



CHANGES IN LOCAL AGENCY INVESTMENT REPORT AND POLICY REQUIREMENTS FOR 2003

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Government Code Sections 53646(g)-(i) [added pursuant to Assembly Bill 943 (Dutra), Chapter 687 (Statutes of 2000)] requires cities and counties to forward copies of their second and fourth quarter calendar year investment portfolio reports and copies of their annual investment policies to the California Debt and Investment Advisory Commission (CDIAC). These reports and policies, which are prepared in compliance with Government Code Sections 53646(a)-(b), provide opportunities for CDIAC to examine public investment practices on a more consistent basis. This information augments CDIAC's research, education programs, and technical assistance services.

One legislative change occurred in the reporting requirements in 2002. Senate Bill 1326 (Committee on Local Government), Chapter 454 (Statutes of 2002), among other things, changed the timeline for reporting investment policies to CDIAC. Previously, cities and counties were required to submit these policies to CDIAC within 60 days of the end of the calendar year. This new law requires, as of January 1, 2003, cities and counties to submit their policies within 60 days of the close of the second quarter of each calendar year (and also within 60 days of any amendment). Therefore, instead of the policies being due following the end of the fourth quarter 2002 (the quarter ending December 31, 2002), policies now will be due following the end of the second quarter 2003 (the quarter ending June 30, 2003). The intent of this new legislation is to align the submission of investment policies with the common fiscal year.

As a reminder, cities and counties next are required to submit their investment reports for the quarter ending December 31, 2002. Cities and counties have 60 days after the close of the quarter to forward their investment policies and reports to CDIAC. Government Code Sections 53646(h)-(i) treat differently those cities and counties that invest 100 percent of their funds either in their county pool, the Local Agency Investment Fund (LAIF), and/or specified types of bank accounts. Government Code Section 53646(g) requires such cities and counties "...to file with the commission a written statement within 60 days of the end of the second and fourth quarters of the calendar year stating the distribution and amount of its investment portfolio and that it is therefore not subject to this reporting requirement." In other words, cities and counties not required to send a formal portfolio report still must supply to CDIAC a notification of the size of their overall portfolio as of December 31, 2002 and the individual amounts invested in their county pool, LAIF, and/or insured bank accounts.

Additionally, CDIAC encourages those cities and counties who missed the deadline for the June 30, 2002 investment report filing to send both portfolio reports to CDIAC. CDIAC will continue to work with cities and counties to ensure that the administration of these reporting requirements proceeds smoothly. For further information regarding AB 943 filing requirements, please contact CDIAC at (916) 653-3269.

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