

JEFFERY S. BURGH
AUDITOR-CONTROLLER

COUNTY OF VENTURA
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RICHARD WHOBREY

March 12, 2024

Honorable Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File the Independent Audit of Basic Financial Statements of the Ventura County Treasury Investment Pool for the Year Ended June 30, 2023, and the Related Independent Auditor's Communication with Those Charged with Governance

RECOMMENDATION: Receive and file.

FISCAL/MANDATES IMPACT: None.

STRATEGIC PLAN PRIORITY: The items presented in this Board letter support making responsible and efficient use of public funds and promote economic stability and growth during a changing economy.

DISCUSSION:

California Government Code Section 26920(b) prescribes that the Auditor-Controller annually perform or cause to be performed an audit of the assets in the County Treasury. We contracted with an independent certified public accounting firm, Eide Bailly LLP, to audit the Ventura County Treasury Investment Pool for the year ended June 30, 2023. The audit is attached as Exhibit 1.

The auditors issued an unmodified opinion, indicating that the financial statements present fairly, in all material respects, the financial position of the \$4.3 billion Ventura County Treasury Investment Pool and the changes in financial position as of and for the year ended June 30, 2023. The auditors identified no material weaknesses in internal control over financial reporting and no instances of noncompliance required to be reported under *Government Auditing Standards*.

In addition, auditing standards require that auditors communicate with those charged with governance certain significant matters related to the audit. The term "those charged with governance" refers to those with responsibility for overseeing the strategic direction of the entity and the obligations related to the accountability of the entity, including overseeing the financial reporting process. The document attached as Exhibit 2 communicates such matters to the County's Board of Supervisors.

Honorable Board of Supervisors
March 12, 2024
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This item has been reviewed by the Treasurer-Tax Collector, County Executive Office, and County Counsel.

If you have any questions, please call me at (805) 654-3151.

Sincerely,



JEFFERY S. BURGH
Auditor-Controller

Exhibits:

- Exhibit 1 – Ventura County Treasury Investment Pool Basic Financial Statements for the Year Ended June 30, 2023
- Exhibit 2 – Independent Auditor's Communication with Those Charged with Governance

**VENTURA COUNTY
TREASURY INVESTMENT POOL
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**VENTURA COUNTY TREASURY INVESTMENT POOL
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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Independent Auditor's Report

To the County Board of Supervisors
County of Ventura, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ventura County Treasury Investment Pool (Investment Pool) of the County of Ventura, California (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Investment Pool of the County, as of June 30, 2023, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Investment Pool and the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Investment Pool of the County are intended to present the financial position and changes in financial position of only the portion of the County that is attributable to the transactions of the Pool. They do not purport to, and do not, present fairly the financial position of the County as of June 30, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024, on our consideration of the Investment Pool of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Investment Pool of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Investment Pool of the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 9, 2024

**VENTURA COUNTY TREASURY INVESTMENT POOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)**

As management of the Ventura County Treasury Investment Pool (“Investment Pool”), we offer readers of the Investment Pool’s financial statements this narrative overview and analysis of the financial activities of the Investment Pool for the fiscal year ended June 30, 2023.

The following analysis primarily focuses on the Investment Pool’s current year results in comparison with the prior year. We encourage readers to consider the information presented herein in conjunction with the accompanying basic financial statements.

Financial Highlights

- The Investment Pool’s total net position on June 30, 2023, increased by \$379.6 million, or 9.7%, compared to the prior-year period.
- The Investment Pool’s net investment income in 2023, which includes interest income and the net change in fair value was \$129.3 million, compared to a net investment loss of \$43.3 million in 2022.
- The Investment Pool’s expense ratio was competitive at 0.04% of the average daily balance for the current year, compared to 0.05% for the prior-year period.
- The weighted average maturity of the Investment Pool was 247 days on June 30, 2023, compared to 278 days in the prior-year period. The Investment Pool is a fixed-income, interest-rate sensitive portfolio with no direct exposure to equities, commodities, or global markets.

