COUNTY OF SANTA BARBARA, CALIFORNIA

SINGLE AUDIT REPORTS

FOR THE YEAR ENDED JUNE 30, 2012

COUNTY OF SANTA BARBARA, CALIFORNIA
SINGLE AUDIT REPORTS
FOR THE YEAR ENDED JUNE 30, 2012

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REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 12-01 through 12-11.

We noted certain matters that we reported to management of County of Santa Barbara, California, in a separate letter dated December 28, 2012.

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 29, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Board of Supervisors
of the County of Santa Barbara, California

Compliance

We have audited the compliance of the County of Santa Barbara, California, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 12-02 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility and allowable costs and activities that are applicable to its Medical Assistance Program (CFDA No. 93.778). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 12-03 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding special tests and provisions that are applicable to its State Administrative Matching Grants for Food Stamp Program (CFDA No. 10.561). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 12-04 and 12-05 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility and special tests and provisions that are applicable to its Temporary Assistance for Needy Families Cluster (CFDA No. 93.558). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 12-07 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding allowable costs and activities that are applicable to its Adoption Assistance Program (CFDA No. 93.659). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 12-01 and 12-06 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding eligibility that are applicable to its Foster Care Program – Title IV-E (CFDA No. 93.658). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 12-08 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding special tests and provisions that are applicable to its Workforce Investment Act (CFDA Nos. 17.258, 17.259, 17.260, 17.277, and 17.278). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in item 12-09 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding subrecipient monitoring that are applicable to its Community Development Block Grants/Entitlement Grants (CFDA Nos. 14.218 and 14.253). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

As described in items 12-10 and 12-11 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply, in all instances, with requirements regarding subrecipient monitoring and special test provisions that are applicable to its HOME Investment Partnerships Program (CFDA No. 14.239). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the six preceding paragraphs, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and which are described in the accompanying Schedule of Findings and Questioned Costs as items 12-01 through 12-11. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
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Bakersfield, California
December 28, 2012

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon, dated August 29, 2012.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the County Board of Supervisors and management of the County as well as the County's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 28, 2012

FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 A	$ 34,476
Cooperative Forestry Assistance	10.664	11-LE-11051360-224 B	15,000
Subtotal			49,476
Passed through California Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0351	137,940
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-0337-SF	6,160
Subtotal			144,100
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	09-0569	3,352
Passed through California Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10494	3,225,805
Passed through California Department of Education:			
School Breakfast Program	10.553	42-10421-4232815-01	105,646
National School Lunch Program	10.555	42-10421-4232815-01	163,751
Subtotal - Child Nutrition Cluster			269,397
Passed through California Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program (M-12)	10.561	Santa Barbara	6,726,782
TOTAL U.S. DEPARTMENT OF AGRICULTURE			10,418,912
U.S. DEPARTMENT OF EDUCATION			
Passed through Santa Barbara County Education Office:			
Title I Program for Neglected and Delinquent Children	84.013	Santa Barbara	103,083
Passed through Santa Maria Joint Union High School District Fighting Back:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Santa Barbara	99,424
TOTAL U.S. DEPARTMENT OF EDUCATION			202,507
U.S. DEPARTMENT OF ENERGY			
Direct Program			
ARRA Energy Efficiency and Conservation Block Grant Program (M-12)	81.128	DE-EE0003796	274,167
Passed through State of California:			
ARRA Energy Efficiency and Conservation Block Grant Program (M-12)	81.128	CBG-09-148	440,694
TOTAL U.S. DEPARTMENT OF ENERGY			714,861

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs			
Consolidated Health Centers (Health Care For the Homeless)	93.224	H80CS00046	639,336
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00193	347,642
Passed through California Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI022513-01	431,875
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H79TI019598-03	329,121
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5H79TI019949-03	136,223
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023287-01	315,334
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79TI023165-01	283,699
Subtotal			1,496,252
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA42	720,885
Block Grants for Prevention and Treatment of Substance Abuse	93.959	11-NNA42	1,442,221
Subtotal			2,163,106
Passed through California Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Santa Barbara	73,868
National Bioterrorism Hospital Preparedness Program	93.889	Santa Barbara	190,525
Passed through California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X06SM060005-10	59,196
Block Grants for Community Mental Health Services	93.958	3B09SM010005-10S1	196,848
Passed through California Department of Public Health			
Preventative Health and Health Services Block Grant	93.991	11-10211	304,172
Maternal and Child Health Services Block Grant to the States	93.994	201042	964,476
Public Health Emergency Preparedness	93.069	EPO 09-42	140,073

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Immunization Grants	93.268	11-10561	152,836
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	10-10258	5,000
Passed through California Department of Health Services:			
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	Santa Barbara	297,090
Subtotal			302,090
Passed through California Department of Public Health - Office of AIDS:			
HIV Care Formula Grants	93.917	MGA 10-95290	259,835
Passed through California Department of Social Services:			
Promoting Safe and Stable Families	93.556	Santa Barbara	292,603
Refugee and Entrant Assistance - State Administered Programs	93.566	Santa Barbara	1,715
Child Welfare Services - State Grants	93.645	Santa Barbara	342,624
Foster Care - Title IV-E (M-12)	93.658	Santa Barbara	7,924,514
Adoption Assistance (M-12)	93.659	Santa Barbara	2,741,446
Social Services Block Grant	93.667	Santa Barbara	413,835
Chafee Foster Care Independent Living	93.674	Santa Barbara	119,918
Temporary Assistance for Needy Families (M-12)	93.558	Santa Barbara	26,384,588
Passed through California Department of Child Support Services:			
Child Support Enforcement (M-12)	93.563	Santa Barbara (County 42)	6,251,812
Passed through California Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	09G26108	425
Voting Access for Individuals with Disabilities Grants to States and Local Governments	93.617	11G26139	5,686
Subtotal			6,111
Passed through California Department of Health Care Services:			
Medical Assistance Program (M-12)	93.778	08-85132	755,886
Passed through California Department of Mental Health:			
Medical Assistance Program (M-12)	93.778	42	2,843,326
Passed through California Department of Social Services:			
Medical Assistance Program (M-12)	93.778	Santa Barbara	14,481,850
Subtotal - Medicaid Cluster			18,081,062
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			69,850,483

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-06986	58,050
Assistance to Firefighters Grant	97.044	EMW-2010-FO-05531	258,339
Subtotal			316,389
Passed through California Emergency Management Agency (CalEMA):			
Hazard Mitigation Grant	97.039	HMP-1810-18-7P,OES #083-00000	5,787
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1952-DR-CA,CAL EMA #083-00000	404,302
Passed through Governor's Office of Emergency Services:			
Emergency Management Performance Grants	97.042	083-00000, EMW-2011-EP-0004	204,151
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2011-0077, OES #83-00000	49,615
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2009-0019, OES #083-00000	546,822
Law Enforcement Terrorism Prevention Programs (LETPP)	97.074	2010-0085, OES #083-00000	206,775
Subtotal			803,212
State Homeland Security Program (SHSP)	97.073	2009-0026, #083-00000	199,820
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,933,661
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs			
Community Development Block Grants/Entitlement Grants (M-12)	14.218	B10UC060509	972,325
Community Development Block Grants/Entitlement Grants (M-12)	14.218	B11UC060509	217,365
Community Development Block Grants/Entitlement Grants (M-12)	14.218	B09UC060509	852,019
ARRA - Community Development Block Grants/Entitlement Grants (CDBG-R)(Recovery Act Funded) (M-12)	14.253	ARRA CDBG-R B09UY060509	122,209
ARRA - Community Development Block Grants/Entitlement Grants (M-12)	14.253	ARRA HPRP S09UY060509	253,608
Subtotal - CDBG- Entitlement Grants Cluster			2,417,526
Emergency Shelter Grants Program	14.231	E11-UC060509	9,643
Emergency Shelter Grants Program	14.231	S10-UC060509	57,690
Emergency Shelter Grants Program	14.231	S09-UC060509	7,648
Subtotal			74,981
Supportive Housing Program	14.235	CA0596B9D031003 Casa Esperanza	160,585
Supportive Housing Program	14.235	CA0598B9D030802 HMIS	16,541
Supportive Housing Program	14.235	CA0598B9D030803 HMIS	52,836
Supportive Housing Program	14.235	CA0600B9D031003	17,765
Supportive Housing Program	14.235	CA0595B9D031003	115,315
Subtotal			363,042

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)			
Direct Programs			
HOME Investment Partnerships Program (M-12)	14.239	M11-DC060554	1,155,295
HOME Investment Partnerships Program (M-12)	14.239	M10-DC060554	1,062,383
HOME Investment Partnerships Program (M-12)	14.239	M09-DC060554	149,699
HOME Investment Partnerships Program (M-12)	14.239	M08-DC060554	161,028
HOME Investment Partnerships Program (M-12)	14.239	M07-DC060554	157,973
HOME Investment Partnerships Program (M-12)	14.239	M06-DC060554	625,171
Subtotal			3,311,549
Passed through California Department of Health Services:			
Housing Opportunities for Persons with AIDS	14.241	10-10144	179,972
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,347,070
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0076	409,714
Passed through Office of Justice Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0714	45,139
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2363	122,743
Passed through California Emergency Management Agency (CalEMA):			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC11220420	196,846
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program /Grants to Units of Local Government	16.804	ZA09 01 0420	218,863
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program /Grants to Units of Local Government	16.804	ZO09 01 0420	62,320
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MS10010420	251,841
Subtotal - JAG Program Cluster			897,752
Violence Against Women Formula Grants	16.588	PU10010420	30,990
Violence Against Women Formula Grants	16.588	PU11020420	75,888
Subtotal			106,878
ARRA - Edward Byrne Memorial Competitive Grant Program	16.808	ZP09010420	269,753
Passed through Office of Justice Program:			
Drug Court Discretionary Grant Program	16.585	2011-DC-BX-0038	31,381
Drug Court Discretionary Grant Program	16.585	2012-DC-BX-0018	33,350
Subtotal			64,731
ARRA - Edward Byrne Memorial Competitive Grant Program	16.808	2009-SC-B9-0073	236,829
Passed through California Corrections Standards Authority:			
Juvenile Accountability Incentive Block Grants	16.523	CSA 126-11	48,869
Passed through Governor's Office of Emergency Services, Cal-EMA:			
Crime Victim Assistance	16.575	VW11 30 0420	114,738
Passed through Governor's Office of Emergency Services:			
Community Prosecution and Project Safe Neighborhoods	16.609	US10 03 0420	8,110
Passed through Lompoc Police Department			
Community Prosecution and Project Safe Neighborhoods	16.609	Santa Barbara County	5,869
Passed through State Office of Criminal Justice & Planning (OCJP)			
Byrne Formula Grant Program	16.579	SF-08-A-410843	42,382
TOTAL U.S. DEPARTMENT OF JUSTICE			2,205,625

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic assistance number	Supplemental identifying number	Expenditures
U.S. DEPARTMENT OF LABOR			
Direct Programs			
WIA Adult Program (M-12)	17.258		799,462
WIA Youth Activities (M-12)	17.259		1,757,613
WIA Adult Workers (M-12)	17.260		204,972
Workforce Investment Act (WIA) National Emergency Grants (M-12)	17.277		145,432
WIA Dislocated Worker Formula Grants (M-12)	17.278		1,312,405
TOTAL U.S. DEPARTMENT OF LABOR - WIA CLUSTER			4,219,884
U.S. DEPARTMENT OF THE INTERIOR			
Passed through Minerals Management Service:			
Coastal Impact Assistance Program (CIAP)	15.426	OMB 1010-0170	26,535
Passed through U.S. Fish and Wildlife Services			
Natural Resource Damage Assessment, Restoration, and Implementation	15.658	81440-A-G301	5,299
Passed through Bureau of Reclamation:			
ARRA - Recreation Resources Management	15.524	R10AC20R41	29,953
ARRA - Recreation Resources Management	15.524	R10AC20R86	869,506
Subtotal			899,459
Passed through U.S. Bureau of Reclamation:			
Water Reclamation and Reuse Program	15.504	R10AC20626	93,932
Water Reclamation and Reuse Program	15.504	R10AC20627	308,829
Subtotal			402,761
TOTAL U.S. DEPARTMENT OF THE INTERIOR			1,334,054
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program			
State and Community Highway Safety	20.600	AL 0838	92,300
Passed through County of San Diego Probation:			
State and Community Highway Safety	20.600	AL 1186	29,066
Subtotal - Highway Safety Cluster			121,366
Passed through State of California Office of Traffic Safety:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL 1163	73,966
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	20458	58,761
Subtotal			132,727

(Continued)

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal grantor/pass-through grantor/program title	Catalog of federal domestic number	Supplemental number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Continued)			
Passed through Caltrans:			
ARRA - Highway Planning and Construction	20.205	05-930225	20,500
Highway Planning and Construction	20.205	05-0591/M040-M	55,464
Highway Planning and Construction	20.205	05-5951(137)	800,882
Highway Planning and Construction	20.205	05-5951(072)	186,185
Highway Planning and Construction	20.205	05-5951(082)	111,782
Highway Planning and Construction	20.205	05-5951(090)	729,923
Highway Planning and Construction	20.205	05-5951(093)	36,351
Highway Planning and Construction	20.205	05-5951(115)	3,690
Highway Planning and Construction	20.205	05-5951(121)	2,289,020
Highway Planning and Construction	20.205	05-5951/	3,142
Highway Planning and Construction	20.205	05-5951/122	3,491
Highway Planning and Construction	20.205	05-5951/M015	40,946
Highway Planning and Construction	20.205	05-5951/M027	152,211
Highway Planning and Construction	20.205	05-5951/M039	81,594
Highway Planning and Construction	20.205	05-5951/M041	1,379,106
Highway Planning and Construction	20.205	05-5951/M048	8,562
Highway Planning and Construction	20.205	05-5951/M053	1,168,140
Highway Planning and Construction	20.205	05-5951/M067	287,104
Highway Planning and Construction	20.205	05-5951/N054	154,051
Highway Planning and Construction	20.205	05-930143	760,270
Highway Planning and Construction	20.205	SRTSL-5951(121)	321,782
Highway Planning and Construction	20.205	SRTSL-5951(039)	61,575
Passed through SBCAG:			
Highway Planning and Construction	20.205	X09-5951(123)	458,115
Subtotal - Highway Planning and Construction			9,113,886
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			9,367,979
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 106,595,036

Grants that are major programs are noted in the program “title” field by “(M-12).”

See accompanying notes to schedule of expenditures of federal awards and the independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Santa Barbara, California (the County). The County's reporting entity is defined in Note 1 of the notes to the County's basic financial statements. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies to the County are included in the accompanying schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, which is described in Note 1 of the notes to the County's basic financial statements.

NOTE 3 – RELATIONSHIP TO COMPREHENSIVE ANNUAL FINANCIAL REPORT

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's Comprehensive Annual Financial Report.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in related federal financial reports.

