



FINANCE DEPARTMENT

FISCAL YEAR 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

April 16, 2024

Agenda

1. Background
2. Government Wide Financial Statements
3. General Fund
4. Enterprise Funds
5. Audit Requirements & Results
6. Questions, Public Comment, & Discussion

BACKGROUND

What is the ACFR?

- Annual Comprehensive Financial Report prepared in accordance with national accounting & financial reporting standards (“GAAP”)
 - *Presents the City’s financial condition & results of operations as a whole & for individual funds*
- It is “comprehensive” because it includes information not required by financial reporting regulations
 - *Qualifies the document for GFOA’s award program*
 - *Provides additional transparency of City finances*

GFOA – Government Finance Officers Association
GAAP – Generally Accepted Accounting Principles

Why is the ACFR Important?

City Charter
requires an annual
financial report

Audited by an
independent CPA

Required by
State law

Important when
issuing debt

Communicates
important
financial information
to the public

GFOA Award

- Certificate of Achievement for Excellence in Financial Reporting
 - “Beyond Minimum Requirements”
 - “Spirit of Transparency & Full Disclosure”
 - “Clearly Communicates Financial Story”
 - “Motivate potential users to read the ACFR”



35th Year the City has received this award

“Highest form of recognition in the area of governmental accounting and financial reporting, a significant accomplishment by a government and its management.”



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Santa Barbara
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Layout & Content

Introductory Section

- *Transmittal Letter*
- *Information about the City Organization*

Financial Section

- *Independent Auditors' Report*
- *Management's Discussion & Analysis*
- *Basic Financial Statements & Notes*

Statistical Section

- *Ten-Year Financial Trend Information*
- *Various Financial Data & Demographic Information*

City of
SANTA BARBARA
CALIFORNIA



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

ACFR Reports: www.SantaBarbaraCA.gov/Budget-Reports

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Financial Highlights

- Government-wide Statements
- Fund Financials
 - *Governmental (General Fund, Measure C, special revenue, others)*
 - *Proprietary Funds (Internal Service & Enterprise)*
 - *Fiduciary Funds*
- Major highlights
 - *Net position increased approx. \$67.0 Million from prior year.*
 - *Sales & Use, Property, Transient Occupancy, & Utility taxes increased by \$3.8 Million in comparison to FY2022.*
 - *General Fund's fund balance increased 9.0% when comparing to prior year.*

Statement of Net Position

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AS OF JUNE 30, 2023 & 2022						
in (000's)						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
ASSETS:						
Current & other Assets	283,652	267,948	255,857	254,573	539,509	522,521
Capital Assets, Net	535,743	520,185	580,887	578,652	1,116,630	1,098,837
TOTAL ASSETS	\$819,395	\$788,133	\$836,744	\$833,225	\$1,656,139	\$1,621,358
Deferred Outflows of Resources	121,112	59,478	23,450	9,601	144,562	69,079
LIABILITIES:						
Current & other Liabilities	54,969	56,702	41,732	36,589	96,701	93,291
Noncurrent Liabilities	402,905	274,894	219,813	203,368	622,718	478,262
TOTAL LIABILITIES	\$457,874	\$331,596	\$261,545	\$239,957	\$719,419	\$571,554
Deferred Inflows of Resources	28,236	108,638	31,495	55,723	59,731	164,361
NET POSITION:						
Net investment in Capital Assets	530,288	518,120	416,480	398,278	946,768	916,398
Restricted	110,749	105,464	8,433	5,663	119,182	111,126
Unrestricted	(186,638)	(216,208)	142,240	143,205	(44,398)	(73,002)
TOTAL NET POSITION	\$454,399	\$407,376	\$567,153	\$547,146	\$1,021,551	\$954,523

GASB 96 – Software License Subscription

- New Subscription standard implemented in FY2023
- Requirement to recognize a subscription liability & intangible asset at commencement of subscription term.
- Statement of Net Position Impacts:
 - *Right of Use Asset – \$3.0 Million*
 - *Subscription Payable – \$2.9 Million*
- 15 SBITAs (*Right to use another party's IT software*) apply to this standard:
 - *6 contracts – Information Technology Department*
 - *9 contracts – Other departments*

Statement of Activities

GOVERNMENTAL ACTIVITIES	EXPENSES in (000's)	REVENUES in (000's)	NET RESULT in (000's)	% SUBSIDIZED
Administration	\$ 20,966	\$ 11,859	(9,107)	43%
Public Safety	65,582	6,962	(58,620)	89%
Public Works	51,964	27,654	(24,310)	47%
Community Services	31,117	11,505	(19,612)	63%
Community Development	19,420	12,498	(6,921)	36%
TOTAL	\$189,049	\$70,479	(\$118,570)	63%

