

COUNTY OF INYO  
TREASURY OVERSIGHT COMMITTEE  
168 NORTH EDWARDS STREET  
POST OFFICE DRAWER O  
INDEPENDENCE, CA 93526-0614  
(760) 878-0312 • (760) 878-0311 FAX



Amy Shepherd  
Chairperson  
  
Danielle Sexton  
Secretary  
  
Damon Carrington  
Special District Representative

***INYO COUNTY TREASURY OVERSIGHT COMMITTEE (TOC)***  
**REGULAR ANNUAL MEETING**

**AGENDA**

Date: Friday, November 20, 2020  
Time: 4 PM  
Location: 168 N Edwards Street Independence CA  
Treasurer-Tax Collector Office

~ OR ~

Join Zoom Meeting  
<https://us02web.zoom.us/j/6539413849>

Meeting ID: 653 941 3849 No Password Required. Entrants will be muted.

One tap mobile  
+16699006833,,6539413849# US (San Jose)  
+13462487799,,6539413849# US (Houston)

Dial by your location  
+1 669 900 6833 US (San Jose)  
+1 346 248 7799 US (Houston)

Meeting ID: 653 941 3849  
Find your local number: <https://us02web.zoom.us/u/kbKv8LfwuB>

1. Call to Order
2. Public Comment (No action)
3. Election of 2021 Officers (Chairperson and Secretary)
4. Approve TOC meeting minutes from November 18, 2019.
5. Review and approve proposed 2021 County Investment Policy.

6. Review Fiscal Year 2018-2019 Treasury Oversight Committee Compliance Audit.
7. Set date and location of next TOC meeting.
8. Adjourn

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***INYO COUNTY TREASURY OVERSIGHT COMMITTEE (TOC)***  
**ANNUAL MEETING MINUTES**  
**DRAFT**

Date: November 18, 2019  
Time: 9:00 a.m.  
Location:

1. Call to Order 9:00 a.m. Committee members present: Amy Shepherd, Danielle Sexton and Damon Carrington. Also present: County Treasurer Alisha McMurtrie
2. Public Comment – None.
3. Election of 2019 Officers (Chairperson and Secretary)  
Motion (Sexton/Carrington): Elect Mrs. Shepherd as Chairperson and elect Sexton as Secretary of the Inyo County Treasury Oversight Committee for calendar year term 2020. – Approved 3/0
4. Approve TOC meeting minutes from February 20, 2019, July 05, 2019, and September 26, 2019 Meetings:  
Motion (Shepherd/Sexton): Approve the TOC meeting minutes for all three meetings without revisions – Approved 3/0
5. Review and approve proposed 2020 County Investment Policy.  
Treasurer Mrs. McMurtrie recommends no changes made to the policy for 2020. She discussed some local deposit policy change needs, but noted such current issues do not impact the investment policy.  
  
Motion (Shepherd/Sexton): Make recommendation to approve 2020 Investment Policy as proposed by the Treasurer. – Approved 3/0
6. Review 17/18 Treasury Oversight Committee Compliance Audit  
The TOC reviewed and discussed the audit report provided by the Treasurer. The TOC is in compliance with all requirements, and no recommendations were made. – No action.

Treasurer Mrs. McMurtrie discussed current statutes and impacts of investment strategy. In calendar year 2020 the Treasury/Inyo County will go for a new RFP for an Auditor Vendor.

7. Loan Program status update and changes

Mrs. McMurtrie provided Committee a Debt Purchase Program spreadsheet giving details of all current Inyo County Loan Program loans. Ten percent of Inyo County's total investment portfolio available is over \$14.4 million. Current committed loans total \$1,372,898 (0.95% of pool).

Mrs. McMurtrie and TOC members discussed standing of current loans: there are no current issues. Also discussed prior loans not listed: all loans not listed have been paid including Olancho CSD load.

8. Set date and location of next TOC meeting: tentative date saved: Wednesday November 18<sup>th</sup>, 2020 at time TDB; location TBD.

9. Meeting was adjourned at 9:28 a.m.

# COUNTY OF INYO



## STATEMENT OF INVESTMENT POLICY

January 2021

**INVESTMENT POLICY  
of the  
INYO COUNTY TREASURY**

(Note: All legal references to “Sections” made herein are in reference to the California Government Code or Health and Safety Code.)

