund (LAIF), a voluntary investment program created to offer California local agencies greater access to the financial markets through the Pooled Money Investment Board program. In the 2007-08 fiscal year, 2,689 local agencies participated in LAIF, with deposits averaging \$21.8 billion for the fiscal year.

20 - CASH MANAGEMENT

The Cash Management Division is responsible for managing the state's cash resources as mandated by the Pooled Money Investment Board and Government Code Sections 16500 through 16510. The Division is also responsible for administering the Centralized Treasury System (CTS), which encompasses the Treasurer's demand bank accounts. The State Treasurer maintains demand bank accounts with seven statewide banks for the purpose of providing the necessary depository coverage for the remittance of funds collected by various state agencies.

The goal of the CTS is to have all idle State money invested each day. This goal is accomplished by: (1) completing daily, weekly and monthly forecasts of agency revenue collections and disbursements and analyzing their impact on the Treasurer's Pooled Money Investment Portfolio, (2) maintaining balances with each demand account bank to compensate the banks for banking services and to meet warrant redemption requirements, and (3) using compensating balances to allow for the variances in cash flow that are a natural consequence when forecasting the movement of cash.

The Division is also responsible for processing, redeeming, and reconciling state warrants and agency checks presented by the banks for payment, processing stop payment and forgery items, and reconciling all of the state's deposits within the Treasury System. The Division also administers the Electronic Fund Transfer (EFT) and Pre-Sort Deposit Contracts, both of which involve the collection of over \$100 billion in state revenue.

In addition, the Division is responsible for maintaining the state's vault which is used for the safekeeping of moneys and securities pursuant to Government Code Section 12320 and for providing security in the handling and processing of billions of dollars in negotiable securities.

30 - PUBLIC FINANCE

The Public Finance Division is responsible for selling all State of California general obligation bonds, revenue anticipation notes, commercial paper notes, revenue bonds, and any other indebtedness including securitization of assets. The Division also provides trust services for most state bonds. Interim financing from the Pooled Money Investment Account is also arranged to meet the immediate cash needs of the various bond programs. Interest costs are minimized through a planned bond-marketing program. This program includes disseminating information to bondholders through the Investor Relations Program.

The Division also assures compliance with federal tax laws applicable to state debt by investing and reinvesting bond sale proceeds as needed to meet federal yield restriction requirements, tracking expenditures, and computing and rebating arbitrage profit or other payments to the federal government.

35 - SECURITIES MANAGEMENT

The Securities Management Division consists of the Securities Clearance Section and the Debt and Data Management Section.

The Securities Clearance Section is responsible for the clearance, settlement, income collection, and accountability of all securities: (1) purchased or sold for investment by the State Treasurer, (2) pledged to the State Treasurer to secure the performance of an act or duty, and (3) held as collateral for the Treasurer's Time and Demand Deposit Programs. Securities are held in outside depositories as well as the State Vault.

The Debt and Data Management Section is responsible for monitoring and managing the State's fiscal agent accounts; debt service payments on Book-Entry bonds to the Trust Depository and certificated bonds to the Fiscal Agent bank; as well as the payments for Revenue Anticipation Notes (RANs) and Warrants (RAWs). The Section performs accountability and reconciliation on Debt Service Reporting, Un-presented Accountability and Cash Accountability. In addition, the Section is responsible for safekeeping personal property and other items in the State Vault at the request of State Agencies; providing custody and protection of securities inside the Vault; and providing Vault tours for students, dignitaries and legislators.

50 - ADMINISTRATION AND INFORMATION SERVICES

The Administration Division, Executive Office, and the Information Services Division provide executive direction and support services to programs in the State Treasurer's Office. Services include budgeting, personnel, accounting, information systems, business services, technical support, and production operations.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		<u>2007-08*</u>	<u>2008-09*</u>	<u>2009-10*</u>
PROGRAM REQUIREMENTS				
10	INVESTMENT SERVICES			
	State Operations:			
0001	General Fund	\$443	\$462	\$504
0995	Reimbursements	2,200	2,394	2,405