Overview of the Investment Pool Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The Investment Pool’s basic financial statements consist of two components:

- 1) Statement of Net Position and Statement of Changes in Net Position;
- 2) Notes to the Basic Financial Statements

The Statement of Net Position presents information on the Investment Pool’s assets and liabilities, with the difference between the two reported as *net position*.

**VENTURA COUNTY TREASURY INVESTMENT POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)**

A summary of the Investment Pool's net position is presented below.

Statement of Net Position

	June 30, 2023	June 30, 2022	Increase/(Decrease)	
			Amount	Percentage
Assets				
Cash and Deposits	\$ 185,606,799	\$ 175,165,134	\$ 10,441,665	6.0%
Investments	4,091,859,832	3,723,151,282	368,708,550	9.9%
Interest Receivable	524,093	123,780	400,313	323.4%
Total Assets	<u>4,277,990,724</u>	<u>3,898,440,196</u>	<u>379,550,528</u>	9.7%
Net Position	<u>\$ 4,277,990,724</u>	<u>\$ 3,898,440,196</u>	<u>\$ 379,550,528</u>	9.7%

A summary of the changes in the Investment Pool's net position is presented below.

Statement of Changes in Net Position

	2023	2022	Increase/(Decrease)	
			Amount	Percentage
Additions:				
Participants' Deposits	\$ 6,830,162,377	\$ 6,638,929,718	\$ 191,232,659	2.9%
Net Investment Income	129,337,064	(43,323,599)	172,660,663	398.5%
Total Additions	<u>6,959,499,441</u>	<u>6,595,606,119</u>	<u>363,893,322</u>	5.5%
Deductions:				
Participants' Withdrawals	6,579,948,913	5,916,906,865	663,042,048	11.2%
Total Deductions	<u>6,579,948,913</u>	<u>5,916,906,865</u>	<u>663,042,048</u>	11.2%
Changes in Net Position	379,550,528	678,699,254	(299,148,726)	-44.1%
Net Position Beginning of Year	<u>3,898,440,196</u>	<u>3,219,740,942</u>	<u>678,699,254</u>	21.1%
Net Position End of Year	<u>\$ 4,277,990,724</u>	<u>\$ 3,898,440,196</u>	<u>\$ 379,550,528</u>	9.7%

- Cash and deposits increased by \$10.4 million or 6.0%. Participants' deposits increased by \$191.2 million or 2.9% compared to fiscal year 2022, primarily due to higher state apportionments and grant monies, higher property tax collections, and higher school bond proceeds.
- In the fiscal year 2023, the investment pool reported a \$129.3 million net investment income compared to a \$43.3 million net investment loss in the fiscal year 2022. There were seven interest rate hikes during the fiscal year compared to three in the prior fiscal year. The federal funds rate increased in the range of 5.00% - 5.25% at the end of the fiscal year 2023 compared to a range of 1.50% - 1.75% at the end of the fiscal year 2022. To manage inflation, the Federal Reserve has raised its benchmark, short-term federal funds rate, which has had the fastest increase since the early 1980s.

**VENTURA COUNTY TREASURY INVESTMENT POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (UNAUDITED)**

- Higher interest rates contributed to an increase in the Pool's yield. Due to the short-term nature of our securities, new investments were invested at higher rates. Interest income in fiscal year 2023 was \$107.3 million compared to \$15.1 million in fiscal year 2022.
- The net change in fair value from the carrying value of investment on June 30, 2023, amounted to a decrease of \$38.1 million. The net change in fair value from the carrying value of investment on June 30, 2022, amounted to a decrease of \$61.8 million. The net change in fair value from June 30, 2022 to June 30, 2023, was an increase of \$23.6 million. The Investment Pool holds investments to maturity. Thus, unrealized gains and losses resulting from changes in the fair value are not reflected in the earnings distribution to the pool participants.
- Higher deductions in the fiscal year 2023 were primarily due to the timing of the payment of Ventura County Tax and Revenue Anticipation Notes (TRANs). Two TRANs payments were made in the fiscal year 2023 compared to one payment in the fiscal year 2022. Fiscal year 2023 and 2022 TRANs were paid in fiscal year 2023. Higher operational expenditure also contributed to higher deductions.
- The Investment Pool continues to maintain the highest rating of AA Af/S1+ by Standard & Poor's Global Ratings Service.

