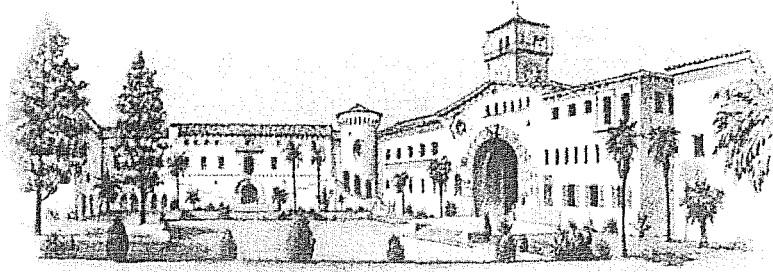


# COUNTY OF SANTA BARBARA

ROBERT W. GEIS, C.P.A.  
Auditor-Controller

THEO FALLATI, C.P.A.  
Assistant Auditor-Controller



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## OFFICE OF THE AUDITOR-CONTROLLER

### ACCOUNTANTS' REVIEW REPORT

To the Honorable Board of Supervisors and the County of Santa Barbara, California:

Pursuant to California Government Code §26920(a), we have reviewed the accompanying Statement of Assets (the Statement) of the Santa Barbara County Treasurer as of December 31, 2011 and September 30, 2011. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Santa Barbara County Treasurer. Our review also included the following procedures:

- (1) Counting the cash in the County Treasury and cash and investments held on behalf of the Treasurer's Office.
- (2) Verifying that the records of the County Treasury and Auditor-Controller are reconciled for cash and investment accounts.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Santa Barbara County Treasurer is responsible for the preparation and fair presentation of the financial statements in accordance with the California Government Code §26920(a) as discussed in Note 1, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The accompanying Statement was prepared for the purpose of complying with the California Government Code §26920(a) as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

As required by various statutes within the California Government Code, county auditor-controllers are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, impair independence standards. We believe that the following safeguards and division of responsibility exist to retain the audit organization's independence. The Santa Barbara County Auditor-Controller is directly elected by the voters of the jurisdiction. Also, the staff, having the responsibility to perform reviews, resides in a stand-alone

division of the Auditor-Controller's Office and has no other responsibility of the accounts and records being reviewed.

Based on our review, we are not aware of any material modifications that should be made to the accompanying Statement in order for it to be in conformity with the modified cash basis of accounting described in Note 1.

A handwritten signature in black ink, appearing to read "Robert W. Geis". The signature is written in a cursive style with a large initial "R" and "G".

Robert W. Geis, CPA  
January 26, 2012

**Santa Barbara County Treasurer's Investment Pool  
Statement of Assets  
As of December 31, 2011**

Asset Description	Cost	Net Unrealized Holding Gains/(Losses)	Fair Value* 12/31/2011	Percent of Portfolio	Yield to Maturity	Weighted Average Days to Maturity	Fair Value 9/30/2011	Net Change
<b>Cash</b>	\$ 91,402,004	\$ -	\$ 91,402,004	8.33	0.170	1	\$ 109,562,687	\$ (18,160,683)
<b>California Asset Management Program (CAMP)</b>	85,000,000	-	85,000,000	7.74	0.160	1	20,000,000	65,000,000
<b>Local Agency Investment Fund (LAIF)</b>	50,000,000	-	50,000,000	4.55	0.390	1	50,000,000	-
<b>Medium Term Notes</b>	5,212,400	(83,450)	5,128,950	0.47	4.410	213	15,168,350	(10,039,400)
<b>Medium Term Notes: TLGP<sup>1</sup></b>	-	-	-	0.00	-	-	5,025,350	(5,025,350)
<b>Government Agency Bonds</b>	175,855,950	1,310,687	177,166,637	16.14	1.152	584	97,442,507	79,724,130
<b>Government Agency Discount Notes</b>	184,841,697	149,653	184,991,350	16.85	0.137	74	239,967,000	(54,975,650)
<b>Government Agency Bonds - Callable</b>	503,138,093	930,140	504,068,232	45.92	1.233	1,225	398,509,499	105,558,733
<b>Total</b>	1,095,450,144	2,307,030	1,097,757,173	100.00	0.839	670	935,675,393	162,081,780

<sup>1</sup>Temporary Liquidity Guarantee Program

\*Provided by Union Bank

**Treasurer's Pool Earnings Summary:**

<b>Total Net Earnings on the Treasurer's Pool</b>	\$ 1,492,481
<b>Average Daily Balance on the Treasurer's Pool</b>	\$ 989,043,373
<b>Net Interest Rate on the Treasurer's Pool</b>	0.599%

# **Santa Barbara County Treasury's Investment Pool**

## **Notes to the Statement of Assets**

**December 31, 2011**

### **Note 1 – Summary of Significant Accounting Policies**

#### ***The Financial Reporting Entity***

The Treasury Investment Pool Statement of Assets includes the cash balances of substantially all funds, which are invested by the County Treasurer. The Santa Barbara County Treasury Pool (The Pool) is managed by the Treasury on behalf of the Pool participants which includes the County, local school districts, and certain special districts who are required by State statutes to participate in the pool. Other municipal agencies may voluntarily participate in the pool. The total percentage share of the Pool that relates to external involuntary participants, including schools and special districts, is 57% as of December 31, 2011.

#### ***Investments***

Pursuant to Section 53646 of the Government Code, the County Treasurer prepares an *Investment Policy Statement* annually and presents it to the Treasury Oversight Committee for review and the Board of Supervisors for approval.

The Investment Policy Statement provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the Treasurer's Investment Policy is more restrictive than state law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and investment pools managed by a Joint Powers Authority.

#### ***Financial Statement Presentation***

The accompanying special-purpose statement of assets was prepared on the modified cash basis of accounting and for the purpose of presenting the assets of the Treasury pursuant to the California Government Code Section 26920 and is not intended to be a presentation in conformity with generally accepted accounting principles. Accordingly, Treasury management has elected to omit note disclosures required by Governmental Accounting Standards Board Statement no. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, since such disclosures are not required by the California Government Code Section 26920.