NOTE 5 – DISCLOSURES FOR STATE GRANT

Grant revenues and expenditures by category for the fiscal year ended June 30, 2012, are as follows:

State of California Department of Insurance – Workers' Compensation Insurance Fraud Program

Revenues:	
State	$ 290,000
Total revenues	$ 290,000
Expenditures:	
Personnel services	$ 290,000
Total expenditures	$ 290,000

FINDINGS AND QUESTIONED COSTS

COUNTY OF SANTA BARBARA, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Auditor's Results

Financial Statements

(a) The type of report issued on the financial statements: **Unqualified opinion.**

(b) Significant deficiencies in internal control that were disclosed by the audit of the financial statements: **None reported.**

Material weaknesses: **None.**

(c) Noncompliance, which is material to the financial statements: **None.**

Federal Awards

(d) Significant deficiencies in internal control over major programs: **Yes. See items 12-01 through 12-11.**

Material weaknesses: **None.**

(e) The type of report issued on compliance for major programs:

1. State Administrative Matching Grants for Food Stamp Program – **Qualified opinion**
2. Medicaid Cluster – **Qualified opinion**
3. Temporary Assistance for Needy Families Cluster – **Qualified opinion**
4. Child Support Enforcement Program – **Unqualified opinion**
5. Foster Care Program – **Qualified opinion**
6. Adoption Assistance – **Qualified opinion**
7. Workforce Investment Act (WIA) Cluster – **Qualified opinion**
8. Community Development Block Grants/Entitlement Grants (CDBG) – **Qualified Opinion**
9. Home Investment Partnerships Program (HOME) – **Qualified Opinion**
10. Energy Efficiency and Conservation Block Grant Program (EECBG) - **Unqualified opinion**

(f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes. See items 12-01 through 12-11.**

(g) Major programs:

- U.S. Department of Agriculture

  – State Administrative Matching Grants for Food Stamp Program (CFDA 10.561)

- U.S. Department of Health and Human Services

  – Medical Assistance Program (CFDA No. 93.778)
  – Temporary Assistance for Needy Families (CFDA No. 93.558)
  – Child Support Enforcement Program (CFDA No. 93.563)
  – Foster Care Program – Title IV-E (CFDA No. 93.658)
  – Adoption Assistance (CFDA No. 93.659)

- U.S. Department of Labor

  – Workforce Investment Act (WIA) Cluster (CFDA Nos. 17.258, 17.259, 17.260, 17.277, 17.278)

- U.S. Department of Housing and Urban Development

  – Community Development Block Grants/Entitlement Grants Cluster, including ARRA Grant (CDFA Nos. 14.218 and 14.253)
  – HOME Investment Partnerships Program (CFDA No. 14.239)

- U.S. Department of Energy

  – Energy Efficiency and Conservation Block Grant Program, including ARRA Grant (CFDA No. 81.128)

Dollar threshold used to distinguish between Type A and Type B programs: **$3,000,000.**

(h) Low-risk auditee determination under Section 530 of OMB Circular A-133: **No. The County is considered a high-risk auditee.**

2. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

3. Findings and Recommendations Relating to Federal Awards

12-01

Program: Foster Care Title IV-E
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $15,094

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible cases.

Condition Found:
Out of the 60 cases selected for eligibility testwork, we noted the following:

- 8 case files where initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur. These items did not result in any questioned costs.
- 3 case files where the cases did not qualify for federal funding.
- 2 case files where the benefit amounts were calculated incorrectly.

Effect:
Participants may be ineligible to receive benefits per the AFDC requirements, but may be eligible to receive benefits under another funding source. Case files maybe coded incorrectly to the wrong funding source.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to ongoing Title IV-E eligibility determination requirements in order to ensure that Title IV-E eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Title IV-E eligibility determinations are supported by the proper documentation in the case file. To ensure proper coding of case files, the County should implement a review process for coding of funding sources. We also recommend that the County follow its policy that requires the case files be reviewed for accurate calculation of benefits so that the participants are paid properly.

Views of Responsible Officials:
Regarding the 8 case files where it was found that the initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur, we do not agree. It is our normal business process to initiate live scans within the required ten days by providing the orientation and forms to the caregiver as documented on the REL-00 that is signed by the caregiver and relative approval worker. We have reviewed the 8 cases in question and found that 7 of 8 fingerprint checks were initiated within the required ten days. We submitted documentation to verify such. Moreover, the circular which outlines the process for this audit describes this period where children will be placed but that no federal funds were expended until the finger print check is received as an allowable administrative expense.

However, the auditors requested that a CDSS State analyst/representative confirm in writing that the Department's interpretation of "initiate" is correct. We will be unable to obtain such confirmation given the time constraints of this audit and due to lengthy communication process with CDSS.

We concur with the findings regarding funding source and benefit amount calculations. The Department of Social Services acknowledges three cases were coded with the incorrect funding source (federal payment issued rather than state). In regards to Questioned Costs, we acknowledge the importance of proper coding in the CalWIN system. However, we would like to emphasize that while these children were not eligible to benefits per AFDC 1996 requirements, they were state eligible to these payments. Therefore, steps will be taken to appropriately claim these costs as state only costs instead of federally eligible costs. The Department also acknowledges two cases where benefit amounts were calculated incorrectly that resulted in underpayments.

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12-02

Program: Medicaid Cluster
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Departments of Health Care Services, Mental Health, and Social Services
Award Numbers: Various
Award Year: Fiscal year 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes the following:

- Obtaining a written application, MC 210 "Statement of Facts," signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts," including identity, social security number, residency, monthly expenses, as well as pregnancy, if necessary.
- Reconfirming of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS), a secondary income verification tool. Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.
- Verification of an applicant and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 60 case files selected for eligibility testwork, we noted the following:

- 4 case files whereby the County did not use the IEVS in a timely manner to verify income and property documentation.
- 4 case files whereby the eligibility information provided by the client did not match the information entered into the system.

Out of the 60 case files selected for IHSS eligibility testwork, we noted the following

- 18 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.
- 5 case files whereby the County failed to retain MEDS from the reassessment date on file.

Effect:
Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors and inaccurate benefit calculations.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that the IEVS report was not run timely as secondary verification of income and property documentation on four cases. For these four cases, IEVS was subsequently processed, resulting in no change in eligibility.

The Department has longstanding policies and procedures with regards to IEVS process. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). Administrative Directive (AD) 06-22 "Income and Eligibility Verification System (IEVS) Reports" clearly outlines these requirements. To ensure IEVS reports are requested and used timely, AD 06-22 will be reviewed during the upcoming Medi-Cal TEAM meeting. Additionally, a Medi-Cal program Bulletin article will be published in an upcoming monthly bulletin to remind all eligibility staff of this requirement. Eligibility Supervisors will be required to remind their staff of the IEVS processing timeframe by reviewing AD 06-22 with their staff. Supervisors will be required to provide verification of this review by January 2013.

The Department also acknowledges four cases whereby the eligibility information provided by the client did not match the information entered into the CalWIN system. Although there were no resultant Questioned Costs, accurate CalWIN entries are essential to the program and staff is trained extensively on this critical element of eligibility. The importance of accuracy is continuously stressed. DSS utilizes supervisory case reviews to ensure the integrity of eligibility determinations and to ensure correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be complied into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. As a follow-up, a program bulletin reminder will be published in December 2012 reminding all eligibility staff of the requirement to document every time a change is reported affecting eligibility and/or benefit amount per Administrative Directive AD 06-04 "Case Comments."

IHSS
We concur with this finding. The Department of Social Services recognizes the importance of processing reassessments in a timely manner and acknowledges eighteen reassessments were not completed within the mandated time frames. Despite the untimely processing, no recipient was found ineligible to IHSS once the paperwork process was completed. This program continues to be faced with significant funding challenges. Additionally, a number of significant program changes continue to impact the IHSS workload. Despite the increased workload, the social workers have accepted responsibility for ensuring these vulnerable adults remain safely in their homes while the integrity of the program is maintained.

The Department is committed to improving our compliance rate in the area of overdue reassessments. The Department has reaffirmed the importance of processing reassessments in a timely manner by 1) revising and providing detailed reassessment instructions to staff; 2) clarifying reassessment procedures to assist social workers with caseload management to improve efficiency (IHSS Memo 09-12, "Reassessment Procedures" issued September 2012); and 3) utilizing Quality Assurance staff to assist with the processing of overdue reassessments on a part time basis.

The Department of Social Services acknowledges five case files whereby the County failed to retain MEDS screen prints from the reassessment date on file. Even though missing MEDS screen prints, a subsequent review indicates all these recipients remained eligible for services during the period in question.

DSS written policies and procedures require Social Workers check MEDS eligibility prior to completing an annual reassessment. This procedure includes accessing MEDS and printing/scanning MEDS screens into the document imaging system in order to verify eligibility. In order to eliminate this

exception in future audits, a new business process was developed specifying procedures that must be followed on all reassessments (IHSS Memo "Reassessment Procedures," issued September 2012). Administrative Office Professionals (AOPs) in each district office will now be responsible for identifying cases that are due for reassessments in the current month. The AOPs will print/scan copies of appropriate MEDS screens into the document imagining system so they are available for Social Worker review prior to the scheduled home visit. By assigning this task to the AOPs as an ongoing monthly task, we expect to eliminate this exception from future audits.

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12-03

Program: State Administrative Matching Grants for Food Stamp Program
CFDA Nos.: 10.561
Federal Agency: U.S. Department of Agriculture
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs: $403

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions require that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of 60 case files selected for testing, we noted:

- 9 case files whereby the County inaccurately entered the participant's income into the CalWIN System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that the participant's income was entered inaccurately into the CalWIN System in nine instances. Although the benefit differences were minimal, the Department recognizes the importance of accurate data entries. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). Administrative Directive AD 09-102 "Case Review Policy Multiple

Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal" was revised on September 19, 2011 to reflect the importance of this process. The Department utilizes supervisory case review to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialists, line supervisors and line staff. Staff will follow-up on any actions needed as a result of the error trend analysis.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The corrective action plan and current case review policy will be reviewed with supervisors at our next countywide CalFresh Team Meeting on December 12, 2012. Additionally, a reminder will be issued in **an upcoming monthly** CalWIN electronic Bulletin.

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12-04

Program: Temporary Assistance for Needy Families
CFDA Nos.: 93.558
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $190

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 7 case files whereby the County inaccurately entered the participant's income into the CalWIN System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of the participant's file. This will help ensure the accuracy of the participant's data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that the participant's income was entered inaccurately into the CalWIN System in seven instances. Although the benefit differences were minimal, the Department recognizes the importance of accurate data entries. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). Administrative Directive AD 09-102 "Case Review Policy Multiple

Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal" was revised on September 19, 2011 to reflect the importance of this process. The Department utilizes supervisory case review to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialists, line supervisors and line staff. Staff will follow-up on any actions needed as a result of the error trend analysis.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The corrective action plan and current case review policy will be reviewed with supervisors at the next countywide CalWORKs Team Meeting on January 22, 2013. Additionally, a reminder will be issued in an upcoming electronic Monthly CalWIN Bulletin.

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12-05

Program: Temporary Assistance for Needy Families
CFDA Nos.: 93.558
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan, the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 5 case files whereby the County did not use the IEVS to verify income and property documentation in a timely and consistent manner at the redetermination dates.

Effect:
Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

Recommendation:
We recommend that the County adhere to the established policies and procedures with regards to ongoing eligibility verification. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges that an IEVS report was not utilized in a timely manner on five case files. Although a subsequent review of IEVS resulted in no differences to the cases, the Department recognizes that IEVS is an important secondary tool to verify reported information. The Department's program policies and procedures are contained in widely distributed documents called Administrative Directives (ADs). Administrative Directive AD 09-

102 “Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal” was revised on September 19, 2011 to reflect the importance of this process. The Department utilizes supervisory case reviews to ensure the correct amounts are entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be complied into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff.

Administrative Directive AD 06-22 “IEVS Report” gives staff detailed instructions on when to request the IEVS Applicant Reports and the steps to take in resolving any discrepancies. Ongoing workers are required to request an IEVS Applicant Report during the yearly renewal process. They are required to review for any potential unreported earnings and unearned income. In addition, workers are required to follow up with the client if a determination has been made that another individual is using the social security number of an assistance unit member. As a result of this finding, case reviews will include verifying that the IEVS Applicant Report was requested and processed timely.

The findings, corrective action plan, and the current case review policy will be reviewed with supervisory staff by the Department Business Specialist, with the expectation that the supervisors provide unit training/review of the applicable policies and procedures. The current case review policy will be reviewed with supervisors at the next countywide CalWORKs Team Meeting on January 22, 2013.

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12-06

Program: Foster Care Title IV-E
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/2012
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 60 participants selected for eligibility testwork, we noted the following:

- 6 case files whereby the County failed to re-determine reasonable candidacy in a timely manner.
- 3 case files whereby the case plans were missing one of the required signatures.

Effect:
Ineligible participants may be receiving benefits.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
The Probation Department concurs with both of these conditions. The Probation Department has formal policies and procedures with regards to ongoing eligibility re-determinations. The electronic case management system monitors re-determination deadlines and provides reports for pending and past due re-determinations. Beginning January 1, 2012, the Department implemented Random Moment Sampling (RMS) for keeping track of hours spent on Title IV-E. The RMS system captures information on the client receiving the service. The Department notes that all 6 of the instances where re-determination of reasonable candidacy was not completed timely occurred prior to the implementation of the RMS system.

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12-07

Program: Adoption Assistance
CFDA No.: 93.659
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Eligibility
Questioned Costs: $24,072

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:
Out of the 48 participants selected for eligibility testwork, we noted the following:

- 29 case files whereby the eligibility certification form, AAP-4, was not completed and/or eligibility was not determined by the case worker in a timely manner. The AAP-4s were completed after the fiscal year being audited.
- 29 case files whereby the forms AAP-2 and/or AD 4320 were missing the required signatures.

Effect:
Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with these findings. However, we have conducted a review of the 29 cases where the AAP-4 was not completed timely and have found that 29 of the 29 cases were indeed federally eligible. Therefore, federal funding for these cases was appropriate. The Department of Social Services is aware of the issue with the incomplete AAP-4 forms and intends immediate corrective action for this procedural oversight. The Department is currently in the process of conducting a 100% review of all Adoptions Assistance Program cases. The corrective action plan will include the review of each child's Foster Care file in order to properly complete the AAP-4 forms.

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12-08

Program: Workforce Investment Act (WIA) Cluster
CFDA No.: 17.258, 17.259, 17.260, 17.277, and 17.278
Federal Agencies: U.S. Department of Labor
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:
Out of the 40 participants selected for eligibility testwork, we noted the following:

- 9 case files whereby the case files lack timely evidence of a case manager/supervisor review.

Effect:
The case files may contain incorrect information and may not be detected due to the untimely review by a case manager/supervisor.

Recommendation:
We recommend that the County adhere to established policies and procedures with regards to timely review of the participant's application by a case manager/supervisor.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services acknowledges nine case files whereby the case file lack timely evidence of a case manager/ supervisor review. Prior to October, 2011, the Workforce Investment Board (WIB) Youth Program case management was contracted out to four (4) local agencies. At that time a policy was in place to prescribe and direct consistency of case management process and procedures. This policy is no longer current. After the October 2011 decision to bring the Youth Program case management services in-house, the case files were received by new WIB Career Employment Specialists. In agreement with the audit findings that identify the need for policy revisions, the WIB is currently revising and updating policy and procedures to meet the specifics of the new program. This would include policy directly focused on making sure that consistent and punctual reviews by case manager/supervisor have been completed and verified by signature and in order to be in compliance with Federal and State regulations and County oversight to eliminate future discrepancies.

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12-09

Program: Community Development Block Grants/Entitlement Grants Cluster, Including ARRA Grant Funding
CFDA No.: 14.218 and 14.253
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $762,995

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2011-2012.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. Subrecipient monitoring of CDBG and ESG public service recipients were carried out by staff and the County's Human Services Commission. The County will review its current monitoring procedures, identify short comings, and develop a schedule and risk matrix to begin monitoring subrecipients in 2013-14. The County has also recently drafted a new policy, for inclusion in the County's Administrative Manual on contract monitoring for compliance to grant and funding terms. This new policy will help to mitigate loss due to mismanagement on the part of subrecipients, and strengthen the County's enforcement of contract terms.

12-10

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Subrecipient Monitoring
Questioned Costs: $3,187,676

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for Subrecipient Monitoring requires that the pass-through entity performs the monitoring procedures prescribed in OMB Circular A-133.

Condition Found:
No subrecipient monitoring procedures have been performed for the fiscal year 2011-2012.

Effect:
The subrecipients may not be adhering to the agreement entered between the County and the subrecipients.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the subrecipient monitoring requirements. This will help ensure the monitoring procedures are done on a regular and timely basis.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. The County has already implemented several steps to address this deficiency. First, the County filled the positions of HCD Deputy Director and Grants Manager in the last 4 months. Second, the County has hired the federal grants consulting firm MDG from Rancho Cucamonga, California to review current HCD processes and provide the County with an updated policies and procedures manual. Third, the County plans on hiring 2 additional housing specialists. One of their primary work tasks will be to undertake subrecipient monitoring and assist the County in all federal subrecipient monitoring requirements. The County will also provide training to a new housing specialist, which will include federal program requirements. This training is periodically offered through HUD through workshops, webinars, and through a review of their web-based materials, and the County will utilize these training opportunities. The County has also drafted a new Service Contract and Grant Compliance Management policy document to become effective January 1, 2013, which all grants personnel with the Community Service Department and the Housing and community Development Division, will follow regarding grants management and monitoring.

