



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: 9/20/11
Placement: Departmental
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: No Vote Required

TO: Board of Supervisors
FROM: Department Robert W. Geis, CPA CPFO
Director(s)
Contact Info: Jennifer Christensen, (568-2134)
SUBJECT: Receive and File the County of Santa Barbara's Comprehensive Annual Financial Report and Financial Highlights for the Fiscal Year Ended June 30, 2011

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions: That the Board of Supervisors:

Receive and file the County of Santa Barbara's Comprehensive Annual Financial Report (CAFR) and Financial Highlights for the fiscal year ended June 30, 2011.

Summary Text:

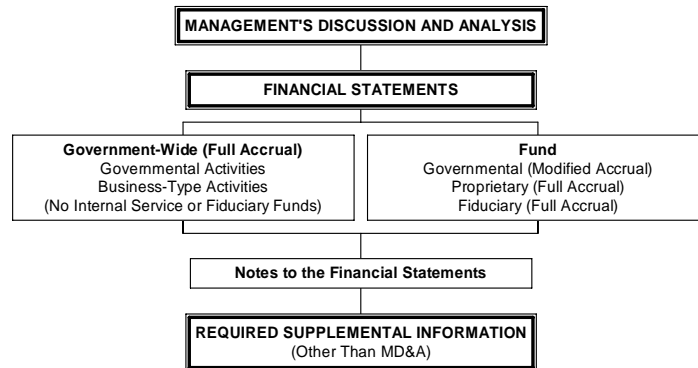
Government Code §§ 25250 and 25253 require every Board of Supervisors to have their financial accounts and records audited and to publish the financial transactions and condition of the county. The attached CAFR is being presented to your Board to fulfill these requirements for the fiscal year ended June 30, 2011.

The County contracts for the annual audit of the financial statements. When the auditor has formed the opinion that the financial statements present fairly the financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles applied on the basis consistent with that of the preceding period, an unqualified opinion is issued. The independent auditing firm of Brown Armstrong CPA issued an unqualified opinion on the CAFR for fiscal year ended June 30, 2011.

Background:

Comprehensive Annual Financial Report (CAFR) of the County of Santa Barbara

Accounting and financial reporting for state and local governments focused originally on funds, which were designed to enhance and demonstrate fiscal accountability. Gradually, however a consensus developed that fund-based presentations needed to be accompanied by government-wide financial statements to meet the equally important objective of operational accountability. The result is today's comprehensive, integrated financial reporting model, which was especially designed to ensure and demonstrate both fiscal and operational accountability. Its intended users are the rating agencies, investors, financial institutions, management and the public.



Along with the reporting enhancements came significant added complexity due to the dual reporting. The report is an increasingly technical report more useful to financial analysts and accountants than management and the public. Though complex, the report reveals the County's financial position, results of operations and detailed disclosures. It is prepared in accordance with government accounting standards for consistency among governmental entities.

Financial Statement Overview

The Statement of Revenues, Expenditures, and Changes in Fund Balances provides the information necessary to assess the County's financial performance for the fiscal year. Detailed analysis is included in the management discussion and analysis section of the report (pages 11–27).

Other areas of interest include detailed note disclosures (pages 49–99) that include cash and investments, long-term debt, fund balances, retirement plans and other postemployment benefits. One item of particular interest this year may be Note 15 (pages 86-87), which presents fund balance for governmental funds according to the new categories implemented by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Supplementary information related to the Schedule of Funding progress for the Retirement System is also included, but is one year in arrears (page 101). An additional Schedule of Funding progress is provided for Other Post Employment Benefits Plan (page 102). The report also includes a variety of statistical information generally related to the last ten years of financial activities (pages 149–166).

Financial Highlights Report of the County of Santa Barbara

The Financial Highlights Report translates the technically complex CAFR into a more easily understandable overview of the County’s finances, economic prospects and achievements. This report focuses on the significant financial and economic activity of Santa Barbara County for the fiscal year ended June 30, 2011. The overall theme of this year’s report is that the County’s financial condition is slowly recovering, and that the County is expected to experience tepid growth for fiscal year 2011-12. By making this report available to the general public, we hope to stimulate an interest in County government finances and promote the County’s accountability to the citizens of Santa Barbara County.

Certificates of Achievement

We are submitting the CAFR and Highlights publications to the Certificate of Achievement for Excellence programs, sponsored by the Government Finance Officers Association (GFOA). The Certificates of Achievement are prestigious awards, recognizing conformance with the highest standards for preparation of state and local governmental financial reports. We have received the CAFR award for the last twenty years and the popular report award for the Financial Highlights for the last fourteen years. We believe that this year’s reports will also qualify for these awards.

Schedule of Federal Financial Assistance and Management Letter

The annual audit process also covers the *Single Audit Report* (Schedule of Federal Financial Assistance) and generally includes a Management Letter, i.e., *Findings and Recommendations*. Test work for the 2010-11 Single Audit began in June 2011, and we anticipate a completion date of November 30, 2011 (required completion is March 31, 2012). Upon completion, the Single Audit report will be filed with the Board.

Performance Measure:

1. Receive unqualified opinion and the Government Finance Officers Association Award for Excellence on the County’s CAFR.
2. Publish the County’s CAFR within 60 days of the fiscal year end.
3. Issue a reader-friendly Financial Highlights report within 60 days of fiscal year-end.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Contract Scope:</u>	<u>FY 10/11</u>
General Fund:	
County Financial Audit	\$ 62,000.00
County Single Audit	36,840.00
County Single Audit (ARRA)	20,000.00
Redevelopment Agency	18,100.00
First 5	11,460.00
Total	\$ 148,400.00

In February 2011, the County entered into a one-year contract (with one remaining 1-year options to renew) with Brown Armstrong CPA's to audit the County's Comprehensive Annual Financial Report and Single Audit, and the Annual Financial Reports for the Redevelopment Agency and the First 5 Children & Families Commission. The County General fund pays for the County's audit and is partially reimbursed from cost allocation charges to the other funds. The general funds of the Redevelopment Agency and First 5 Children & Families Commission each pay for their own audits.

Special Instructions:

None

Attachments:

1. Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011
2. Financial Highlights for the fiscal year ended June 30, 2011
3. Required Communication Letter Pursuant to SAS No. 114

Authored by:

Jennifer Christensen, JD MBA CPFO, Financial Reporting Division Chief, 568-2134

cc: Chandra L. Wallar, County Executive Officer