**Scope:**

This Investment Policy (Policy) applies to all public funds held for safekeeping in the Inyo County Treasury. This Policy has been reviewed and approved by the Board of Supervisors pursuant to Government Code Section 53646. The Board of Supervisors will review and approve a new Policy, or amendments to the Policy, or affirm the current Policy, at least annually. This Policy is effective as of the date of adoption by the Board of Supervisors.

**Policy Statement:**

The purpose of this Policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the stewardship of the Inyo County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code Section 53601 et seq., and this Policy.

**Prudent Investor Rule:**

The standard of prudence to be applied by the investment office shall be the “**Prudent Investor Rule**”, which states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” The **Prudent Investor Rule** shall be applied in the context of managing the investment portfolio.

**Investment Objectives:**

**Safety, Liquidity and Rate of Return:**

- Safety of Principal: The primary objective of the County Treasurer is to safeguard, preserve and protect capital/principal in the portfolio.
- Liquidity: As a second objective, investments shall be made in a manner that will provide for the daily cash flow demands of the Treasury and its participants.
- Yield: As the third objective, investments shall be made in a manner so as to attain a market rate of return throughout budgetary and economic cycles while providing

for the first two objectives, as stated above, consistent with the risk limitations, prudent investment principals and cash flow characteristics identified herein.

**Legal and Regulatory Compliance:**

All investing and investment decisions shall be made with full compliance with California State and Federal Laws and Regulations, and any forthcoming amendments or additions to the California State Statutes or Federal Regulations in relation to the investment and administration of local agency money on deposit in the Treasury. The Treasurer or the Board of Supervisors may provide further restrictions and guidelines for the investment of money on deposit in the Treasury through this Statement of Investment Policy.

**Participants:**

- **STATUTORY PARTICIPANTS:** General Participants are those government agencies within the County of Inyo for which the County Treasurer is statutorily designated as the Custodian of funds.
- **VOLUNTARY PARTICIPANTS:** Other local agencies, such as Special Districts, for which the Treasurer is not the statutory designated Custodian of Funds, may participate in the Pooled Investment Fund. Such participation is subject to the consent of the County Treasurer and must be in accordance with the California Government Code Section 53684 et seq. The agency must provide the County treasurer with a resolution adopted by the agency's governing board approving the Inyo County Pooled Investment Fund as an authorized investment and accept the Inyo County Investment Policy.
- The County Treasurer does not solicit any agency's voluntary entry to the Treasury Pool.

**Delegation of Authority:**

Pursuant to Section 53607, the Inyo County Board of Supervisors may delegate the authority to invest or re-invest public funds in the Inyo County Treasury to the County Treasurer for a one-year period. Thereafter, the County Treasurer shall assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the County Board of Supervisors may renew the delegation authority each year.

If the Board of Supervisors delegates the investment authority to the County Treasurer as referenced above, the County Treasurer may authorize the Assistant County Treasurer or a duly designated and legally eligible employee of the Treasurer's office to purchase

investments in the absence of the County Treasurer pursuant to the Law and to the restrictions as herein stated.

**Authorized Investments:**

Authorized investments shall match the general categories established by the California Government Code Sections 53601, et seq. and 53635, et seq., and shall be listed herein. Authorized investments shall also include, in accordance with California Government Code Section 16429.1, investments into the State Local Agency Investment Fund (LAIF).

- Maturity Restrictions: To provide sufficient liquidity to meet the daily expenditure requirements of not only the County, but the School Districts and other Treasury Pool Participants, the portfolio will maintain at least 40% of its total book value in securities having a maturity of one (1) year or less.
- Operating funds shall be invested so as to ensure that maturity dates will coincide with projected cash flow needs, taking into account anticipated revenues and expenditures of significant dollar size.

**Prohibited Investments:**

All investments not specifically listed within are hereby prohibited.