12-11

Program: HOME Investment Partnerships Program
CFDA No.: 14.239
Federal Agencies: U.S. Department of Housing and Urban Development
Passed-Through: N/A
Award Numbers: Santa Barbara
Award Year: Fiscal year 2011/12
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The *June 2012 OMB Circular A-133 Compliance Supplement* requirements for Special Tests and Provisions is that the County must perform an on-site inspections of HOME assisted rental housing for compliance with property standards on an annual basis for rental properties with 26 units or more.

Condition Found:
Out of the 8 rental properties selected for testing, 3 properties with 26 or more units did not have an annual inspection as required.

Effect:
The rental properties may not be meeting the property standards and may be ineligible to accommodate the tenants receiving HOME assistance.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to the housing quality standards so that all properties are inspected properly.

Views of Responsible Officials:
The County is aware that all subrecipient monitoring was not performed in fiscal year 2011-12, particularly the site inspections of affordable housing units. To address this deficiency the County has hired the federal grants consulting firm MDG from Rancho Cucamonga. The consultant will be reviewing the County's HOME program, its policies and procedures, and making recommendations on how the County's monitoring program can be improved, particularly compliance with housing quality standards, so that all properties are inspected properly. One of the more important elements that will be provided by the Consultant will be a revised policies and procedures manual for the County's HCD Division which currently administers the County HOME Program. Secondly the County has begun the recruitment of additional housing specialists, which will include affordable housing monitoring as a primary work objective.

11-01

Program: Foster Care Title IV-E, Including ARRA Grant Funding
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2010/11
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible cases.

Condition Found:
Out of the 60 cases selected for eligibility testwork, we noted the following:

- 6 case files where initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur.
- 3 case files where the cases were missing income support.

Effect:
Participants may be ineligible to receive benefits per the AFDC requirements, but may be eligible to receive benefits under another funding source.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to ongoing Title IV-E eligibility determination requirements in order to ensure that Title IV-E eligibility determinations are being performed within the specified timeframe. This will help ensure the accuracy of the case data and that Title IV-E eligibility determinations are supported by the proper documentation in the case file.

Views of Responsible Officials:
We concur with this finding. The Department of Social Services (DSS) acknowledges six case files whereby initiation of a state-level fingerprint check within 10 calendar days after the background check did not occur, and three case files whereby the cases were missing income support. This additional information has now been included in the case records and no difference in eligibility was determined. As a preventative measure, corrective action will include:

1) Development of an AFDC-FC Handbook for Foster Care eligibility staff with inclusion of a licensing home regulation overview.
2) Review of the background and fingerprint checks policy with licensing staff.
3) Review of Title IV-E requirements, including income support, with AFDC-FC eligibility staff.
4) AFDC-FC eligibility supervisor(s) will conduct a 100% review of all AFDC-FC case grantings. Their signed approval will be required.
5) AFDC-FC eligibility supervisor(s) will conduct random monthly reviews of a significant sample (25 – 30) of ongoing AFDC-FC cases and will document their approval.
6) Re-train AFDC-FC eligibility staff on AFDC-FC case granting and reassessment documentation.

7) Program specific training will be provided to AFDC-FC eligibility staff on a monthly basis. AFDC-FC eligibility supervisor(s) will cover program process changes, All County Letter, All County Information Notices, and regulatory changes.

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Current Year Status:
See Finding 12-01.

11-02

Program: Medicaid Cluster, Including ARRA Grant Funding
CFDA No.: 93.778
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Department of Health Care Services
Award Numbers: Various
Award Year: Fiscal year 2010/11
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Specific requirements must be followed to ensure that the individual meets the financial and categorical requirements, which includes the following:

- Obtaining a written application, MC 210 "Statement of Facts," signed under penalty of perjury by the applicant.
- Verification of an applicant's information reported on the MC 210 "Statement of Facts," including identity, social security number, residency, monthly expenses, as well as pregnancy, if necessary.
- Verification of an applicant's income eligibility using the Income and Eligibility Verification System (IEVS). Verification of the applicant's income by obtaining a pay stub if the applicant is employed.
- Verification of an applicant's supplemental social security income (SSI) eligibility by obtaining a Medi-Cal Eligibility Data System (MEDS) report, if the applicant is applying for the Qualified Medicare Beneficiary (QMB) program.
- Verification of an applicant and recipient's social security number (SSN) to ensure that each SSN furnished was issued to that individual.
- Verification of an applicant's qualified alien status by obtaining an MC 13 if the applicant is not a U.S. citizen.
- Verification of the eligibility of Medicaid recipients with respect to circumstances that may change, at least every 12 months.

Out of the 60 case files selected for eligibility testwork, we noted the following:

- 5 case files whereby the County did not use the IEVS in a timely manner to verify income and property documentation.
- 6 case files whereby the eligibility information provided by the client did not match the information entered into the system.
- 5 case files whereby the County failed to timely process the client's reapplication form to redetermine eligibility.

Out of the 60 case files selected for IHSS eligibility testwork, we noted the following

- 25 case files whereby the County failed to perform a client reassessment of needs within the 12 month renewal period.

Effect:
Participant data may not be accurate in the participant file or the system, which could lead to initial and continual eligibility errors, inaccurate benefit calculations, and benefit overpayments.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The DSS acknowledges that the IEVS report was not run timely to verify income and property documentation on five out of 60 case files. For these five cases, IEVS was subsequently processed, resulting in no change in eligibility.

The DSS has longstanding policies and procedures with regards to IEVS processing and Administrative Directive (AD) 06-22 clearly outlines the requirements. To ensure IEVS reports are requested and used timely written instructions (specifically, AD 06-22) will be reviewed with supervisors during an upcoming Medi-Cal TEAM meeting. Eligibility Supervisors will be asked to review this AD with their staff and will be required to provide verification of this review. As a follow-up reminder, a Medi-Cal program bulletin article will be published in February 2012 to remind all eligibility staff of this critical requirement during the application process. Additionally, the Compliance Division Quality Assurance staff will conduct a review focusing on IEVS ensure the IEVS applicant report is requested and used timely at application and at redetermination.

The DSS acknowledges six cases whereby the eligibility information provided by the client did not match the information entered into the system. Accurate CalWIN data entries are essential to the program and staff is trained extensively on this critical element of eligibility. The importance of accuracy is continuously stressed. The DSS utilizes supervisory case reviews to ensure the integrity of eligibility determinations and to ensure correct amounts are entered into the CalWIN system. Supervisors, during their case reviews, will focus on the information provided by the client and the accuracy of this information being entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. As a follow up, program bulletin reminders will be published reminding all eligibility staff of the DSS' requirement directing staff to accurately document, in CalWIN every time a change is reported affecting eligibility and/or benefit amount (per Admin AD 06-04 Case Comments).

The DSS recognizes the importance of processing redeterminations in a timely manner and has implemented several enhancements to the Task Management Tool (TMT) used by eligibility staff to assist in the tracking of redeterminations that are due. Medi-Cal AD 07-08 provides clear written direction and policy for staff requiring timely redeterminations. The DSS acknowledges that five redeterminations were not completed within the mandated programmatic time frames. The appropriate manager has designated specific eligibility staff to focus on the timely process of redeterminations. As part of the corrective action plan for this finding, the timely processing of Medi-Cal renewals will be reported to management on a monthly basis to ensure this performance continues to improve. The importance of timely processing redeterminations will be discussed with the supervisors and staff in an upcoming meeting.

The DSS remains committed to maximizing existing resources to meet our mandated timelines while maintaining an emphasis on customer service. In November 2010, the DSS embarked on a one year cross training plan to increase the ability of existing staff to adapt to increasing Medi-Cal and CalFresh program demands. While we hoped to have everyone cross trained by November 2011, staffing issues have delayed our timeline. We remain committed to this endeavor, and anticipate this ambitious training initiative will be completed by June 2012.

IHSS

We concur with this finding. The DSS recognizes the importance of processing reassessments in a timely manner. Despite the untimely processing, no recipient was found ineligible to IHSS once the paperwork process was completed. This program continues to be faced with significant funding challenges. Additionally, a number of significant program changes continue to impact the IHSS workload. Despite the increased workload, the remaining social workers have accepted responsibility for ensuring these vulnerable adults remaining safely in their homes while the integrity of the program is maintained.

Santa Barbara County is committed to improving our compliance rate on overdue reassessments to the degree possible in the face of recent and upcoming program changes that will substantially impact the social workers' workload. The program manager, Department Business Specialist, and program supervisors meet monthly to monitor this situation. We will continue to work with staff to improve processing time on reassessments by looking for efficiencies and best practices to be shared with staff.

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Current Year Status:
See Finding 12-02.

<u>11-03</u>

Program: State Administrative Matching Grants for Food Stamp Program
CFDA No.: 10.561
Federal Agency: U.S. Department of Agriculture
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2010/11
Compliance Requirement: Special Tests and Provisions – ADP System for Food Stamps
Questioned Costs: $273

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for special tests and provisions requires that the County (1) accurately and completely process and store all case file information for eligibility determination and benefit calculation; (2) automatically cut off households at the end of their certification period unless recertified; and (3) provide data necessary to meet federal issuance and reconciliation reporting requirements. In addition, the *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of 60 case files selected for testing, we noted:

- 9 case files whereby the County inaccurately entered the participant's income into the CalWin System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. We recommend that the County require the determination and calculation be reviewed, on a sample basis, by other County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. Accurate CalWIN data entries are essential to the program and staff is trained extensively on this critical element of eligibility. The importance of accuracy is continuously stressed. Administrative Directive (AD) 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on October 6, 2010, to reflect the importance of this process. Staff will be reminded of this existing policy.

Collection of any benefit overissuance has been initiated through the Department of Social Services' (DSS) established collection process.

The DSS utilizes supervisory case reviews to ensure the integrity of eligibility determinations and to ensure correct amounts are entered into the CalWIN system. Supervisors, during their case reviews, will focus on the information provided by the client and the accuracy of this information being entered into the CalWIN system. Additionally, the Compliance Division Quality Assurance unit will collect and conduct an analysis of the supervisor reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. As a follow up, program bulletin reminders will be published reminding all eligibility staff of the DSS' requirement directing staff to accurately document, in CalWIN every time a change is reported affecting eligibility and/or benefit amount.

The DSS remains committed to maximizing existing resources to meet our mandated timelines while maintaining an emphasis on customer service. In November 2010, the DSS embarked on a one year cross training plan to increase the ability of existing staff to adapt to increasing Medi-Cal and CalFresh program demands. While we hoped to have everyone cross trained by November 2011, staffing issues have delayed our timeline. We remain committed to this endeavor, and anticipate this ambitious training initiative will be completed by June 2012.

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Current Year Status:
See Finding 12-03.

11-04

Program: Temporary Assistance for Needy Families Cluster, Including ARRA Grant Funding
CFDA Nos.: 93.558 and 93.714
Federal Agency: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Number: Santa Barbara
Award Year: Fiscal year 2010/11
Compliance Requirement: Eligibility
Questioned Costs: $128

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 3 case files whereby the County inaccurately entered the participant's income into the CalWin System.

Effect:
Participants may be receiving incorrect benefit amounts.

Recommendation:
We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility determination, required documentation, and maintenance of the participant's file. This will help ensure the accuracy of the participant's data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The DSS acknowledges three instances whereby the County inaccurately entered the participant's income in the CalWIN System. Accurate CalWIN data entries are essential to the program and staff is trained extensively on this critical element of eligibility. The DSS has existing policies and procedures in place with regards to accurate eligibility determinations, required documentation, and maintenance of the participant's files.

The DSS utilizes supervisory case reviews to ensure the integrity of the eligibility determinations and to ensure the correct amounts are entered into the CalWIN system. Supervisors, during their case reviews, will focus on the information provided by the client and the accuracy of this information being entered into the CalWIN system. Additionally the Compliance Division Quality Assurance unit will collect the supervisor reviews and conduct an analysis of the reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. Administrative Directive (AD) 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on October 6, 2010, to reflect additional changes. Staff will be reminded of this existing policy. As a result of this finding, case reviews will include reviewing intake cases with income and income QR7s for correct entries into CalWIN. The supervisors will continue to conduct case reviews as outlined in AD 09-102 Case Review Policy Multiple Programs.

The findings and corrective action plan will be reviewed with supervisory staff by the DBS, with expectation that the supervisors provide unit training/review of the applicable policies and procedures. The current case review policy will be reviewed with supervisors at our next countywide CalWORKs Team Meeting.

Collection of any benefit overpayments has been initiated through the DSS' established collection process.

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Current Year Status:
See Finding 12-04.

11-05

Program: Temporary Assistance for Needy Families Cluster, Including ARRA Grant Funding
CFDA Nos.: 93.558 and 93.714
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2010/11
Compliance Requirement: Special Tests and Provisions
Questioned Costs: $0

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requires each State to participate in the Income Eligibility and Verification System (IEVS), the Child Support Non-Cooperation, and Penalty for Refusal to Work. Under the State of California IEVS Plan, the County is required to properly consider the information obtained from the State of California data matching system in determining the eligibility and the amount of Temporary Assistance for Needy Families (TANF) benefits.

Condition Found:
Out of the 60 case files selected for eligibility testing, we noted:

- 11 case files whereby the County did not use the IEVS to verify income and property documentation in a timely and consistent manner at the redetermination dates.

Effect:
Lack of investigative procedures could result in participants receiving incorrect benefit amounts.

Recommendation:
We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility verification. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The DSS acknowledges that the County did not use the IEVS system to verify income and properly document in a timely and consistent manner at the redetermination date. IEVS was subsequently processed, resulting in no change in eligibility.

The DSS has written policies and procedures in place and adherence to these instructions is expected. The DSS utilizes supervisory case reviews to ensure the integrity of the eligibility determinations. Supervisors will focus on the IEVS applicant report at intake and at redetermination. Additionally, the Compliance Division Quality Assurance unit will collect the supervisor reviews and conduct an analysis of the reviews. The results will be compiled into a report that will be disseminated to program managers, Department Business Specialist, line supervisors and line staff. Also, the Compliance Division will conduct a review focusing on IEVS to ensure the IEVS applicant report is requested and used timely at application and at redetermination.

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Current Year Status:
See Finding 12-05.

11-06

Program: Foster Care Title IV-E, Including ARRA Grant Funding
CFDA No.: 93.658
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2010/2011
Compliance Requirement: Eligibility
Questioned Costs: $0

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that individual/group program participants were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made only to eligible participants.

Condition Found:
Out of the 60 participants selected for eligibility testwork, we noted the following:

- 5 case files whereby the County failed to re-determine reasonable candidacy in a timely manner.
- 4 case files whereby the case plans were missing one of the required signatures.

Effect:
Ineligible participants may be receiving benefits.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
The Probation Department concurs with both of these conditions. As a result of the prior year's audit, Probation implemented an electronic method of tracking required review dates for case plans and a method and means for documenting when a minor becomes ineligible for Title IV-E services. As a result of these improvements, the number of instances where the reasonable candidacy was not re-determined in a timely manner decreased from 13 in the prior year to 5 in the current year. The case management system includes management reports which, if utilized consistently, will minimize instances where re-determination is not completed timely. The Department has reaffirmed the requirement that supervisors review these reports and has retrained staff in their use. In addition, manager review of the reports has been implemented to further ensure that re-determination is completed timely. Finally, Probation is implementing new random moment time study in January 2012 which will directly tie billing to specific cases and will increase accountability.

The lack of signatures on case plans is an ongoing concern. Case plans require the signatures of the supervision officer, the supervisor, the minor, and the minor's parent. In most instances, the signature that is missing is the parent's signature. Supervision officers are trained to document attempts at obtaining the parent's signature but, in some instances, parents are uncooperative or unavailable. Supervisors will periodically review case files and follow up with supervision officers when signatures are missing.

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Current Year Status:
See Finding 12-06.

