

COUNTY OF MONO
TREASURY OVERSIGHT COMMITTEE
COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



COUNTY OF MONO

Treasury Oversight Committee
Compliance Report
For the Year Ended June 30, 2016

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INDEPENDENT ACCOUNTANT'S REPORT

Members of the Treasury
Oversight Committee
County of Mono
Bridgeport, California

We have examined the County of Mono's compliance with the Treasury Oversight Committee provisions contained in Sections 27130-27137 of the California Government Code for the fiscal year ended June 30, 2016. 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 normally 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 Mono is in compliance, in all material respects, with the articles of Sections 27130-27137 of the Government Code for the fiscal year ended June 30, 2016. 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
March 22, 2017

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COMMITTEE MEMBERS

<u>Member</u>	<u>Organization Representing</u>
Janet Dutcher	Finance Director, Mono County
Gerald Frank	Asst. Finance Director, Treasurer/Tax Collector Mono County
Larry Johnston	Supervisor, Mono County Board of Supervisors
Caty Ecklund	Chief Business Officer, Mono County Office of Education
Brooke Bien	Business Manager, Mammoth Unified School District
George R. Savage	Retired CPA/Court Fiscal Officer
Shields Richardson	Mayor, Town of Mammoth Lakes
Daniel C. Holler	Town Manager, Town of Mammoth Lakes Alternate Member
Fred Stump	Supervisor, Mono County Board of Supervisors, Alternate Member

COUNTY OF MONO

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Background and General

In 1995, the California legislature passed provisions requiring each county to establish an oversight committee of from 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.

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 Legislature encourages the continuation of the Oversight Committee, the Committee may wish to review whether to continue with the committee in future years. Other statutory changes also include the removal of the mandatory filing of the County's annual investment policy and the County's quarterly investment report. Instead, the County's annual investment policy should be submitted to the County Board of Supervisors and the quarterly investment reports should be submitted to the County's administrative office, auditor-controller or Board of Supervisors.

Compliance Audit Requirement

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

Committee Formation and Operation

In 2013, Mono County issued a Resolution, which established the Mono County Treasury Oversight Committee (the "Committee"), membership, term of members, organization, powers and duties.

Meetings were held during the fiscal year on November 9, 2015. We reviewed the minutes and believe the meetings were properly conducted in order to provide oversight.

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Investment Policy Statement

Government Code section 53646 requires the County Treasurer to annually prepare an investment policy statement even if there were no policy changes. The Statement is reviewed by the Oversight Committee and submitted to the Board of Supervisors for approval. We noted that when the TOC was formed, on December 17, 2013, the TOC adopted the investment policy that was submitted and approved by the Board of Supervisors on July 3, 2012. The updated Investment Policy Statement was approved by the Mono County Board of Supervisors on February 2, 2016. All adopted changes are consistent with state law requirements.

Investment Policy Review

We reviewed the requirements specified in Government Code § 27133, items a-h. We believe the policy addressed all the required provisions as follows:

<u>Requirement</u>	<u>Policy Section</u>	<u>Deemed Compliant</u>
a) Authorized securities Maximum percentage by type	Investment Parameters Section VIII & IX	Yes Yes
b) Maximum terms	Investment Parameters Section IX	Yes
c) Criteria for selection of brokers Prohibition of political contribution	Authorized Financial Institutions Section VI	Yes Yes
d) Limits on gifts	Standards of Care Section V	Yes
e) Reporting to Oversight Committee	Reporting Section X	Yes
f) Calculation of treasurer's costs (GC 27013)	Investment Pool Costs Section XI	Yes
g) Voluntary depositors	Authorized Financial Institutions Section IV	Yes
h) Requests for withdrawal	Withdrawal Requests Section XII	Yes

As shown above, we believe the policy adopted contained all the provisions specified in the oversight legislation. The policy appears to be complete in all respects.

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Compliance to Policy

We reviewed the County's actual practices during 2015-2016 to determine compliance to the investment policy. We verified that the maximum percentages by category of investment were not exceeded during the year. We also verified that maximums for single issuers and maximum term limits specified in the policy were not exceeded.

Reporting

We reviewed the quarterly reports which were submitted to the Board of Supervisors and to the Committee to verify that they contained the information specified in the law. They appeared to be complete with all the required information and included the cash needs disclosure, compliance to policy and the source of the market value information.

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 was in compliance, in all material respects, with the oversight requirements and that oversight was provided for the 2015-2016 year.