



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:** 5/6/2025  
**Placement:** Administrative Agenda  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Betsy M. Schaffer, CPA, CPFO, CPE x82100  
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, 2024

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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:**

That the Board of Supervisors:

- a) Receive and file the County of Santa Barbara's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024.
- 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, 2024.
- c) Receive and file the Required Communication Letter Pursuant to Statements on Auditing Standards (SAS) No. 114 for the fiscal year ended June 30, 2024.
- 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 public at large as well as bond rating agencies, investors, and financial institutions, in addition to management, and the governing body.

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. A chart describing the ACFR Reporting Model can be found in an appendix to this board letter.

### **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 46-47)

### **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 57-135), 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 114-115), 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 139), a Schedule of Changes in the County's Net OPEB Liability and Related Ratios (page 140), and Budget to Actual schedules for the General Fund and each major special revenue fund (pages 143-150).
- A variety of statistical information generally related to the last ten years of financial and operational activities (pages 215-233).

### **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, 2024. 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 Federal Awards. Brown Armstrong Accountancy Corporation performed the audit of the County's federal award programs (Single Audit) for the year ended June 30, 2024, which is being concurrently received and filed by your Board today, May 6, 2025.

### **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 was one significant audit finding relating to Financial Statements Reported in Accordance with Government Auditing Standards; unrecorded accruals were identified in the Self-Insurance Fund. Management subsequently corrected these items and implemented appropriate measures to avoid reoccurrence. More information can be found in the SAS 114 letter included with this filing and in the Single Audit for the year ended June 30, 2024, being concurrently received and filed by your Board today.

### **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, 2024.

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, 2024. 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:**

Funding Source	Audit	FY 2023-24
General Fund	Annual Financial Audit	\$75,500
General Fund	Single Audit	\$50,000
General Fund	Treasury Audit	\$9,000
First 5 Fund	First 5 Audit	\$10,500
<b>Total</b>		<b>\$145,000</b>

**Staffing Impacts:**

None

**Special Instructions:**

None

**Attachments:**

**Attachment A** – Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024

**Attachment B** – Financial Highlights for the fiscal year ended June 30, 2024

**Attachment C** – Required Communication Letter Pursuant to Statements on Auditing Standards (SAS) No. 114

**Attachment D** – ACFR Description Appendix

**Authored by:**

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**cc:**

Mona Miyasato, County Executive Officer