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# COUNTY OF SANTA CRUZ

## AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, ROOM 100  
SANTA CRUZ, CA 95060

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GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers  
Pam Silbaugh, Accounting  
Suzanne Young, Audit and Systems  
Kathleen Hammons, Budget and Tax

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AGENDA: October 17, 2000  
August 1, 2000

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**SUBJECT: TREASURER QUARTERLY CASH COUNT**

Dear Members of the Board:

Attached is the statement of the count of money in the treasury at June 30, 2000. In accordance with Government Code Section 26920 et seq. this office counts the treasury cash quarterly. This cash count does not constitute an audit and does not include a review of internal controls in the Treasurer's Office. In addition to counting cash on hand, our quarterly procedures include:

- Verifying that cash balances reconcile to the accounting records,
- Periodic confirmations of balances and investments with depositories and the safekeeping agent, and
- Testing all investments for compliance with the Government Code Section 53600 and with the County's Investment Policy.

Results

We noted that one commercial paper investment purchased by the County did not meet all of the requirements set forth in the 2000 County Investment Policy and in Government Code Section 53635(g).

On June 1, 2000, the Treasurer-Tax Collector purchased 14.19% of a 210 million dollar commercial paper issue. The Government Code Section 53635 (g) and the 2000 Investment Policy restricts purchases to a maximum of 10% of an issuer's program. Because of the lack of documentation we were not able to determine if the purchaser reviewed the restrictions, or if there was a mistake made in the data provided by the broker to the purchaser at the time of the review.

We have recommended to the Treasurer-Tax Collector that additional internal controls be put into place in the area of purchasing investments. In the current practice, the broker is issued a copy of the County Investment Policy and is required to review the restrictions of the Investment Policy before selling investments to the County. In addition, the Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector who is making the purchase, has a copy of the Investment Policy and should review the purchase restrictions prior to making a purchase.

We recommend that written documentation be maintained by the purchaser verifying compliance with the Investment Policy at the time each investment is purchased. This documentation should reflect a review of the policy restrictions, as well as the details of the investment as provided by the broker. This documentation should be maintained by the Treasurer-Tax Collector for one year after the investment matures or is sold.

Except for the purchase described above, we found that the investments were in compliance with Government Code Section 53600.

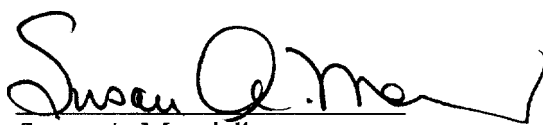
We found the Treasurer's records of cash and investments were in agreement with the accounting records in the Auditor-Controller's Office.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD ACCEPT AND FILE THIS REPORT.

Very truly yours,

  
GARY A. KNUTSON  
Auditor-Controller

RECOMMENDED:

  
Susan A. Mauriello  
County Administrative Officer

GK:ed

Attachment

cc: Treasurer-Tax Collector  
County Counsel  
County Administrative Officer  
Auditor-Controller

0037

STATEMENT OF COUNT OF MONEY IN TREASURY

TO WHOM IT MAY CONCERN:

I Gary A. Knutson, Auditor-Controller of the County of Santa Cruz, State of California, hereby certify that on the 30th day of June 2000, at 4:30 p.m., I counted the money in the Treasury of said County of Santa Cruz pursuant to the provisions of Section 26920 et seq of the Government Code of the State of California. I hereby make the following statement:

The money and receipts for bank deposits and investments in the Treasury on June 30, 2000 as shown by the books in my office should have been **\$ 504,688,779.28**

The amounts of money and receipts for bank deposits and investments in the Treasury actually were **\$ 504,688,779.28**

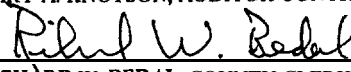
The amounts and kinds of money and the amounts of receipts for bank deposits and investments which were actually in the Treasury are described in the following schedule:

Currency and coin on hand	\$ 2,617.11
Checks on hand	<u>0.00</u>
	\$ 2,617.11
Transactions after close of business	<u>0.00</u>
Checks, currency, and coin on hand at close of business	2,617.11
Cash in banks	13,762,040.61
Pooled investments	
Commercial Paper	87,960,251.12
Medium Term Notes	99,602,315.90
Negotiable CDs	90,523,526.87
Repurchase agreements	40,204,000.00
Federal Agency Issues	64,840,937.50
Guaranteed Investment Contracts	57,505,875.00
Bankers Acceptances	4,855,288.89
Other investments	<u>45,431,926.28</u>
GRAND TOTAL	<b>\$ 504,688,779.28</b>

I Gary A. Knutson, having been duly sworn, depose and say that the foregoing is a true statement of the count of money in the Treasury of the County of Santa Cruz taken by me or under my direction on June 30, 2000.

  
GARY A. KNUTSON, AUDITOR-CONTROLLER

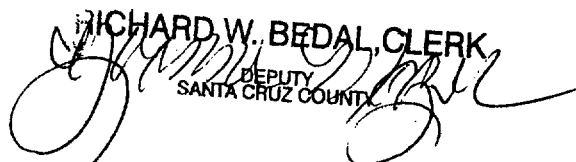
Sworn and subscribed to before me  
this 11th day of August, 2000

  
RICHARD W. BEDAL, COUNTY CLERK

cc: County Clerk  
Treasurer

**FILED**

AUG 11 2000

  
RICHARD W. BEDAL, CLERK  
DEPUTY  
SANTA CRUZ COUNTY

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