11-07

Program: Adoption Assistance, Including ARRA Grant Funding
CFDA No.: 93.659
Federal Agencies: U.S. Department of Health and Human Services
Passed-Through: California Department of Social Services
Award Numbers: Santa Barbara
Award Year: Fiscal year 2010/11
Compliance Requirement: Eligibility
Questioned Costs: $42,745

Criteria:
The *March 2011 OMB Circular A-133 Compliance Supplement* requirements for eligibility state that the pass-through entity must determine whether required eligibility determinations were made, that cases were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program, and determine whether federal program awards were made for eligible cases.

Condition Found:
Out of the 60 participants selected for eligibility testwork, we noted the following:

- 3 case files whereby the County failed to agree the benefit payment on form AAP-2 to the amount in the CalWin System.
- 20 case files whereby the forms AD 4320 were missing from the files.
- 17 case files whereby the forms AAP-4 were signed by the same person for the County's Department of Social Services' Adoption Agency and Child Welfare Services Program.
- 26 case files whereby the forms AAP-2 and/or AD 4320 were missing the required signatures.

Effect:
Participants may be ineligible to receive benefits per AFDC 1996 requirements, but may be eligible to receive benefits under another funding source.

Recommendation:
We recommend that the County establish formal policies and procedures with regards to ongoing eligibility re-determination requirements in order to ensure that eligibility re-determinations are being performed within the specified timeframe. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials:
We concur with this finding. The DSS acknowledges three instances whereby the County failed to agree the benefit payment of form AAP-2 to the amount in CalWIN System. The DSS also acknowledges that form AD 4320 was missing from several case files, and that several case files whereby the forms AAP-4 were signed by the same person for the County Department of Social Services' Adoption Agency and Welfare Program. Additionally several case files whereby the forms AAP-2 and/or AD 4320 were missing required signatures.

In regards to Questioned Costs, we acknowledge the importance of proper coding in the CalWIN system. However, we would like to emphasize that while these children were not eligible to benefits per AFDC 1996 requirements, they were State eligible to these payments. Therefore, we will appropriately claim these costs as State only costs instead of federally eligible costs. The cost to the County will be no different than it would have been if these costs were originally claimed properly.

We are developing an extensive corrective action plan (see below) as well as continuing a number of corrective actions from the prior year. This continuation is needed because there were major eligibility and program changes in AFDC-FC and AAP as well reassignments within the Foster Care unit.

1) Develop an AAP Handbook for AAP eligibility staff.
2) Provide specific training to AAP staff on program requirements, forms and case file documentation.
3) Revise AAP intake and case granting process.
4) Revise AAP reassessment process.
5) A 100% review of all existing AAP cases will be conducted.
6) 100% AAP grantings will be reviewed by the AAP eligibility supervisor.
7) 50% of AAP reassessments per month per worker will be reviewed by the AAP eligibility supervisor.
8) AAP Case Review will be revised to reflect program changes.
9) AAP Social Workers will be assigned to review AAP services cases on an ongoing basis.
10) Monthly program specific training will be provided to AAP eligibility staff. The AAP eligibility supervisor will cover program process changes.

Contact information of responsible official:
Terrie Concellos
Telephone: (805) 681-4620
Email: T.Concellos@sbcsocialserv.org

Current Year Status:
See Finding 12-07.

County of Santa Barbara
State of California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

JALAMA BEACH

Robert W. Geis, CPA, CPFO
Auditor-Controller

Jalama Beach is a premiere camping facility in Santa Barbara County and a jewel in the County Parks system. Land near Jalama Creek was once a Chumash Indian settlement named "Halama." In 1943, 23.5 acres of privately owned land was donated to the County of Santa Barbara, and thus, our park was formed.

Jalama Beach is a respite from typically bustling seaside parks. It is enjoyed year around by County residents and visitors from abroad. Activities include surfing, whale and bird watching, nature photography, rock hounding, and fishing the surf or rock outcroppings for perch, cabezon, kelp, bass, or halibut. Many protected California native plants like sand verbena, saltbush, and sea rocket grow within park boundaries.

Photographs by Xiaoli Zhang-King

COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA

Comprehensive Annual Financial Report

For FISCAL YEAR Ended JUNE 30, 2012

Prepared Under the Supervision of
Robert W. Geis, CPA, CPFO
Auditor-Controller

COUNTY OF SANTA BARBARA, CALIFORNIA
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COUNTY OF SANTA BARBARA

CALIFORNIA

COUNTY OF SANTA BARBARA

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OFFICE OF THE AUDITOR-CONTROLLER

August 29, 2012

To the Citizens of Santa Barbara County:

The Comprehensive Annual Financial Report (CAFR) of the County of Santa Barbara (County) for the fiscal year ended June 30, 2012, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent auditor's report is located at the front of the financial section of this report. Brown Armstrong Accountancy Corporation has issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2012.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County, located approximately 100 miles north of Los Angeles and 300 miles south of San Francisco, was established by an act of the State Legislature on February 18, 1850. It occupies 2,737 square miles, one-third of which is located in the Los Padres National Forest, and has a population of 427,267. Eight incorporated cities are within the County: Santa Barbara, Santa Maria, Lompoc, Goleta, Carpinteria, Guadalupe, Solvang, and Buellton. The largest employment categories include services, wholesale and retail trade, public administration, and manufacturing. The mild climate, picturesque coastline, scenic mountains, and numerous parks and beaches make the County a popular tourist and recreational area.

Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of five districts. The Board is responsible for, among other things, passing ordinances; adopting budgets; and appointing committees, the County Executive Officer (CEO), and non-elected department directors. Supervisors are elected to four-year staggered terms with two supervisors elected in even-years and three supervisors elected in odd-years. The County has five elected department directors responsible for the offices of the Clerk-Recorder-Assessor, Auditor-Controller, District Attorney, Sheriff, and Treasurer-Tax Collector-Public Administrator. The following organization chart reflects the various functional categories reported in the government-wide Statement of Activities as well as identifies principal officials.

Policy & Executive

Salud Carbajal, Vice-Chair
First District Supervisor

Janet Wolf
Second District Supervisor

Doreen Farr, Chair
Third District Supervisor

Joni Gray
Fourth District Supervisor

Steve Lavagnino
Fifth District Supervisor

Chandra L. Wallar
County Executive Officer (CEO)
General County Programs

Dennis Marshall
County Counsel

Law & Justice

Joyce Dudley
District Attorney

Raimundo Montes De Oca
Public Defender

Gary Blair
Court Special Services

Public Safety

Michael Dyer
Fire

Beverly Taylor
Probation

Bill Brown
Sheriff-Coroner

Health & Public Assistance

Ann Detrick
Alcohol, Drug, & Mental Health Services (ADMHS)

Carrie Topliffe, CPA
Child Support Services

Dr. Takashi Wada
Public Health Services

Kathy Gallagher
Social Services

Community Resources & Facilities

Cathy Fisher
Agriculture & Cooperative Extension

Herman Parker
Community Services

Glenn Russell
Planning & Development

Scott McGolpin
Public Works

General Government & Support Services

Robert W. Geis, CPA, CPFO
Auditor-Controller

Joseph E. Holland, CPFO
Clerk-Recorder-Assessor

Robert Nisbet
General Services

Harry E. Hagen, CPA, CPFO
Treasurer-Tax Collector & Public Administrator

The County, with an average of 3,848 full-time equivalent employees, provides a full range of services to its residents as the organization chart above depicts. Included in operations are various component units which provide specific services countywide or to distinct geographic areas within the County. They include the First 5 Children and Families Commission, County Service Areas, Public and Educational Access, the Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Community Facilities Districts, Sandyland Seawall Maintenance District, the Water Agency, the In-Home Supportive Services Public Authority, and the Santa Barbara County Finance Corporation. While these entities are legally separate from the County, the County is financially accountable for them as their governing bodies are substantially the same as the County Board. Other entities, such as the Air Pollution Control District and the Santa Barbara County Association of Governments, conduct their own day-to-day operations, answer to their own governing board, and thus are not included in the County's financial statements.

The County is required by state law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for all governmental and proprietary funds and are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance categories, which are maintained at the line item level. The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the County Executive Office.

Factors Affecting Economic Condition

During FY 11-12, the County for the second consecutive year saw positive trends in some economic segments, led by consumer spending and tourism. However, the real estate housing market and labor market have not shown much of a rebound and are still awaiting recovery from the great recession.

The following highlights and graphs are evidence of the changing economy.

Employment

- The County's average unemployment rate during FY 11-12 decreased from 9.2% to 8.4%.
- The June 2012 unemployment rate of 7.9% was below both the state unemployment rate of 10.7% and the national unemployment rate of 8.2%.

> "Santa Barbara County's Unemployment Rate Drops"
>
> Santa Barbara Independent June 20, 2012

Income

- Average annual wages had a slight increase to $48,060 in the 2011 calendar year from $47,230 in 2010.

Retail Sales

- Countywide retail sales increased 9% to $5.8 billion for the 2011 calendar year, slightly up from $5.3 billion in 2010.
- Retail sales continued to rebound from the December 2010 low point.
- California retail sales followed a similar pattern.

> "The Housing Sector is Undergoing a Rocky Recovery"
>
> UCSB Economic Forecast Project May 3, 2012

Real Estate

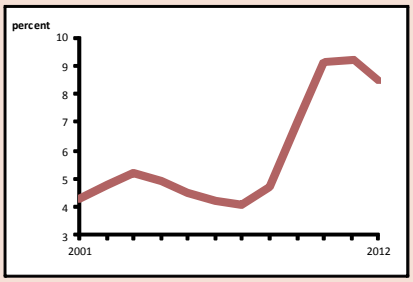
- The countywide median home prices declined 2.1% to $441,200.
- The real estate market continues to struggle in terms of home sales, home prices, and new construction.

Tourism

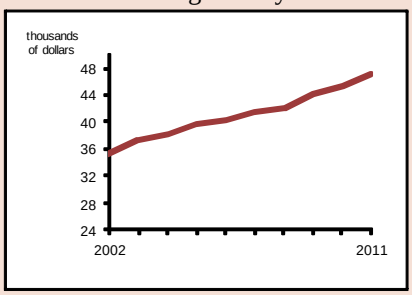
- Transient occupancy tax increased 8.4% in FY 11-12, driven by strong tourism and business conference travel.
- The County's major destination resort hotels continue to experience positive growth.

Most of the information about the local economy is derived from the California Employment Development Department and the Bureau of Labor Statistics.

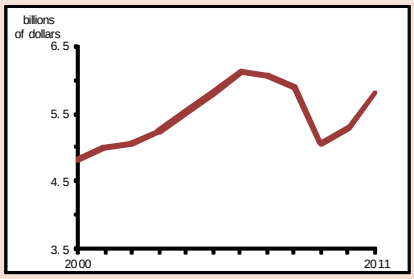
Unemployment Rate



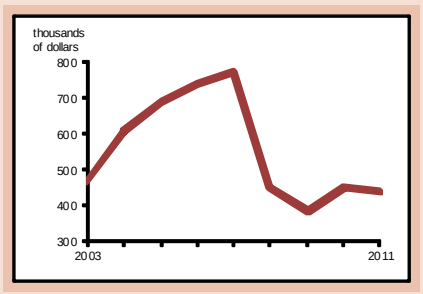
Average Salary



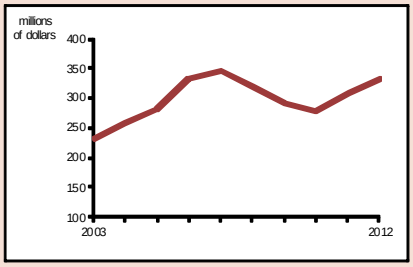
Retail Sales



Median Home Price



Hotel/Motel Room Sales



Economic Indicators

There is some evidence that the County's economy is starting to emerge from the great recession by showing growth for the second consecutive year in the areas of consumer spending and tourism. While local unemployment remains high, the unemployment rate notably decreased by 1% to 7.9%. Although the housing market experienced another period of price depreciation, there was a slight upturn in the number of building permits and new housing starts.

Financial Indicators

County tax revenues that are dependent on the state of the economy are also indicating signs of emerging growth. The County's biggest source of revenue and largest discretionary revenue source is property tax which is experiencing a weak growth rate and continues to be affected by real property price reductions. The supplemental property tax, which is a leading indicator of secured property tax growth, dropped by $1 million or 32%, due to the downward adjustments in real property assessed values in the County's south coast area. This is the fourth year with an average property tax growth rate of less than 1% per year. It appears that this is the bottom of the trough, as the property transfer tax, which is an early indicator of future growth in supplemental and secured property taxes, increased 8.1%.

Additional signs of emerging growth include all of the components of the retail sales taxes that the County receives. Local general sales tax increased 5.7% and 5.8% over the last two years. The statewide Proposition 172 Public Safety ½ cent sales tax increased 6% and 9.5% over the last two years, as did the 1991 Realignment ½ cent sales tax that funds Health, Social Services, and Mental Health programs. The Local Transient Occupancy Tax increased 17% and 8.5% over the last two years driven by improved occupancy and revenues at the local hotels within the unincorporated area of the County.

On the expenditure side, County salaries and benefits, which are the largest category of expenditures for this service delivery organization, increased 2.3%. Regular salary costs were reduced 1.4% by employee concessions. However, pension costs increased 13.2% and health insurance costs increased 5.7%. Pension rates and pension costs continue to rise significantly because of prior years' market losses on pension plan assets. Specifically, significant investment losses in 2008 and 2009 are being absorbed into plan sponsor rates over a smoothed five year period. While the value of the pension assets bounced back with investment gains in FY 09-10 and FY 10-11, the returns were only 2% for FY 11-12 against an expected return of 7.75%. The employer rates rose moderately from 34.5% to 35.9% of covered payroll for the FY 12-13 budget, and will most likely increase more significantly for the FY 13-14 budget to a rate currently estimated at 38.4%.

Major Initiatives:

During the last fiscal year, under the leadership of the Board of Supervisors, several outstanding key programs and projects were successfully undertaken by the County that:

- Provided extensive staff support to, received the recommendations from, and incorporated the Retirement Reform Working Group's proposals in negotiations with labor groups.
- Completed negotiations with all general (non-public safety) labor groups that reduce current and future year salary and benefit obligations and create a lower cost retirement plan for new employees.
- Implemented department consolidations designed to deliver more effective services to the public while reducing overhead expenses.
- Improved the budget development process by focusing on strategic accomplishments, anticipating the financial needs for FY 12-13 and FY 13-14, identifying specific operational objectives and reporting on service outcomes rather than process outputs.

Major Initiatives—continued:

- Participated in business forums to explore opportunities for public-private partnerships and promote increased economic vitality.
- Explored strategies for revenue enhancement including an oil production tax, economic development, fee adjustments, and an increase to the Transient Occupancy Tax to bring the County in line with other jurisdictions.
- Developed and implemented a special event coordination process which provides event organizers and the public a consistent and comprehensive review of large public events taking place in or on County facilities.
- Continued the examination of all requests to fill positions for funding stability, customer service impacts and other considerations before approving, delaying or denying the filling of a vacant position.
- Implemented 2011 Public Safety Realignment program that shifted state prisoners back to local communities and provided funding for alternative corrections programs.
- Actively participated in the dissolution of the seven redevelopment agencies within the County resulting in a return of funds to the County and the wind down of the activities of the County's Redevelopment Agency.
- Constructed and put into operation two one megawatt photovoltaic solar energy generation projects—one in south county at the Calle Real campus and the other at the north county Laguna Sanitation District site.
- Partnered with developers on four major commercial/residential projects that are nearing completion in the Isla Vista community, three of which were initiated by the former Santa Barbara County Redevelopment Agency.
- Secured AB 900 state funding grant in the amount of $80 million for construction of a new north county jail project estimated to cost $96 million, with $6 million spent to date and a planned borrowing of $10 million to provide for the County's required local match.

Significant Capital Projects and Operating Impacts

The County completed $36 million in capital projects in the current year, and has approved $50.1 million in capital and capital maintenance projects, equipment, software, and information systems projects for FY 12-13, as described in Section E "Capital Budget Summary" of the County's Proposed Operating Budget (available at www.countyofsb.org/ceo/index.asp). The largest of the ongoing projects relate to transportation improvements.

