

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
2.5
(ID # 6467)

MEETING DATE:

Tuesday, March 13, 2018

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Fiscal year 2016-17 Statement of Net Position of the Treasurer's Investment Pool with Independent Auditor's Report, District: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Fiscal Year 2016-17 Statement of Net Position of the Treasurer's Investment Pool with Independent Auditor's Report

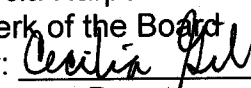
ACTION: Consent


Paul Angulo, Director of Auditor Controller 2/22/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: March 13, 2018
xc: Auditor

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 17/18	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The county's fiscal year 2016-17 Statement of Net Position of the Treasurer's Investment Pool with Independent Auditor's Report is hereby submitted in accordance with Sections 26920(a) and 26922 of the Government Code of the State of California. The county's external auditors, Brown Armstrong Accountancy Corporation, performed the audit to determine whether cash and investments as shown on the Statement of Net Position of the Treasurer's Investment Pool as of June 30, 2017 were presented fairly.

Based on their audit, the Statement of Net Position presents fairly, the financial position of the investment pool of the County of Riverside as of June 30, 2017. Internal controls over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters were also evaluated.

Impact on Residents and Businesses

Provide an assessment of internal controls over the audited areas.

ATTACHMENT A. Fiscal Year 2016-17 Statement of Net Position of the Treasurer's Investment Pool with Independent Auditor's Report

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL**

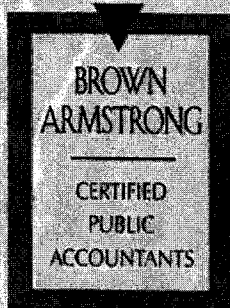
**STATEMENT OF NET POSITION
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2017

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
JUNE 30, 2017**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Riverside, California

Report on Financial Statement

We have audited the accompanying Statement of Net Position of the Treasurer's Investment Pool of the County of Riverside (the County), as of June 30, 2017, and the related notes to the financial statement, which collectively comprise the County Treasurer's Investment Pool's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this basic financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement 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 relating to the Treasurer's Investment Pool. 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 statement.

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

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Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

Opinion

In our opinion, the basic financial statement referred to above presents fairly, in all material respects, the financial position of the Treasurer's Investment Pool of the County as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018, on our consideration of the County's internal control over financial reporting relating to the Treasurer's Investment Pool 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 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 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 relating to the Treasurer's Investment Pool.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
January 31, 2018

**COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
STATEMENT OF NET POSITION
JUNE 30, 2017
(Dollars in Thousands)**

ASSETS:

Cash and investments	\$ 6,542,210
Restricted cash and investments	<u>682,520</u>
Total assets	<u>\$ 7,224,730</u>

LIABILITIES AND NET POSITION:

Liabilities:

Due to others	<u>\$ -</u>
Total liabilities	<u>-</u>

Net position:

Held in trust for treasury pool participants	<u>7,224,730</u>
Total net position	<u>\$ 7,224,730</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF RIVERSIDE
TREASURER'S INVESTMENT POOL
NOTES TO STATEMENT OF NET POSITION
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

As provided by Government Code Section 53600, the cash balances of substantially all of the County of Riverside's (the County) funds, as well as those of participating schools and agencies, are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The Treasurer's Investment Pool (the Pool) is managed by the County Treasurer and is not registered with the Securities and Exchange Commission. The Pool's investment objectives are to safeguard principal, meet the liquidity needs of the participants, and return an acceptable yield within the parameters of prudent risk management (California Government Code Sections 2700.5 and 53600.5). Additionally, there is an Oversight Committee comprised of County officials, representatives from various Pool participants, and members of the public, whose function is to monitor compliance with the County's investment policy. The Treasurer also reports on a monthly basis to the County Board of Supervisors.

B. Reporting Method

The Pool follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB).

C. Investment Valuation

Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, 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. The fair value of pooled investments is determined monthly and is based upon valuation provided by the Pool's safekeeping agent.

Pool investments are also accounted for in accordance with the provisions of GASB Statement No. 72- *Fair Value Measurement and Application*. Securities, including U.S. Treasury and Agency securities, are carried at fair value/cost based on current market prices, on a monthly basis. Repurchase agreements are carried at fair value based on quoted market prices, except for repurchase agreements maturing within ninety days of June 30, 2017, which are carried at cost. Bond anticipation notes are carried at fair value/cost. Commercial paper is carried at amortized cost/cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at cost based on the value of each participating dollar.

The fair value of a participant's position in the pool is not the same as the value of pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost, and accrued interest of the participants' percentage at the date of such withdrawal.