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**Investment Criteria:**

Figure 1. (See Table of Notes for Figure 1 on following page)

	<b>Maximum Maturity</b>	<b>Maximum % of Pool</b>	<b>Rating</b>
U.S. Treasury and Agency Securities (§53601(b&f))	5 years	100	N/A
Bonds and Notes issued by local agencies (see section 1) (§53601(e))	5 years	100	N/A
Registered State Warrants (see section 2) (§53601(c))	5 years	5 % of agency/district deposits	N/A
Bankers' Acceptances (see section 3) (§53601(g))	180 days	40	N/A
Commercial Paper (see section 4) (§53601(h) and §53635(a))	270 days	15	A-1/P-1
Negotiable Certificates of Deposit (§53601(i))	5 years	30	N/A
Repurchase Agreements (see section 5) (§53601(j))	1 year	25	N/A
Reverse Repurchase Agreements (see section 5) (§53601(j))	92 days	25	N/A
Medium-Term Corporate Notes (§53601(k))	5 years	30	A
Mutual Funds & Money Market Mutual Funds (§53601(l)) & (6509.7 & 53601(p))	N/A	20	AAA
Local Agency Investment Fund (LAIF) (§16429.1)	N/A	As limited by LAIF	N/A

(Figure 1 footnotes)

Section	Information
1	The County Treasury may purchase the bonds, notes, warrants or other evidences of indebtedness of any local agency formed within the County of Inyo. Such investments may not exceed five (5) years. No more than 10% of the assets may be invested.
2	Registered Warrants are restricted only to cash substitutes issued by the State during periods of declared fiscal emergency.
3	No more than 30 percent of the agency's surplus funds may be invested in the Bankers' Acceptances of any one commercial bank pursuant to this section.
4	All commercial paper issuers must maintain an "A-1" rating by Standard & Poor's Corporation or a "P-1" rating by Moody's Investor Service. No more than 15% of the agency's funds may be invested in commercial paper with no more than 10% of the assets be invested in any one issuer's commercial paper.
5	Reverse Repurchase Agreements may be utilized pursuant to the provisions of Section 53601(j) only for the purposes of supplementing the yield on previously purchased securities or to provide funds for the immediate payment of local agency obligations. The maximum maturity of repurchase agreements shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days.

**Criteria for the Selection of Broker/Dealers and Financial Institutions:**

The County Treasurer shall select only primary government securities dealers that report daily to the New York Federal Reserve Bank, unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. All broker/dealers and financial institutions must have a strong industry reputation and open lines of credit with other dealers. Further, these firms must have an investment grade rating from at least one of the national rating services, if applicable.

Any broker, brokerage, dealer or securities firm shall be prohibited from conducting business with the County Treasurer if the individual or firm has, within any consecutive 48-month period following January 1, 1996, made a political contribution exceeding the limitation contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Inyo County Treasurer, any member of the Inyo County Board of Supervisors, or any candidate for these offices.

Each broker/dealer or financial institution will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions.

Each broker/dealer and financial institution authorized to conduct business with Inyo County shall, at least annually, supply the County Treasurer with financial statements.

**Criteria for the Management of Extraordinary Withdrawals:**

Extraordinary Withdrawals are those withdrawals from the County Treasury that:

- Are not predictable by the County Treasurer from an analysis of historic and current Treasury cash flow records, and
- As a result of the dollar amount of such withdrawals, have a significant impact on the ability of the County Treasurer to satisfy the cash flow requirements of the Participants in the County Treasury Pool.

Such Extraordinary Withdrawals from the County Treasury can create liquidity problems and negatively impact the earnings of the remaining County Treasury Pool Participants in the event that the County Treasurer is forced to liquidate securities prior to their scheduled maturity dates in order to cover such withdrawals. A Pool Participant, who wishes to withdraw from the pool or make an Extraordinary Withdrawal, will be encouraged to work with the County Treasurer to arrange a withdrawal schedule that would prevent losses to the withdrawing agency or the remaining Pool Participants.

Pursuant to Government Code Section 27133(h), upon receipt of any request to withdraw funds from the County Treasury, the County Treasurer shall assess the effect of the proposed withdrawal on the stability and predictability of all the investments of the County Treasury. The County Treasurer will approve a withdrawal only if he/she determines that said withdrawal would not adversely affect the interests of the other participants in the County Treasury Pool. If the County Treasurer determines that an Extraordinary Withdrawal will cause the County Treasury Pool to realize a loss, the County Treasurer in his/her discretion may disapprove the withdrawal, or delay the withdrawal, or approve the withdrawal on the condition that any such loss be borne by the agency requesting the withdrawal, and on any other condition necessary to prevent an adverse effect on the interests of the other Pool Participants. The County Treasurer reserves the right to choose

which securities to liquidate to provide for the Extraordinary Withdrawal and could choose to sell the securities that have the lowest earnings.

