



# San Diego County Treasurer-Tax Collector

San Diego, California

## ***INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND SPECIAL-PURPOSE STATEMENT OF NET POSITION***

***December 31, 2023***

ISSUED BY DAN MCALLISTER, SAN DIEGO COUNTY  
TREASURER-TAX COLLECTOR



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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Treasury Oversight Committee  
County of San Diego, California

We have reviewed the accompanying special-purpose Statement of Net Position (Statement) of the San Diego County Treasurer-Tax Collector (Treasury) as of December 31, 2023, and the related notes to the Statement. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Treasury management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the Statement as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statement

Management of the Treasury is responsible for the preparation and fair presentation of the Statement in accordance with California Government Code Section 26920 as discussed in Note II; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a special-purpose statement of net position that is free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the Statement for it to be in accordance with the basis of accounting described in Note II. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Treasury and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying Statement in order for it to be in accordance with the basis of accounting described in Note II.

### Special-Purpose Financial Statement

We draw attention to Note II of the Statement, which describes the financial statement presentation. The Statement is prepared for the purpose of complying with California Government Code Section 26920 and is not intended to be presented in conformity with accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

**Restriction on Use**

This report is intended solely for the information and use of the management of the San Diego County Treasurer-Tax Collector and the Treasury Oversight Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
March 6, 2024

**San Diego County Treasurer-Tax Collector  
Special-Purpose Statement of Net Position  
December 31, 2023  
(in Thousands)**

|                           | San Diego County<br>Investment Pool | Dedicated<br>Portfolios |
|---------------------------|-------------------------------------|-------------------------|
| <b>Assets</b>             |                                     |                         |
| Cash on hand and in bank  | \$ 133,522                          | \$ -                    |
| Investments at fair value | 16,497,892                          | 239,672                 |
| Interest receivable       | 123,936                             | 2,869                   |
| <b>Total Assets</b>       | 16,755,350                          | 242,541                 |
| <b>Liabilities</b>        |                                     |                         |
| Distributions payable     | 143,130                             | -                       |
| Accrued expenses          | 1,904                               | 28                      |
| <b>Total Liabilities</b>  | 145,034                             | 28                      |
| <b>Net Position</b>       | \$ 16,610,316                       | \$ 242,513              |

See Independent Accountant's Review Report and  
accompanying Notes to the Special-Purpose Statement of Net Position.

**San Diego County Treasurer-Tax Collector**  
**Notes to the Special-Purpose Statement of Net Position**  
**December 31, 2023**

**I. FINANCIAL REPORTING ENTITY**

The San Diego County Investment Pool (Pool) was originally formed in 1853 by the County of San Diego Board of Supervisors (Board) to invest assets of the County of San Diego (County) and other external parties. The Pool is a part of the County and is responsible for approximately \$16.7 billion in investments as of December 31, 2023. The Pool is administered by the Treasurer-Tax Collector, an elected office that is responsible for tax collection, banking, investment, disbursement, and accountability of public funds and is managed by the County Treasurer's Office (Treasury) on behalf of Pool participants. The Treasury also manages Specific Purpose Investment Portfolios (Dedicated Portfolios). As of December 31, 2023, the net position of the Pool and Dedicated Portfolios totaled approximately \$16.6 billion and \$242.5 million, respectively.

Participants of the Pool include the County, local school districts, local community colleges, other districts, and cities. The school districts are required by State statute to deposit funds with the Treasury, while other (non-County) participants are voluntary. Mandatory participants in the Pool comprise the majority of the Pool's assets, at 94.2%. All participants comply with the same requirements as stated in the Treasurer's Pooled Money Investment Policy (Investment Policy). The Board delegates investment authority to the Treasury in accordance with California Government Code Section 53607.

Pursuant to California Government Code Sections 27130-27137, the Board has established the Treasury Oversight Committee (TOC) to monitor and review the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public, having expertise or an academic background in public finance. The TOC requires a financial audit to be conducted on a fiscal year basis to include limited tests of compliance with laws and regulations.

The Pool and Dedicated Portfolios are not registered with the Securities and Exchange Commission (SEC) as an investment company. Investments under the accountability of the Treasury do not have any legally binding guarantees of share values.

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Financial Statement Presentation***

The accompanying special-purpose statement of net position (Statement) has been prepared using the economic resources measurement focus and accrual basis of accounting. The accompanying financial statement presents only the statement of net position for the Pool, pursuant to California Government Code Section 26920, and the Dedicated Portfolios, and is not intended to present fairly the financial position of the County of San Diego as a whole, in conformity with accounting principles generally accepted in the United States (GAAP). Accordingly, Treasury management has elected to omit note disclosures required by Governmental Accounting Standards Board (GASB) Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*; Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3*; and Statement No. 72, *Fair Value Measurement and Application*, since such disclosures are not required by California Government Code Section 26920.

The accompanying Statement differs from the Pool's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The Pool is the only financial reporting entity of the Pool's ACFR, which does not include the Dedicated Portfolios. The Pool's ACFR is presented to the Treasury Oversight Committee and is available at the Treasury's web site, [www.sdttc.com](http://www.sdttc.com).