**VENTURA COUNTY TREASURY INVESTMENT POOL
STATEMENT OF NET POSITION
JUNE 30, 2023**

Assets	
Cash and Deposits (Note 2)	\$ 185,606,799
Investments (Note 2)	4,091,859,832
Interest Receivable (Note 3)	<u>524,093</u>
Total Assets	<u>\$ 4,277,990,724</u>
Net Position Held for Pool Participants	<u>\$ 4,277,990,724</u>

See accompanying notes to the basic financial statements

**VENTURA COUNTY TREASURY INVESTMENT POOL
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Additions:

Participants' Deposits		\$ 6,830,162,377
 Investment Income:		
Interest Income	\$ 107,343,745	
Net Increase in Fair Value	23,627,874	
Administrative Expenses	<u>(1,634,555)</u>	
Net Investment Income		<u>129,337,064</u>
Total Additions		<u>6,959,499,441</u>

Deductions:

Participants' Withdrawals		<u>6,579,948,913</u>
Total Deductions		<u>6,579,948,913</u>
 Net Increase in Net Position		 379,550,528
 Beginning Net Position Held for Pool Participants		 <u>3,898,440,196</u>
 Ending Net Position Held for Pool Participants		 <u>\$ 4,277,990,724</u>

See accompanying notes to the basic financial statements

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Ventura County Treasury Investment Pool (“Investment Pool”) is part of the County of Ventura (“County”) and is responsible for assets of \$4.3 billion as of June 30, 2023. The Investment Pool is administered by the Treasurer-Tax Collector, an elected official, who manages pooled funds under the Prudent Investor Standard in accordance with California Government Code (“GC §”) 53600.3.

The Investment Pool is not registered with the United States Securities and Exchange Commission as an investment company. The Investment Pool does not have any legally binding guarantees of share values. The Investment Pool is comprised of the County, local school districts, local community colleges, and other districts and agencies. Legal provisions require certain special districts to participate in the County’s Investment Pool including public school districts, cemetery districts, recreation and park districts, and the Air Pollution Control District. Involuntary participants in the Investment Pool comprise approximately 53%. The Treasurer-Tax Collector’s authority to invest is delegated by the Board of Supervisors in accordance with GC §53607. The Investment Pool’s investment objectives are to safeguard the principal, meet the liquidity needs of the participants, and return an acceptable yield within the parameters of prudent risk management.

Pursuant to GC §27130-27137, the Board of Supervisors has established the Treasury Oversight Committee (“TOC”), which monitors and reviews the Statement of Investment Policy (“Policy”). The TOC consists of Ventura County officials, representatives from various pool participants, and members of the public. The Treasurer also reports on a monthly basis to the Board of Supervisors.

The financial statements include only the activities of the Investment Pool. These financial statements are not intended to present the activities of the County of Ventura.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, earnings on investments are recognized as revenue in the period in which they are earned, and administrative costs are recognized as expenses when incurred, regardless of the timing of related cash flows. Interest earned on pooled investments is allocated quarterly to the appropriate participant funds based on each participant fund’s respective average daily balance for that quarter. Investment pool participants’ deposits and withdrawals are based on a full cost basis, while investments are reported at fair value.

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from these estimates.

Gains and Losses

Unrealized gains and losses of securities are determined by taking the difference between amortized cost and the fair value of investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that were held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior years and current year.