**Safekeeping:**

Pursuant to Section 53608 the Inyo County Board of Supervisors has, by its Resolution No. 95-97 dated September 26, 1995, delegated to the County Treasurer the authority to enter into safekeeping agreements with specified institutions. Investment securities purchased by the County Treasury shall be held in customer-segregated safekeeping accounts that qualify as "Category 1 Custody" as defined by the Governmental Accounting Standards Board. Each institution where securities are held shall be required to provide a monthly safekeeping statement to the County Treasurer.

**Apportionment of Interest, Costs and the Calculation of the Treasurer's Administrative Fee:**

The relationship of a participant's daily fund balance to the total average daily balance of the entire Treasury Pool determines the percentage of interest paid to the Participant from a single apportionment. The proportionate amount of the Treasurer's Administrative Fee paid by any Participant in any quarter may be calculated in the same manner.

The County Treasurer's Administrative Fee, as authorized by Section 27013 and as calculated by the County Treasurer, shall not exceed the actual administrative costs incurred by the County for the operation of the County Treasury. In addition, pursuant to Section 27135, the cost of the County Treasury Oversight Committee's annual compliance audit shall be deemed as an administrative cost pursuant to Section 27013.

The Treasurer's Administrative Fee shall be imposed quarterly and deducted from interest earnings prior to the apportionment of those earnings to the participants in the County Treasury Pool.

**Audit, Supervision, Approval and Monitoring of the Investment Policy and Portfolio, including Reporting Requirements:**

- Pursuant to Section 25250, the County Board of Supervisors (Board) shall, at least biennially, cause to be audited in accordance with generally accepted auditing standards, the financial accounts and records of all officers, including the County Treasurer, having responsibility for the care, management, collections or disbursement of public funds.
- Pursuant to Section 25303, the Board will supervise the official conduct of the Inyo County Treasurer.
- Pursuant to Section 26920 et seq., the County auditor shall, at least once a quarter, perform a review of the Treasurer's statement of assets.

- Pursuant to Section 27100, the books, accounts and vouchers of the County Treasury are at all times subject to the inspection and examination by the Board and the County Grand Jury, or by any officers or agents designated by the Board or Grand Jury to make the inspection or examination. The County Treasurer shall permit the examination of the books and assets of the County Treasury.
- The County Treasurer shall annually render to the Board at a public meeting the Treasury Investment Policy for the Board's review and approval. Any changes to the Policy shall also be reviewed and approved by the Board at a public meeting. In addition, the Treasurer shall annually provide copies of the Policy to the County Treasury Oversight Committee and the California Debt and Investment Advisory Committee (CDIAC).
- The County Treasurer shall render a quarterly report to the Board, County Auditor-Controller and Treasury Oversight Committee. In addition, copies of the report for the second and fourth quarters shall be forwarded to the California Debt and Investment Advisory Committee (CDIAC). The report shall reflect, pursuant to the Law, the detailed status of investments held by the County Treasury including the following information: (Refer to Section 53646)
  - The type of investment, name of the issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held.
  - A description of the funds, investments or programs that are under management of contracted parties, including lending programs.
  - The market values of all funds, investments or programs under the management of contracted parties, and the source valuation for any security within the treasury.
  - A description of the compliance or the manner in which the portfolio is not in compliance with the County Treasury Investment Policy.
- A statement of the County Treasury's ability to meet the projected liquidity requirements of participants in the treasury pool for the next six (6) months, or an explanation as to why sufficient money may not be available.

Upon request, the County Treasurer shall deliver to the County Auditor-Controller a detailed record of investment activity for the current or preceding fiscal year.

The County Treasurer shall routinely monitor the investment portfolio in relationship to limitations and restrictions imposed by the California statutes and as herein stated, and will adjust the portfolio accordingly.

