

**COUNTY OF MADERA  
TREASURY OVERSIGHT COMMITTEE  
COMPLIANCE REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**MADERA COUNTY**

Treasury Oversight Committee  
Compliance Report  
For the Year Ended June 30, 2014

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## INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of Supervisors  
of the County of Madera  
Madera, California

We have examined the County of Madera's compliance with the Treasury Oversight Committee provisions contained in Article 6, Sections 27130-27137 of the California Government Code, and the County of Madera Statement of Investment Policy for the year ended June 30, 2014. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the County's compliance based on our examination.

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 the County's compliance with those requirements 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 the County's compliance with specified requirements.

In our opinion, management's assertion that the County Treasurer complied with the aforementioned investment compliance requirements for the year ended June 30, 2014, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Supervisors, management and the Treasury Oversight Committee 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 'Gallina LLP'.

Roseville, California  
March 5, 2015

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**MADERA COUNTY**

Treasury Oversight Committee  
Compliance Report  
For the Year Ended June 30, 2014

COMMITTEE MEMBERS

<u>Member</u>	<u>Organization Appointed From</u>
Tracy Kennedy	Madera County Treasurer-Tax Collector
Marcia B. Hall	Madera County Auditor-Controller
Cecilia Massetti	Superintendent of Schools
Cecilia Belmontes	Madera County Office of Education Fiscal Manager
Jimmy Monreal	Yosemite Unified School District Assistant Superintendent
Ralph Tonseth	Rolling Hills President
Kheng Vang	Madera County Engineer

## **MADERA COUNTY**

### **Treasury Oversight Committee Compliance Report For the Year Ended June 30, 2014**

#### **Background and General**

In 1995, the California legislature passed provisions requiring each county and city to 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.

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

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 with the Treasury Oversight Committee. 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. GC 27134 required an annual audit to determine compliance with the provisions. This audit serves to comply with that requirement.

#### **Committee Formation and Operation**

In 1997, Madera County issued a Resolution, which established the Madera County Treasury Oversight Committee (the "Committee"), membership, term of members, organization, powers and duties.

On January 14, 2014, the Madera County Board of Supervisors adopted a Resolution, 2014-002, expanding the membership of the County Treasury Oversight Committee from 3 members up to 9 members.

Two meetings were held during the fiscal year, on March 13, 2014 and May 22, 2014. We reviewed the minutes and believe they were properly conducted in order to provide oversight.

#### **Investment Policy Statement**

Government Code section 27133 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 this was properly done and a policy updated as of April 30, 2013 was on hand and was used for purposes of this audit. It was submitted to the County's Board of Supervisors for approval.

## MADERA COUNTY

### Treasury Oversight Committee Compliance Report For the Year Ended June 30, 2014

#### **Investment Policy Review**

We reviewed the requirements specified in GC 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	11	yes
Maximum percentage by type	11	yes
b) Maximum terms	18	yes
c) Criteria for selection of brokers	7	yes
Prohibition of political contribution	7	yes
d) Limits on gifts	22	yes
e) Reporting to Oversight Committee	6	yes
f) Calculation of treasurer's costs (GC 27013)	20	yes
g) Voluntary depositors	9	yes
h) Requests for withdrawal	10	yes

As shown above, we believe the policy adopted contained all the provisions specified in the oversight legislation.

#### **Compliance to Policy**

We reviewed the County's actual practices during 2013-2014 to determine compliance to the investment policy. We verified the maximum percentages by category of investment. All categories of investment were within the maximum allowed percentage at year end. We also verified that maximums for single issuers and maximum term limits specified in the policy were not exceeded. There were no exceptions noted.

#### **Reporting**

We reviewed the monthly 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.

#### **Conclusion**

The investments at June 30, 2014 appear to be in compliance with the County's investment policy and state law. We believe the Treasury Oversight Committee functioned during 2013-2014 as was intended by the oversight legislation. It is our opinion that oversight was properly provided.