

**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
October 15, 2002
Departmental
30 minutes
No

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, 2002 and implementation of Governmental Accounting Standards Board Statement No.34

RECOMMENDATIONS: C.A. Recommendation: _____

That the Board of Supervisors:

1. Receive and file the County of Santa Barbara Comprehensive Annual Financial Report (CAFR) and Financial Highlights for the fiscal year ending June 30, 2002.
2. Receive a presentation by the Auditor's Office that provides a high-level overview of the CAFR in the new reporting model format prescribed by Governmental Accounting Standards Board Statement 34.

ALIGNMENT WITH BOARD STRATEGIC PLAN:

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

EXECUTIVE SUMMARY & DISCUSSION:

Comprehensive Annual Financial Report of the County of Santa Barbara

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2002 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 1-7), Financial Section (pages 8-116), and Statistical Section (pages 118-133).

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

We have submitted this report to the Certificate of Achievement for Excellence in Financial Reporting Award program, sponsored by the Government Finance Officers Association (GFOA). The Certificate of Achievement is a prestigious award, recognizing conformance with the highest standards for preparation of state and local governmental financial reports. We have received the award for the last eleven years and we believe that this year's report will also qualify.

After much planning, labor, and consultation with KPMG LLP, we produced the CAFR for the fiscal year ended June 30, 2002 in accordance with the 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. Please note two major distinctions from previous CAFRs:

- The addition of Management’s Discussion and Analysis provides the reader with a top-level overview of the County’s financial position and results of operations for the fiscal year. Much of the information included here was previously included in the Letter of Transmittal.
- The Government-wide Statement of Net Assets and Statement of Activities provide the reader with a consolidated view of the County and distinguish between Governmental activities and Business-type activities. The Statement of Net Assets presents the County’s financial position at June 30, 2002. The Management’s Discussion and Analysis summarizes and discusses the Statement of Net Assets in Table 1 on page 12. The Statement of Activities presents the net results of operations for each of the County’s functions and segregates general revenues from program revenues in order to illustrate the level at which functions are funded by general revenues. The Management’s Discussion and Analysis summarizes and discusses the Statement of Activities in Table 2 on page 13.

The perspective provided by these two statements combined with other financial documents prepared by the County give a detailed picture of the County’s financial position and operations.

This table illustrates the various financial reporting requirements in use by the County and highlights their similarities and differences.

	State Controller Schedules & Reports	Performance Based Budget	Fund Statements (CAFR)	Gov’t Wide Statements (CAFR)
Purpose	Uniform reporting by fund, function, activity and object level	Reporting by function, dept., cost center, object level	Major and nonmajor funds, functions, object level, budget vs actual	Consolidated statements of net assets and activities for governmental & business activities
Focus	Legal appropriations	Appropriations & General fund contribution	Available resources	Broad overview of the County’s finances
Accrual basis	Modified	Modified	Modified	Full
Capital assets	Expenditure	Expenditure	Expenditure	Capitalized & Depr.
Debt	Expenditure	Expenditure	Expenditure	Liability

Financial Highlights 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, 2002. 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.

Redevelopment Agency General Purpose Financial Report

The Redevelopment Agency report was not ready for presentation at this hearing. We will return at a future date with that report, the Single Audit Report (Schedule of Federal Financial Assistance), and KPMG's Management Letter. These documents are part of the Board's audit contract with KPMG LLP.

FISCAL IMPACT:

The annual audit fee is \$97,000 and internal audit provides 1200 hours to assist the outside firm in completion of the engagement.

CONCURRENCES: N/A