

**COUNTY OF COLUSA
TREASURY OVERSIGHT**



**COMPLIANCE AUDIT
FOR THE YEAR ENDED
JUNE 30, 2008**

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**COUNTY OF COLUSA
TREASURY OVERSIGHT
COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 2008**

COMMITTEE MEMBERS

Daniel Charter Treasurer-Colusa County
Tom Indrieri Representing Board of Supervisors
Peggy Scroggins Auditor-Controller-Colusa County
John Scheimer Representative of Special Districts
Bonjie Immos Representative of Superintendent of Schools

I. INDEPENDENT ACCOUNTANT'S REPORT

INDEPENDENT ACCOUNTANT'S REPORT

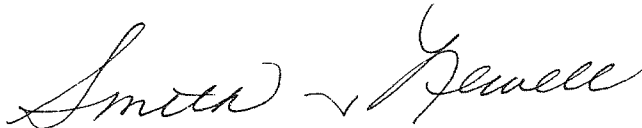
Members of the Board of Supervisors
County of Colusa
Colusa, California

We have examined management's assertion that County of Colusa complied with the provisions of California Government Code Sections 27131-27137, 53646(b), 53601 and 53684(b), and the provisions of the County of Colusa's Statement of Investment Policy for the year ended June 30, 2008. The Colusa County Treasury's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about County of Colusa'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.

In our opinion, the management's assertion referred to above, is fairly stated, in all material respects based on the compliance requirement criteria set forth in the Compliance Requirement Status Report.

This report is intended solely for the information of the Treasury Oversight Committee, Management, and the County of Colusa, and is not intended and should not be used by anyone other than these specified parties.



Smith & Newell, CPA's
Yuba City, California
May 29, 2009

II. BACKGROUND AND GENERAL

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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 Legislature encourages the continuation of the Oversight Committee. If the County elects to continue the Treasury Oversight Committee, Government Code Section 27134 still requires an annual audit to determine compliance.

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 Administrative Office, Auditor-Controller, or Board of Supervisors.

Compliance Audit Requirement

The oversight legislation included many specific requirements such as the required content 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 provision.

Treasury Oversight Committee Formation and Discontinued Operation

In 1996 the Committee was established by Resolution No. 96-10. For the year ended June 30, 2008, the Committee operated with five members. Four committee meetings were held. Minutes of the meetings were properly maintained.

IV. SUMMARY OF FINDINGS AND RECOMMENDATIONS

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08-01 **Finding**

We noted that the costs of complying with Government Code 27135 were not included in the Treasurer Administrative cost.

Recommendation

We recommend that the costs of complying with this section be included in the Treasurer's Administrative cost.

Corrective Action Plan

We will investigate and try to implement.

08-02 **Finding**

We noted that the administrative charge deducted from the interest income was a rate set by the Board of Supervisors in accordance with the revised investment policy rather than the actual costs as required by Government Code 53684(b).

Recommendation

We recommend that the investment policy as revised be reviewed to ensure that it is in compliance with Government Code 53684(b) in regards to the actual cost of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.

Corrective Action Plan

The Board sets the rate during the budget process.

08-03 **Finding**

We noted that the investment report for the quarter ending June 30, 2008, was not submitted with 30 days following the end of the quarter.

Recommendation

We recommend the quarterly investment reports be submitted within 30 days following the end of the quarter in compliance with Government Code 54646(b)(1).

Corrective Action Plan

We agree with the recommendation and will submit reports within the required time period.