

Sonoma County Treasury Investment Pool

Annual Examination of Compliance

*For the fiscal year ended
June 30, 2023*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

An independently owned member
RSM US Alliance



Table of Contents

Annual Examination of Compliance Sonoma County Treasury Investment Pool

For the Fiscal Year Ended June 30, 2023

Independent Accountant's Report	1
Procedures and results	2-5



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403
(707) 542-3343 • Office
(707) 527-5608 • Fax
pbllp.com

Independent Accountant's Report

Board of Supervisors
County of Sonoma

We have examined the Sonoma County Treasury Investment Pool's (the "Treasury") compliance with California Government Code Sections 27013, 27130, 27131, 27132, 27133, 27134, 27135, 27136, 27137, 53635, 53601, and 53646 during the year ended June 30, 2023. Management of the Treasury is responsible for the Treasury's compliance with those requirements. Our responsibility is to express an opinion on the Treasury'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 Treasury complied with the code sections noted above, in all material respects. An examination involves performing procedures to obtain evidence that the Treasury complied with the code sections noted above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the code sections noted above, 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 of the Treasury's compliance with the specified California Government Code Sections.

In our opinion, the Sonoma County Treasury Investment Pool complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

Santa Rosa, California
December 19, 2023

GC 27013 – Allowable administrative costs

This code section allows the county treasurer to deduct from interest or income the actual administrative cost of investing or handling funds before distribution to pool participants.

We examined the Treasury’s apportionment reconciliation and reviewed the listing of administrative expenses. P&B compared the listing of administrative expenses to the Treasury’s investment policy and a listing of allowable administrative costs provided by the Treasury.

Results: Costs deducted from interest appear to be allowable under GC 27013.

GC 27130 and 27131 - Formation and intent of the Treasury Oversight Committee

These code sections acknowledge the benefits of involving the investment pool participants in reviewing investment policies and require that a county Treasury Oversight Committee (“TOC”) be formed consisting of three to eleven members. Members of the committee should be nominated by the Treasurer and confirmed by the Board of Supervisors.

On November 11, 2016 the County Board of Supervisors approved resolution 13-0137 redefining the membership and appointments of the TOC, and reaffirming that the TOC shall consist of six members. The TOC has assisted the Treasurer in reviewing the investment policies and practices of the County’s Pooled Investment Fund.

We examined the TOC’s board minutes for the year ended June 30, 2023 and noted no changes to the size or intent of the TOC.

Results: The Treasury appears to be in compliance with GC 27130 and 27131.

GC 27132 – Organization, operation and requirements of the TOC

This code section requires committee members to avoid conflict of interest and not be 1) involved in raising money for a candidate for Treasurer or a member of the governing body of a pool participant or 2) employed by firms that do business with the Treasury or entities that contributed to the campaign of a candidate for the office of the treasurer. Furthermore, this code section requires a special make-up of the committee as well as posting an agenda of the meetings 72 hours in advance.

We examined the TOC minutes and determined that the make-up of the TOC complied with the aforementioned government code section. Based on management representations, the County Treasury staff posts an agenda of the TOC meetings 72 hours in advance at the County Administrator’s Office and other County locations.

GC 27132 – Organization, operation and requirements of the TOC (continued)

The TOC has implemented a best practice policy by requiring members to file form 700 with the Fair Political Practices Commission (“FPPC”) of the State of California.

We examined copies of form 700 for each TOC member and noted that they were completed and signed.

Results: The Treasury appears to be in compliance with GC 27132.

GC 27133 – Annual monitoring of the County’s Investment Policy

This code section requires the Treasurer to annually prepare an investment policy covering a prescribed scope. This policy is to be reviewed and monitored by the TOC.

The Treasurer presented the most current County Investment Policy to the TOC for fiscal year 2023 on August 16, 2023. The County’s Investment Policy covers the scope required by GC 27133, including a list of securities in which the County Treasury may invest, the maximum terms of those securities, and the criteria for selecting security brokers and dealers. The policy also sets limits on the receipt of honoraria, gifts, and gratuities.

Results: The Treasury appears to be in compliance with GC 27133.

GC 27134 and 27135 – Initiation and payment for the annual audit

These code sections require the TOC to “cause” an audit to determine the county treasury’s compliance with the law and the investment policy. It allows the committees to expand the scope of the audit to include the structure of the investment portfolio and risk. It allows the cost of the audit to be charged against the investment pool earnings.

The TOC engaged Piseni & Brinker LLP to conduct this examination covering the scope prescribed by GC 27134. The cost of the examination will be charged against the pool earnings as allowed by GC 27135 and tested in conjunction with GC 27013.

Results: The Treasury appears to be in compliance with GC 27134 and 27135.

GC 27136 – Evaluation of withdrawals from the County Treasury

This code section requires the Treasurer to evaluate the pool participants’ requests for withdrawal for the purpose of investing or depositing funds outside the Treasury using the criteria adopted for such withdrawals in the investment policy.

GC 27136 – Evaluation of withdrawals from the County Treasury (continued)

The County’s Investment Policy states that withdrawal requests for purposes other than cash flow, such as for external investing, are subject to the consent of the County Treasurer.

The Treasury has represented that they received no such withdrawal requests from the Treasury Pool participants that would require the consent of the County Treasurer during the examination period. The Treasury has established specific criteria for allowing such withdrawals as part of the County’s Investment Policy.

Results: The Treasury appears to be in compliance with GC 27136.

GC 27137 – Prohibits the TOC from directing individual decisions related to investments, advisors, brokers, or dealer or impinging on day-to-day operations

This code section prohibits the TOC from being involved in decisions regarding individual investments, day-to-day operations, and the selection of individual investment advisors, brokers, and dealers.

We reviewed the TOC meeting minutes and did not note any discussions that would indicate the TOC’s involvement in the prohibited activities listed above.

Results: The Treasury appears to be in compliance with GC 27137.

GC 53635 and 53601 – Investments and securities

These code sections describe the allowable types of investments and formulas for determining the maximum dollar values for each type.

P&B reviewed the Treasury’s investments and compared them against the allowable types of investments pursuant to GC 53635 and 53601 and allowable investments per the Investment Policy.

Results: We determined that investments and securities held by the Treasury are within percentages and categories allowed by GC 53635, 53601, and the County’s Investment Policy. The Treasury appears to be in compliance with GC 53635 and 53601.

GC 53646 – Approval of investment policy and treasury quarterly reports

This code section states that the Treasurer may annually present to the board of supervisors a statement of investment policy. The Treasurer may also present quarterly statements relating to the pool’s ability to meet its expenditures and comments on the pool’s compliance with the investments policy.

GC 53646 – Approval of investment policy and treasury quarterly reports (continued)

The County’s Investment Policy was reviewed by the TOC and approved by Board of Supervisors, on August 10, 2022, and December 6, 2022, respectively. The Treasurer’s quarterly reports contained the information specified in the County’s Investment Policy and GC 53646.

Results: The Treasury appears to be in compliance with GC 53646.