

COUNTY OF MONO
TREASURY OVERSIGHT COMMITTEE
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2017



COUNTY OF MONO

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

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CliftonLarsonAllen LLP
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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the County of Mono's compliance with the investment compliance requirements contained in Article 6, Sections 27130-27137 of the California Government Code and the County Investment Policy during the period July 1, 2016, to June 30, 2017. The County Treasury's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance 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 the County of Mono complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether County of Mono complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on judgment, including an assessment of the risks of material noncompliance, 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, County of Mono complied, in all material respects, with the aforementioned investment compliance requirements during the period July 1, 2016 through June 30, 2017.

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

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Roseville, California
March 21, 2018

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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 |

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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 August 29, 2016, December 7, 2016, March 6, 2017, and May 31, 2017. 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 7, 2017. 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 2016-2017 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.