

Pooled Money Investment Board

*Twelfth Annual Report
Fiscal Year 1967-68*

Gary Raper Smith

California State Treasurer

Pooled Money Investment Board

The 1955 Legislature created the Pooled Money Investment Board—comprised of the State Treasurer, the State Controller, and the Director of Finance—for the purpose of designing and carrying out an effective cash management and investment program.

Primary objectives established by the Board were (1) to keep all available moneys invested, and (2) to obtain the maximum return on investments consistent with safe and prudent treasury management. The program developed around these objectives includes formulation of basic policies and administration of three investment programs: The Pooled Money Investment Account, the Surplus Money Investment Fund, and the Condemnation Deposits Fund.

The State Treasurer serves as chairman of the Pooled Money Investment Board and makes transactions in compliance with the Board's periodic designations of moneys available for Demand Deposits and Time Deposits in qualified banks, and for investment in Securities. State law limits investments to federal securities, California state or municipal bonds, and interest-bearing time deposits which are covered by 110 percent collateral. Investment resources also can be loaned to the General Fund upon approval by the Governor.

Chairman

IVY BAKER PRIEST
State Treasurer



Member

HOUSTON FLOURNOY
State Controller



Member

CASPAR W. WEINBERGER
Director of Finance



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It has become an almost automatic assumption that growth in activities and earnings of the investment programs of the Pooled Money Investment Board will continue in step with the general growth of California.

Investments during fiscal 1967-68 supported this assumption by earning \$56.6 million which was \$4.1 million more than the record earnings of only a year earlier. The interest yield on 1967-68 investments was an unprecedented 5.05 percent.

However, the significant factors in this record-shattering performance were something other than a process of adding more to more. Subsequent pages of this report will detail the interlocking effects of greatly increased resources due to new State revenue programs, the range of change in yield from previous years, and the change of the Surplus Money Investment Fund from a separate investment account into part of the Pooled Money Investment Account.

The growing complexity of State financing and the increasing competitiveness of the investment market continue to pose greater challenges to the versatility and efficiency of the Pooled Money program. Refinements in cash management and investment techniques are constantly being made to assure that the program will continue its valuable service to the taxpayers of the State.

As demands on State finances increase, these investment earnings will assume even greater importance.

Angus Raftery Davis