Long-term Financial Planning:

Local assessed property values for FY 12-13 grew 1% over FY 11-12 values; this will increase secured and unsecured property tax revenues by approximately an equal percentage. The FY 12-13 budget was adopted reflecting a .5% increase in secured and unsecured property taxes when measured against FY 11-12 actual revenues.

The County is committed to building and maintaining a strategic reserve of $29 million, equal to 8% of annual General Fund revenues, or approximately 30 days working capital. The County ended FY 11-12 with an increase to its strategic reserve of $2.4 million to $21.8 million. The County's final budget resolution for FY 12-13 directs that any General Fund unassigned fund balance be added to the strategic reserve. The General Fund ended FY 11-12 with $7.6 million unassigned fund balance that will increase the strategic reserve to $29.4 million in FY 12-13.

The County's Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 12-13, the CIP includes $50.1 million of funding for planned projects that are included in the budget. Significant projects include $13.5 million for transportation projects, $4 million for the San Jose Creek improvements project, $3.2 million for the Tajiguas Landfill liner, $3 million for the Mission Creek Flood Control project, $2.9 for the Cachuma Lake Recreation Area improvements project, and $2.5 million for Santa Maria Levee reinforcement.

Factors Affecting Economic Condition – Continued

Relevant Financial Policies:

The County benchmarks its financial policies to a set of Best Financial Management Practices for Governmental Issuers of Municipal Debt published by Fitch Ratings.

Fund Balance Reserve

The County is committed to building a strategic reserve as discussed previously.

Multiyear Financial Forecasting

The County's Proposed Operating Budget includes a five-year financial forecast focusing on discretionary revenues and their uses to aid in current year decision-making.

Monthly or Quarterly Financial Reporting and Monitoring

The County's Budget Director chairs quarterly projection reviews of each department's monthly actual and projected revenues and expenditures. In addition, the CEO holds quarterly meetings with each department that focus on their operations and performance measures.

Contingency Planning

The County does not have a formal contingency policy and maintains only a small operating contingency of less than 1% in the General Fund. The County has established a strategic reserve policy, and is in the process of building a strategic reserve that will equal 8% of annual General Fund revenues (approximately 30 days working capital). The County also has other significant fund balances in its special revenue funds. The most noteworthy is the Flood Control fund balance used to hedge against storm related disasters.

Nonrecurring Revenue

The County's budget principles state that a department's base General Fund contribution will not include any one-time revenues or expenditures. Another principle states that any year-end residual General Fund balance should not be used to fund ongoing operations, but could be used to fund commitments.

Financial Reporting Awards

The Government Finance Officers Association (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for twenty-one consecutive years and the Certificate of Achievement in Popular Annual Financial Reporting for fifteen consecutive years.

Debt Affordability

The County established a Debt Advisory Committee (DAC) to provide advice to the Board on debt issuance and management. In addition, all long-term equipment or real property leases are reviewed for lease vs. purchase decisions.

Superior Debt Disclosure Practices

The County maintains a complex set of disclosures in the County's Proposed Operating Budget document and the CAFR statistical section. We believe that time is of the essence in the publication of these documents. The budget is adopted before June 30 and loaded into the financial system before the close of the first month of the new fiscal year. The CAFR publication date is generally within 45-60 days of the close of the fiscal year. The County's major financial documents are available on the web at www.countyofsb.org.

Pay-as-you-go Capital Funding

The County policy on pay-as-you-go is not formalized. However, many of the County's funds only utilize pay-as-you-go financing. The DAC looks at repayment sources as one of the key criteria for approval of new debt issues.

Debt Repayment Plan

The County's current outstanding debt schedule features a debt repayment plan that will reduce debt by 65% over the next ten years.

Five-year Capital Improvement Plan

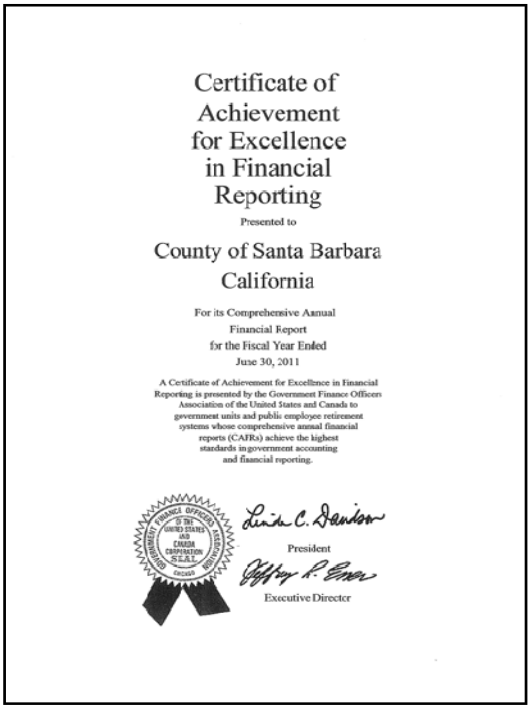
The County's Five-Year Capital Improvement Plan provides for an integration of capital projects and operating impacts in the proposed operating budget for each budget cycle.

Budgeting Awards

The GFOA has presented the Distinguished Budget Presentation Award to the County for fifteen consecutive years.

Awards and Acknowledgments

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2011. This was the twenty-first consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.


Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Santa Barbara
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Popular Financial Reporting Award: The County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2011. This award is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Performance Measurement Certificate of Excellence: In September 2011, the International City/County Management Association (ICMA) presented the County with its Certificate of Excellence for exceeding the standards established by the ICMA Center for Performance Measurement in the identification and public reporting of key outcome measures, surveying of both residents and employees, and the pervasiveness of performance measurement in the organization's culture.

Acknowledgments: The preparation of the CAFR and its timely issuance is the result of a concentrated, dedicated, and coordinated effort by the entire Auditor-Controller staff. We would like to acknowledge the special efforts of the Financial Reporting Division for their assistance in the report's preparation. We would also like to thank all County departments who participated in its preparation.

Chandra L. Wallar
County Executive Officer

Robert W. Geis, CPA, CPFO
Auditor-Controller

COUNTY OF SANTA BARBARA

CALIFORNIA

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Santa Barbara, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, as of and for the year ended June 30, 2012, which collectively comprise the County of Santa Barbara's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Santa Barbara's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General; Road; Public Health; Social Services; Flood Control District; and Alcohol, Drug, and Mental Health Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2012, on our consideration of the County of Santa Barbara's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 28, the Santa Barbara County Employees' Retirement System schedule of funding progress on page 101, and the schedule of funding progress for the County of Santa Barbara's Other Post Employment Benefit (OPEB) Plan on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Santa Barbara's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 29, 2012

The information in this section is not covered by the Independent Auditor's Report, but is presented as required supplementary information for the benefit of the readers of the comprehensive annual financial report.

As management of the County of Santa Barbara, California (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section. All dollar amounts are expressed in thousands.

FINANCIAL HIGHLIGHTS

Government-wide financial analysis:

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $777,626 *(net assets)*:

- $558,696 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*invested in capital assets, net of related debt).*
- $165,154 is available for the County's ongoing obligations related to programs with external restrictions (*restricted net assets).*
- $53,776 is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net assets).*

The County's total net assets increased by $29,766 over the prior year:

- The $18,427 increase in net assets invested in capital assets, net of related debt, represents capital expenditures less depreciation and the retirement of related long-term debt. See further discussion of capital assets and long-term debt on page 24.
- The $13,376 decrease in restricted net assets represents the change in resources that are subject to external restrictions on their use, and is detailed in the government-wide financial analysis section on page 14.
- The $24,715 increase in unrestricted net assets is the change in resources available to fund County programs to citizens and debt obligations to creditors. This change is further discussed on page 15.

Financial analysis of the County's funds:

The County's governmental funds combined ending fund balance of $244,104 was a decrease of $10,359, from the prior year ending fund balance of $254,463. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled $234,738, or 96% of ending fund balance. Of this amount, $166,546 is restricted by law or externally imposed requirements, $61,606 is committed for specific purposes, and $4,769 is unassigned fund balance. Spendable fund balance for the General Fund increased $18,859 to $77,129, which equates to 23% of total General Fund expenditures for the year.

Capital assets and debt administration:

The County's investment in capital assets (net of accumulated depreciation) increased by $32,723, or 5%, to $635,601. During the current fiscal year, the County completed several capital improvement projects; among the largest were infrastructure (roads & road improvements) and building projects. The County recorded depreciation of $20,591 against its assets. The County's long-term debt outstanding had a net decrease of $3,555, or 4%, to $88,606 due to current year debt payments of $25,761 off-set by the issuance of new debt of $22,206.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the County's basic financial statements. The County's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-wide Financial Statements:

The government-wide financial statements provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets are a useful indicator of an improving or deteriorating County financial position. The *statement of activities* presents the most recent fiscal year changes in the County's net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* The statement reports items resulting in cash flows in the future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave) as revenues and expenses in this statement.

The government-wide financial statements distinguish functions of the County principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the County include policy and executive, law and justice, public safety, health and public assistance, community resources and public facilities, general government and support services, and general County programs. The business-type activities of the County include resource recovery and waste management, and sanitation services.

Component units are included in the financial statements and are legally separate entities for which the County is financially accountable. These have substantially the same governing board as the County or provide services entirely to the County. They include First 5 Children and Families Commission, County Service Areas, Public and Educational Access, Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Community Facilities Districts, Sandyland Seawall Maintenance District, the Water Agency, In-Home Supportive Services Public Authority, and the Santa Barbara County Finance Corporation.

Pages 30-31 of this report display the government-wide financial statements.

Fund Financial Statements:

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County's funds are divided into three categories:

- Governmental funds
- Proprietary funds
- Fiduciary funds

Governmental funds: Governmental funds account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – CONTINUED

information may be useful in evaluating the County's near-term financing requirements. To understand the long-term impact of the County's near-term financing decisions, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 70 individual governmental funds combined into 31 funds for financial reporting purposes. The County segregates from the General Fund a number of significant functions in major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Roads, Public Health, Social Services, Alcohol, Drug and Mental Health Services (ADMHS), and Flood Control District funds, all considered major funds. Data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all of its operating funds. The budget and actual comparison statements provided for the General Fund and major special revenue funds demonstrate performance against this budget.

Pages 32-39 of this report display the governmental funds financial statements.

Proprietary funds: The County maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for resource recovery and waste management, and sanitation services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service funds account for information technology services, vehicle operations and maintenance, risk management and insurance, communications services, and utilities. Since these services predominantly benefit governmental rather than business-type functions, they are consolidated within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Resource Recovery and Waste Management Fund (Resource Recovery), and the Laguna Sanitation Fund. Data for the five internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Pages 40-42 of this report display the proprietary funds financial statements.

Fiduciary funds: Fiduciary funds account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. Fiduciary fund accounting is similar to proprietary funds. Fiduciary funds report the external portions of the Treasurer's investment pool, private-purpose trust fund, and agency funds. Pages 43-44 of this report display the fiduciary funds financial statements.

Notes to the Financial Statements:

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Pages 47-98 of this report display the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net assets may serve as useful indicators of a government's financial position. In the case of the County, assets exceeded liabilities by $777,626 at the close of the current fiscal year.

A summary of net assets is as follows:

Summary of Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2011	2012	2011	2012	2011	2012	Dollar Change	Percent Change
Assets:								
Current and other assets	$ 416,922	$ 420,014	$ 48,949	$ 44,705	$ 465,871	$ 464,719	$ (1,152)	(.2%)
Capital assets	527,401	554,183	75,477	81,418	602,878	635,601	32,723	5%
Total assets	944,323	974,197	124,426	126,123	1,068,749	1,100,320	31,571	3%
Liabilities:								
Current and other liabilities	90,544	91,310	4,838	4,006	95,382	95,316	(66)	(.1%)
Long-term liabilities	178,301	186,810	47,206	40,568	225,507	227,378	1,871	1%
Total liabilities	268,845	278,120	52,044	44,574	320,889	322,694	1,805	1%
Net assets:								
Invested in capital assets, net of related debt	480,240	493,753	60,029	64,943	540,269	558,696	18,427	3%
Restricted	178,530	165,154	-	-	178,530	165,154	(13,376)	(7%)
Unrestricted	16,708	37,170	12,353	16,606	29,061	53,776	24,715	85%
Total net assets	$ 675,478	$ 696,077	$ 72,382	$ 81,549	$ 747,860	$ 777,626	$ 29,766	4%

Analysis of Net Assets:

The County's total net assets increased by $29,766, or 4%, during the fiscal year. As described below, the County experienced increases in two of the categories of net assets.

The components of total net assets are as follows:

Invested in capital assets, net of related debt: The largest portion of the County's net assets is invested in capital assets (e.g., land, buildings, roads, bridges, flood control channels and debris basins, machinery, equipment, and intangible assets), less outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Invested in capital assets, net of related debt, was $558,696 at fiscal year-end, and consisted of the following: investment in capital assets (net of accumulated depreciation) of $635,601, less the related debt of $76,905. The $18,427 increase in net assets invested in capital assets, net of related debt, represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt.

Restricted net assets: Restricted net assets of $165,154 represent resources that are subject to external restrictions on their use, or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net assets than unrestricted net assets. Restricted net assets are comprised of: (1) 44% property taxes dedicated to specific services such as flood control and fire protection, (2) 18% state imposed restrictions, (3) 18% federal and state allocations for roads and health services, (4) 13% federal imposed restrictions for federally-qualified health centers and housing programs, (5) 4% for grant, land use and permit agreements, (6) 2% for various County imposed purposes, and (7) 1% for cable television public access agreement funds.

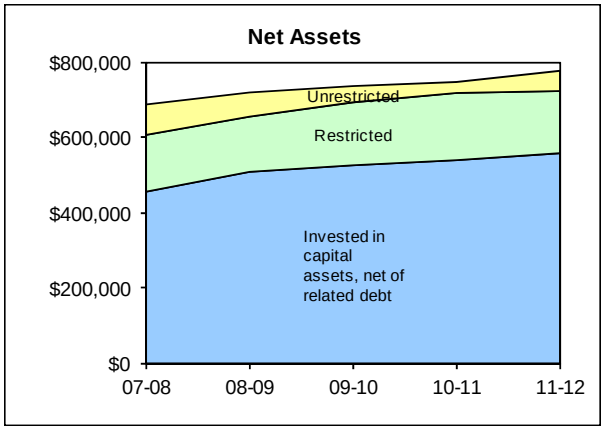
GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

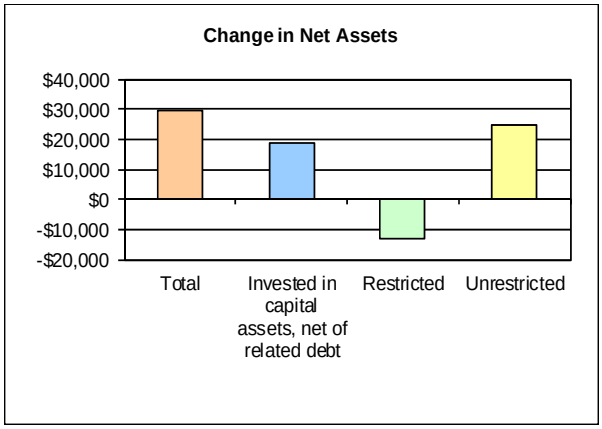
Restricted net assets decreased $13,376, or 7%. Significant changes include:

- The Redevelopment Agency (RDA) decreased net assets $13,092 due to a transfer of assets to the Successor Agency Private Purpose Trust Fund related to the dissolution of RDAs;
- Mental Health Services Act (MHSA) funding decreased $8,464 as the state released significant prior year allocations at year-end FY 10-11 that were then expended in FY 11-12;
- Public Health funding decreased $2,398 due to a decrease in Federally Qualified Health Care Medical reimbursements;
- Capital projects restricted net assets decreased $6,138 as projects were completed;
- Debt service decreased $3,649;
- The Fire Protection District Fund decreased $2,038 as a result of current year operations;
- Flood Control Fund had a decrease of $1,794 due to expenditure of funds for capital and maintenance projects;
- Note payable transfer of $16,345 from the former RDA to the RDA Successor Agency Private Purpose Trust Fund increased restricted net assets related to the dissolution of the RDAs;
- General Fund had an increase of $2,784 in Public Safety 2011 Realignment and $2,258 in Public Safety Proposition 172 sales tax revenue;
- Roads Fund increased $2,124 due to projects funded by transportation improvement funding received in the current year to be spent in subsequent year;
- Social Services programs increased $1,562 as a result of current operations;
- Alcohol and Drug Programs increased $1,230; and
- Planning and Development increased $1,198 from receipt of development mitigation funds.

