

**SANTA BARBARA COUNTY  
AGENDA BOARD LETTER**



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

Agenda Number:

Department:  
Department Number:  
Agenda Date:  
Placement:  
Estimated Time:  
Continued Item:

**Auditor-Controller**  
**061**  
January 7, 2003  
Administrative  
No

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TO: Board of Supervisors

FROM: Robert W. Geis, CPA  
Auditor-Controller

STAFF CONTACT: Mike Struven  
Financial Reporting Division Chief

SUBJECT: Annual County Financial Audit for fiscal year ended June 30, 2001 and implementation of Governmental Accounting Standards Board Statement No.34

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**RECOMMENDATIONS:**

C.A. Recommendation: \_\_\_\_\_

That the Board of Supervisors:

Receive and file the General Purpose Financial Report of the Redevelopment Agency for the fiscal year ending June 30, 2002.

**ALIGNMENT WITH BOARD STRATEGIC PLAN:**

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

**EXECUTIVE SUMMARY & DISCUSSION:**

**General Purpose Financial Report of the Redevelopment Agency of the County of Santa Barbara**

The General Purpose Financial Report for the fiscal year ending June 30, 2002 is herewith submitted in compliance with the State of California Health & Safety Code Section 33080. This report is important to the Agency since rating agencies, investors, financial institutions and the public rely upon it. Though complex, the report reveals the Agency's financial position, results of operations and detailed disclosures. It is prepared in accordance with government accounting standards for consistency among governmental units.

This publication is broken down into four sections: Introductory Section (pages 1-4), Financial Section (pages 5-29), Compliance Section (pages 30-37), and Statistical Section (pages 39-40).

Your Board contracts for the annual audit of this financial report. The independent auditing firm, KPMG, has issued an unqualified opinion on the Agency's financial statements

These statements were prepared in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. The impact of GASB 34 on government financial statements was discussed in our previous letter to your Board presenting the County's Comprehensive Annual Report (CAFR).

**Redevelopment Agency Items of Interest:**

<b>Item of Interest</b>	<b>Reference</b>
1. Your Board contracts for the annual audit of this financial report. The independent auditing firm, KPMG, has issued an unqualified opinion on the Redevelopment Agency's financial statements.	Independent Auditor's Report Pages 5-6
2. The Agency's net assets at the close of the fiscal year were \$1,741,421. Of this amount \$1,383,725 (unrestricted net assets) may be used to meet the Agency's obligations to citizens and creditors.	Management's Discussion & Analysis Page 7
3. The Agency's net assets increased by \$1,050,846 during the current fiscal year to \$1,741,421 due primarily to an increase in property tax revenue as a result of increased property values of commercial and residential real estate in the Agency's project areas.	Management's Discussion & Analysis Page 7
4. With new construction and increased property values of commercial and residential real estate, the Isla Vista Project Area saw a 15.8% increase in assessed property valuation. This resulted in a 24.7% increase in incremental property tax revenue for the project area. The Agency was able to entirely cover debt service payments of \$372,110 in FY 01-02 as well as repay County start-up loans of \$385,000. In addition, the Agency finalized its contract with Opticos Design and began preparation of the master plan.	Annual Work Program Report Pages 32-34 and Page 37
5. The Property tax increment for the Goleta Old Town Project Area for FY 01-02 was \$437,798, an increase of 20% over the previous fiscal year. The Agency also secured significant grant funding for various projects in this project area. Agency staff assisted the County on the Hwy. 217/Ekwill/Fowler roadway and flood control improvement project and facilitated private development proposals within the project area. The Planning Commission adopted the Goleta Old Town Heritage District Design Guidelines, which were completed this past fiscal year.	Annual Work Program Report Pages 35-36 and Page 38
6. Effective February 1, 2002, the City of Goleta incorporated. As of July 1, 2002, the Goleta Project Area became the responsibility of the new city. The Redevelopment Agency of the County of Santa Barbara is only responsible for administering the Isla Vista Project Area.	

**FISCAL IMPACT:**

The annual audit fee is \$17,500 and is paid for from the Agency general fund.

**CONCURRENCES:** N/A