

EXAMINATION REPORT

**Examining Selected Financial Management
Practices of the Pool Money Investment Board**

Fiscal Year 2018

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INDEPENDENT ACCOUNTANTS' REPORT

Legislative Division of Post Audit
State of Kansas

We have examined management's assertions of the Pooled Money Investment Board (PMIB), based on the accompanying schedule of assertions related to selected Kansas statutes and sections of the PMIB Policy as of and for the year ended June 30, 2018. The PMIB's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, based on the specific Kansas Statutes as of and for the year ended June 30, 2018 as set forth in the accompanying schedule of assertions.

This report is intended solely for the information and use of the Pooled Money Investment Board and the Legislative Division of Post Audit and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
October 24, 2018

**SCHEDULE OF ASSERTIONS RELATED TO SELECTED KANSAS STATUTES AND
SECTIONS OF THE POOLED MONEY INVESTMENT BOARD (PMIB) POLICY**

1. The Director of Investments calculated the investment rate, as defined in subsection (g) of K.S.A. 1997 Supp. 12-1675a, on Monday of each week and published such rate in the Kansas register in accordance with K.S.A. 75-4210.
2. The Director of Investments provided monthly performance summary reports to the Pooled Money Investment Board using the S&P Rated GIP Invest/General Purpose Taxable as the current benchmark as required by part IV of the PMIB Investment Policy.
3. The PMIB established investment policies and reviewed these policies annually in accordance with K.S.A. 75-4232.
4. The PMIB established the market rate and awarded the investment account to the requesting bank at the established market rate per the provisions of K.S.A. 75-4237.
5. The PMIB followed their policies for safety and liquidity as stated in parts IIIA and IIIB of the PMIB Investment Policy.
6. The PMIB granted expanded investment authority to governing bodies in accordance with K.S.A 12-1677b (b).
7. The PMIB followed their approval process in reviewing and approving or denying expanded investment authority to governing bodies.
8. The PMIB re-authorized the expanded investment authority in accordance with K.S.A. 12-1677b (c).
9. The PMIB followed their annual review process in re-authorizing expanded investment authority to governing bodies.

SCHEDULE OF PROCEDURES PERFORMED AND FINDINGS

With regard to investments and the Director of Investments		
<i>Objective</i>	<i>Procedures Performed</i>	<i>Findings</i>
1. The Director of Investments calculated the Investment rate, as defined in subsection (g) of K.S.A. 1997 Supp. 12-1675a, on Monday of each week and published such rate in the Kansas register in accordance with K.S.A 75-4210.	CliftonLarsonAllen (CLA) selected a sample of ten weeks during the fiscal year, and recalculated the interest rate and verified the rate was published in the Kansas Register by viewing the historical publications online.	None
2. The Director of investments provided monthly performance summary reports to the Pooled Money Investment Board (PMIB) using the S&P Rated GIP Invest/General Purpose Taxable as the current benchmark as required by Part IV of the PMIB Investment Policy.	CLA selected a sample of four of the reports and verified that each was prepared as required by (or in accordance with) Part IV of the PMIB Investment Policy and that the report was presented to the PMIB.	None

**SCHEDULE OF PROCEDURES PERFORMED AND FINDINGS
(CONTINUED)**

With regard to investments and the Pooled Money Investment Board		
<i>Objective</i>	<i>Procedures Performed</i>	<i>Findings</i>
3. The PMIB established investment policies and reviewed these policies annually in accordance with K.S.A 75-4232.	CLA read the published Investment Policies of the PMIB and compared it to the provisions of the K.S.A. 75-4232, noting the PMIB has established investment policies in accordance with K.S.A. 75-4232. Also verified the PMIB reviewed the Investment Policies during fiscal year 2018.	None
4. The PMIB established the market rate and awarded the investment account to the requesting bank at the established market rate per the provisions of K.S.A. 75-4237.	CLA selected a sample of ten loans made by the PMIB during fiscal year 2018, and determined the interest rate awarded to the requesting bank was for funds available to Kansas banks on the effective issue date in accordance with K.S.A 75-4237.	None
5. The PMIB followed their policies for safety and liquidity as stated in parts IIIA and IIIB of the PMIB Investment Policy.	CLA obtained the monthly portfolio reports for the fiscal year 2018 and verified the types of securities held in the portfolio. CLA selected a sample of twenty-five investment files and verified that each contained the required elements of the safety and liquidity attributes per the PMIB Investment Policy.	None

**SCHEDULE OF PROCEDURES PERFORMED AND FINDINGS
(CONTINUED)**

With regard to expanded investment authority and the Pooled Money Investment Board		
<i>Objective</i>	<i>Procedures Performed</i>	<i>Findings</i>
6. The PMIB granted expanded investment authority to governing bodies in accordance with K.S.A 12-1677b (b).	CLA obtained the summary of processes and policies from the PMIB website and verified they were in accordance with K.S.A. 12-1677b (b).	None
7. The PMIB followed their approval process in reviewing and approving or denying expanded investment authority to governing bodies.	CLA noted there were no entities applying for expanded investment authority in fiscal year 2018.	N/A
8. The PMIB re-authorized the expanded investment authority in accordance with K.S.A. 12-1677b (c).	CLA discussed and reviewed the policies and processes the PMIB has in place to verify they were in accordance with K.S.A 12-1677b (c). Specifically, CLA verified the PMIB has a process in place to re-authorize the expanded investment authority to governing bodies.	None
9. The PMIB followed their annual review process in re-authorizing expanded investment authority to governing bodies.	CLA reviewed the list of nine governing bodies, which have been granted expanded investment authority. CLA selected a sample of three and determined that the PMIB followed their annual review process in re-authorizing expanded investment authority in accordance with K.S.A. 12-1677b (c).	None

SCHEDULE OF SUMMARY OF PORTFOLIO PERFORMANCE

Recalculation of Investment Portfolio Performance Summary of PMIB

<u>Type of Investments</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Yield at Month-End</u>
US Govt Agency Discount Notes	1,244,254,500	31.67%	1.96
Kansas Bank CDs	34,867,000	0.89%	2.26
Commercial Paper	1,670,283,500	42.52%	2.30
Repurchase Agreements	979,200,000	24.92%	2.07
	<u>3,928,605,000</u>	<u>100.00%</u>	<u>2.13</u>
			Weighted Average Yield to Maturity as of June 30, 2018
<u>Portfolio Performance</u>			
Portfolio Weighted Average Monthly Yield FY 2018	1.50		
S&P's Rated GIP Index/ General Purpose Taxable	<u>1.48</u>		
	0.02		