Unrestricted net assets: Unrestricted net assets in the amount of $53,776 are available to fund County programs to citizens and debt obligations to creditors. The majority of unrestricted net assets reside in the County's General Fund. Unrestricted net assets increased $24,715, or 85%. Significant components of the increase include:

- An increase in a long-term receivable of $16,345 owed by the RDA Successor Agency;
- The County General Fund increased unrestricted net assets $11,200 as unrestricted revenues exceeded expenditures;
- A prior period adjustment for reduction in ADMHS liabilities of $5,147 increased unrestricted net assets since the General Fund set aside funding for the liabilities and a prior period adjustment for land donated to the County of $2,150 increased unrestricted net assets; and
- There was a decrease in unrestricted net assets for the additional $10,515 in Other Postemployment Benefits (OPEB) liability for the unfunded portion of the retiree medical benefits.





GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Governmental Activities:

Governmental activities increased the County's net assets by $20,598 for the year ended June 30, 2012, accounting for 69% of the total increase in net assets. Governmental activities operating expenditures exceeded operating revenue by $3,050. Transfers from business-type activities increased net assets by $6. An Extraordinary item related to the RDA dissolution increased net assets $16,345. Prior period adjustments increased net assets $7,297.

The following table shows the revenue, expenses, and changes in net assets for governmental and business-type activities:

Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2011	2012	2011	2012	2011	2012	Dollar Change	Percent Change
Revenues								
Program revenues:								
Charges for services	$ 176,149	$ 162,702	$ 28,455	$ 29,058	$ 204,604	$ 191,760	$ (12,844)	(6%)
Operating grants and contributions	306,564	308,610	1,245	6,202	307,809	314,812	7,003	2%
Capital grants and contributions	209	57	--	--	209	57	(152)	(73%)
General revenues:								
Property taxes	212,727	217,266	--	--	212,727	217,266	4,539	2%
Motor vehicle in-lieu tax	--	931	--	--	--	931	931	0%
Sales taxes	13,456	14,700	--	--	13,456	14,700	1,244	9%
Transient occupancy tax	6,977	7,570	--	--	6,977	7,570	593	8%
Unrestricted investment earnings	1,372	1,048	286	290	1,658	1,338	(320)	(19%)
Gain on sale of capital assets	175	220	1	17	176	237	61	35%
Other	6,870	7,829	--	--	6,870	7,829	959	14%
Total revenues	724,499	720,933	29,987	35,567	754,486	756,500	2,014	0%
Expenses								
Policy & executive	11,074	11,635	--	--	11,074	11,635	561	5%
Law & justice	47,230	46,055	--	--	47,230	46,055	(1,175)	(2%)
Public safety	215,903	224,486	--	--	215,903	224,486	8,583	4%
Health & public assistance	308,149	304,747	--	--	308,149	304,747	(3,402)	(1%)
Community resources & public facilities	83,770	88,871	--	--	83,770	88,871	5,101	6%
General government & support services	31,123	28,965	--	--	31,123	28,965	(2,158)	(7%)
General county programs	20,694	15,077	--	--	20,694	15,077	(5,617)	(27%)
Interest on long-term debt	4,926	4,146	--	--	4,926	4,146	(780)	(16%)
Resource recovery	--	--	21,258	20,601	21,258	20,601	(657)	(3%)
Laguna sanitation	--	--	5,946	5,793	5,946	5,793	(153)	(3%)
Total expenses	722,869	723,982	27,204	26,394	750,073	750,376	303	0%
Excess (deficiency) of revenues over (under) expenses	1,630	(3,049)	2,783	9,173	4,413	6,124	1,711	39%
Transfers	1,002	6	(1,002)	(6)	--	--	--	--
Change in net assets before extraordinary item	2,632	(3,043)	1,781	9,167	4,413	6,124	1,711	39%
Extraordinary item	--	16,345	--	--	--	16,345	16,345	0%
Change in net assets	2,632	13,302	1,781	9,167	4,413	22,469	18,056	409%
Net assets - beginning	666,346	675,478	70,601	72,382	736,947	747,860	10,913	1%
Prior period adjustment	6,500	7,297	--	--	6,500	7,297	797	
Net assets - beginning, as restated	672,846	682,775	70,601	72,382	743,447	755,157	11,710	2%
Net assets - ending	$ 675,478	$ 696,077	$ 72,382	$ 81,549	$ 747,860	$ 777,626	$ 29,766	4%

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Revenues: Total revenues for the County's governmental activities had an overall decrease from the prior year of $3,566, or .5%, to $720,932. Revenues are divided into two categories: program revenues and general revenues.

Program revenues had an overall decrease of $11,553, or 2%, from the prior year. As an arm of the state government, operating grants, contributions and charges for services for programs like Medicare and Medi-Cal are tied to mandated services such as public assistance, health, and mental health grants and contributions that represent 43% of the County's funding for governmental activities, and charges for services represent 23% of these activities.

Operating grants and contributions had a net increase $2,046, or 1%, due primarily to the following:

Intergovernmental revenue increased by $2,046, or 1%, to $308,610. While the amount of the change was moderate, there were significant changes in funding from the state and federal sources:

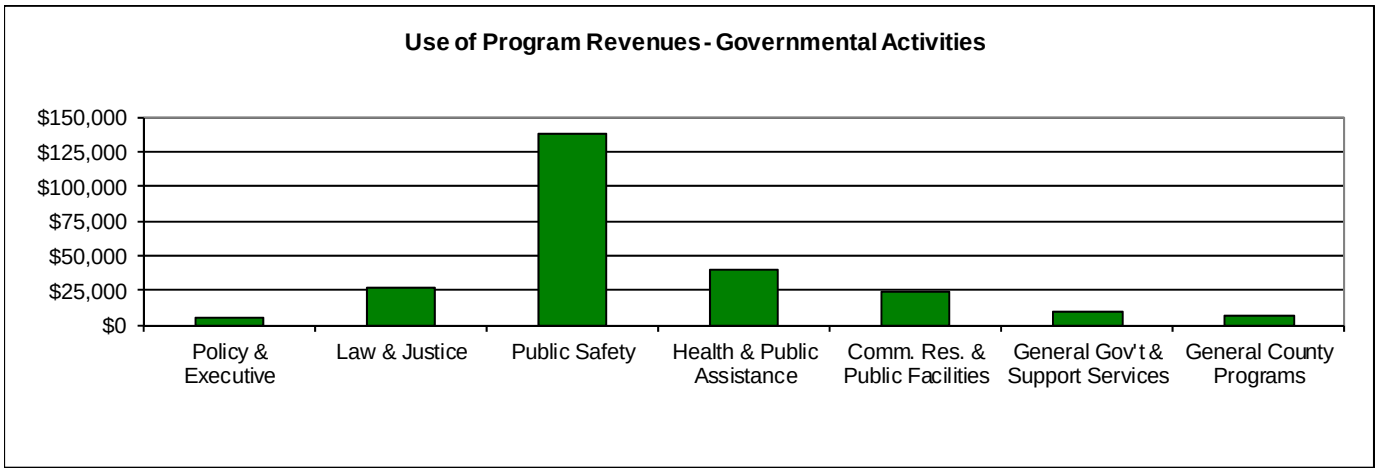
- $19,032 in increased revenue from state realignment 2011 for funding public safety programs and also replacement of other funding streams in existing programs for Health and Social Services programs such as the decrease in federal American Recovery and Reinvestment Act (ARRA) funding for these programs.
- Proposition 172 public safety revenues increased $2,534, or 9.5%, to $29,234.
- $930 in state back payments for motor vehicle license fees.
- $11,792 of revenue reductions in Mental Health Services funding was related to MHSA incentive program revenues caused by a one-time transfer by the state of MHSA funding in the prior year.
- $4,634 decrease due to a change in Flood Control intra-county reimbursements.
- $3,108 decrease in ARRA revenue for Workforce Investment Programs.

Charges for services had an overall decrease of $13,447, or 8%, generally due to a reduction of $5,620 in Court security charges for services that are now reimbursed from Public Safety 2011 realignment funding, Health Services Federally Qualified Health Care (FQHC) and other reimbursements for health service decreased $4,073 as the clinics saw less patients while a new electronic health record keeping system was brought on-line. Mental Health Medicare and Medi-Cal reimbursements declined $2,101 and Fire Protection incident reimbursements declined $1,537.

General revenues had an overall increase of $7,055, or 3%, from the prior year. These revenues include local general taxes which provide the Board of Supervisors with most of its discretionary spending ability. Since the formation of County government in the 1850s, basic public safety services such as sheriff, fire, and district attorney consume most of these resources. The increase in general revenues is due primarily to the changes in the following:

- Property tax revenue increased $4,538, or 1%, to $217,266 primarily due to redistribution of property taxes, $4,961 related to dissolution of the seven RDAs within the County, increases in assessed values of real property, and the related secured property tax revenue increased $177. In addition, supplemental tax revenue decreased $853 while there was an increase in property transfer tax revenue of $185.
- Sales tax revenue of $14,700 increased $1,244, or 9%. Total sales tax revenue includes a 3/4% sales tax allocation to the General Fund that increased $433, or 6%, to $7,933. Measure A regional 1/2% sales tax, that includes an allocation to the County Roads Fund increased $719, or 13%, to $6,223. A 1/4% sales tax distribution to transit funding increased $90, or 31%, to $542.
- Transient occupancy tax revenue increased $593, or 8%, to $7,570.
- Unrestricted investment earnings decreased $324, or 24%, to $1,048 due to very low available market interest rate returns on investments.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED



Expenses: Total expenses for governmental activities were $723,982, an increase $1,113, or 0%, from the prior year.

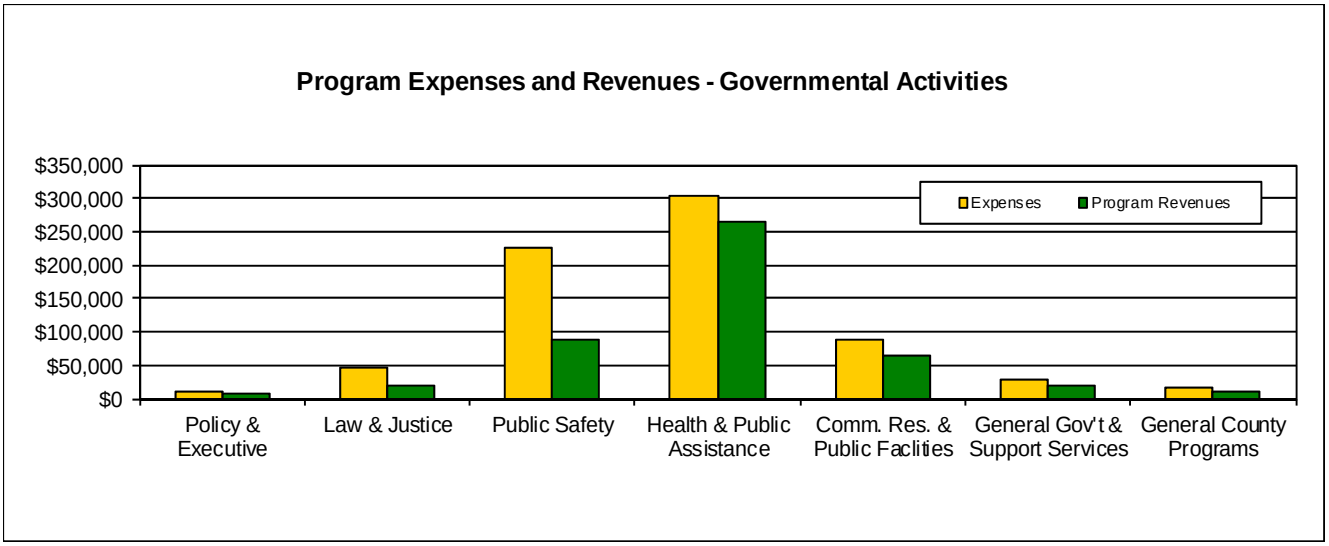
As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 61% of the total County governmental expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) had a net decrease of 213 FTEs from 4,062 in the prior year, to 3,848 at June 30, 2012. A significant amount of the position decreases were in Social Services programs funded by ARRA for temporary Workforce Investment Act positions that ended in FY 10-11. There were approximately 840 temporary employees funded with Federal ARRA funding in FY 09-10 and FY 10-11 that represent 89 FTEs on an annual basis.

Program expenses for the County's governmental activities increased $1,113. This is generally attributable to the following factors:

- Total salaries and benefits expense increased $11,870, or 3%, to $457,807 across all functions and is primarily made up of the following:
  - an increase in retirement contribution of $13,239, or 16%, due to an increase in employer retirement rates from 28.88% to 34.48%;
  - an increase in workers' compensation expense of $4,763, or 39%, due to actuarial losses on prior years' claims;
  - an increase in overtime expense of $1,797, or 15%, due mostly to increases of $1,360 in the Fire department and $361 in the Social Services department;
  - an increase in employer health insurance cost of $1,307, or 6%;
  - an increase in unemployment insurance expense of $157, or 13%;
  - a decrease in regular salaries of $4,078, or 2%, due to employee concessions and reductions in FTEs;
  - a decrease in extra Help salary cost of $2,138, or 22%, and 89 FTEs in ARRA funded temporary employment programs;
  - a decrease in compensated absences expense of $1,941, or 92%; and
  - a decrease of $418, or 2%, in Other Postemployment Benefits (OPEB) expense of $18,900 that included contributions by the County totaling $8,385, and an increase to the unfunded OPEB liability for the remaining $10,515;

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

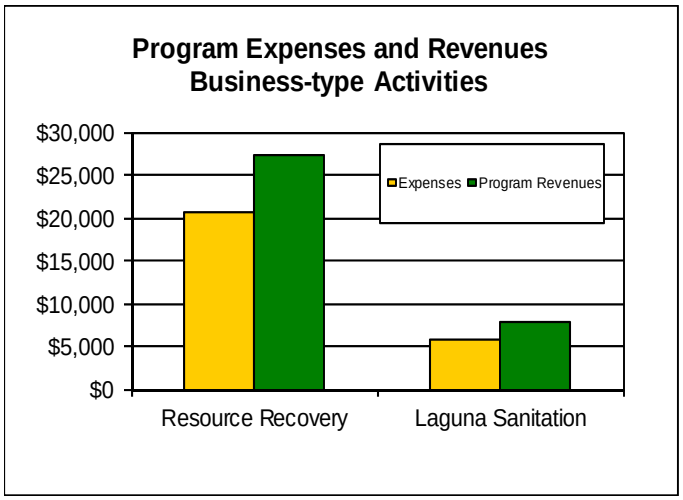
- Expenses related to services, supplies and other charges decreased $11,437, or 4%, to $265,125. Some of the significant changes are as follows:
  - Health and Public Assistance expenses decreased $7,373 largely due to decreases in Social Services cash assistance and support payments of $4,284, contractual services of $2,120 and prior year audit settlements of $550.
  - General County Program expenses had a net decrease of $6,287 due to the decrease in prior year expenditures for RDA projects.
  - Law and Justice expenses decreased $1,378 due to prior year payments by the Probation department for audit settlements related to the Multi-agency Integrated System of Care (MISC) program.
  - Interest expense decreased $780 due to the refinancing of the 2001 Certificates of Participation (COP) issue and decreasing interest costs as debt is paid down.
  - Community Resources and Public Facility costs increased $4,834 largely consisting of $2,660 Proposition 50 public water systems projects, a $1,568 affordable housing project and $707 of contributions to community based social service organizations.