NOTE 2 - CASH AND INVESTMENTS

Cash

Cash includes cash equivalents and demand deposits. At June 30, 2023, the carrying amount of the County's cash was \$185.6 million, and the total bank balance amounted to \$243.1 million. The difference between the carrying amount and the bank balance includes temporary reconciling items such as outstanding checks and deposits in transit. Of the bank balance, \$250 thousand was covered by federal depository insurance and \$242.9 million was uninsured. The total bank balance reflects a need to keep funds available for cash flow purposes. The uninsured deposits were held by a financial institution, which is legally required by the GC to collateralize the County's deposits by pledging government securities or first trust deed mortgage notes. In accordance with GC §53652, the market value of the pledged securities and first trust deed mortgage notes must be at least 110 percent and 150 percent of the County's deposits, respectively, as provided for in the County's Contract for Deposit of Moneys.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. For deposits, this risk is mitigated through federal depository insurance coverage and collateralization in accordance with GC §53652 as explained in detail above.

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Investments

The Policy, which is more restrictive than required by GC §53601 and 53635, stipulates the type, maturity limit, credit rating, and diversification of securities comprising the investment pool. In order of priority, the objectives of the Policy are: safety of principal, maintenance of liquidity, and earning a competitive rate of return. The Policy, in compliance with GC §53601 and 53635, authorizes the Treasurer to invest in the following instruments: obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit and Yankee certificates of deposit, supranational instruments, money market mutual funds, registered state warrants or treasury notes or bonds of the State of California, obligations of any local agency within California, and registered treasury notes or bonds of the other 49 states.

Investment Pool investments are accounted for in accordance with the provisions of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB 72, *Fair Value Measurement and Application*, which requires governmental entities to report certain investments at fair value in the statement of net position and recognize the corresponding change in fair value of investments in the year in which the change occurred. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. The fair value of pooled investments is determined monthly and is provided by the custodian bank. The investment in the State-managed Local Agency Investment Fund ("LAIF") and the Investment Trust of California, doing business as CalTRUST, approximates fair value and is the same as the value of the pool shares. See Note 5 for additional information.

The County Treasurer calculates and records all interest received for the Treasurer's Investment Pool on a daily basis. Interest earned on the pooled investments is apportioned quarterly based on the average daily balance of each pool participant.

Custodial Credit Risk - Investment

This is the risk that, in the event of failure by the counterparty to a transaction, the Investment Pool will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Securities purchased by the Investment Pool are held by a third-party custodian, Principal Financial Group, in their trust department to mitigate custodial risk.

Credit Risk and Concentration of Credit Risk - Investment

State law and the Policy limit investments in commercial paper to those with the rating of A-1 or better by Standard & Poor's, P-1 by Moody's Investors Service, or F1 or better by Fitch Ratings. State law and the Policy limit investment in medium term notes to a rating of A or better by Standard & Poor's, A2 or better by Moody's, or A or better by Fitch Ratings. State law does not limit investments in municipal notes, bonds, and other obligations; the Policy limits the long-term ratings to A or higher by Standard & Poor's. State law limits investments in supranational instruments to those with the rating of AA or better by Standard & Poor's; the Policy limits the rating to AAA by Standard & Poor's. The County does not have credit limits on government agency securities. The Policy states that certificates of deposit above the FDIC insured limit must be collateralized with eligible securities in accordance with California law. The Policy states that

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

negotiable certificates of deposit and Yankee certificates of deposit above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated A-1 or better by Standard & Poor's , or long-term obligations rated A or better by Standard & Poor's, or its equivalent by Moody's and Fitch.

Effective December 8, 2020, Rules 501(a), 215, and Rule 144A of the Securities Act were amended to allow the Ventura County Investment Pool to qualify as a Qualified Institutional Buyer.

