



Jackie Denney, Kern County Treasurer – Tax Collector
Jordan Kaufman, Assistant Treasurer – Tax Collector

February 6, 2007

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

Treasurer's Pooled Cash Quarterly Portfolio Reporting for Quarter Ended December 31, 2006

Interest earnings of the Treasurer–Tax Collector's pooled money investment program for the quarter ended December 31, 2006, were \$20,874,967.39. These earnings represented a net annualized yield of 4.689 % on a \$1,766,190,168.37 net average daily balance of all money in the County Treasury for the same quarter. For reference, a comparable statement of interest earnings and pertinent statistical data, on a quarterly basis for the quarter ended December 31, 2006 is attached. The investment program generates millions of dollars of additional operating program revenue for the County, schools, and special purpose districts. Interest earnings were distributed to participating funds in the County Treasury and available on our website during the month of January 2007.

The attached Pooled Cash Portfolio Analysis for quarter ended December 31, 2006 is presented at fair market value in accordance with Statement No. 31 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting for Certain Investments and for External Pools. As defined, the Treasurer's Pooled Cash Portfolio is an external pool and must report in accordance with GASB 31 for fiscal years beginning after June 15, 1997. The reporting at fair market value is for compliance with GASB 31 and not to be used for budgetary purposes, since actual fund value and interest allocated in the Treasurer's Pool are on an accrued accounting basis according to generally accepted principles.

California Government Code Section 53646 (b)(2) requires a report of "compliance with the statement of investment policy, or manner in which the portfolio is not in compliance". At the time of purchase, all investments were in compliance with State law and our Investment Policy.

California Government Code Section 53646 (b)(3) requires a "statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, ..." To the best of my knowledge, the Treasurer's Pooled Cash Portfolio has sufficient liquidity to

meet its obligations for the next six months.

California Government Code Section 53646 (b)(1) requires disclosure of securities "under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund..." Kern County holds securities in various trust accounts held in custody by third parties. These trusts were created through debt issuance, and serve to protect the County and the bondholders. A summary report of those trusts is attached for your review.

In accordance with California Government Code Section 30063(b), monies deposited into the Supplemental Law Enforcement Services Fund (SLESF–fund number 24068) are invested in the Treasurer's Pooled Cash Portfolio.

For your Board's information, all County agencies are required to provide the same public reporting to their governing bodies when investing funds derived from surplus monies and/or debt issuance. The only exception, by law, is for funds invested in the Local Agency Investment Fund (LAIF) or insured deposits of \$100,000 or less per institution.

I hereby certify that the investments herein are made in accordance with California Government Code Section 53635 and the Investment Policy of the Kern County Treasurer and Tax Collector as filed with the Board of Supervisors each year.

This information is now available on our website:

<http://www.kcttc.co.kern.ca.us>

IT IS RECOMMENDED that your Board RECEIVE AND FILE this information.

Sincerely,

Jackie Denney
Treasurer and Tax Collector

cc: Ronald Errea, County Administrative Office
Ann K. Barnett, Auditor–Controller–County Clerk
All Interested Parties

Attachments

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