GENERAL REVENUES	AMOUNT in (000's)
Taxes	\$ 158,576
Licenses & Fees	4,344
Investment Income	2,406
Other	240
TOTAL	\$ 165,566
Net Position Beginning FY2023	407,376
Net Position Ending FY2023	454,399
CHANGE IN NET POSITION	\$ 47,023

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INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND



General Fund Balance Sheet

ASSETS	AMOUNT in (000's)	LIABILITIES		AMOUNT in (000's)
Cash & Investments	\$32,596	Accounts Payable		\$ 2,069
Receivables	4,126	Payroll & Benefits Payable		3,223
Leases	4,135	Unearned Revenue		7,656
Due from other Govs.	14,801	Deposits		564
Prepays & Deposits	1,243		Total Liabilities	\$13,511
Interfund Receivables	15,041			
Adv. To Other Funds	2,097	Deferred Inflow of Resources		4,765
		Fund Balances		
		Non-Spendable		3,427
		Restricted		2,601
		Committed		42,051
		Unassigned		7,684
			Total Fund Balances	\$55,763
Total Assets	\$74,039	Total Liabilities & Fund Balances		\$74,039

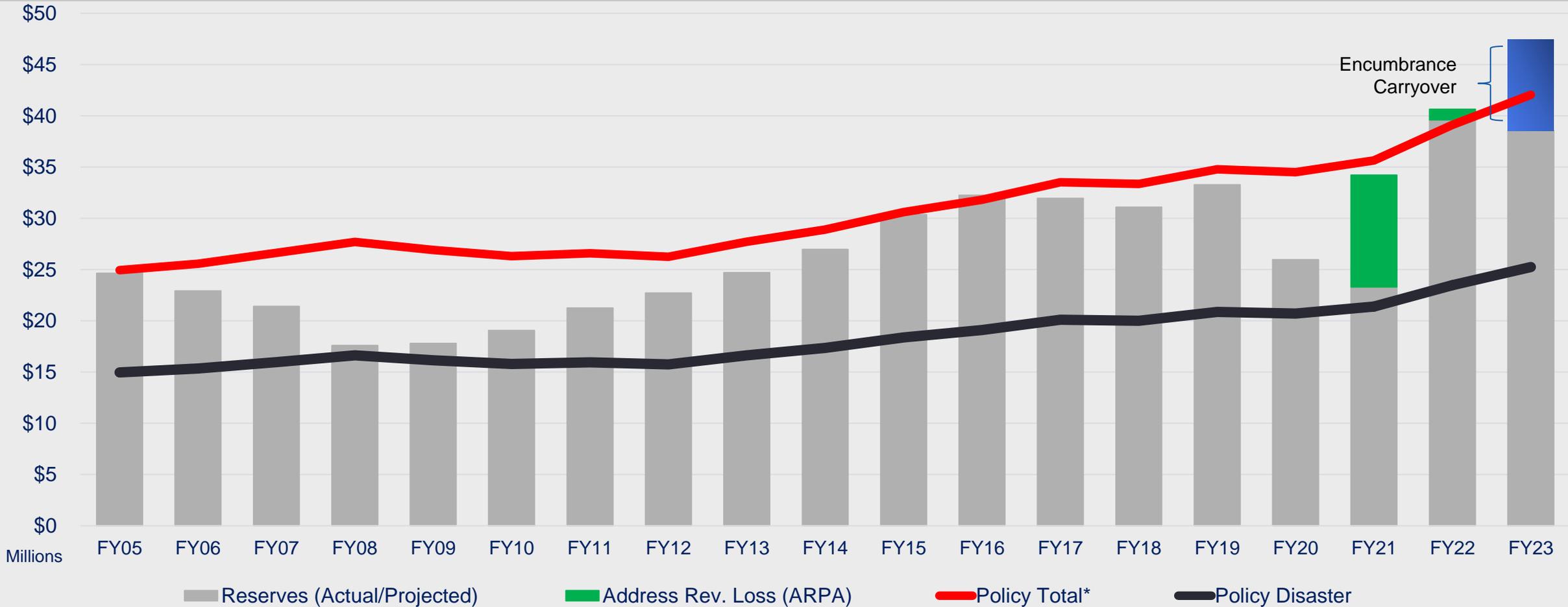
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General Fund Revenue & Expenditure Summary

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	ADOPTED BUDGET in (000's)	REVISED BUDGET in (000's)	ACTUAL FY2023 in (000's)	VARIANCE WITH REVISED BUDGET
Revenue (Includes Transfers)	\$184,702	\$185,349	\$195,734	(\$10,385)
Expenditure (Includes Transfers)	187,448	201,410	191,539	9,871
Excess (Deficiency)	(\$2,746)	(\$16,062)	\$4,195	\$20,257
Fund Balance Beginning			51,568	
Fund Balance Ending			55,763	
Change in Fund Balance			\$ 4,195	