In accordance with GASB 40, *Deposit and Investment Risk Disclosures*, disclosure is required for instruments in any one issuer that represents 5% or more of the investment pool holdings and are not explicitly guaranteed by the United States Government. State law and the Policy limit investments in commercial paper to 40% of the investment pool and 10% of the investment pool per issuer. State law limits investments in medium term notes to 30% of the investment pool; the Policy limit is 20% of the investment pool and 10% of the investment pool per issuer. The Policy limits investments in municipal notes and bonds to 30% of the investment pool and 10% of the investment pool per issuer. State law and the Policy limit investments in supranational instruments to 30% of the investment pool and Policy limit of 10% of the investment pool per issuer. State law and the Policy limit investments in negotiable certificates of deposit and Yankee certificates of deposit to 30% of the investment pool and Policy limit of 10% investment pool per issuer. State law limits certificates of deposit to 30% of the investment pool; the Policy limit is 20% of the investment pool in a combination of federally insured and collateralized time deposits.

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The table below identifies the investment types that are authorized by the approved Policy, along with the related concentration of credit limits:

Investment Type	Maximum Maturity		Maximum Percentage Of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U.S. Agency Securities	5 years	3 years	None	20%	None	25%	None	None
U.S. Treasury Bills, Notes, and Bonds	5 years	3 years	None	None	None	None	None	None
Commercial Paper	270 days	270 days	40%	40%	10%	10%	A-1	A-1 / P-1
Medium Term Notes	5 years	3 years	30%	20%	None	10%	A	A / A2
Municipal Notes, Bonds, and Other Obligations	5 years	3 years	None	30%	None	10%	None	A
Supranational Instruments	5 years	3 years	30%	30%	None	10%	AA	AAA
Negotiable Certificates of Deposit	5 years	1 year	30%	30%	None	10%	None	A-1 / P-1
Yankee Certificates of Deposit	5 years	1 year	30%	30%	None	10%	None	A-1 / P-1
Certificates of Deposit	5 years	1 year	30%	20%	None	None	None	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	As permitted by state law	None	None	None	None
CalTRUST	N/A	N/A	None	\$25 million (1)	None	None	None	AAf
California Asset Management Program	N/A	N/A	None	\$25 million (1)	None	None	None	AAAm

Source: Ventura County Statement of Investment Policy

(1) – combined cannot exceed \$25 million

VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The following is a summary of the credit quality distribution by investment type as a percentage of the Investment Pool's market value at June 30, 2023.

Investments at June 30, 2023	Standard & Poor's	Moody's	% of Investment Pool
U.S. Agency Obligations			
U.S. Agency Obligations	AA+	Aaa	26.48%
U.S. Agency Obligations	A-1+	P-1	6.89%
U.S. Treasury Bills and Notes			
U.S. Treasury Bills and Notes	AA+	Aaa	9.32%
U.S. Treasury Bills and Notes	A-1+	P-1	0.82%
Commercial Paper			
Commercial Paper	A-1+	P-1	9.97%
Commercial Paper	A-1	P-1	5.96%
Yankee Certificates of Deposit			
Yankee Certificates of Deposit	A-1+	P-1	8.30%
Yankee Certificates of Deposit	A-1	P-1	4.27%
Medium Term Corporate Notes			
Corporate Notes	A+	A1	2.56%
Corporate Notes	AAA	Aaa	2.04%
Corporate Notes	AA+	Aaa	0.86%
Corporate Notes	AA-	Aa2	0.68%
Corporate Notes	AA	A1	0.68%
Corporate Notes	A	A3	0.47%
Corporate Notes	A	A2	0.19%
Corporate Notes	A+	Aa3	0.19%
Corporate Notes	A	A1	0.18%
Corporate Notes	A+	A2	0.12%
Corporate Notes	AA+	Aa2	0.12%
Corporate Notes	AA-	Aa3	0.08%
Supranationals			
Supranationals	AAA	Aaa	8.61%
Supranationals	A-1+	P-1	5.84%
Municipal Bonds			
Municipal Bonds	AAA	Aaa	1.10%
Municipal Bonds	AA	NR	0.78%
Municipal Bonds	AA-	Aa2	0.26%
Municipal Bonds	AA+	Aa1	0.26%
Municipal Bonds	AA+	NR	0.20%
Municipal Bonds	AA	Aa2	0.19%

