



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: Auditor-Controller  
Department No.: 061  
For Agenda Of: 8/14/2007  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

---

**TO:** Board of Supervisors

**FROM:** Department Robert W. Geis, CPA, Auditor-Controller, 568-2100  
Director(s)  
Contact Info: Heather Harkless, CPA, Audit Manager, 568-2456

**SUBJECT: Independent Auditor's Report on the Treasurer's Cash & Investments - As of June 30, 2007**

---

**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** N/A

As to form: No

**Recommended Actions:**

That the Board of Supervisors:

Receive and file the Auditor's Report on the Schedule of Cash and Investments in the Santa Barbara County Treasury Pool, and the Auditor's Report on Compliance as of June 30, 2007.

**Summary Text:**

The Auditor-Controller's Independent Auditor's Report is being submitted pursuant to California Government Code Section 26920 and Santa Barbara County Code Section 2-23.2.

We have audited the Schedule of Cash and Investments (the Schedule) relative to the amount and type of assets controlled by the County Treasurer in the Santa Barbara County Treasury pool as of June 30, 2007, and have issued our report thereon dated August 2, 2007. This Schedule is the responsibility of the County Treasurer's management. Our responsibility is to express an opinion on the Schedule based on our audit. In our opinion, the Schedule presents fairly, in all material respects, the cash and investments controlled by the County Treasurer in the Santa Barbara County Treasury Pool as of June 30, 2007, in conformity with generally accepted accounting principles.

We have also audited the Treasurer's compliance with the California Government Code and the Treasurer's Investment Policy. The results were issued in a separate report dated August 2, 2007. The results of our tests indicated, that with the exception of California Government Code Section 53652,

which requires the Treasurer's depository (Bank of America) to maintain pledged securities with a market value of at least ten percent in excess of the total amount of all deposits secured by eligible securities, the Treasurer complied, in all material respects, with the applicable provisions of the California Government Code and the Treasurer's Investment Policy. With respect to items not tested, nothing came to our attention that caused us to believe that the Treasurer had not complied, in all material respects, with those provisions.

Funds that are controlled by the County Treasurer include currently available cash of the County as well as the cash invested into the pool by other governments (such as school districts, special districts and others). The Treasurer is responsible for investing all of these funds in accordance with California Government Codes and the Treasurer's Investment Policy.

The goals of the Treasurer's Investment Policy are safety, liquidity, and yield, in that order. Types of securities in which the Treasurer may invest include U.S. Government Treasury and Agency Securities, Bankers' Acceptances, Commercial Paper, Corporate Bonds and Notes, Repurchase Agreements, and the State Treasurer's Local Agency Investment Pool (LAIF).

Pursuant to Government Code Section 27131, the Treasurer has established a County Treasury Oversight Committee to review and monitor the Treasurer's Investment Policy and to promote public interest in the investment of public funds. In addition, Government Code Section 26923 requires the Auditor-Controller to count the cash in the County Treasury at least quarterly.

**Background:**

**Performance Measure:**

**Fiscal and Facilities Impacts:** None

Budgeted: N/A

**Fiscal Analysis:** N/A

**Staffing Impacts:**

**Legal Positions:**

N/A

**FTEs:**

N/A

**Special Instructions:**

None

**Attachments:**

Independent Auditor's Report

Independent Auditor's Report on Compliance

Schedule of Cash and Investments – As of June 30, 2007, with accompanying notes

**Authored by:** Heather Harkless, Audit Manager

**cc:** Bernice James, Treasurer-Tax Collector