



CORRESPONDENCE NO. 2

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BOARD OF SUPERVISORS

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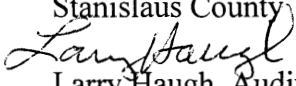
AUDITOR-CONTROLLER

Larry D. Haugh
Auditor - Controller

1010 10th Street, Suite 5100, Modesto, CA 95354
P O Box 770, Modesto, CA 95353-0770
Phone: 209.525.6398 Fax: 209.525.6487

December 3, 2008

MEMO TO: Clerk of the Board
Stanislaus County

FROM: 
Larry Haugh, Auditor-Controller

SUBJECT: **TREASURER'S STATEMENT OF ASSETS**

Attached are two copies of the Treasurer's Statement of Assets for September 25, 2008. Per Government Code Section 26922, one copy of the statement shall be filed in the office of the Clerk of the Board of Supervisors and the Auditor-Controller shall post and maintain the other copy in his office. Pursuant to this code, please sign and date both copies; keep one copy for your file and send the other signed copy back to us.

BOARD OF SUPERVISORS

2008 DEC -4 A 11: 19

Elizabeth A King

**STANISLAUS COUNTY
TREASURER'S STATEMENT OF ASSETS**

AS OF SEPTEMBER 25, 2008



ACCOUNTANT'S REPORT

Board of Supervisors
County of Stanislaus
Modesto, CA

We have examined the Treasurer's Statement of Assets of the County of Stanislaus, California as of September 25, 2008, as required by California State Code Section 26922. The County Treasurer is responsible for the Statement of Assets. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Treasurer's Statement of Assets and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As described in the accompanying information, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the statement referred to above presents, in all material respects, the Treasurer's Statement of Assets of the County of Stanislaus as of September 25, 2008.

Lauren Klein
Certified Public Accountant
Internal Audit Division Manager
Auditor-Controller's Department
County of Stanislaus

November 24, 2008

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STANISLAUS COUNTY
TREASURER'S STATEMENT OF ASSETS
As of September 25, 2008

Cash and Investments per Auditor-Controller	\$ <u><u>966,551,078</u></u>
Cash in Treasury Per Cash Count:	
Cash on Hand:	
Currency and Coin	\$ 94,575
Checks	1,142
Active Bank Deposits	8,401,785
Bankers Acceptances	57,362,717
Managed Pool Accounts	40,000,000
Medium Term Corporate Notes	18,280,090
U. S. Treasury and Federal Agency Securities	824,763,542
Repurchase Agreements	<u>17,647,227</u>
Total Cash and Investments in Treasury	\$ <u><u>966,551,078</u></u>



Management Comments

November 24, 2008

Board of Supervisors,
County of Stanislaus

In planning and performing our examination of the Treasurer's Statement of Assets of the County of Stanislaus for the quarter ending September 25 2008, we considered the Department's internal control in order to determine our examination procedures for the purpose of expressing an opinion on the Treasurer's Statement of Assets and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning that matter. This letter does not affect our report dated November 24, 2008, on the Treasurer's Statement of Assets of the County of Stanislaus.

Status of Prior Quarter Finding

Bank of America Account Reconciliation

We noted during the course of the examination that there are several electronic deposit transactions on the bank reconciliation listed as reconciling items between the bank balance and the financial records of the County. These amounts primarily consist of large payments received from the State of California through electronic wire transfer. These funds have been received by the bank and are in the custody of the County however, the receipt of these funds has not been recorded on the financial records of the County. The bank is no longer notifying the Treasury Department of these funds as was done in the past due to the cost of the fees associated with this notification.

Since the funds in question amounted to \$3,345,767 as of September 25 2008, the amount is significant. We recommend the Treasury Department pursue alternatives regarding notification of the receipt of these funds from a banking institution and record the deposits on the financial records of the County.

Status: This recommendation was not implemented during the prior four quarters. The Department has informed us they were exploring the possibility of transferring these funds to another bank which would provide electronic transfer information in a timely manner. However, the Department has not yet taken action to resolve this matter.

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The comments and recommendations are intended solely for the information and use of the Board of Supervisors, management, and others within the Treasury Department and should not be used by anyone other than these specified parties.

Last, we would like to thank management and staff at the Treasury Department for their cooperation and assistance during the engagement.

Sincerely,

A handwritten signature in cursive script that reads "Lauren Klein".

Lauren Klein,
Certified Public Accountant
County of Stanislaus
Internal Audit Manager