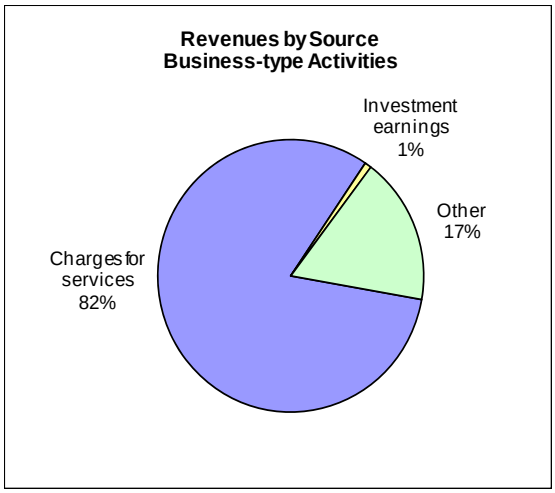


GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Business-type Activities:

The net assets of business-type activities increased by 13%, or $9,167, to $81,549 which indicates these activities generated revenues sufficient to cover the costs of operations





FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds:

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *total fund balance less the nonspendable portion* is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2012, the County's governmental funds reported total fund balances of $244,104, a $15,506 decrease in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows (for more information see Note 16 – Fund Balances):

- *Nonspendable fund balance*, $9,366, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) legally required Teeter Tax program loss reserves of $6,627, (2) long-term receivables of $2,319, and (3) prepaid expenses and deposits of $420.
- *Restricted fund balance*, $166,546, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control) of $93,077, (2) grants for capital outlay of $17,547, (3) legislated amounts reserved for health care of $12,408, and (4) debt proceeds for capital expenditures of $5,421.
- *Committed fund balance*, $61,606, are amounts for specific purposes determined by the Board of Supervisors, such as strategic reserve of $21,831, and audit exceptions of $5,220.
- *Assigned fund balance* of $1,817 represents residual fund balance intended for use by special revenue funds.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

- *Unassigned fund balance*, $4,769, represents the residual classification for the County's General Fund of $7,591, and governmental funds where expenditures exceed other available fund balance including the ADMHS Fund, ($2,789), and Child Support Services Fund, ($33).

Approximately 96%, or $244,104, of the total fund balances is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund: The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 2%, or $2,069, to $85,909 at June 30, 2012. The nonspendable portion of fund balance was $8,780, decreased $16,790 from the prior year balance of $25,570. The decrease in a long-term receivable from the County RDA of $16,345 was due to the dissolution of the RDA and transfer of the debt obligation related to the receivable to the Successor Agency.

The spendable portion of fund balance was $77,129, an increase of $18,859 from the prior year balance of $58,270. This increase was primarily due to increases in restricted fund balance for public safety realignment 2011 $2,784, public safety Prop 172 programs $2,257, and planning and development offsite mitigations $1,200. Increases in committed fund balance for FY 12/13 operating plans: $5,126 (primarily employee concession savings), strategic reserve $2,383, program restoration $2,385, facility maintenance $1,170, new jail $1,000 offset by the use of $5,000 of audit exceptions in ADMHS and $1,099 of Clerk-Recorder-Assessor, and an increase in unassigned fund balance by $7,591.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 26% of total General Fund expenditures while spendable fund balance equates to 23% of total General Fund expenditures. Of the General Fund spendable fund balance, $17,536, or 23% is restricted, and $52,002, or 77% is committed.

The most significant committed amounts are a $21,831 strategic reserve earmarked for severe economic downturns and emergencies, $5,220 for audit exceptions for potential additional Medi-Cal billing repayments, $5,126 in employee concession savings, $3,776 in program restorations set aside to balance future budgets, $2,143 for a tax collector property tax system, $2,054 for facilities maintenance, $1,801 for a litigation reserve which is earmarked for settlements of adverse litigation without other coverage, and $1,215 for contingencies. General Fund unassigned fund balance at year-end was $7,591, a 75%, or $3,261, increase from the prior year.

Other governmental funds: As compared with the prior year, the total fund balances of the remaining governmental funds decreased 10%, or $17,575, to $158,195 with the following significant changes:

The fund balance for major governmental funds as a whole decreased by $7,823 to $116,437. The significant changes occurred in the following funds:

- The three road funds for operations, maintenance, and infrastructure incurred expenditures of $37,171 and finished the year with a $2,124 increase in fund balance.

- The $77,551 Health services operation balanced its budget this year by drawing on fund balance in the amount of $4,073. As the organization switched to a new electronic health record system, the organization saw a temporary decline in its ability to see clients and experienced a decline in billing federal FQHC (Medi-Cal) revenues. In addition, there are growing numbers of uninsured clients entering the clinic network as well that are increasing the costs to the County.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

- The Federal and State funded Social Services safety net programs are among the largest in the County with expenditures of $127,525. This year the department increased fund balances by a net of $1,688 as revenues and General Fund contributions exceeded expenditures primarily due to $3,753 in unexpected one-time 1991 realignment base funding and caseload growth, offset by use of fund balance needed to fund the local portion of mandated programs.

- The three Alcohol, Drug, and Mental Health Services (ADMHS) funds for Mental Health, Mental Health Services Act (MHSA) and Alcohol Drug decreased fund balance by $5,768 to $9,177. The beginning fund balance of $9,798 was restated to $14,945 by a prior period adjustment of liabilities in the Mental Health fund. A negative fund balance in the Mental Health fund of ($2,916) is due to outstanding liabilities for cost settlements and audit disallowances. This fund continues to have outstanding estimates of liabilities for prior years. The liabilities remain difficult to estimate as to the actual outcome. The MHSA Fund has a $2,242 prudent reserve and restricted fund balance of $7,874. The total fund balance of $10,079 was reduced by $8,464 from the prior year-end fund balance of $18,543. The Alcohol Drug Fund has a positive balance of $2,028.

- The fund balance of the Flood Control District Fund decreased $1,794, primarily as a result of expenditures on multi-year projects.

The fund balance for nonmajor governmental funds as a whole decreased by $9,752 to $41,758. The significant changes occurred in the following funds:

- The Redevelopment Agency (RDA) decreased by $15,096 to $0 as a result of the transfer of its assets to the Successor Agency upon on dissolution.

- The Fire Protection District Fund decreased $2,038 as costs of operations outpaced revenues.

- The Santa Barbara Finance Corporation Debt Service Fund decreased $3,649 due to release of reserves for the refinancing of the 2001 COP debt.

- The RDA Debt Service Fund liability to the General Fund was transferred upon dissolution to the Successor Agency and the fund balance was increased by $15,562 to $0.

- The Capital Projects Fund decreased by $6,860 to $9,503. The County expended $15,568 for capital outlay as the County completed multi-year projects financed with debt proceeds.

Proprietary Funds:

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total enterprise funds net assets, which at year-end were comprised of the Resource Recovery Fund and the Laguna Sanitation Fund, increased by $9,365, or 13%, from the prior year. Resource Recovery Fund net assets increased by $7,186, and Laguna Sanitation Fund net assets increased by $2,179. Revenues increased $603, or 2%, to $29,058. Non-operating revenues (expenses) increased a net $5,023 generally as a result of reducing by $4,804 the liability of closure and postclosure costs for landfill operations. Sales generated by the Resource Recovery Fund increased $219, and Laguna Sanitation user fees increased $384. Resource Recovery expenses declined $714 and Laguna Sanitation expenses declined $126.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Total internal service funds net assets decreased by $7,395, or 15%, to $42,660. The Risk Management and Insurance Fund's net assets decreased $8,092, or 143% to $(2,427). The workers' compensation portion of this fund incurred larger than expected costs and actuarial losses of $7,709 on outstanding tail claims. The County now purchases workers' compensation insurance for new claims through a statewide risk pool for public entities, and is in the process of closing out its self-insured tail claims. The other four risk funds: 1) Medical Malpractice decreased net assets by $283, 2) County Liability Self-Insurance decreased net assets by $1,366, 3) County Unemployment Self-Insurance increased net assets by $1,395, and 4) County Dental Self-Insurance decreased net assets by $130.

The remaining internal service funds experienced the following changes: the Information Technology Services Fund increased net assets by $955, the Reprographics and Digital Imaging Services Fund was closed and decreased net assets by $431, the Vehicle Operations and Maintenance Fund had an increase in net assets of $238, the Utilities Fund had an increase in net assets of $253, and the Communications Services Fund had a decrease in net assets of $318.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

During the fiscal year, the County's investment in capital assets increased by $32,723, or 5%, to $635,601 (net of accumulated depreciation). This investment is in a broad range of capital assets including land, land easements, construction in progress (CIP), land improvements, structures and improvements, equipment and software, and infrastructure.

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2011	2012	2011	2012	2011	2012	Dollar Change	Percent Change
Land	$ 42,129	$ 48,095	$ 12,244	$ 12,244	$ 54,373	$ 60,339	$ 5,966	11%
Land easements	47,316	47,316	--	--	47,316	47,316	--	0%
Construction in progress	57,687	51,623	5,053	8,075	62,740	59,698	(3,042)	(5%)
Capital assets, not being depreciated	147,132	147,034	17,297	20,319	164,429	167,353	2,924	2%
Land improvements	7,856	7,584	338	327	8,194	7,911	(283)	(3%)
Structures and improvements	141,102	160,196	5,181	5,185	146,283	165,381	19,098	13%
Equipment and software	41,174	46,701	10,647	11,129	51,821	57,830	6,009	12%
Infrastructure	190,137	192,668	42,014	44,458	232,151	237,126	4,975	2%
Capital assets, net of accumulated depreciation	380,269	407,149	58,180	61,099	438,449	468,248	29,799	7%
Total	$ 527,401	$ 554,183	$ 75,477	$ 81,418	$ 602,878	$ 635,601	$ 32,723	5%

The County both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related expenditures are recorded as CIP. In the year of completion, a project's CIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, CIP had a net decrease of $6,064 for governmental activities and $3,022 for business-type activities, as CIP expenditures of $38,496 were offset by project completions/disposals of $43,610.

CAPITAL ASSETS AND DEBT ADMINISTRATION – CONTINUED

The County completed and capitalized projects costing approximately $36,025. Major projects completed were as follows:

- Policy and Executive – Emergency Operations Center ($7,526),
- Law and Justice – Public Defender offices remodel ($5,074),
- Public Safety – Burton Mesa public safety center ($5,536),
- General Government and Support Services – photovoltaic solar energy generation project for the County's Calle Real campus ($5,171), and
- Community Resources and Public Facilities – Tajiguas Landfill liner ($3,711), El Colegio Road improvements ($2,155), and Santa Ynez bike lanes ($1,454).

During the year, the County capitalized $15,568 in equipment and software purchases, and also recorded depreciation of $20,591 against its capital assets. Capital asset disposals for the fiscal year totaled $1,242, net of accumulated depreciation.

The following table details the changes in capital assets:

Changes in Capital Assets (in thousands)

	Increase (Decrease)	
Capital assets, not being depreciated		
Land additions	$ 6,006	
Land disposals	(40)	
CIP additions	40,568	
CIP completions/disposals	(43,610)	
Total capital assets, not being depreciated		$ 2,924
Capital assets, being depreciated		
Land improvements additions	101	
Land improvements depreciation	(384)	
Structures and improvements additions	24,829	
Structures and improvements disposals (net)	(143)	
Structures and improvements depreciation	(5,588)	
Equipment and software additions	15,598	
Equipment and software disposals (net)	(969)	
Equipment and software depreciation/amortization	(8,619)	
Infrastructure additions	11,095	
Infrastructure disposals (net)	(90)	
Infrastructure depreciation	(6,030)	
Total capital assets, being depreciated		29,800
Total changes in capital assets		$ 32,724

Additional capital asset information, including depreciation and outstanding CIP by project as of June 30, 2012, can be found in Note 7 of the Notes to the Financial Statements, pages 65-69.

CAPITAL ASSETS AND DEBT ADMINISTRATION – CONTINUED

Debt Administration:

At June 30, 2012, the County had total long-term debt outstanding of $88,606. This amount was comprised of $53,039 of certificates of participation (COP) issued by the County Finance Corporation, and secured by the County's lease rental payments with a covenant to budget and appropriate lease payments. It also includes $3,735 of capital lease obligations, $31,832 of bonds, and a state sponsored note payable for the Laguna Sanitation Fund.

Outstanding Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2011	2012	2011	2012	2011	2012	Dollar Change	Percent Change
Capital lease obligations	$ 4,017	$ 3,735	$ --	$ --	$ 4,017	$ 3,735	$ (282)	(7%)
Certificates of participation	68,500	45,045	9,330	7,994	77,830	53,039	(24,791)	(32%)
Bonds and notes payable	--	22,195	10,314	9,637	10,314	31,832	21,518	209%
Total	$ 72,517	$ 70,975	$ 19,644	$ 17,631	$ 92,161	$ 88,606	$ (3,555)	(4%)

The County's total long-term debt decreased by $3,555, or 4%, during the fiscal year. The net decrease was due to the issuance of a $16,945 notes payable to refund the County's 2001 COP debt, $5,250 of Qualified Energy Conservation Bonds (QECB) issued in the Utilities Fund to provide funding for a solar power project, and an $11 copier capital lease. These increases were offset by the following payments being made: $24,791 for COP debt ($22,540 of this amount was related to the 2001 COP debt refunding), $293 for capital lease obligations, and $677 for bonds and notes payable.

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes and both a Standard & Poor's 'AA+' and a Moody's 'A1' for long-term certificates of participation.

Standard & Poor's in its May 31, 2010 credit profile assigned an 'AA+' rating to the County's appropriation debt.

The rationale behind the rating reflects the rating agency's view of:

- The long–term general creditworthiness of the County;
- The County's covenants to budget and appropriate debt payments, and
- Rental interruption insurance that covers sublease payments to offset risk to the bondholders.

The 'AA+' rating is based on the following long-term strengths of the County:

- A stable, moderately growing economic base with access to the broader Ventura and Los Angeles area economies;
- Consistent maintenance of very strong unreserved General Fund balances despite limited financial flexibility due to state mandates;
- An experienced management team that has implemented strong financial policies and prudent expenditure controls; and
- Low overall debt levels.

Standard & Poor's, in its May 21, 2012 rating of the County's FY 12-13 $40,000 Tax and Revenue Anticipation Notes (TRAN), states that the 'SP-1+' rating "reflects the County's very strong underlying general credit characteristics," as well as "strong county-projected debt coverage of 1.69x at maturity."

Additional information on the County's long-term debt can be found on pages 71-73 in the Notes to the Financial Statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget appropriations for expenditures for the General Fund differ from the original budget by supplemental appropriations of $3,757, or 1%. The major changes in appropriations are as follows:

- Salaries and benefits decreased $4,612 due to employee concessions.
- Services, supplies and other charges increased $5,033 made up primarily of the following: Probation added AB 109 prisoner re-entry appropriations of $410 and SB678 appropriation increase of $275 for community-based organizations (CBO's); Sheriff added $330 for court security services, $197 for three state grant programs, and $216 for appropriations related to asset seizures; Planning and Development added appropriations of $775 for environmental review services; General County Programs added appropriations of $351 for Orcutt library tenant improvements; and Office of Emergency Services added $390 for Homeland Security Programs.
- Capital asset appropriations increased $3,336. Significant asset additions included $642 of public safety equipment funded by Homeland Security grants, a Sheriff department appropriation of $1,187 for a donated helicopter and an additional $1,197 for a SWAT truck and other equipment.

