

**ERICK ROESER**  
AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

585 FISCAL DRIVE, SUITE 100  
SANTA ROSA, CA 95403  
PHONE (707) 565-2631  
FAX (707) 565-3489



**AMANDA RUCH, CPA**  
ASSISTANT AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

**BROOKE KOOP, CPA**  
ASSISTANT AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

**KATHLEEN PARNELL**  
ASSISTANT AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

October 16, 2024

Compliance Audit of the  
Sonoma County Treasurer  
Investment Pool

Board of Supervisors  
County of Sonoma, California

We have performed the procedures as stated in the attached audit report of the County of Sonoma Treasury Investment Pool, managed by the Treasury Division of the Sonoma County Auditor-Controller-Treasurer Tax Collector's Office (Treasury) for the quarter ending June 30, 2024. The Treasury is responsible for ensuring compliance with relevant laws applicable to the County's Treasury Investment Pool.

Our examination was conducted to satisfy California Government Code sections §26905, §26920 (a), and §26922.

This report is intended for the information and use of the Sonoma County Auditor-Controller-Treasurer-Tax Collector and the Sonoma County Board of Supervisors and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

*Sonoma County Auditor-Controller*

# Internal Audit

S o n o m a C o u n t y

## Compliance Audit: County of Sonoma Treasury

### Treasurer Investment Pool

For the Quarter Ended  
June 30, 2024

- For the quarter ended June 30, 2024, the Treasury maintained an adequate system of controls for the purpose of complying with the applicable California Government Code sections.
- Cash and investments per the Auditor and the Treasurer's records were reconciled as required by Government Code §26905.
- A review was performed of the Treasurer's Statement of Assets by the County Auditor as required by Government Code §26920(a).
- A quarterly report was filed with the Clerk of the Board as required by Government Code §26922.

Audit No: 3590  
Report Date October 16, 2024



**Erick Roeser**

Auditor-Controller-Treasurer-Tax Collector

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**KATHLEEN PARNELL**  
ASSISTANT AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

Damian Gonshorowski, CPA

Audit Manager

Melissa Osso, CIA

Auditor-In-Charge

Auditor-Controller-Treasurer-Tax Collector Web Site

<http://sonomacounty.ca.gov/Auditor-Controller-Treasurer-Tax-Collector/>

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Audit No. 3590

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June 30, 2024

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# Introduction and Background

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## Introduction

The Auditor-Controller-Treasurer-Tax Collector (ACTTC), Internal Audit division has completed a compliance audit of the County of Sonoma Treasury for the quarter ending June 30, 2024. Our audit is designed to identify, analyze, evaluate, and document sufficient information and evidence to achieve our audit objectives. We believe that the evidence obtained provides a reasonable basis for the results contained in our report.

The purpose of our engagement is to review the Treasurer's Statement of Assets as required by Government Code §26920(a). Our review included:

1. Counting cash in the County treasury.
2. Verifying that the records of the County Treasury Division and the Auditor-Controller Division are reconciled pursuant to Section 26905.
3. A report to the Board of Supervisors, which is also filed with the Clerk of the Board.

The Internal Audit Division, the Assistant ACTTC, who is responsible for the Auditor-Controller Division, as well as the Assistant ACTTC, who is responsible for the Treasury and Investment functions covered by this audit, report to the elected ACTTC. Except for conducting this review, the Internal Audit Division has no other responsibilities or involvement in the management or performance of the Treasury's investment functions.

We would like to thank management and staff for their time, information, and cooperation throughout the engagement.

## Background

The County of Sonoma Treasury is responsible for the safekeeping and investment of funds for the County, School Districts and Special Districts. The Treasury oversees all banking operations for the County and its Departments. The Treasury also manages, for the quarter ending June 30, 2024, an investment portfolio of over \$3.8 billion and allocated \$33.5 million in interest earnings.

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# Objectives, Scope and Procedures

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## Objectives

The primary objectives of this audit were to determine if:

1. Cash in the Treasury vault agreed with amounts in the Treasury records;
2. Treasury cash and investments existed and agreed with banks' and other safekeeping agents' statements;
3. Internal controls over the preparation and review of quarterly bank reconciliations were adequately designed and implemented;
4. The records of the County Treasurer and Auditor were reconciled;
5. Internal controls over the preparation of the quarterly report of the Treasurer's Statement of Assets were adequate to ensure that it was accurately prepared, approved and timely filed with the Clerk of the Board;
6. The previous quarterly report was submitted to the office of the Clerk of the Board.

## Scope

The audit covered cash and investments reported in the Treasurer's Statement of Assets for the period April 1, 2024 to June 30, 2024.

## Procedures

We performed the procedures enumerated below:

1. Observed cash drawer counts in the Treasury vault and verified amounts to Treasury records, per Government Code §26920.
2. Verified existence and proper valuation of Treasury cash and investments held in banks and other safekeeping agents through the agents' statements, per Government Code §26920.
3. Reviewed and traced amounts on bank reconciliations to bank confirmations, reviewed the reconciliation review process, and verified a sample of reconciling items to source documents.
4. Verified that records of the County Treasurer and Auditor have been reconciled, per Government Code §26905.
5. Verified a quarterly report of Treasury assets was properly reviewed, signed, and placed on file with the Clerk of the Board pursuant to Government Code §53646.
6. Verified that the previous quarterly report was submitted to the office of the Clerk of the Board, per Government Code §26922.

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# Results

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## Results

### Objective #1:

Cash on hand in the Treasury as of June 30, 2024 agrees with Treasury records (Teller Cash Sheets).

### Objective #2:

The total of cash and investments on hand as of June 30, 2024 per Treasury records and per statements from the banks' and other safekeeping agents were in agreement.

### Objective #3:

Internal controls over the preparation and review of quarterly bank reconciliations are found to be adequately designed and implemented.

### Objective #4:

The records of the County Treasurer and Auditor were reconciled during the audit period.

### Objective #5:

Internal controls over the preparation of the Treasurer's Statement of Assets were adequate and a properly approved statement was filed timely with the Clerk of the Board. Proper reconciliation, reviews and balancing procedures were used to ensure the accuracy of the Treasurer's Statement of Assets. The amounts reported on the Treasurer's Statement of Assets are supported by the Treasurer's records and financial institution statements.

### Objective #6:

The previous quarterly report was submitted to the office of the Clerk of the Board.

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# Supplemental Statement: Statement of Assets

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**Sonoma County Treasury  
Statement of Assets  
June 30, 2024**

	<b>Investment Pool</b>
Cash in Treasury vault	\$ 95,966
Cash held by commercial banks	16,365,517
Investments	
US Treasury Notes	108,152,742
US Agency Bonds	1,300,786,543
Supranational Bonds	285,971,606
Corp Notes and Bonds	999,611,896
Certificates of Deposits	421,000,475
Commercial Paper	170,507,187
Municipal Bonds	345,415,958
SCEIP	17,190,911
Mutual Funds	117,350,721
Sonoma County Water Agency Designated Investments	33,265,125
Total Assets	<u>\$ 3,815,714,647</u>

## **Note 1. Basis of Presentation**

This special-purpose statement of assets was prepared for the purpose of presenting the assets of the Treasury pursuant to the California Code Section 26920 and is not intended to be a presentation in conformity with generally accepted accounting principles. The amounts presented for investments are book values carried at amortized cost. Note disclosures required by Governmental Accounting Standards Board Statement No. 40 deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3, are not presented, since such disclosures are not required by the California Government Code Section 26920.