

**JEFFERY S. BURGH**  
**AUDITOR-CONTROLLER**

COUNTY OF VENTURA  
800 SOUTH VICTORIA AVE.  
VENTURA, CA 93009-1540



**ASSISTANT**  
**AUDITOR-CONTROLLER**  
JOANNE McDONALD

**CHIEF DEPUTIES**  
BARBARA BEATTY  
AMY HERRON  
JILL WARD  
MICHELLE YAMAGUCHI

June 7, 2022

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, 2021, and the Related Independent Auditor's Communication with Those Charged with Governance**

**RECOMMENDATION:** Receive and file.

**FISCAL/MANDATES IMPACT:** None.

**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, 2021. 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 \$3.2 billion Ventura County Treasury Investment Pool and the changes in financial position as of and for the year ended June 30, 2021. 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  
June 7, 2022  
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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, 2021
- 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, 2021**

**VENTURA COUNTY TREASURY INVESTMENT POOL  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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## Independent Auditor's Report

To the County Board of Supervisors  
County of Ventura, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Ventura County Treasury Investment Pool (Investment Pool), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Investment Pool's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Investment Pool, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Investment Pool, and do not purport to, and do not, present fairly the financial position of the County of Ventura, California, as of June 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 4 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 April 29, 2022, on our consideration 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 as it relates to the Investment Pool. 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 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 County's internal control over financial reporting and compliance, as it relates to the Investment Pool.



Rancho Cucamonga, California  
April 29, 2022

**VENTURA COUNTY TREASURY INVESTMENT POOL  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021 (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, 2021.

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, 2021, increased by \$306.8 million, or 10.5%, compared to the prior-year period.
- The Investment Pool’s net investment income, which includes the change in fair value from the prior year, decreased from \$50.7 million in 2020 to \$955.0 thousand in 2021.
- The Investment Pool’s expense ratio was competitive at .05% of the average daily balance for the current year and 0.06% for the prior-year period.
- The weighted average maturity of the Investment Pool was 322 days on June 30, 2021, compared to 249 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*.

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

**Statement of Net Position**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>Increase/(Decrease)</b>	
			<b>Amount</b>	<b>Percentage</b>
Assets				
Cash and Deposits	\$ 199,894,776	\$ 92,869,946	\$ 107,024,830	115.2%
Investments	3,019,796,642	2,819,875,215	199,921,427	7.1%
Interest Receivable	49,524	223,180	(173,656)	-77.8%
Total Assets	<u>3,219,740,942</u>	<u>2,912,968,341</u>	<u>306,772,601</u>	10.5%
<b>Net Position</b>	<b><u>\$ 3,219,740,942</u></b>	<b><u>\$ 2,912,968,341</u></b>	<b><u>\$ 306,772,601</u></b>	10.5%

**VENTURA COUNTY TREASURY INVESTMENT POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021 (UNAUDITED)**

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

**Statement of Changes in Net Position**

	2021	2020	Increase/(Decrease)	
			Amount	Percentage
<b>Additions:</b>				
Participants' Deposits	\$ 6,225,800,005	\$ 5,616,220,593	\$ 609,579,412	10.9%
Net Investment Income	955,021	50,665,455	(49,710,434)	-98.1%
<b>Total Additions</b>	<b>6,226,755,026</b>	<b>5,666,886,048</b>	<b>559,868,978</b>	<b>9.9%</b>
<b>Deductions:</b>				
Participants' Withdrawals	5,919,982,425	5,596,770,455	323,211,970	5.8%
<b>Total Deductions</b>	<b>5,919,982,425</b>	<b>5,596,770,455</b>	<b>323,211,970</b>	<b>5.8%</b>
Changes in Net Position	306,772,601	70,115,593	236,657,008	337.5%
Net Position Beginning of Year	2,912,968,341	2,842,852,748	70,115,593	2.5%
<b>Net Position End of Year</b>	<b>\$ 3,219,740,942</b>	<b>\$ 2,912,968,341</b>	<b>\$ 306,772,601</b>	<b>10.5%</b>

- Cash and deposits increased by \$107.0 million or more than 100%. Due to the onset of the COVID-19 pandemic, we held higher cash balances during the fiscal year 2021 amid lingering uncertainty from COVID-19 disruptions and higher COVID-19 relief funds from federal and state agencies.
- Participants' deposits increased by \$609.6 million or 10.9% compared to 2020 primarily due to higher property tax collections, higher transfers from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and state apportionments, higher school bond proceeds, and new deposits from voluntary participants.
- The net investment income decreased by \$49.7 million or 98.1% compared to 2020 primarily due to lower interest income and changes in the fair value of investments. Low interest rates resulted in a decline in interest income by \$37.9 million from the prior year. The change in the fair value of investments from the prior year had a net decrease of \$16.4 million in the fiscal year 2021, compared to a net decrease of \$4.5 million in the fiscal year 2020. Due to its short-term nature and low effective duration, the Pool's investments were less sensitive to interest rate movements. In practice, the Investment Pool holds investments to maturity and thus, unrealized gains and losses resulting from changes in the fair value are not reflected in the earnings distribution to the pool participants. Standard & Poor's Global Ratings Service's new scoring protocol discourages long-term investments to maintain our current AAAf/S1+ rating, the highest rating given by that service.
- Higher deductions in the fiscal year 2021 were primarily due to timing in the payment of Ventura County Tax and Revenue Anticipation Notes (TRANS). There were two TRANS payments made in the fiscal year 2021 compared to one payment made in the fiscal year 2020. Higher school bond payments and higher operational expenditures also contributed to higher deductions.