* Dollars in thousands

0950 State Treasurer - Continued

	2007-08*	2008-09*	2009-10*
9740 Central Service Cost Recovery Fund	-	218	186
Totals, State Operations	\$2,643	\$3,074	\$3,095
PROGRAM REQUIREMENTS			
20 CASH MANAGEMENT			
State Operations:			
0001 General Fund	\$803	\$1,451	\$1,582
0995 Reimbursements	7,218	6,259	6,265
9740 Central Service Cost Recovery Fund	-	682	582
Totals, State Operations	\$8,021	\$8,392	\$8,429
PROGRAM REQUIREMENTS			
30 PUBLIC FINANCE			
State Operations:			
0001 General Fund	\$773	\$1,323	\$1,445
0995 Reimbursements	5,778	5,889	5,933
9740 Central Service Cost Recovery Fund	-	622	532
Totals, State Operations	\$6,551	\$7,834	\$7,910
PROGRAM REQUIREMENTS			
35 SECURITIES MANAGEMENT			
State Operations:			
0001 General Fund	\$1,635	\$1,201	\$1,340
0995 Reimbursements	2,693	2,984	3,054
9740 Central Service Cost Recovery Fund	-	566	495
Totals, State Operations	\$4,328	\$4,751	\$4,889
PROGRAM REQUIREMENTS			
50 ADMINISTRATION AND INFORMATION SERVICES			
State Operations:			
0001 General Fund	\$102	\$245	\$245
0995 Reimbursements	2,432	3,067	3,198
Totals, State Operations	\$2,534	\$3,312	\$3,443
ELEMENT REQUIREMENTS			
50.01 Administration and Information Services	10,780	12,064	12,263
50.02 Distributed Administration	-8,246	-8,752	-8,820
TOTALS, EXPENDITURES			
State Operations	24,077	27,363	27,766
Totals, Expenditures	\$24,077	\$27,363	\$27,766

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	216.7	247.8	247.8	\$13,519	\$15,644	\$16,038
Total Adjustments	-	-	2.0	-	-	128
Estimated Salary Savings	-	-12.4	-12.5	-	-760	-786
Net Totals, Salaries and Wages	216.7	235.4	237.3	\$13,519	\$14,884	\$15,380
Staff Benefits	-	-	-	4,657	6,102	5,827
Totals, Personal Services	216.7	235.4	237.3	\$18,176	\$20,986	\$21,207
OPERATING EXPENSES AND EQUIPMENT				\$5,901	\$6,377	\$6,559

* Dollars in thousands

0950 State Treasurer - Continued

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$24,077	\$27,363	\$27,766

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$6,771	\$-	\$-
Allocation for employee compensation	251	-	-
Adjustment per Section 3.60	-17	-	-
Adjustment per Section 15.25	-10	-	-
Transfer to Legislative Claims (9670)	-1	-	-
001 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	-	4,667	-
Allocation for employee compensation	-	17	-
Adjustment per Section 3.60	-	-2	-
001 Budget Act appropriation	-	-	5,116
Totals Available	\$6,994	\$4,682	\$5,116
Unexpended balance, estimated savings	-3,135	-	-
TOTALS, EXPENDITURES	\$3,859	\$4,682	\$5,116
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$20,218	\$20,593	\$20,855
9740 Central Service Cost Recovery Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$2,089	\$1,795
Adjustment per Section 3.60	-	-1	-
TOTALS, EXPENDITURES	\$-	\$2,088	\$1,795
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$24,077	\$27,363	\$27,766

FUND CONDITION STATEMENTS

	2007-08*	2008-09*	2009-10*
3059 Fiscal Recovery Fund^s			
BEGINNING BALANCE	\$637,907	\$991,078	\$1,005,038
Prior year adjustments	346,380	-	-
Adjusted Beginning Balance	\$984,287	\$991,078	\$1,005,038
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
115100 Retail Sales and Use Tax-Fiscal Recovery	1,397,000	1,315,000	1,321,000
150300 Income From Surplus Money Investments	26,221	13,960	12,000
Total Revenues, Transfers, and Other Adjustments	\$1,423,221	\$1,328,960	\$1,333,000
Total Resources	\$2,407,508	\$2,320,038	\$2,338,038
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9618 Economic Recovery Financing Committee			
State Operations	10,876	13,150	13,210
Unclassified	1,405,554	1,301,850	1,307,790
Total Expenditures and Expenditure Adjustments	\$1,416,430	\$1,315,000	\$1,321,000
FUND BALANCE	\$991,078	\$1,005,038	\$1,017,038

* Dollars in thousands

0950 State Treasurer - Continued

	2007-08*	2008-09*	2009-10*
Reserve for economic uncertainties	991,078	1,005,038	1,017,038
3090 Deficit Recovery Bond Retirement Sinking Fund Subaccount, Budget			
Stabilization Account ^s			
BEGINNING BALANCE	\$1,267	\$1,507	\$1,511
Prior year adjustments	<u>2,608</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$3,875	\$1,507	\$1,511
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
150300 Income From Surplus Money Investments	5,142	4	-
160400 Sale of Fixed Assets	27,303	53,057	30,000
Transfers and Other Adjustments:			
FO1011 From Budget Stabilization Account per Article XVI, Section 20(f) of the California Constitution	<u>1,022,621</u>	<u>-</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$1,055,066</u>	<u>\$53,061</u>	<u>\$30,000</u>
Total Resources	\$1,058,941	\$54,568	\$31,511
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9618 Economic Recovery Financing Committee (Unclassified)	<u>1,057,434</u>	<u>53,057</u>	<u>30,000</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,057,434</u>	<u>\$53,057</u>	<u>\$30,000</u>
FUND BALANCE	\$1,507	\$1,511	\$1,511
Reserve for economic uncertainties	1,507	1,511	1,511

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