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Investments at June 30, 2023	Standard & Poor's	Moody's	% of Investment Pool
Municipal Bonds			
Municipal Bonds	AAA	NR	0.17%
Municipal Bonds	AA-	NR	0.14%
Municipal Bonds	AAA	Aa1	0.08%
Municipal Bonds	AA	Aa3	0.06%
Municipal Bonds	AA	A1	0.03%
Municipal Bonds	AA	Aa1	0.03%
Municipal Bonds	A+	Aa3	0.03%
Municipal Bonds	A+	A1	0.02%
Municipal Bonds	AA+	Aa2	0.02%
Municipal Bonds	A+	NR	0.01%
Municipal Bonds	AA+	Aaa	0.01%
Municipal Bonds	AA-	A1	0.01%
Municipal Bonds	AA	A2	0.01%
Municipal Bonds	AAA	Aa2	0.01%
Municipal Bonds	A	NR	0.00%
Municipal Bonds	AA-	A3	0.00%
Municipal Bonds	AA-	Aa3	0.00%
LAIF	NR	NR	1.34%
CalTRUST	AA	NR	0.61%
Total			100.00%

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Concentration Risk

The investments in any one issuer that represent 5% or more of the Investment Pool's market value at June 30, 2023, are as follows:

<u>Issuer</u>	<u>Percentage of Investment Pool</u>
Federal Home Loan Bank	18.04%
U.S. Treasury Bills and Notes	10.14%
Federal Farm Credit Bank	8.11%
Federal Home Loan Mortgage Corp	6.53%
International Bank Reconstruction & Development	6.17%

Interest Rate Risk

Through its Policy, the County manages its exposure to market value losses arising from increasing interest rates by limiting the weighted average maturity of the Investment Pool's holdings to 375 days. At June 30, 2023, the weighted average maturity of the Investment Pool was 247 days.

The County's investments at June 30, 2023, are summarized below (in thousands):

<u>Investments</u>	<u>Cost</u>	<u>Market Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agency Obligations	\$ 1,392,972	\$ 1,365,725	0.95	345
U.S. Treasury Bills and Notes	416,542	415,008	1.18	430
Commercial Paper	638,205	651,857	0.19	69
Medium Term Corporate Notes	340,463	333,995	0.74	270
Supranational Instruments	602,776	591,186	0.69	253
Yankee Certificates of Deposit	515,070	514,454	0.24	88
Municipal Bonds	143,973	139,694	0.70	254
LAIF	55,000	55,000	0.00	1
CalTRUST	25,000	24,940	0.00	1
Total Investments	<u>\$ 4,130,001</u>	<u>\$ 4,091,859</u>	<u>0.68</u>	<u>247</u>

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

A summary of the interest rate percentage range and the maturity range at June 30, 2023, of investments held by the County is as follows:

Investments	Interest Rate Range (Yield Rate)	Interest Rate Range (Coupon/Discount Rate)	Maturity Range
U.S. Agency Obligations	0.231 – 5.205	0.170 – 5.200	07/03/23-06/15/26
U.S. Treasury Bills and Notes	3.810 – 5.290	0.250– 4.510	02/29/24-04/30/26
Commercial Paper	4.907 – 5.492	4.770 – 5.270	07/03/23-02/02/24
Medium Term Corporate Notes	0.296 – 4.808	0.350 – 5.050	07/24/23-05/12/26
Supranational Instruments	0.198 – 4.842	0.250 – 4.500	07/31/23-04/20/26
Yankee Certificates of Deposit	3.890 – 5.860	3.910 – 5.900	07/03/23-02/16/24
Municipal Bonds	0.250 – 5.272	0.246 – 6.420	07/01/23-12/01/25
LAIF	0.861 – 2.993	0.861 – 2.993	Day-to-Day
CalTRUST	0.026 – 0.049	0.026 – 0.049	Day-to-Day

California Local Agency Investment Fund

The Investment Pool maintains an investment in the State of California LAIF regulated by the California GC under the oversight of the Treasurer of the State of California. At June 30, 2023, the County’s investment in LAIF was \$55.0 million, which approximates fair value and is the same as the value of the pool shares, which is determined on a full cost basis.