**VENTURA COUNTY TREASURY INVESTMENT POOL  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

Assets

Cash and Deposits (Note 2)	\$ 199,894,776
Investments (Note 2)	3,019,796,642
Interest Receivable (Note 3)	<u>49,524</u>
Total Assets	<u>\$ 3,219,740,942</u>
Net Position Held for Pool Participants	<u><u>\$ 3,219,740,942</u></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, 2021**

Additions:

Participants' Deposits		\$ 6,225,800,005
 Investment Income:		
Interest Income	\$ 18,931,889	
Net Decrease in Fair Value	(16,411,892)	
Administrative Expenses	<u>(1,564,976)</u>	
Net Investment Income		<u>955,021</u>
Total Additions		<u>6,226,755,026</u>

Deductions:

Participants' Withdrawals		<u>5,919,982,425</u>
Total Deductions		5,919,982,425
 Net Increase in Net Position		 306,772,601
 Beginning Net Position Held for Pool Participants		 <u>2,912,968,341</u>
 Ending Net Position Held for Pool Participants		 <u>\$ 3,219,740,942</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, 2021**

**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 \$3.2 billion as of June 30, 2021. The Investment Pool is administered by the Treasurer-Tax Collector, an elected official, that 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 46%. 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, 2021**

**New Accounting Pronouncement**

The Governmental Accounting Standards Board (“GASB”) 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018, enhances consistency and comparability of financial statements by establishing specific criteria for identifying activities that should be reported as fiduciary. It also clarifies whether and how state and local governments should report their fiduciary activities. GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date of GASB 84 by one year. There was no material impact on the Investment Pool financial statements as a result of the implementation.

**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**

**Deposits**

At June 30, 2021, the carrying amount of the County's deposits was \$199.9 million, and the total bank balance amounted to \$256.8 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 \$256.6 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

**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

depository insurance coverage and collateralization in accordance with GC §53652 as explained in detail above.

**Investments**

The Policy, which is more restrictive than required by GC §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 §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, which is determined on a full cost basis. 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, Wells Fargo Institutional Retirement Business, 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

**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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 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 the access to commercial paper issued under Section 4(a)(2) of the Securities Act of 1933 and private placement bonds.

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. 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, 2021**

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, 2021**

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, 2021.

Investments at June 30, 2021	Standard & Poor's	Moody's	% of Investment Pool
Commercial Paper			
Commercial Paper	A-1+	P-1	18.27%
Commercial Paper	A-1	P-1	10.93%
Yankee Certificates of Deposit			
Yankee Certificates of Deposit	A-1+	P-1	13.41%
Yankee Certificates of Deposit	A-1	P-1	10.60%
U.S. Agency Obligations	AA+	Aaa	16.70%
Medium Term Corporate Notes			
Corporate Notes	A+	Aa3	3.27%
Corporate Notes	A+	A1	1.87%
Corporate Notes	AAA	Aaa	1.57%
Corporate Notes	AA+	Aa1	1.23%
Corporate Notes	A+	Aa2	1.07%
Corporate Notes	AA-	Aa2	0.97%
Corporate Notes	AA	Aa2	0.52%
Corporate Notes	AA-	A1	0.42%
Corporate Notes	A+	A2	0.42%
Corporate Notes	A	A1	0.08%
Corporate Notes	BBB	Baa2	0.08%
Corporate Notes	AA-	Aa3	0.07%
Corporate Notes	A	A2	0.06%
Supranationals	AAA	Aaa	9.40%
Municipal Bonds			
Municipal Bonds	AAA	Aaa	1.85%
Municipal Bonds	AA	NR	1.17%
Municipal Bonds	A-1+	NR	0.75%
Municipal Bonds	AA	Aa2	0.36%
Municipal Bonds	AA-	Aa2	0.36%
Municipal Bonds	AA+	Aa1	0.31%
Municipal Bonds	AA-	NR	0.30%
Municipal Bonds	AA-	Aa3	0.29%



