



**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

**Submitted on:**  
**(COB Stamp)**

**Department Name:** Auditor-Controller  
**Department No.:** 061  
**Agenda Date:** December 3, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

**TO:** Board of Supervisors  
**FROM:** Department Director(s): Betsy M. Schaffer, CPA, CFE  
Contact Info: Joel Boyer, CPA  
Internal Audit Chief, 805-568-2456  
**SUBJECT:** **Auditor-Controller’s Report on the Santa Barbara County Treasurer’s Investment Pool  
Statement of Assets – As of September 30, 2024**

**County Counsel Concurrence**

As to form: N/A

**Other Concurrence:**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file the Auditor-Controller's Report on the Santa Barbara County Treasurer’s Investment Pool Statement of Assets as of September 30, 2024.
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because they consist of the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

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

**Background:**

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 Code and the County Investment Policy.

The goals of the County Investment Policy are safety, liquidity, and yield, in that order. 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 bonds and notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; State of California Local Agency Investment Fund (LAIF); and investment pools managed by a Joint Powers Authority.

Furthermore, pursuant to California Government Code Section 27131, the Treasurer has established a County Treasury Oversight Committee to review and monitor the County Investment Policy and to promote public interest in the investment of public funds.

In accordance with California Government Code Section 26920 and Santa Barbara County Code of Ordinances Section 2-23-2, at least once in each quarter, the Auditor-Controller shall perform a review of the Santa Barbara County Treasurer's Investment Pool Statement of Assets (the Statement).

At the end of each quarter, the Treasurer elects to prepare the Statement using the modified cash basis of accounting and omit certain note disclosures required by generally accepted accounting principles. At the end of each fiscal year, the Treasurer prepares a set of financial statements and note disclosures under generally accepted accounting principles, which are audited at that time by the County's external auditors.

We have completed the required review of the Statement as of September 30, 2024. The purpose of the review was to determine whether cash and investments shown on the Statement are reasonably stated.

Our review included the following procedures: 1) The quarterly review of the Statement. 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 Section 26905.

All investments in the Treasurer's Investment Pool, with the exception of five (5) Government Sponsored Enterprise (GSE) bonds, were purchased within the constraints of the County Investment Policy. The aforementioned five (5) GSE bonds purchased from Federal Home Loan Bank are out of compliance with the County Investment Policy's Investment Restrictions as they exceed the maximum GSE allowance of 25% by issuer limitation. However, the GSE bonds remain in compliance with California Government Code section 53601(f). The County Investment Policy has since been amended to increase the GSE issuer limitation from 25% to 100%. The County's external auditors are aware of the non-compliance and concur with the County's treatment of the GSE bonds. See *Note 2 – Investment Policy Compliance* in Attachment A for more details.

Based on our review, the cash and investment amounts represented on the Statement as of September 30, 2024 appear to be reasonably stated and do not appear to require any material adjustments.

**Special Instructions:**

N/A

**Attachments:**

Attachment A – Auditor-Controller's Report and Santa Barbara County Treasurer's Investment Pool Statement of Assets as of September 30, 2024, with accompanying notes.

**Authored by:**

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**cc:**

Harry E. Hagen, CPA, CCMT, CPFA, CPFO, ACPFIM, CFIP, GGIP, Treasurer - Tax Collector