General Fund Reserves



INDIVIDUAL FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS

Enterprise Funds – Net Position

ENTERPRISE FUND VALUES in (000's)	ASSETS	LIABILITIES	DEFERRED INFLOWS & OUTFLOWS	NET POSITION	CHANGE FROM FY2022
Water	\$375,801	\$115,514	\$ 7,050	\$267,336	
Wastewater	135,639	52,768	4,416	87,286	
Airport	205,059	47,081	(10,362)	147,616	
Waterfront	56,028	23,901	(10,558)	21,569	
Solid Waste	14,789	7,792	874	7,871	
Clean Energy	11,590	7,423	119	2,286	
Golf Course	6,924	2,546	(350)	4,028	
Downtown Parking	40,543	6,616	765	34,692	

Enterprise Funds – Income Statement

ENTERPRISE FUNDS VALUES in (000's)	REVENUES	EXPENDITURES	NET INCOME / (LOSS)
Water	\$69,499	\$55,977	\$13,522
Wastewater	27,595	25,102	2,493
Airport	30,620	32,952	(2,333)
Waterfront	18,888	16,946	1,943
Solid Waste	35,875	34,340	1,534
Clean Energy	43,408	37,598	5,810
Golf	4,216	3,304	913
Downtown Parking	9,202	11,027	(1,824)

Enterprise Funds – Reserves (All funds: Capital, Debt & Operating)

ENTERPRISE FUNDS VALUES in (000's)	FUND BALANCE	RESERVE REQUIREMENT	TOTAL RESERVES	AVAILABLE RESERVES	CHANGE FROM FY2022 (Available reserve)
Water	\$267,360	\$39,724	\$67,773	\$28,050	↑
Wastewater	87,288	11,943	14,835	2,891	↓
Airport	147,630	8,249	(15,457)	(23,706)	↓
Waterfront	21,634	6,066	10,219	4,153	↓
Solid Waste	7,844	15,684	9,096	(6,588)	↓
Clean Energy	4,286	9,735	3,922	(5,813)	↑
Golf	4,028	1,109	2,999	1,891	↑
Downtown Parking	34,692	3,298	2,990	(308)	↓

Enterprise Funds – Reserves (Operating Fund only)

ENTERPRISE FUNDS VALUES in (000's)	FUND BALANCE	RESERVE REQUIREMENT	TOTAL RESERVES	AVAILABLE RESERVES
Water	\$226,498	\$34,597	\$50,420	\$15,823
Wastewater	80,403	11,943	10,692	(1,251)
Airport	158,462	8,249	12,025	3,776
Waterfront	17,857	3,949	9,541	5,592
Solid Waste	7,844	15,683	9,095	(6,588)
Clean Energy	4,286	9,735	3,922	(5,813)
Golf	3,739	1,108	2,996	1,888
Downtown Parking	32,950	3,298	2,973	(325)

AUDIT REQUIREMENTS & RESULTS

Audit Process

CLA has been engaged by the City to perform a financial audit & to assist in preparing your annual Audited Financial Statements (ACFR).

Audit Procedures Performed

- Planned & performed the audit to obtain **reasonable** rather than absolute assurance about whether the financial statements are free of material misstatement
- Examined, on a **test basis**, evidence supporting the amounts & disclosures in the financial statements
- Obtained an understanding of the City & its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements

Reports Issued

- Independent Auditors' Report
 - Page 13 of the ACFR
- GAS Letter (Internal Control Letter)
 - One comment related to recording of revenue
- Agreed-Upon-Procedures related to the City's calculation of the GANN limit
- Communication with those charged with governance
- Airport Passenger Facility Charge Fund Compliance Report
- California Law Enforcement Telecommunications System/Message Switching System (CLETS)

Audit Opinion

- Opinions
- Basis for opinions
- Change in accounting principle
- Responsibilities of management for the financial statements
- Auditors' responsibilities for the audit of the financial statements
- Required supplementary information
- Supplementary information
- Other information
- Other reporting required by Government Auditing Standards

Major Take-aways & Next Steps

Strong
net position &
internal controls

General fund
revenues
growing steadily

Pension &
OBEP liabilities
are growing –
Section 115 Trust

Self-Insurance
Fund is still
underfunded

Significant
capital
investment

Focus on
reserves
management

Planning for
FY2024
Quarter 3
Review

Preparing for
FY2025
Budget Cycle

Recommendation

That Finance Committee recommend that the City Council accept the Annual Comprehensive Financial Reports for the Fiscal Year ended June 30, 2023.



QUESTIONS, PUBLIC COMMENT & DISCUSSION