

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS**  
**BOARD ACTION SUMMARY**

DEPT: Auditor-Controller

BOARD AGENDA: 6.B.4  
AGENDA DATE: July 31, 2018

**SUBJECT:**

Acceptance of Accountant's Report on the Stanislaus County Treasurer's Statement of Assets as of March 28, 2018.

**BOARD ACTION AS FOLLOWS:**

**RESOLUTION NO. 2018-0384**

On motion of Supervisor Monteith, Seconded by Supervisor Olsen  
and approved by the following vote.

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

**MOTION:**

ATTEST:

  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Auditor-Controller

BOARD AGENDA:6.B.4  
AGENDA DATE: July 31, 2018

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

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**SUBJECT:**

Acceptance of Accountant's Report on the Stanislaus County Treasurer's Statement of Assets as of March 28, 2018.

**STAFF RECOMMENDATION:**

1. Accept the Accountant's Report on the Stanislaus County Treasurer's Statement of Assets as of March 28, 2018.

**DISCUSSION:**

Government Code Section 26920(a) mandates the County Auditor-Controller review the Treasurer's Statement of Assets in the County Treasury at least once each quarter. The review shall be accomplished and a report issued to the Board of Supervisors in accordance with the appropriate professional standards, as determined by the County Auditor-Controller.

Government Code Section 26920(b) further mandates the County Auditor-Controller perform or cause to be performed an audit of the assets in the County Treasury at least annually and express an opinion whether the Treasurer's Statement of Assets is presented fairly and in accordance with Generally Accepted Accounting Principles. To meet this annual audit requirement, the County determined the annual external financial audit complies with this mandate.

Additionally, Government Code Sections 53601 and 53635 provide restrictions and guidelines to define the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions. All investments held in the County Treasury are reviewed for compliance during the quarterly review to ensure conformity with Government Code.

The purpose of the County Auditor-Controller's review was to determine whether cash and investments held by the Treasurer, and as shown on the statement as attached, were as stated.

The Commercial Paper Investments in the amount of \$262,464,833 represented 19.66% of total investments, exceeding the allowable limit by 4.66%. The Stanislaus County Treasury Pool Investment Policy's allowable limit is 15%. Treasury staff inadvertently over extended the allowable limit for Commercial Paper during an investment opportunity that required quick action. It is recommended that Treasury review and revise procedures to ensure the allowable limit of 15% is maintained at all times.

Based on the review, the statement presents, in all material respects, the Treasurer's Statement of Assets of the County of Stanislaus as of March 28, 2018.

Upon acceptance of the Chairman of the Board, the report will be distributed to the Clerk of the Board as required by Government Code Section 26922.

**POLICY ISSUE:**

Government Code Section 26920(a) requires a quarterly review of the County Treasurer's Statement of Assets be performed by the County Auditor-Controller. The Stanislaus County Treasurer's Investment Policy and Government Code Sections 53601 and 53635 provide the guidelines on authorized investments and percentage limits on those investments.

**FISCAL IMPACT:**

There is no fiscal impact for the acceptance of the Accountant's Report on the Stanislaus County Treasurer's Statement of Assets as of March 28, 2018. Total cash and investments as reported on the Treasurer's Statement of Assets were \$1,346,336,406 as of March 28, 2018.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended action is consistent with the Board's priority of *Delivering Efficient Public Services and Community Infrastructure* by complying with mandated statutes.

**STAFFING IMPACT:**

Existing Internal Audit staff performs the audit work required by Government Code Section 26920(a).

**CONTACT PERSON:**

Lauren Klein, CPA

Auditor-Controller

Telephone: 209-525-6593

**ATTACHMENT(S):**

1. Stanislaus County Treasurer's Statement of Assets

**STANISLAUS COUNTY  
TREASURER'S STATEMENT OF ASSETS**

AS OF MARCH 28, 2018



**AUDITOR-CONTROLLER**

**Lauren Klein, CPA**  
Auditor-Controller

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## ACCOUNTANT'S REPORT

June 14, 2018

Board of Supervisors  
County of Stanislaus  
Modesto, CA

We have reviewed the Treasurer's Statement of Assets of the County of Stanislaus, California as of March 28, 2018 as required by California Government Code Sections 26920(a) and 26922. The County Treasurer is responsible for the Statement of Assets. The purpose of the review was to determine whether cash and investments held by the Treasurer, and as shown on the statement, were as stated.

Our review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. These standards require that we plan and perform the review to provide sufficient, reliable, and useful evidence to achieve the objectives.

The Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Although the Auditor-Controller is statutorily obligated to maintain the accounts of departments, districts or funds that are contained within the County Treasury, we believe adequate safeguards and divisions of responsibility exist.

During this reporting period, we noted a finding that is listed below along with a corresponding recommendation:

### **Investment Pool Requirements per the Stanislaus County Treasury Pool Investment Policy**

We noted that Commercial Paper Investments in the amount of \$262,464,833 listed in the accounting records exceeded the Stanislaus County Treasury Pool Investment Policy's allowable limit by 4.66%. The total cash and investment amount on this report was \$1,346,336,406 with investments that totaled \$1,335,118,260. The Commercial Paper investment represented 19.66% of total investments. The Stanislaus County Treasury Pool Investment Policy restricts the allowable limit to 15%.

**Recommendation**

We recommend the Department review and revise their procedures to ensure the allowable limit of 15% is adhered to as required by the Stanislaus County Treasury Pool Investment Policy.

Based on our review, the statement referred to above presents, in all material respects, the Treasurer's Statement of Assets of the County of Stanislaus as of March 28, 2018.

*Lauren Klein*

Lauren Klein, CPA  
Auditor-Controller  
County of Stanislaus

STANISLAUS COUNTY  
TREASURER'S STATEMENT OF ASSETS  
AS OF MARCH, 28, 2018

Cash and Investments per Auditor-Controller      \$ 1,346,336,406

Cash in Treasury Per Cash Count:

Cash on Hand:

Currency and Coin	\$	106,831
Active Bank Deposits		11,111,315
Commercial Paper		262,464,833
Local Agency Investment Fund		40,000,000
Medium Term Corporate Notes		111,600,265
Negotiable CD's		290,000,000
Money Market		18,515,335
U. S. Treasury and Federal Agency Securities		<u>612,537,827</u>

Total Cash and Investments in Treasury      \$ 1,346,336,406