

Attachment



Office of the Auditor-Controller

County of Santa Barbara

One Office. One County. One Future.

Betsy M. Schaffer, CPA
Auditor-Controller

C. Edwin Price, Jr., CPA
Assistant Auditor-Controller

AUDITOR-CONTROLLER'S REPORT

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

Pursuant to California Government Code §26920(a) and Santa Barbara County Code of Ordinances §2-23-2(a), we have reviewed the accompanying County of Santa Barbara Treasurer's Investment Pool Statement of Assets (Statement) as of March 31, 2024, and for the quarter then ended. A review includes primarily applying analytical procedures to the Treasurer's financial data and making inquiries of Treasurer management and staff. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the Statement. Accordingly, we do not express such an opinion. The purpose of the review was to determine whether cash and investments as represented on the Statement are reasonably stated.

As required under California Government Code §26920, our review included the following procedures:

- (1) The quarterly review of the Statement of Assets in the County Treasury.
- (2) A physical count of selected cash in the County Treasury.
- (3) Verifying the records of the County Treasury and Auditor-Controller are reconciled for cash and investment accounts required under California Government Code §26905.

The Treasurer is responsible for the preparation and fair presentation of the Statement and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the Statement.

Our responsibility is to conduct the compliance review in accordance with generally accepted auditing standards (Standards), and in accordance with certain sections of the California Government Code as well as certain sections of the Santa Barbara County Code of Ordinances. These Standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the Statement. We believe that the results of our procedures provide a reasonable basis for the results, observations, and recommendations contained in our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying Statement.

Joel Boyer, CPA
Internal Audit Chief
Office of the Auditor-Controller
County of Santa Barbara, California

**Santa Barbara County Treasurer's Investment Pool
Statement of Assets
As of March 31, 2024**

Asset Description	Cost	Net Unrealized Holding Gains/(Losses)	Fair Value ** 3/31/2024	Percent of Portfolio	Yield to Maturity	Weighted Average Days to Maturity	Fair Value ** 12/31/2023	Net Change
Cash - BofA	\$ 5,000,000	\$ -	\$ 5,000,000	0.19	0.000%	1	\$ 23,123,601 *	\$ (18,123,601)
Cash - BofA (Interest Bearing)	38,627,735	-	38,627,735	1.50	2.740	1	61,419,161	(22,791,426)
Cash - JP Morgan Chase (Interest Bearing)	-	-	-	0.00	3.620	1	20,000,000	(20,000,000)
Federally Insured Cash Account (FICA)	50,000,000	-	50,000,000	1.94	4.990	1	80,000,000	(30,000,000)
California Asset Management Program (CAMP)	100,000,000	-	100,000,000	3.88	5.480	1	30,000,000	70,000,000
Local Agency Investment Fund (LAIF)	75,000,000	-	75,000,000	2.91	4.250	1	75,000,000	-
U.S. Treasury Bills	117,192,281	895,219	118,087,500	4.58	5.253	113	49,358,000	68,729,500
U.S. Treasury Notes	843,429,860	(6,781,060)	836,648,800	32.41	2.775	687	837,824,600	(1,175,800)
Government Agency Bonds	630,996,243	(7,950,100)	623,046,143	24.15	3.591	886	680,234,850	(57,188,708)
Government Agency Discount Notes	77,818,213	1,234,888	79,053,100	3.06	5.351	79	88,376,600	(9,323,500)
Government Agency Bonds - Callable	687,658,964	(32,709,572)	654,949,391	25.38	0.857	484	708,220,020	(53,270,628)
Total	<u>\$ 2,625,723,294</u>	<u>\$ (45,310,626)</u>	<u>\$ 2,580,412,669</u>	<u>100.00</u>	<u>2.839%</u>	<u>568</u>	<u>\$ 2,653,556,832</u>	<u>\$ (73,144,162)</u>

Treasurer's Pool Earnings Summary:

Total Net Earnings on the Treasurer's Pool ***	\$ 16,939,311
Average Daily Balance on the Treasurer's Pool	\$ 2,600,487,174
Net Interest Rate on the Treasurer's Pool	2.61%

* BofA cash was overstated by \$4,230,520 on the 12/31/2023 Statement of Assets resulting from the inclusion of cannabis funds not deducted. The overstatement of BofA cash did not affect the Total Net Earnings reported for the quarter. The 12/31/23 BofA cash balance of \$23,123,601 reflects a downward adjustment of \$4,230,520 (\$27,354,121-4,230,520 = \$23,123,601).

** Provided by US Bank

**** Total net earnings including earned interest, amortization and realized gains and losses on investments.

Asset Description	Cost	Net Unrealized Holding Gains/(Losses)	Fair Value 3/31/2024	Percent of Portfolio	Yield to Maturity	Weighted Average Days to Maturity	Fair Value 12/31/2023	Net Change
Cannabis Cash #	\$ 2,000,000	\$ -	\$ 2,000,000	24.36	0.000%	1	\$ 2,000,000	\$ -
Cannabis Cash (Interest Bearing) #	\$ 6,209,002	-	\$ 6,209,002	75.64	2.74%	1	\$ 4,230,520	\$ 1,978,482
Total	<u>\$8,209,002</u>	<u>\$ -</u>	<u>\$ 8,209,002</u>	<u>100.00</u>			<u>\$ 6,230,520</u>	<u>\$ 1,978,482</u>

Proceeds from Cannabis operations are segregated from the Investment Pool and do not receive Investment Pool interest apportionment.

Santa Barbara County Treasurer's Investment Pool
Notes to the Statement of Assets
March 31, 2024

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity

The Treasurer's Investment Pool Statement of Assets includes the cash balances of substantially all funds, which are invested by the County Treasurer. The Santa Barbara County Treasurer's Investment Pool (The Pool) is managed by the Treasurer 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.

Cash

The cash balance on the Statement of Assets includes cash on deposit at the bank, deposits in-transit to the bank, and deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

Investments

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

The Investment Policy Statement provides the basis for the management of a prudent, conservative investment program. The objectives of the Pool are primarily to safeguard investment principal, secondarily to maintain sufficient liquidity to meet cash flow needs, and lastly to attain a return on the funds. 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 accounting principles generally accepted in the United States of America. Accordingly, Treasury management has elected to omit certain note disclosures required by Governmental Accounting Standards Board statements since such disclosures are not required by the California Government Code Section 26920.