CalTRUST and California Asset Management Program

The Policy authorizes the Treasurer-Tax Collector to invest in the Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (“CAMP”), California joint powers authorities in which the local agencies may invest funds pursuant to GC §53601(p). The combined investment in CalTRUST and CAMP shall not exceed \$25.0 million. At June 30, 2023, the County’s investment in CalTRUST was \$25.0 million, which approximates fair value and is the same as the value of the pool shares, which is determined on a full cost basis.

NOTE 3 – INTEREST RECEIVABLE

Interest receivables consist of interest accrued on investments, including interest purchased with certain securities. At June 30, 2023, the Investment Pool had \$524,093 of interest receivable.

NOTE 4 – INTEREST APPORTIONMENT

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. Using full accrual basis, the amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The

**VENTURA COUNTY TREASURY INVESTMENT POOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, depositing of public funds, audit, and any other costs as provided by GC §27013, 27133(f), and 27135.

NOTE 5 – FAIR VALUE MEASUREMENT

Investments are recorded at fair value in the statement of net position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The CalTRUST and LAIF investments are not subject to the fair value hierarchy. Deposits and withdrawals in the LAIF investments are made on the basis of \$1 and not fair value. Level inputs, as defined by GASB 72 guidance for fair value measurements and disclosures, are as follows:

(in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities:				
U.S. Agency Obligations	\$ 1,365,725	\$ 282,022	\$ 1,083,703	
U.S. Treasury Bills and Notes	415,008	415,008		
Commercial Paper	651,857		651,857	
Medium Term Corporate Notes	333,995		333,995	
Supranational Instruments	591,186		591,186	
Yankee Certificates of Deposit	514,454		514,454	
Municipal Bonds	139,694		139,694	
Total Investments - by Fair Value Level	\$ 4,011,919	\$ 697,030	\$ 3,314,889	\$ -
LAIF	55,000			
CalTRUST	24,940			
Total Investments	\$ 4,091,859			

Investments classified as Level 1 were valued using unadjusted, quoted prices for identical assets in active markets.

Investments classified as Level 2 were valued using various pricing models such as matrix pricing technique, option-adjusted spread model, and multi-dimensional relational model.

Investments classified as Level 3 were priced manually using various sources such as issuer investment manager, client, default price, and other unobservable inputs. There were no investments that are valued using Level 3.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the County Board of Supervisors
County of Ventura, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Ventura County Treasury Investment Pool (Investment Pool), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Investment Pool's basic financial statements, and have issued our report thereon dated February 9, 2024. Our report included an emphasis of matter that the financial statements do not purport to, and do not present fairly the financial position of the County of Ventura, California (County).

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as it relates to the Investment Pool as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Investment Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 9, 2024



February 9, 2024

To the Honorable Board of Supervisors and County Treasurer
County of Ventura, California

We have audited the financial statements of the Ventura County Treasury Investment Pool (Investment Pool) of the County of Ventura, California (County) as of and for the year ended June 30, 2023 and have issued our report thereon dated February 9, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 29, 2023 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Investment Pool solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 9, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by County Investment Pool is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are amounts related to the fair value of investments. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Investment Pool's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

As disclosed in Note 1 to the financial statements, the financial statements present only the Investment Pool and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated February 9, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Investment Pool, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Investment Pool's auditors.

This report is intended solely for the information and use of the Board of Supervisors, County Treasurer, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.


Rancho Cucamonga, California