

# NEVADA COUNTY TREASURER-TAX COLLECTOR

## REASON FOR THE INVESTIGATION

The Civil Grand Jury is required by California Penal Code Section 925 to investigate and report on the accounts (funds) of the officers, departments and functions of the county. These investigations can be done on a selective basis. The functions the Grand Jury selected were the collection and investment of funds for which the Treasurer-Tax Collector is responsible.

## PROCEDURE FOLLOWED

The Grand Jury interviewed Treasurer/Tax Collector E. Christina Dabis (TTC), the assistant treasurer, a past outside auditor and a member of the Treasury Oversight Committee. Members of the Grand Jury participated in the 1996-1997 audit review meeting. They also attended a quarterly treasury oversight committee meeting. Past audit management reports were reviewed as was the TTC's investment policy.

## FINDINGS

1. The annual cash flow through the treasury is approximately \$250 million dollars. This includes funds for many entities other than the County of Nevada, i.e. schools and other special districts.
2. The treasury acts as the bank for most all of Nevada County public agencies. Acting in this capacity the treasury will receive receipts and pay out expenditures daily. The residual cash that stays in the treasury makes up its investment portfolio. This portfolio will vary from \$55 million to \$70 million during any one month.
3. The portfolio is invested at the discretion of the TTC consistent with the authorization and prohibitions contained in the state Government Code.
4. The portfolio averaged approximately \$60 million per month during the 1997 calendar year and earned approximately \$3 million for the year at an average rate of return of 5.67 percent.
5. The TTC does not use the State of California Local Agency Investment Fund. The treasurer's return on investment out-performed this fund during the 1997 calendar year.
6. It is the goal of the TTC to keep 96 percent of the treasury funds invested. This would include funds that are in the interest bearing operating account. The goal has been exceeded during the 1996 and 1997 calendar years.
7. During the two peak periods of tax payments, December and April, the office will make as many as three bank deposits a day. During this same time the TTC will add three to four part-time workers to assist the office. The average time for any receipts to deposit and invest is approximately two working days.

8. The Board of Supervisors by Resolution 96469 established the Nevada County Treasury Oversight Committee as required by Government Code Section 27131. The Treasury Oversight Committee was established in the aftermath of the failure of Orange County's investment pool and bankruptcy filing in 1994.

9. In December 1997, the TTC presented an updated investment policy to the Board of Supervisors. This policy is designed to protect the taxpayers' funds from any speculation on the part of the TTC.

### **CONCLUSIONS**

1. The Grand Jury concluded that the TTC policy of putting the preservation of security of invested funds first was commendable. Every effort to protect the taxpayers' funds should be satisfied first before looking for increasing yield.

2. The TTC office is efficiently operated with a limited staff.

### **RECOMMENDATIONS**

None

### **REQUIRED RESPONSES**

None