**San Diego County Treasurer-Tax Collector**  
**Notes to the Special-Purpose Statement of Net Position**  
**December 31, 2023**

**B. Cash and Deposits**

As of December 31, 2023, the Pool maintained accounts in JP Morgan Bank and US Bank. The table below includes the carrying amount of the Pool's total deposits and the bank balance (in thousands). The difference between the carrying amount and the bank balance includes temporary reconciling items such as outstanding checks and deposits in transit.

|                | Cash Deposits   |              |
|----------------|-----------------|--------------|
|                | Carrying Amount | Bank Balance |
| JP Morgan Bank | \$ 36,170       | \$ 18,547    |
| US Bank        | 97,352          | 97,352       |
|                | \$ 133,522      | \$ 115,899   |

California Government Code Section 53652 et. seq. and the Investment Policy prescribe the amount of collateral that is required to secure the deposit of public funds. Federal Deposit Insurance Corporation (FDIC) insurance is available for funds deposited at any one insured depository institution for up to a maximum of \$250,000 for demand deposits and up to a maximum of \$250,000 for time and savings deposits. The aforementioned Government Code and Investment Policy require that depositories collateralize public funds with securities having a market value of at least 10% in excess of the total amount of the deposits. These securities shall be placed in the institution's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third party custodian bank. At December 31, 2023, \$115.4 million was collateralized with securities held by a depository agent on behalf of the Pool, or held in trust at US Bank.

Deposits held at US Bank represent funds held for school district debt service payments. These funds are held in trust by US Bank, as Paying Agent for school district debt, and are not required to be collateralized nor insured. Under the terms of the Paying Agent Agreement, transfer of debt services funds to US Bank is required one business day before bond principal and/or interest is paid to bondholders.

**C. Investments**

The Treasury invests in securities for both the Pool and the portion of Dedicated Portfolios that are not invested in the Pool. Investment transactions are recorded on the trade date. Deposits and investments with the Treasury are exposed to risks such as credit risk, concentration of credit risk, custodial credit risk, and interest rate risk. Disclosures related to such risks as required under GASB Statement No. 40 and certain disclosures relating to fair value measurements, hierarchy of fair value, and valuation techniques required under GASB Statement No. 72, are not presented in this report as the Treasury does not believe that such disclosures are necessary to meet the objectives of the users of the Statement. Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**D. Interest Receivable**

Interest receivable consists of interest accrued on investments including interest purchased with certain securities. At December 31, 2023, the Pool had \$123.9 million of interest receivable and the Dedicated Portfolios had \$2.9 million of interest receivable.

**San Diego County Treasurer-Tax Collector**  
**Notes to the Special-Purpose Statement of Net Position**  
**December 31, 2023**

**E. Liabilities**

Distributions payable represent the interest earned on invested securities and not yet distributed to Pool participants. The Treasury calculates and records all interest earned, received, and accrued for the Pool on a monthly basis. Gains or losses as a result of market value fluctuations are not reflected in the apportionment to Pool participants unless a security is actually sold. Income earned on the pooled investments is apportioned quarterly based on the average daily balance of each Pool participant.

Accrued expenses represent the administrative fees for the second quarter of fiscal year 2024.

**III. TREASURY INVESTMENT STRATEGY**

The Treasury's investment strategy for the Pool is to maintain principal, provide cash to meet disbursement needs of participants, and generate a yield within the parameters of prudent risk management. The cash flow needs of Pool participants are monitored daily to ensure appropriate liquidity is maintained. The Treasury's general investment strategy is to buy high quality fixed income investments and hold to maturity.

The Dedicated Portfolios are used to account for the net position of individual investment accounts. Although at times the Dedicated Portfolios may hold a position in the Pool, the related investment activity occurs separately from the Pool. The individual investment strategies of the Dedicated Portfolios are customized to the needs of the requesting participant.

The investments in the accompanying statement of net position are reported at fair value. The Table below summarizes the investments for the Pool and Dedicated Portfolios at Fair Value (in thousands):

|  | San Diego County<br>Investment Pool | Dedicated<br>Portfolios |
|--|-------------------------------------|-------------------------|
| Investments at Fair Value:               |                                     |                         |
| Pass-Through Securities                  | \$ 845,213                          | \$ -                    |
| U.S. Government Agency Notes:            |                                     |                         |
| Federal Agriculture Mortgage Corporation | 324,882                             | -                       |
| Federal Farm Credit Bank                 | 694,573                             | -                       |
| Federal Home Loan Bank                   | 966,206                             | -                       |
| Federal Home Loan Mortgage Corporation   | 420,386                             | -                       |
| Federal National Mortgage Association    | 615,177                             | -                       |
| Tennessee Valley Authority               | 24,888                              | -                       |
| U.S. Treasury Notes                      | 1,292,945                           | -                       |
| Supranationals                           | 835,706                             | -                       |
| Commercial Paper                         | 4,666,683                           | -                       |
| Medium Term Notes                        | 406,908                             | -                       |
| Local Agency Investment Fund             | 2                                   | -                       |
| Local Government Investment Pool         | 253,360                             | -                       |
| Money Market Mutual Funds                | 813,500                             | 20,000                  |
| Municipal Bonds                          | 551,003                             | 219,672                 |
| Negotiable Certificates of Deposit       | 3,786,460                           | -                       |
|  | \$ 16,497,892                       | \$ 239,672              |
| Total Investments at Fair Value          |                                     |                         |