**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Investments at June 30, 2021	Standard & Poor's	Moody's	% of Investment Pool
Municipal Bonds			
Municipal Bonds	AA	Aa1	0.28%
Municipal Bonds	AA	A1	0.15%
Municipal Bonds	AA+	NR	0.11%
Municipal Bonds	AA	Aa3	0.10%
Municipal Bonds	A+	A1	0.09%
Municipal Bonds	AAA	NR	0.08%
Municipal Bonds	AA+	Aaa	0.03%
Municipal Bonds	AA+	Aa2	0.03%
Municipal Bonds	AA-	A1	0.03%
Municipal Bonds	AA	A2	0.02%
Municipal Bonds	AA-	Aa1	0.02%
Municipal Bonds	A+	Aa2	0.02%
Municipal Bonds	A+	Aa3	0.02%
Municipal Bonds	A+	NR	0.02%
Municipal Bonds	A	Aa3	0.01%
Municipal Bonds	A	NR	0.01%
LAIF	NR	NR	1.82%
CalTRUST	AA	NR	0.83%
Total			100.00%

The investments in any one issuer that represent 5% or more of the Investment Pool's market value at June 30, 2021, are as follows:

Issuer*	Percentage of Investment Pool
National Bank of Kuwait	8.28%
Oversea-Chinese Banking	7.62%
Federal Home Loan Bank	6.95%
Federal Home Loan Mortgage Corporation	6.52%
Korea Development Bank	6.36%
Royal Bank of Canada	5.46%
Toyota Motor Credit Corp	5.41%
Rabobank	5.13%

\* includes commercial paper, medium term notes, and yankee certificates of deposit combined

**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021, the weighted average maturity of the Investment Pool was 322 days.

The County's investments at June 30, 2021, are summarized below (in thousands):

Investments	Cost	Market Value	Weighted Average Maturity (Years)	Weighted Average Maturity (Days)
U.S. Agency Obligations	\$ 504,938	\$ 504,457	2.37	866
Commercial Paper	880,991	881,687	0.27	98
Medium Term Corporate Notes	354,650	351,270	0.78	284
Supranational Instruments	285,371	283,800	1.68	612
Yankee Certificates of Deposit	725,039	725,066	0.26	95
Municipal Bonds	193,825	193,352	1.45	530
LAIF	55,000	55,000		1
CaITRUST	25,000	25,165		1
Total Investments	<u>\$ 3,024,814</u>	<u>\$ 3,019,797</u>	<u>0.90</u>	<u>322</u>

**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

A summary of the interest rate percentage range and the maturity range at June 30, 2021, of investments held by the County is as follows:

Investments	Interest Rate Range (Yield Rate)	Interest Rate Range (Coupon Rate)	Maturity Range
U.S. Agency Obligations	0.231 – 1.711	0.190 – 1.625	10/15/21-08/14/24
Commercial Paper	0.090 – 0.291	0.090 – 0.290	07/02/21-03/21/22
Medium Term Corporate Notes	0.132 – 2.186	0.285 – 3.625	07/08/21-07/30/24
Supranational Instruments	0.137 – 1.866	0.250 – 3.000	07/20/21-03/19/24
Yankee Certificates of Deposit	0.080 – 0.450	0.080 – 0.450	07/02/21-03/21/22
Municipal Bonds	0.067 – 3.300	0.000 – 6.420	07/01/21-08/01/24
LAIF	0.262 – 0.920	0.262 – 0.920	Day-to-Day
CalTRUST	0.120 – 0.510	0.120 – 0.510	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, 2021, 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, 2021, 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, 2021, the Investment Pool had \$49,524 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 Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to

**VENTURA COUNTY TREASURY INVESTMENT POOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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 CalTRUST and 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	Fair Value Measurements Using		
		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	\$ 504,457		\$ 504,457	
Commercial Paper	881,687		881,687	
Medium Term Corporate Notes	351,270		351,270	
Supranational Instruments	283,800		283,800	
Yankee Certificates of Deposit	725,066		725,066	
Municipal Bonds	193,352		193,352	
Total Investments - by Fair Value Level	\$ 2,939,632	\$ -	\$ 2,939,632	\$ -
LAIF	55,000			
CalTRUST	25,165			
Total Investments	\$ 3,019,797			

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.

**NOTE 6 – RELATED PARTY**

The County portion of the Investment Pool’s net position as of June 30, 2021 was \$1.4 billion. Certain costs allocated by the County to the Investment Pool include salaries and benefits, services and supplies, overhead and equipment totaling \$1.6 million in the current fiscal year.



**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, 2021, 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 April 29, 2022. 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).

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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  
April 29, 2022



April 29, 2022

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

We have audited the financial statements of the Treasury Investment Pool (Investment Pool) of the County of Ventura, California (County) for the year ended June 30, 2021 and have issued our report thereon dated April 29, 2022. 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 engagement letter dated May 12, 2021, 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 its 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 County 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 April 29, 2022.

**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, and our firm, 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 the 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 2021. 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 management's estimates and determined that they were reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

## **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. No such items were reported.



## **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 County Investment Pool's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated April 29, 2022.

## **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 the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, 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 the Investment Pool's auditors.

## **Modification of the Auditor's Report**

We have made the following modification to our auditor's report.

### *Individual Fund Financial Statements*

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, 2021, and the changes in its financial positions and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Board of Supervisors, 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