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**Internal Controls:**

The County Treasurer shall establish a system of written internal controls, which shall be reviewed annually by all authorized persons. The internal controls shall be designed to prevent, or at least minimize, the loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions. Where possible, investments shall be placed, confirmed, held, accounted for and audited by different persons.

**Prohibitions on the Acceptance of Gifts and Honoraria:**

The County Treasurer, Assistant County Treasurer and the members of the Treasury Oversight Committee shall comply with the provisions of the Political Reform Act (Section 87200 et seq.) as those rules may be amended from time to time by the Fair Political Practices Commission.

The provisions of the Political Reform Act shall also govern the conduct of the above referenced individuals, particularly with regard to restriction placed on the acceptance by members of honoraria, gifts and gratuities from financial and security advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business.

**Provisions for the Separate Investment Management of the General Obligation Bond Proceeds of Local Governmental Agencies that are Treasury Pool Participants:**

This section sets forth an alternative investment procedure for the separate investment management of certain general obligation bond proceeds belonging to local governmental agencies that are participants in the Treasury Pool. The goal of this procedure is to maximize interest earnings on general obligation bond proceeds that are not immediately required by the issuing agency, thereby reducing the agency's bond interest costs.

Prior to the separate investment of general obligation bond proceeds as outlined below, the governing board of the local agency that issued the bonds shall adopt a resolution authorizing the County Treasurer to make such investments on behalf of the agency. The agency whose bond proceeds will be invested as herein stated will have the option to restrict the type of such investment instruments purchased by the County Treasurer, provided such restrictions fall within the parameters of this Investment Policy, and are reflected in the agency's authorizing resolution.

General obligation bond proceeds of \$100,000.00 or more belonging to a local governmental agency that is a Treasury Pool Participant and that are not immediately required by the agency, may, at the sole discretion of the County Treasurer, be separately invested for the financial benefit of said agency. The bond proceeds shall at all times remain in, and be considered part of, the County Treasury. The bond proceeds that have been separately invested may not be

withdrawn from the Treasury. Once authorized by a resolution of the agency issuing the bonds as stated above, the County Treasurer may use the bond proceeds to purchase specific investments that will thereafter be considered investments of said agency.

The agency that issued the bonds will deliver to the County Treasurer its most current schedule of calendar dates on which the agency anticipates withdrawing the bond proceeds from the Treasury. The Treasurer will utilize the agency's most current withdrawal schedule to provide the necessary liquidity, while at the same time endeavoring to maximize interest earnings on the said proceeds. In the event the agency requires its bond proceeds prior to the maturity dates of the separate investments, and has no other source of funds to pay the financial obligation that should have been paid from those bond proceeds, the County Treasurer may purchase one or more of the agency's separate bond investments for the Treasury investment portfolio that is shared by the other Pool Participants with assets of the Treasury, thereby making the necessary amount of the agency's bond proceeds available to the agency for withdrawal, provided, however, that no purchase may be made by the Treasurer of the separate bond investments of the agency if that purchase will result in a financial loss the County Treasury or otherwise injure the Treasury Pool Participants.

For accounting purposes, such separate investments shall be segregated from those investments of the Treasury Pool that are owned proportionately by all Treasury Pool Participants. The interest earned on the investments purchased with the agency's bond proceeds will be deposited, net of any Treasurer's Administrative Fees, in the issuing agency's bond proceeds fund within the Treasury, and will not be distributed to any other Pool Participant or Treasury fund. Said bond proceeds, when separately invested as herein stated, will not earn any interest on those Treasury investments that are owned proportionately by the Treasury Pool Participants and not separately invested.

**Disclosure of Significant Activity:**

The Treasurer's office will inform the Office of the County Administrator by means of a written memorandum or email, prior to the close of business on the next business day, whenever the daily activity of the County Treasury includes one or more of the following transactions:

- Transaction(s) in an aggregate amount of \$5,000,000.00 or more including:
  - Sale of a security prior to the stated maturity or call date of said security.
  - Withdrawal or transfer of cash assets from a depository, including but not limited to a bank, investment pool or money market fund.
  - Payment of an Extraordinary Withdrawal, as such Withdrawal is herein defined.
- Activity resulting in a negative balance to a treasury account.

