

**COUNTY OF AMADOR  
TREASURY OVERSIGHT COMMITTEE,  
CALIFORNIA**

**COMPLIANCE EXAMINATION  
FOR THE YEAR ENDED  
JUNE 30, 2017**

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**COUNTY OF AMADOR**  
**Treasury Oversight Committee**  
**Compliance Examination**  
**For the Year Ended June 30, 2017**

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**INDEPENDENT ACCOUNTANT'S REPORT**

Members of the Treasury Oversight Committee  
County of Amador  
Jackson, California

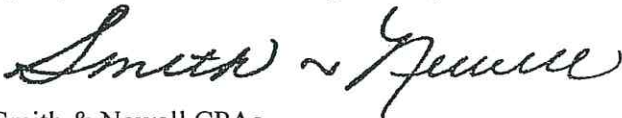
We have examined the County of Amador's compliance with the Treasury Oversight Committee provisions contained in Sections 27131-27137 of the California Government Code and the County Investment Policy for the year ended June 30, 2017. The County Treasury's management is responsible for the County's compliance 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 normally included as part of the County's annual financial audit. Rather, the sole purpose of this examination was to determine compliance with the requirements specified in the Government Code Sections and the County Investment Policy.

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 Treasury management's compliance is in accordance with the criteria above, in all material respects. An examination involves performing procedures to obtain evidence about Treasury management's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of Treasury management's compliance, 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.

Our examination does not provide a legal determination on compliance with specified requirements.

In our opinion, the County of Amador is in compliance, in all material respects, with the provisions of Sections 27131-27137 of the Government Code and the County Investment Policy for the year ended June 30, 2017.

This report is intended solely for the information and use of the Treasury Oversight Committee, the Board of Supervisors and management of the County of Amador and is not intended to be, and should not be, used by anyone other than these specified parties.



Smith & Newell CPAs  
Yuba City, California  
January 9, 2018

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**COUNTY OF AMADOR  
Treasury Oversight Committee  
Compliance Examination  
For the Year Ended June 30, 2017**

**Committee Members**

Michael Ryan..... Amador County Treasurer  
Tacy Oneto Rouen..... Amador County Auditor-Controller  
Chuck Iley..... Amador County Administrator  
Amy Slavensky..... Amador County Superintendent of Schools

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**COUNTY OF AMADOR**  
**Treasury Oversight Committee**  
**Compliance Examination**  
**For the Year Ended June 30, 2017**

**1. Background and General**

In 1995, the California legislature passed provisions requiring each county and city to establish an oversight Committee of from 3 to 11 members representing various organizations (The pool or 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.

Certain statutory changes were enacted by the California legislature effective January 1, 2005. Government Code Section 27131 now makes the Treasury Oversight Committee optional, although the legislature encourages the continuation of the Oversight Committee.

**2. Committee Formation and Operation**

In 1996, Amador County issued a Resolution, which established the Amador County Treasury Oversight Committee. For the year ended June 30, 2017, the Committee operated with four members and two committee meetings were held.

**3. Compliance with Government Code 27131**

We examined the requirements specified in Government Code 27131 which describe the formation of the Oversight Committee. We noted the following:

Requirement	Compliant
(a) The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.	Yes
(b) In recognition of the state and local interests served by the action made optional in subdivision (a), the Legislature encourages local agencies to continue taking the action formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.	Yes

**4. Compliance with Government Code 27132**

We examined the requirements specified in Government Code 27132 through 27132.4 which describe the required organization and operation of the Oversight Committee. We noted the following:

Requirement	Compliant
The county treasury oversight committee, pursuant to Section 27131, shall consist of members appointed from the following:	
(a) The county treasurer	Yes

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**4. Compliance with Government Code 27132 (Continued)**

