

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
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**Agenda Number:**  
**Prepared on:** 8/28/06  
**Department Name:** Auditor-Controller  
**Department No.:** 061  
**Agenda Date:** 9/26/06  
**Placement:** Administrative  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**

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**TO:** Board of Supervisors

**FROM:** Robert W. Geis, CPA  
Auditor-Controller

**STAFF** Robilyn Eggertsen, CPA  
**CONTACT:** Financial Reporting Division Chief (x2134)

**SUBJECT:** Annual County Financial Audit for fiscal year ended June 30, 2006

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## **Recommendation(s):**

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, 2006.

## **Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 3. A Strong, Professionally Managed County Organization.

## **Executive Summary and Discussion:**

### **Comprehensive Annual Financial Report of the County of Santa Barbara**

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006 is herewith submitted in compliance with the State of California Government Code Section 25253. This report is important to County government since rating agencies, investors, financial institutions and the public rely upon it. 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 units.

This publication is broken down into three sections: Introductory Section (pages 1-8), Financial Section (pages 9-124), and Statistical Section (pages 124-146).

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

## **Financial Statement Overview**

With a stable economy, an improved State budget and strong local property tax growth our comments will focus on the changes in the County's finances.

***The County's financial position at June 30, 2006:*** The overall results of the County leave the organization in good financial position at fiscal year-end; the County's net assets (assets greater than liabilities) were \$634 million, a 7% increase from the prior year-end. Over time, increases or decreases in net assets may be a useful indicator of whether the County's financial position is improving or deteriorating. The County reported increases in all three categories of net assets for the past two fiscal years.

***Results of operations for fiscal year 2005-06:*** At the end of fiscal year 2005-06, the combined total fund balances of all the County's governmental funds was \$225.5 million, a \$25 million (or 13%) increase during the fiscal year. Also, the County's primary operating fund, the General Fund, had an unreserved fund balance of \$59.7 million, and a total fund balance of \$68.8 million, an increase of 34% or \$17.5 million. This \$17.5 million increase during the fiscal year is the net result of financing sources of \$359 million exceeding financing uses of \$341.5 million.

## **Financial Highlights Report of the County of Santa Barbara**

This report highlights the significant financial and economic activity of Santa Barbara County for the fiscal year ending June 30, 2006. It is intended to provide an easily understandable overview and summary of the County's finances, economic prospects and achievements. 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.

## **Schedule of Federal Financial Assistance and KPMG Management Letter**

The annual audit process also covers the "Single Audit Report" (Schedule of Federal Financial Assistance) and generally includes a Management Letter (Findings and Recommendations). Test work for the 2005-06 Single Audit is scheduled to commence October 2006 with a required completion date of March 31, 2007. Upon completion the report will be filed with the Board. Findings and Recommendations have yet to be identified to the County, upon receipt the Management Letter will be filed with the Board.

## **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 fifteen years, the popular report award for the Financial Highlights for the last nine years, and we believe that this year's reports will also qualify.

## **Mandates and Service Levels:**

Government Code Section 25250, Health and Safety Code 33080.

## **Fiscal and Facilities Impacts:**

The annual audit fee is \$180,000 and covers the County's audit, the County Redevelopment Agency's audit, and the Single Audit Reports. The Internal Audit Division of the Auditor's Office provides 1,500 hours of audit assistance to the outside audit firm KPMG LLP.

**Special Instructions:** None

**Concurrence:** N/A