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**Duties of the Treasury Oversight Committee:**

The Treasury Oversight Committee (TOC) is required to annually review and monitor the Investment Policy prepared by the County Treasurer, pursuant to Government Code Section 27133, and cause an annual compliance audit, pursuant to Government Code Section 27134.

Established here as policy, the TOC will review and accept the Statement of Investment Policy prepared by the Treasurer in December of each year. Any revisions to the Statement of Investment Policy will also be reviewed and accepted by the TOC prior to submitting any such revisions to the Board of Supervisors to review and approve.

The Treasurer shall annually submit the Statement of Investment Policy to be reviewed and approved at a public meeting as required by Government Code Section 53646. This Section also requires that any change in the Policy be reviewed and approved by the Board of Supervisors at a public meeting.

**Annual Compliance Audit:**

After the end of each fiscal year, the TOC shall cause to happen, an annual audit to determine compliance with the Statement of Investment Policy. Additionally, the audit may address questions of portfolio structure and risk. The audit findings will be an agenda item at the annual TOC meeting. The cost of the audit will be charged against the Treasurer's budget and will be included in the investment expenses as part of the Treasurer's Administrative Fee.



## GLOSSARY OF TERMS

### ACCRUED INTEREST

Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

### BANKERS' ACCEPTANCE

A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

### BASIS POINT

One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

### BOOK VALUE

The value of a security as carried in the records of an investor. May differ from current market value of the security.

### BROKER/DEALER

Any person engaged in the business of effecting transactions in securities in this state for the account of others or for his/her own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of his/her own issue.

### COMMERCIAL PAPER

Short-term, unsecured promissory note issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

### COUPON RATE

The annual rate of interest payable on a security expressed as a percentage of the principal amount.

### CREDIT RISK

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

### CURRENT YIELD

The annual income from an investment divided by the current market yield. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

### CUSIP NUMBERS

CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned to each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

### DISCOUNT

The amount by which the par value of a security exceeds the price paid for a security.

### EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

### FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

### FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR etc.).

### INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

### LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

### MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

### MATURITY

The date upon which the principal of a security becomes due and payable to the holder.

### MONEY MARKET MUTUAL FUND

A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

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PAR

The stated maturity value, or face value, of a security.

PAR VALUE

The stated or face value of a security expressed as a specific dollar amount.

PREMIUM

The amount by which the price paid for a security exceeds the security's par value.

REPURCHASE AGREEMENT OR RP OR REPO

An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his/her funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

REGISTERED WARRANTS

A registered warrant is a "promise to pay," with interest, that is issued by the State when there is not enough cash to meet all of the State's payment obligations.

SETTLEMENT DATE

The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day the securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

TRADE DATE

The date and time corresponding to an investor's commitment to buy or sell a security.

WEIGHTED AVERAGE MATURITY

The remaining average maturity of all securities held in a portfolio.

**Inyo County Treasurer  
Disaster/Business Continuity Plan  
Banking and Investment Functions**

**Scope:**

The Inyo County Treasurer's banking and investment functions are mission critical and as such, the office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

**Continuity Procedure:**

In the event that we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cell to decide on the alternate location. If unable to contact one another, the authorized persons shall, through the County's office of emergency services establish contact with one another.

**Functions and Tasks to be Performed:**

Recognizing that we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the County Treasurer. While normal processes may be modified, the Investment Policy shall be strictly followed.

Tasks to be performed include:

- Daily cash position workup.
- Investment of maturing securities and any daily deposits.
- Daily cash and bank reconciliation.
- For deposits, the Treasurer's office will notify county departments, special districts and schools of any change to their deposit location. Deposits to any account other than those established by the County Treasurer is strictly prohibited.
- Disbursement activity will be coordinated with the County Auditor-Controller.

**Equipment and Emergency Packets:**

The Treasurer shall have access to one of the emergency laptop kits provided by Information Services in the event of an emergency.

The following items for the emergency packets for the Treasurer and/or his or her designee are:

- Copy of the Investment Policy, which includes the Disaster/Continuity Plan
- Emergency Check Stock
- Updated report of investments
- Sign on instructions to access all online bank accounts and securities safekeeping accounts

- Listing of all home phone, home addresses, cell phone, email addresses of the authorized persons and treasury staff. Listings shall also include the County Administrator, County Auditor-Controller and the Office of Emergency Services.
- Banks, Authorized Broker/Dealers, names and contact information.
- Copies of all district, county and school bank signature cards.
- Contact list for all agencies whose funds are on deposit with the treasury.