Requirement	Compliant
(b) The county auditor, auditor-controller, or finance director, as the case may be.	Yes
(c) A representative appointed by the county board of supervisors.	Yes
(d) The county superintendent of schools or his or her designee.	Yes
(e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.	Yes
(f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit in the county treasury.	Yes
(g) Up to five other members of the public.	
1. A majority of the other public members shall have expertise in, or an academic background in, public finance.	Yes
2. The other public members shall be economically diverse and bipartisan in political registration.	Yes
<b>Oversight Committee Member Employment (27132.1)</b>	
A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.	Yes
<b>Fund Raising by Oversight Committee Member for County Officials (27132.2)</b>	
A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.	Yes
<b>Oversight Committee Member Employment in a Financial Service Industry (27132.3)</b>	
A member may not secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.	Yes
<b>Open Oversight Committee Meetings (27132.4)</b>	
Committee meetings shall be open to the public and subject to the Ralph M. Brown Act. (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5)	Yes

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**5. Compliance with Government Code 27133**

Government Code Section (GC) 27133 requires the County Treasurer to annually prepare an investment policy statement. The policy for this examination was effective for the fiscal year ended June 30, 2017 and was approved by the Board of Supervisors at their January 24, 2017 meeting.

We examined the requirements specified in Government Code 27133, items a-h, which describe the required contents of the investment policy. We noted the following:

Requirement	Compliant
In any county that establishes a county treasury oversight committee pursuant to this article, the county treasurer shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:	
(a) A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.	Yes
(b) The maximum term of any security purchased by the county treasury.	Yes
(c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.	Yes
(d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.	Yes
(e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.	Yes
(f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.	Yes
(g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.	Yes
(h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.	Yes

**COUNTY OF AMADOR**  
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**6. Compliance with Government Code 27134**

We examined the requirements specified in Government Code 27134. We noted the following:

Requirement	Compliant
The County treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.	Yes

**7. Compliance with Government Code 27135**

We examined the requirements specified in Government Code 27135. We noted the following:

Requirement	Compliant
The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.	Yes

**8. Compliance with Government Code 27136**

We examined the requirements specified in Government Code 27136. We noted the following:

Requirement	Compliant
(a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.	Yes
(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.	Yes

**9. Compliance with Government Code 27137**

We examined the requirements specified in Government Code 27137. We noted the following:

Requirement	Compliant
Nothing in this article shall be construed to allow the county treasury oversight committee to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasury.	Yes

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**10. Compliance with County Investment Policy**

**Investments and Investing** - We examined the County's investments and investing to verify compliance with the County investment policy which requires that all investments and investing shall comply with California Government Code 27000 et seq. and 53600 et seq., as well as any forthcoming amendments or additions to the code relating to the investment of local agency funds.

**Reporting** - We examined the Treasurer's Quarterly reports which were submitted to the Board of Supervisors to verify that they contained the information specified in the County investment policy. Monthly reports appeared to be complete with all the required information.

**Safekeeping** - We examined the Safekeeping arrangements of the Treasurer to verify compliance with information specified in the County investment policy. Safekeeping arrangements appear to be in compliance with the County investment policy.

**Investments** - We examined the investments to verify that the maximum percentages by category of investment did not materially exceed the allowable percentages specified in the County investment policy. We also examined the investments to verify that maximums for single issuers and maximum term limits were not exceeded at year end. Investments appear to be in compliance with the County investment policy.

**Interest Apportionment and Administrative Charge** - We examined the interest apportionment to verify compliance with the County investment policy which states that administrative and overhead costs include but are not limited to salaries and benefits banking services, custodial safekeeping services, computer services, supplies, department and external overhead as well as any other costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds. Investment earnings and the administrative charge will be allocated to the County pool participants on a quarterly basis. Interest apportionments and administrative charge calculations appear to be in compliance with the County investment policy.

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**2017-001 Verification of Brokers/Dealers and Financial Institutions**

At the time of our fieldwork we noted the County had not verified the minimum requirements of the brokers/dealers and financial institutions used by the County.

**Recommendation**

We recommend that the County verify and document the qualifications of the brokers/dealers and financial institutions.

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**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

**Finding 2017-001      Verification of Brokers/Dealers and Financial Institutions**

We recommend that the County verify and document the qualifications of the brokers/dealers and financial institutions.

Responsible Individual:            Michael E. Ryan, Amador County Treasurer/Tax Collector

Corrective Action Plan:            Obtain documentation from broker/dealers and financial institutions verifying qualifications.

Anticipated Completion Date:    August 2, 2017

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