



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 6/2/2026

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**To:** Board of Supervisors

**Department or Agency Name(s):** Auditor-Controller-Treasurer-Tax Collector

**Staff Name and Phone Number:** Kathleen Parnell, (707) 565-6124; Erick Roeser (707) 565-3285

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Dissolution of the Treasury Oversight Committee

**Recommended Action:**

1. Adopt a Resolution to dissolve the Treasury Oversight Committee due to its limited and non-substantive oversight responsibilities, associated administrative requirements, and to improve operational efficiency, and;
2. Approve revisions to the Sonoma County Statement of Investment Policy to remove references to the Treasury Oversight Committee.

**Executive Summary:**

Following the Orange County investment losses and related 1994 bankruptcy, a requirement was added to the California Government Code at Section 27130, *et. seq.*, (Government Code) that each county establish a Treasury Oversight Committee (TOC) and adopt strict fiduciary and investment standards.

The Sonoma County TOC, established in October of 1996 by Resolution 96-1362, operates under the Ralph M. Brown Act and responsibilities are limited to (1) reviewing and monitoring the County Treasury Investment Policy Statement (IPS) and, (2) calling for an annual Treasury compliance audit. The TOC is specifically prohibited from directing individual investment decisions, selecting investment advisors or brokers and dealers, and impinging on the day-to-day operations of the Treasury.

Effective January 1, 2005, Government Code was amended to make the TOC optional, rather than mandatory.

At this time, the Auditor-Controller-Treasurer-Tax Collector (ACTTC) recommends dissolving the TOC due to its limited and non-substantive responsibilities and has included a revised IPS that has removed references to the TOC for your review and approval. The ACTTC will continue to review the IPS annually and bring any updates to the Board of Supervisors (Board) for approval each December and ensure an annual Treasury compliance audit is performed.

**Discussion:**

In direct response to the Orange County investment losses and related 1994 bankruptcy, the California Legislature enacted Government Code §§ 27130-27137 (Government Code), effective January 1, 1996, to strengthen the framework for investing public funds. These reforms required each county to establish a TOC, restrict investments to conservative and statutorily authorized securities, and formalize strict fiduciary

standards, including the prudent investor standard and the core investment objectives of safety, liquidity, and return.

The Sonoma County TOC is comprised of the Auditor-Controller-Treasurer-Tax Collector, County Executive Officer, County Superintendent of Schools, Superintendent of Santa Rosa City School District, Director of Sonoma Water, and a member of the public (currently vacant). Under the Government Code, TOC responsibilities were intentionally narrow and limited to (1) reviewing and monitoring the IPS, and (2) calling for an annual Treasury compliance audit. The statutory scheme expressly prohibits the TOC from participating in day-to-day treasury operations, directing individual investment decisions, selecting investment advisors or brokers, or recommending or approving changes to the IPS. The Board of Supervisors retains exclusive authority to approve the IPS, while the Treasurer is responsible for proposing revisions and ensuring compliance with both state law and the IPS. In practice, the TOC has met semi-annually under the Brown Act to receive informational updates on investment activity, proposed IPS revisions, and annual audit results. Meetings generally last approximately one hour, and no members of the public have attended during the past five years.

In the years immediately following the Orange County bankruptcy, various amendments to Government Code were enacted that placed additional restrictions on the types of permissible investments allowed within municipal pooled investment funds, including more restrictive concentration limits and minimum credit ratings for certain investments. These subsequent laws, in conjunction with the prudent investment standard, fiduciary responsibilities and financial disclosure requirements for public officials who manage public funds, have tightened the statutory framework within which public funds managers must operate, thereby strengthening investment decisions and the safety of principal.

Effective January 1, 2005, Government Code § 27131 was amended to make the establishment of a TOC optional rather than mandatory. Several counties chose to dissolve their TOCs following this change. Since that time, Sonoma County has continued to maintain its TOC; however, their role remains procedural and limited in scope, with negligible operational or fiscal impact. Maintaining the TOC requires staff support, administrative preparation, and compliance with Brown Act noticing and meeting requirements.

Additionally, alternative oversight mechanisms exist that provide comprehensive and substantive financial governance. These include the required annual IPS review and Board approval under Government Code § 53646; the Board's annual delegation of investment authority to the Treasurer; monthly and quarterly investment reporting, which is maintained on file with the Clerk of the Board and published on the ACTTC website; and the annual Treasury compliance audit.

Information relevant to pool participants and the public will continue to be available through the ACTTC website, Board agenda materials, and direct communication with ACTTC staff.

The potential for dissolution was raised during the February 19, 2026 meeting of the TOC during the discussion of future meeting dates. No objections were raised by any of the members, although no action was requested or taken, as the status of the TOC is not within the purview of its members. Staff recommends the Board adopt the attached Resolution to dissolve the Treasury Oversight Committee, which would be effective immediately. Staff will also remove the TOC members from ACTTC's Conflict of Interest Code at the next opportunity.

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**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

1/9/24 - Approve appointment of Lisa Cavin to the Treasury Oversight Committee in the role of School Districts and Community Colleges District Member

10/05/21 - Rick Edson as School Districts and Community College Member and Donna Dunk as Public Member (Resolution 19-0795)

11/01/16 - Tom Ford appointed as Public Member (Resolution 16-0421)

06/24/14 - Greg Jahn appointed as Public Member (Resolution 14-0280)

04/16/13 - Treasury Oversight Committee Membership redefined (Resolution 13-0137)

09/13/11 - Don Dutil reappointed as Public Member (Resolution 11-0487)

08/11/09 - Treasury Oversight Committee Membership redefined (Resolution 09-0747)

05/15/01 - Treasury Oversight Committee Membership redefined (Resolution 01-0570)

11/05/96 - Appointment of 4 Members (Resolution 96-1443)

10/08/96 - Treasury Oversight Committee Established (Resolution 96-1362)

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY25-26 Adopted</b>	<b>FY26-27 Projected</b>	<b>FY27-28 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

The fiscal impact to the County is minimal. While dissolving the Treasury Oversight Committee will not generate direct staff cost savings, time previously spent coordinating, attending and documenting Committee meetings can be redirected to other value-added activities. Additionally, Committee members will no longer be required to prepare and file Form 700s, further reducing administrative effort.

**Staffing Impacts:**

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Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

1. Resolution
2. Statement of Investment Policy
3. Statement of Investment Policy (Redlined)

**Related Items "On File" with the Clerk of the Board:**

Quarterly Treasury Reports  
Monthly Treasury Transaction Reports  
Treasury Audit Reports