

NOTE 3: CASH AND INVESTMENTS

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; and bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by Federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the various states and their municipalities, school districts and special districts. At least monthly, the Treasurer's Office determines that the collateral is adequate to cover the deposits by calculating the lower amount of par or fair value of individual securities pledged as collateral.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

Most cash, including amounts held in trust and agency capacity for other entities, is deposited with the County Treasurer who invests the pooled balances on a short-term basis. Interest received is allocated monthly, on the basis of average daily cash balances, to separate districts and to various County funds. The County Treasurer also maintains discrete deposit and investment accounts for various funds and other entities. Deposits and investments are displayed on the Balance Sheet as Cash and cash equivalents, Deposits with fiscal agents, Investments, and Restricted assets.

County Treasurer's Investment Pool - Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under his stewardship. The County Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

At June 30, 1999, the investment pool had cash on hand of \$2. The carrying amount of the pool's total cash in bank was \$1,216, and the bank balance was \$2,123. Of the bank balance, \$100 was covered by federal depository insurance and \$2,023 was covered by collateral held by the pledging financial institution's agent in the County's name.

The investment pool's investments at June 30, 1999, consisted of investments in the State Treasurer's Investment Pool, which represent shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

	Reported Amount	Fair Value
Investment in State Treasurer's Investment Pool	\$ 206,371	\$ 206,371
Total	\$ 206,371	\$ 206,371

Details of the major investment classification follow:

Investment Type	Principal	Interest Rate	Maturity	Fair Value	Reported Amount
State Treasurer's Investment Pool	\$ 206,371	None stated	None stated	\$ 206,371	\$ 206,371

A condensed statement of the investment pool's net assets and changes in net assets follows:

Statement of Net Assets

Assets	\$ 207,992
Liabilities	<u> </u>
Net Assets	<u><u>207,992</u></u>

Net assets held in trust for:

Internal participants	91,812
External participants	<u>116,180</u>
Total net assets held in trust	<u>\$ 207,992</u>

Statement of Changes in Net Assets

Total additions	\$ 5,429,115
Total deductions	<u>(5,596,930)</u>
Net increase (decrease)	(167,815)
Net assets held in trust:	
July 1, 1998	<u>375,807</u>
June 30, 1999	<u>\$ 207,992</u>

Other Cash and Investments - At June 30, 1999, the total nonpooled cash on hand was \$52. The carrying amount of the total nonpooled cash in bank was \$13,346, and the bank balance was \$15,659. Of the bank balance, \$8,764 was covered by federal depository insurance; \$627 was covered by collateral held by the pledging financial institution's agent in the County's name; \$5,057 was covered by collateral either held by the pledging financial institution in the County's name or by its agent but not in the County's name, and \$1,211 was uninsured and uncollateralized.

Deposits held in escrow total \$445. They are not reflected in a risk category.

The County's nonpooled investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. The County's investment in the State Treasurer's Investment Pool represents shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

Investment Type	1	Category 2	3	Reported Amount	Fair Value
U.S. Government Issues	\$ 0	\$ 4,303	\$ 5,157	\$ 9,460	\$ 9,460

Investment in State Treasurer's Investment Pool	165,280	165,280
Total	<u>\$ 174,740</u>	<u>\$ 174,740</u>

A reconciliation of balance sheet amounts to amounts disclosed within this footnote is as follows:

<u>Exhibit A-1</u>		
Cash and cash equivalents	\$ 363,657	
Deposits with fiscal agents	122	
Investments	5,408	
Restricted assets (less interest receivable of \$385)	<u>26,985</u>	
Total	<u>\$ 396,172</u>	

<u>Note 3</u>		
Cash in bank and on hand	\$ 14,616	
Deposits held in escrow	445	
County Treasurer's Investment Pool	206,371	
Other Investments	<u>174,740</u>	
Total	<u>\$ 396,172</u>	

METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT

MDWID revenues are deposited with the Pima County Treasurer and transfers are made to an operating bank account for necessary cash disbursements.

Restricted cash for the bond funds is deposited with the bond trustee. In accordance with the bond ordinance and trustee agreement, the restricted cash is invested in bonds or other indebtedness, guaranteed by the U.S. Government. The moneys are invested in permitted investments maturing on or prior to the dates when the funds invested will be needed to pay principal and interest on the bonds.

The cash and cash equivalents at June 30, 1999, with the exception of operating cash accounts, are fully insured or collateralized with securities held by MDWID or its agent in MDWID's name (Category 1). The MDWID cash and cash equivalents include operating funds held by the Pima County Treasurer with a fair value of \$1,622 and represent a portion of the Pima County Treasurer investment pool portfolio. This portion is not identified with specific investments and is not subject to custodial credit risk that are part of the Pima County Treasurer investment portfolio.

Cash and cash equivalents at June 30, 1999 consist of the following:

	<u>Reported Amount</u>	<u>Fair Value</u>
Operating and trustee cash accounts (includes \$11,763 in restricted cash)	\$ 15,100	\$ 15,100
U.S. Government securities - restricted (Category 1)	<u>1,881</u>	<u>1,796</u>
	<u>\$ 16,981</u>	<u>\$ 16,896</u>

SOUTHWESTERN FAIR COMMISSION

The Commission maintains cash balances at financial institutions in excess of insured limits. The excess amount at June 30, 1999 approximated \$400. These amounts are not collateralized.