



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:** 4/02/2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Betsy M. Schaffer, CPA, CPFO x82100  
Director(s)  
Contact Info: Jenavieve Shiloh, CPA x82134  
**SUBJECT:** Receive and File the County of Santa Barbara's Annual Comprehensive Financial Report and Popular Annual Financial Report for the Fiscal Year Ended June 30, 2023

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence:

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

- a) Receive and file the County of Santa Barbara's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023.
- b) Receive and file the County of Santa Barbara's Popular Annual Financial Report (PAFR or Financial Highlights) for the fiscal year ended June 30, 2023.
- c) Receive and file the Required Communication Letter Pursuant to Statements on Auditing Standards (SAS) No. 114 for the fiscal year ended June 30, 2023.
- d) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(5), because they are government fiscal activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

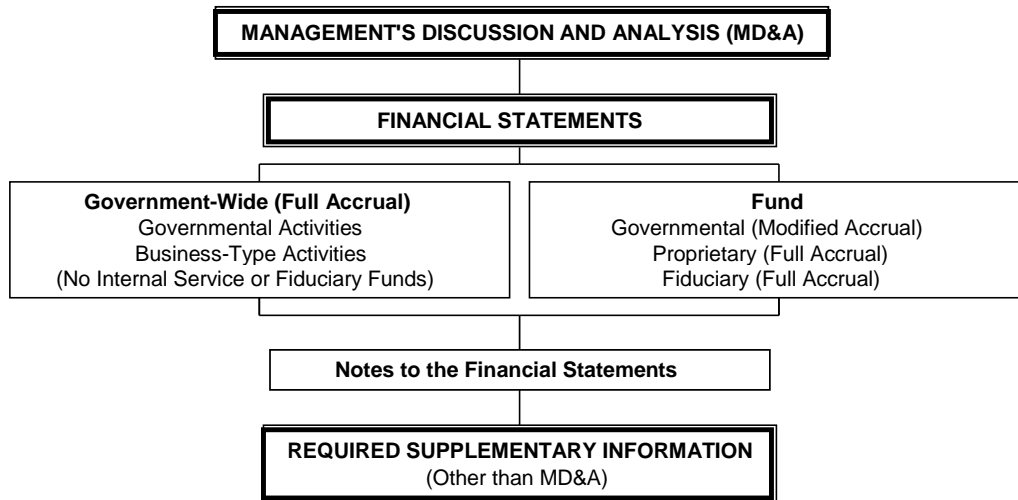
**Summary Text:**

**Annual Comprehensive Financial Report (ACFR) of the County of Santa Barbara**

Accounting and financial reporting for state and local governments originally focused on funds, which were designed to enhance and demonstrate fiscal accountability using a modified accrual (short-term) basis of accounting. Gradually, however, a consensus developed that fund-based presentations needed to be accompanied by governmentwide financial statements using a full accrual basis of accounting in order to meet the equally important objective of operational accountability. The result is today’s comprehensive, integrated financial reporting model, which was designed to ensure and demonstrate both fiscal and operational accountability. Its intended users are the bond rating agencies, investors, and financial institutions, in addition to management, the governing body, and the public.

However, along with these reporting enhancements came significant added complexity due to the dual reporting model. The ACFR has become and is an increasingly technical report more useful to financial analysts and accountants than to 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 generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB) for consistency among governmental entities.

*ACFR Reporting Model*



**Financial Statement Overview**

The following four key financial statements provide the information necessary to assess the County’s financial performance for the fiscal year. Detailed and summary narrative analysis is included in the Management’s Discussion and Analysis (pages 15 – 37), which precede these statements.

