

COUNTY OF SHASTA
TREASURY OVERSIGHT COMMITTEE
COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



COUNTY OF SHASTA

Treasury Oversight Committee
Compliance Audit
For the Year Ended June 30, 2017

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INDEPENDENT ACCOUNTANTS' REPORT

Members of the Treasury
Oversight Committee
County of Shasta
Redding, California

We have examined the County of Shasta's compliance with the Treasury Oversight Committee provisions contained in Sections 27130-27137 of the California Government Code for the fiscal year ending June 30, 2017. Treasury's management is responsible for the compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination. We did not audit, verify or confirm the existence of the investments as this was not within the scope of this engagement and is included as part of the County's annual financial audit. Rather, the sole purpose of this audit was to determine compliance with the requirements specified in the Government Code Sections.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Treasury management's compliance and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on compliance with specified requirements.

In our opinion the County of Shasta was in compliance, in all material respects, with the articles of Sections 27130-27137 of the Government Code for the fiscal year ending June 30, 2017. We have included on the following pages our discussion and observations regarding the oversight provided.

This report is intended only for the information of the Treasury's management, Treasury Oversight Committee, the Board of Supervisors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Roseville, California
December 11, 2017

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COMMITTEE MEMBERS

| <u>Member</u> | <u>Organization Appointed From</u> |
|------------------------|--|
| De'An Chambless, Chair | Shasta County Office of Education Designee |
| Brian Muir, Vice Chair | Auditor-Controller |
| Lori J. Scott | Treasurer, Tax Collector |
| Jill Ault | School Districts Designee |
| Terri Howat | Chief Financial Officer |

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Background and General

In 1995, the California legislature passed provisions requiring each county and city establish an oversight committee of 3 to 11 members representing various organizations (The pool of organizations was also specified in the legislation). The purpose of this committee was to oversee the policies that guide the investment of public funds. The committee was not to impinge on the day-to-day operations of the County Treasurer, but rather to review and monitor the Treasurer's investment policy and reporting. Some counties dissolved their Treasury Oversight Committees when they became optional as a result of new legislation, but other committees have continued to operate, providing ongoing oversight and monitoring compliance with state requirements.

Compliance Audit

The oversight legislation included many specific requirements such as the required contents of the Treasurer's Investment Policy. Government Code Section (GC) 27134 required an annual audit to determine compliance with the provisions. This audit serves to comply with that requirement.

Committee Formation and Operation

The Shasta County Board of Supervisors established the Treasury Oversight Committee by voice action on March 12, 1996. Since that time, the committee has continued to meet and provide oversight.

The most recent meeting with approved minutes was held on January 24, 2017. We reviewed the agenda, minutes, and other documentation on file. It appeared that the business conducted was proper for the committee to provide oversight.

Investment Policy Statement

Government Code section 27133 requires the County Treasurer to annually prepare an investment policy statement that is reviewed and monitored by the Treasury Oversight Committee. The 2016-2017 investment policy statement was presented by the Treasurer and considered by the Treasury Oversight Committee during the current year.

We have consistently found the policy to be well written with a glossary to describe the technical terms used throughout the policy. We believe the format and content is superior to most counties' policy statements.

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Investment Policy Review

We reviewed the requirements specified in Government Code Section 27133, items a-h contained in the policy effective July 1, 2013. We believe the required information was properly addressed on the following pages of the policy:

| <u>Requirement</u> | <u>Policy Page</u> | <u>Deemed Compliant</u> |
|--|--------------------|-------------------------|
| a) Authorized securities, Maximum percentage by type | 3 - 10 | yes |
| b) Maximum terms | 3 - 10 | yes |
| c) Criteria for selection of brokers | 10 - 11 | yes |
| d) Limits on gifts | 14 | yes |
| e) Reporting to oversight committee | 15 | yes |
| f) Calculation of treasurer's costs (GC 27013) | 13 | yes |
| g) Voluntary depositors | 14 | yes |
| h) Requests for withdrawal | 13 - 14 | yes |

As shown above, we believe this policy is, in all material respects, in compliance with the requirements.

Compliance with Policy

We reviewed the County's actual practices during 2016-2017 to determine compliance to the investment policy, as follows: We verified that the maximum percentages by category of investment were not materially exceeded at year-end. We also verified that maximums for single issuers and maximum term limits specified in the policy were not materially exceeded at year-end.

Quarterly Reporting

Government Code Section 53646 specifies the content of the quarterly investment reports. We noted that the minutes indicated that these reports were presented at meetings of the Treasury Oversight Committee.

General Observations and Conclusion

The Treasury pool appears to be diversified. Since the portfolio is short term in nature, the market values and the cost are nearly the same. Investments in the portfolio appear to have been prudent and were of the type common to investment pools of other counties. Safekeeping agents were used for custody of investments. Quarterly reports on the treasury pool are complete and provide the necessary information to properly review the portfolio.

We believe the County complied, in all material respects, with the oversight requirements and that oversight was provided for the 2016-2017 year.

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Status of Prior Year Recommendations
As of June 30, 2017

| Recommendation | Status |
|----------------|--------|
|----------------|--------|

No recommendations were made in the prior year report.