**Offsite Locations:**

Failing the ability to operate from our office, our operations will move in this order of priority:

- Location determined by the Office of Emergency Services or County Administrator
- Treasurer's home

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**COUNTY OF INYO**  
**TREASURY OVERSIGHT COMMITTEE**  
**COMPLIANCE EXAMINATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**



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CONSULTING

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**COUNTY OF INYO**

Treasury Oversight Committee  
Compliance Examination  
For the Year Ended June 30, 2019

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## **INDEPENDENT ACCOUNTANTS' REPORT**

Members of the Treasury  
Oversight Committee  
County of Inyo  
Independence, California

We have examined the County of Inyo's compliance with the Treasury Oversight Committee provisions contained in Article 6, Sections 27130-27137 of the California Government Code and the County Investment Policy during the period July 1, 2018, to June 30, 2019. The County Treasury's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements 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 County of Inyo complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether County of Inyo complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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 County of Inyo's compliance with the specified requirements.

In our opinion, County of Inyo complied, in all material respects, with the aforementioned investment compliance requirements.

This report is intended solely for the information and use of the Board of Supervisors, and management and is not intended to be and should not be used by anyone other than these specified parties.

### **CliftonLarsonAllen LLP**

Roseville, California  
August 13, 2020

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**COUNTY OF INYO**

Treasury Oversight Committee  
Compliance Examination  
For the Year Ended June 30, 2019

Committee Members

<u>Member</u>	<u>Organization of Representation</u>
Damon Carrington	Local Public Agencies
Danielle M. Sexton	Public
Amy Shepherd	Pool Participants
<u>Advisory</u>	
Alisha McMurtrie	Treasurer-Tax Collector

## COUNTY OF INYO

Treasury Oversight Committee  
Compliance Examination  
For the Year Ended June 30, 2019

### **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 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 § 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. Government Code § 27134 requires an annual audit to determine compliance with the provisions. This examination serves to comply with that requirement.

### **Committee Formation and Operation**

The Committee held several meetings during the fiscal year to discuss various matters including updating the County Investment Policy, review of the annual audit and election of committee officers. We reviewed the minutes and believe the meetings were properly conducted in order to provide oversight.

### **Investment Policy Statement**

Government Code § 27133 requires the County Treasurer to annually prepare an investment policy statement that is reviewed and monitored by the Treasury Oversight Committee. The most current policy was approved by the Board of Supervisors on January 9, 2019.

**COUNTY OF INYO**

Treasury Oversight Committee  
Compliance Examination  
For the Year Ended June 30, 2019

**Investment Policy Review**

We reviewed the requirements specified in Government Code § 27133, items a-h. We believe the policy which was effective March 16, 2004 and reaffirmed by the Board of Supervisor’s during the January 16, 2018 meeting addresses all the required provisions as follows:

<u>Requirement</u>	<u>Policy Section</u>	<u>Deemed Compliant</u>
a) Authorized securities	5	yes
Maximum percentage by type	5	yes
b) Maximum terms	5	yes
c) Criteria for selection of brokers	6	yes
Prohibition of political contribution	7	yes
d) Limits on gifts	10	yes
e) Reporting to Oversight Committee	9	yes
f) Calculation of treasurer’s costs (GC § 27013)	8	yes
g) Voluntary depositors	3	yes
h) Requests for withdrawal	7	yes

As shown above, we believe the policy adequately addressed the provisions specified in the oversight legislation.

**Compliance to Policy**

We reviewed the County’s actual practices during 2018-2019 to determine compliance to the investment policy. We verified that the maximum percentages by category of investment were not exceeded during the year. We also verified that maximums for single issuers and maximum term limits specified in the policy were not exceeded.

**Reporting**

We reviewed the quarterly 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 and included the cash needs disclosure, compliance to policy and the source of the market value information.

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**COUNTY OF INYO**

Treasury Oversight Committee  
Compliance Examination  
Status of Prior Year Recommendations  
For the Year Ended June 30, 2018

Recommendations

Status

There were no prior year recommendations.