INDEPENDENT AUDITOR’S REPORT
APPLYING AGREED-UPON PROCEDURES
CASH AND INVESTMENTS

We have performed the procedures enumerated below on the cash and investments in the County’s
commingled fund as of March 31, 2012. The procedures were agreed to by the Director, Finance Agency to
determine whether the accountability for the cash and investments by the Controller-Treasurer’s Department
is accurate and whether investments comply with the County’s policies and State law.

Based upon the work performed, we found that investments comply with County policy and State law and
that cash and investments are accounted for in the Accounting and Treasury Divisions of the Controller-
Treasurer’s Department in accordance with policy and established procedures. No material exceptions or
irregularities were noted.

The procedures applied follow:

a. On March 31, 2012, there was no material difference between the accounting for cash and
investments maintained by the Treasury Division and the records of the Accounting Division.

b. For the securities purchased in March and held at March 31, 2012, we compared the issuers’ credit
ratings to the minimum rating requirements to determine compliance with County policy and State
law.

c. We identified and/or computed the investment limitations for each type of investment and tested
actual investments by type and issuer to the limitations permitted by law and policy.

d. We tested the automated system’s computation of the weighted average of maturities to the
maximum permitted by policy (the accuracy of the system was previously tested).

e. We compared the cash and securities held by the depository and custodial banks to these banks’
equity balances and verified the deposit/equity or securities book value/equity ratios were within the
legal requirements.

f. We examined supporting documentation for the purchase of investments.

Board of Supervisors: Mike Wasserman, George Shirakawa, Dave Cortese, Ken Yeager, Liz Kniss
County Executive: Jeffrey V. Smith
We determined the existence of investments held in safekeeping by comparing the investments included in the County custodian’s records with the details of the County’s investment listing.

From the schedule of investments, we examined individual investments with maturity dates exceeding one year and tested the receipt of interest. We reviewed the amounts recorded as revenue received to the amounts reported by the custodial bank as actually received.

We reviewed the reconciliation, completed as of March 31, 2012, of the County’s depository account bank balance to the Treasury Division’s accountability to determine whether all transactions are valid and are being accounted for in accordance with policy and in a timely manner. There were two school district reconciling items over thirty days with an absolute value total of $3,439.79. County policy requires reconciling items be cleared within 30 days.

We determined the existence of bank accounts by confirming the balances with the depository banks and with the State’s Local Agency Investment Fund.

We verified the existence of the items listed on the Schedule of Investments by Fund that is submitted to the Board with the quarterly investment report.

Mariju Beher
Supervising Internal Auditor

Brian P. Mark
Auditor-in-charge