- Statement of Net Position – Governmentwide (page 40)
- Statement of Activities – Governmentwide (page 41)
- Balance Sheet – Governmental Funds (pages 42-43)
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (pages 44-45)

Other areas of interest in the ACFR include:

- An introductory transmittal letter that provides a profile of the County, some economic trends, major initiatives that occurred during the fiscal year, and highlighted financial policies (pages 1-9).
- Detailed note disclosures that expand on certain amounts shown in the financial statements (pages 53-132), such as cash and investments, long-term debt, fund balances, pensions, and other postemployment benefits. One item of particular interest may be Note 14 (pages 112 – 113), which presents detailed fund balances for governmental funds.
- Required Supplementary Information includes a Schedule of the County’s Proportionate Share of the Net Pension Liability and Schedule of the County’s Contributions (page 135), a Schedule of Changes in the County’s Net OPEB Liability and Related Ratios (page 136), and Budget to Actual schedules for the General Fund and each major special revenue fund (pages 139 – 146).
- A variety of statistical information generally related to the last ten years of financial and operational activities (pages 209 – 227).

### **Popular Annual Financial Report (PAFR or Financial Highlights)**

The Financial Highlights publication translates the technically complex ACFR into a more easily understandable overview of the County’s finances, economic prospects, and achievements. This report focuses on summarizing the significant financial and economic activity of the County for the fiscal year ended June 30, 2023. By making this report available to the general public, with less technical reporting than the ACFR, 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 have submitted the ACFR and Financial 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 ACFR award annually since 1991 and Financial Highlights award annually since 1995. We believe this year’s reports will also qualify for these awards.

### **Schedule of Expenditures of Federal Awards and Communication on Internal Control**

The annual audit process also covers the Single Audit Report, which includes the Schedule of Expenditures of Brown Armstrong Accountancy Corporation is currently performing the audit of the County’s federal award programs (Single Audit) and anticipate issuing their reports thereon prior to March 31, 2024.

### **Required Communication Letter to Those Charged with Governance**

Auditing standards (SAS 114) issued by the American Institute of CPAs (AICPA) require that the independent auditing firm issue a communication letter for all financial statement audits. The purpose of this letter is to communicate to those charged with governance the scope of audit procedures performed, significant findings, and other information that is not communicated in the audited financial statements. There were no significant items in this letter for the fiscal year 2022-23.

### **Background:**

Government Codes §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 ACFR is being presented to your Board to fulfill these requirements for the fiscal year ended June 30, 2023.

The County contracts for the annual audit of the financial statements. The independent auditing firm of Brown Armstrong Accountancy Corporation issued an unmodified opinion on the ACFR for the fiscal year ended June 30, 2023. An unmodified opinion is issued when the auditor has formed the opinion that the financial statements present fairly the financial position, results of operations, and changes in financial position for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the County, in conformity with generally accepted accounting principles.

**Performance Measure:**

1. Receive an unmodified audit opinion and the Government Finance Officers Association Award for Excellence on the County's ACFR.
2. Publish the preliminary County's ACFR within 60 days of the fiscal year end and finalization within two weeks of receiving the fiduciary funds Pension and OPEB Trust Funds information.
3. Issue a reader-friendly Financial Highlights report within 60 days of fiscal year-end and receive the Government Finance Officers Association popular annual financial report award.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Audit</b>	<b>FY 2022-23</b>
General Fund	Annual Financial Audit	\$ 75,500.00
General Fund	Single Audit	\$ 50,000.00
General Fund	Treasury Audit	\$ 9,000.00
First 5 Fund	First 5 Audit	\$ 10,500.00
Total		\$ 145,000.00

Narrative: The County has a contract with Brown Armstrong Accountancy to audit the County's Annual Comprehensive Financial Report and Single Audit, the Annual Financial Report for the First 5 Children & Families Commission, and the annual Treasury financial and compliance reports for fiscal year 2022-23. The County General fund pays for the County's audit and is partially reimbursed from cost allocation charges to the other funds. First 5 Children & Families Commission and the Treasurer pay for their own audits.

**Special Instructions:**

None

**Attachments:**

- A. Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023
- B. Financial Highlights for the fiscal year ended June 30, 2023
- C. Required Communication Letter Pursuant to Statements on Auditing Standards (SAS) No. 114

**Authored by:**

Jenavieve Shiloh, CPA, Auditor-Controller Financial Reporting Division Chief, (x82134)

**cc:** Mona Miyasato, County Executive Officer