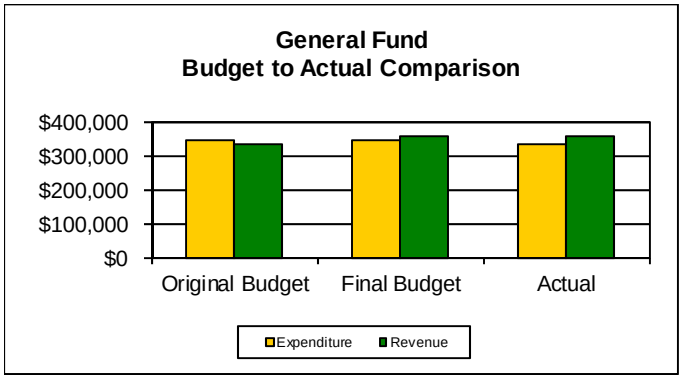
Revenues: General Fund revenues were $1,306 less than total adjusted budget revenue estimates. The main reasons are as follows:

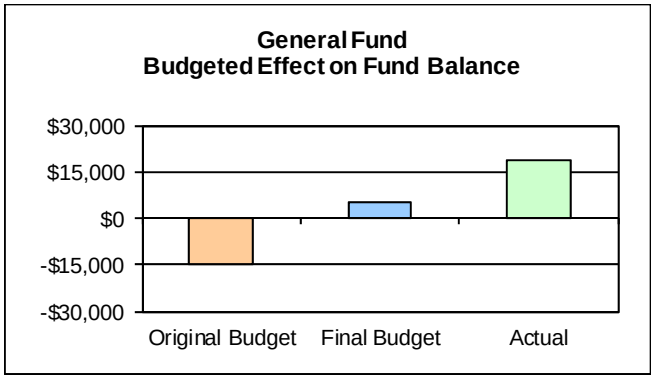
- Tax revenues outperformed revenue estimates by $2,779, or 1%, primarily in the following three areas: $1,438 in General Fund property taxes (due to the dissolution of RDAs), $570 in transient occupancy tax, and $433 in local sales tax.
- Licenses, permits, and franchise revenues had a positive $129 variance from revenue estimates due to increased franchise fees.
- Fines, forfeitures, and penalties revenue was $649 less than estimated as delinquent property taxes generated less penalties and collection revenue.
- Interest earnings were greater than budget estimates by $153.
- Intergovernmental revenues were under budgeted estimates by $351 due primarily to the County collecting less revenue than anticipated from a variety of federal and state reimbursement sources, which in most cases also had offsetting expenditure savings. The variances were mainly in the Sheriff and Probation departments.
- Charges for services fell short of revenue estimates by $3,220, with corresponding expenditure savings occurring because these revenue estimates are generally for reimbursable expenditures. Fire protection incident response reimbursements were $1,674 less than revenue estimates, and Planning and Development environmental and planning services were $1,028 under revenue estimates.

Expenditures: The variance between the final budget and actual expenditures resulted in $13,206 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately $5,595 resulting from unfilled positions across all functions, $4,068 resulting from unspent appropriations for services and supplies across all functions, and $2,983 resulting from capital assets budgeted, but not procured in this fiscal cycle.

By year-end, appropriation savings and unanticipated revenues reduced the budget plan to draw upon fund balance: the General Fund's equity position increased $18,414, versus the budget plan to draw on fund equity by $15,077. Unanticipated revenues were set aside in restricted and committed fund balances including increases for public safety Proposition 172 of $2,257, public safety 2011 Realignment of $2,784, Planning & Development offsite mitigation $1,200, salary savings from employee concessions for FY 12/13 operating plans $5,126 and year-end operations ended with a positive $7,591 in unassigned fund balance. The General Fund budget to actual statement can be found on page 35 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS - CONTINUED





ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the County's operating budget for fiscal year (FY) 12-13:

- The FY 12-13 budget contains a significant decrease in General Fund general revenues of 4%, or $15,513, compared to FY 11-12 actual revenues.
  - Secured property taxes are budgeted to decrease a net $4,071. The Board of Supervisors authorized a tax shift of $5,900 from the County General Fund to the County Fire Protection District. Regular property tax growth was estimated to increase by 1.6%, or $1,829.
  - Property transfer taxes and supplemental property taxes are estimated to increase $445, or 11%.
  - Retail sales tax and transient occupancy tax (TOT) are estimated to decrease a net $1,287. The end of a 10 year revenue neutrality agreement with the City of Goleta will decrease these revenue sources approximately $1,200 in sales tax and $1,400 in TOT offset by estimated growth increases of $1,313, or approximately 8%.
  - The State dissolved RDAs and the County received $3,900 in FY 11-12, and budgeted during final budget hearings to receive $1,555 in FY 12-13. It is reasonable to expect additional revenues in FY 12-13 that could approach the prior year distribution amount of $3,900.
  - Delinquent property tax penalties are budgeted at 14% less than FY 11-12 actual revenues, and unrestricted investment earnings at 6% less than FY 11-12 actual revenues, but these only account for a minor portion of general revenues.
  - We are expecting an economic upturn to continue in the general revenue accounts. Property taxes had an average growth rate for the last four years of only 1%. We expect 2% to 3% growth in FY 13-14. With numerous changes in our estimates after emerging from the recession, the Fire transfer, the end of Goleta revenue neutrality and the dissolution of RDAs, we believe that we will see some variation in the outcomes of our revenue estimates used in adopting the budget.
- Assessed property values grew approximately 1.0% for 2012 which will increase property tax revenue by an equivalent amount for secured and unsecured property taxes collected in FY 12-13. The FY 12-13 budget was adopted with an estimate slightly greater (1.6%) than the actual increase in secured and unsecured property tax revenue estimates compared to prior year actuals for both the General Fund and property tax restricted funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - CONTINUED

- The budget includes a 5%, or $20,774, increase in salaries and benefits when compared to prior year actuals for all County funds. The budget includes significant increases for retirement rates resulting in a 9% increase in cost for retirement contributions, as well as a 17% increase in employer health insurance costs. The County is working toward, and has been successful in attaining, wage concessions from unions with both expired and unexpired contracts after adoption of the FY 11-12 budget. This generated budgetary salary savings that will lessen the impact of the appropriated increases in salary costs, and the use of one-time funds that were necessary to adopt a balanced FY 12-13 budget.
- The state budget was adopted subsequent to the County's budget. The County will make adjustments to its adopted budget as a result of the state realignment of programs to the County and changes in RDA funding as a result of changes in RDA dissolution legislation.

As of June 30, 2012, the available spendable General Fund balance was $77,129. Of this amount, $17,536 was restricted and $52,002 was committed but remains available for appropriation. The County's General Fund ended with $7,591 of unassigned fund balance at June 30, 2012. The County's proposed performance-based FY 12-13 budget and the County's Five Year Capital Improvement Program can be found at www.countyofsb.org/ceo/index.asp.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Santa Barbara County Auditor-Controller, PO Box 39, Santa Barbara, CA 93102-0039. The County's Comprehensive Annual Financial Report and Financial Highlights publications can also be found at www.countyofsb.org/auditor/publications.asp.

BASIC FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET ASSETS

June 30, 2012 (in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (Note 4)	$ 265,421	$ 25,738	$ 291,159
Accounts receivable, net:			
Taxes	24,853	--	24,853
Licenses, permits, and franchises	515	542	1,057
Fines, forfeitures, and penalties	357	--	357
Use of money and property	696	152	848
Intergovernmental	41,334	--	41,334
Charges for services	21,291	1,317	22,608
Other	4,432	431	4,863
Internal balances	2,507	(2,507)	--
Inventories	343	288	631
Prepaid items	467	--	467
Note receivable	16,345	--	16,345
Other receivables	13,935	32	13,967
Deferred charges	614	101	715
Property held for resale	2,700	--	2,700
Restricted cash and investments (Note 5)	24,204	18,611	42,815
Capital assets, not being depreciated/amortized (Note 7)	147,034	20,319	167,353
Capital assets, net of accumulated depreciation/amortization (Note 7)	407,149	61,099	468,248
Total assets	974,197	126,123	1,100,320
LIABILITIES			
Accounts payable	15,072	2,774	17,846
Salaries and benefits payable	25,077	503	25,580
Interest payable	390	43	433
Other payables	7,412	502	7,914
Unearned revenue (Note 8)	35,841	--	35,841
Customer deposits payable	7,518	184	7,702
Long-term liabilities (Note 9):			
Portion due within one year:			
Compensated absences (Note 9)	25,702	549	26,251
Capital lease obligations (Note 10)	316	--	316
Certificates of participation, net (Note 11)	1,692	638	2,330
Bonds and notes payable (Note 12)	2,455	709	3,164
Liability for self-insurance claims (Note 13)	9,302	--	9,302
Landfill closure/postclosure care costs (Note 15)	--	70	70
Portion due in more than one year:			
Compensated absences (Note 9)	5,349	148	5,497
Capital lease obligations (Note 10)	3,419	--	3,419
Certificates of participation, net (Note 11)	43,148	7,506	50,654
Bonds and note payable (Note 12)	19,740	8,928	28,668
Liability for self-insurance claims (Note 13)	26,488	--	26,488
Landfill closure/postclosure care costs (Note 15)	--	20,953	20,953
Other postemployment benefits (OPEB) obligation (Note 21)	49,199	1,067	50,266
Total liabilities	278,120	44,574	322,694
NET ASSETS			
Invested in capital assets, net of related debt	493,753	64,943	558,696
Restricted for (Note 16):			
Law and justice	988	--	988
Public safety	13,450	--	13,450
Health and public assistance	33,627	--	33,627
Community resources and public facilities	95,892	--	95,892
General government and support services	5,240	--	5,240
General county programs	15,957	--	15,957
Unrestricted	37,170	16,606	53,776
Total net assets	$ 696,077	$ 81,549	$ 777,626

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

				Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	**Direct Expenses**	**Indirect Expenses**	**Total Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:									
Policy & executive	$ 15,173	$ (3,538)	$ 11,635	$ 4,816	$ 1,538	$ --	$ (5,281)	$ --	$ (5,281)
Law & justice	44,365	1,690	46,055	10,347	8,344	--	(27,364)	--	(27,364)
Public safety	215,655	8,831	224,486	29,979	56,892	--	(137,615)	--	(137,615)
Health & public assistance	296,370	8,377	304,747	73,695	191,872	--	(39,180)	--	(39,180)
Community resources & public facilities	84,142	4,729	88,871	23,435	41,091	57	(24,288)	--	(24,288)
General government & support services	45,053	(16,088)	28,965	13,784	6,218	--	(8,963)	--	(8,963)
General county programs	19,553	(4,476)	15,077	6,646	2,655	--	(5,776)	--	(5,776)
Interest on long-term debt	4,146	--	4,146	--	--	--	(4,146)	--	(4,146)
Total governmental activities	724,457	(475)	723,982	162,702	308,610	57	(252,613)	--	(252,613)
Business-type activities:									
Resource Recovery	20,255	346	20,601	21,370	5,989	--	--	6,758	6,758
Laguna Sanitation	5,664	129	5,793	7,688	213	--	--	2,108	2,108
Total business-type activities	25,919	475	26,394	29,058	6,202	--	--	8,866	8,866
Total primary government	$ 750,376	$ --	$ 750,376	$ 191,760	$ 314,812	$ 57	(252,613)	8,866	(243,747)
General Revenues:									
Taxes:									
Property							168,713	--	168,713
Sales							8,771	--	8,771
Transient occupancy							7,570	--	7,570
Payments in lieu of taxes							4,488	--	4,488
Motor vehicle in-lieu tax							931	--	931
Franchise fees							2,950	--	2,950
Other general revenues							391	--	391
Restricted for community resources and public facilities:									
Sales tax, allocated to roads							5,929	--	5,929
Property tax, levied for flood control districts							8,329	--	8,329
Property tax, levied for county service areas							1,108	--	1,108
Property tax, levied for water agency							2,189	--	2,189
Property tax, levied for lighting districts							398	--	398
Property tax, levied for community facilities districts							349	--	349
Property tax, residual distribution from the redevelopment property tax trust fund							4,961	--	4,961
Tax increment, allocated to redevelopment agency							2,235	--	2,235
Restricted for public safety:									
Property tax, levied for fire district							28,984	--	28,984
Unrestricted investment earnings							1,048	290	1,338
Gain on sale of capital assets							220	17	237
Transfers							6	(6)	--
Total general revenues and transfers							249,570	301	249,871
Change in net assets before extraordinary item							(3,043)	9,167	6,124
Extraordinary item							16,345	--	16,345
Change in net assets							13,302	9,167	22,469
Net assets - beginning							675,478	72,382	747,860
Prior period adjustment (Note 23)							7,297	--	7,297
Net assets - beginning, as restated							682,775	72,382	755,157
Net assets - ending							$ 696,077	$ 81,549	$ 777,626

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012 (in thousands)

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments (Note 4)	$ 47,576	$ 16,793	$ 19,419	$ 13,187	$ 6,880	$ 61,073	$ 38,791	$ 203,719
Accounts receivable, net:								
Taxes	24,247	--	--	--	--	119	487	24,853
Licenses, permits, and franchises	515	--	--	--	--	--	--	515
Fines, forfeitures, and penalties	14	--	--	--	--	--	343	357
Use of money and property	274	37	33	34	11	109	86	584
Intergovernmental	11,186	7,195	4,400	8,591	7,335	12	2,615	41,334
Charges for services	3,641	2,027	5,378	--	9,217	--	581	20,844
Other	80	--	5	2	3,653	--	670	4,410
Due from other funds (Note 19)	4,090	--	--	315	--	--	105	4,510
Prepaid items	50	--	--	364	--	--	--	414
Other receivables	4,100	869	--	--	--	21	7,590	12,580
Advances to other funds (Note 19)	1,759	--	--	--	--	--	--	1,759
Property held for resale	--	--	--	--	--	--	2,700	2,700
Restricted cash and investments (Note 4 & 5)	13,681	--	--	--	--	--	9,788	23,469
Total assets	$ 111,213	$ 26,921	$ 29,235	$ 22,493	$ 27,096	$ 61,334	$ 63,756	$ 342,048
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 2,168	$ 541	$ 2,026	$ 423	$ 6,200	$ 30	$ 3,046	$ 14,434
Salaries and benefits payable	14,854	675	2,998	3,228	1,974	234	700	24,663
Other payables	(247)	103	198	6	3,326	28	3,506	6,920
Unearned revenue (Note 8)	112	7,334	--	11,454	2,955	296	13,690	35,841
Deferred revenue (Note 8)	1,304	--	2,733	--	--	--	--	4,037
Due to other funds (Note 19)	36	--	--	--	3,464	--	1,031	4,531
Customer deposits payable	7,077	416	--	--	--	--	25	7,518
Total liabilities	25,304	9,069	7,955	15,111	17,919	588	21,998	97,944
Fund balances (Note 16):								
Nonspendable	8,780	--	--	364	--	21	201	9,366
Restricted	17,536	17,852	17,399	3,685	11,966	60,725	37,383	166,546
Committed	52,002	--	3,881	2,729	--	--	2,994	61,606
Assigned	--	--	--	604	--	--	1,213	1,817
Unassigned	7,591	--	--	--	(2,789)	--	(33)	4,769
Total fund balances	85,909	17,852	21,280	7,382	9,177	60,746	41,758	244,104
Total liabilities and fund balances	$ 111,213	$ 26,921	$ 29,235	$ 22,493	$ 27,096	$ 61,334	$ 63,756	$ 342,048

Amounts reported for governmental activities in the Statement of Net Assets are different because (Note 3):

Total fund balances - governmental funds	$ 244,104
(1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.	530,996
(2) Note receivable for governmental activities from the former RDA Successor Agency private-purpose trust fund.	16,345
(3) Other receivable not due in the current period is not a current financial resource, therefore it is not reported in the balance sheet.	1,155
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.	(144,132)
(5) Accrued interest on long-term debt.	(390)
(6) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities.	4,037
(7) Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.	554
(8) Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, communications, and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.	42,660
(9) Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year.	748
Net assets of governmental activities (page 30)	$ 696,077

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 190,029	$ 6,767	$ --	$ --	$ --	$ 8,542	$ 35,804	$ 241,142
Licenses, permits, and franchises	12,411	274	153	73	--	--	55	12,966
Fines, forfeitures, and penalties	6,107	--	736	7	5	--	4,135	10,990
Use of money and property	2,231	113	114	276	51	369	1,153	4,307
Intergovernmental	67,648	25,140	26,568	117,802	31,038	1,193	37,246	306,635
Charges for services	68,942	4,794	36,426	--	31,592	3,197	5,114	150,065
Other	8,982	83	4,268	978	5,081	36	6,542	25,970
Total revenues	356,350	37,171	68,265	119,136	67,767	13,337	90,049	752,075
Expenditures								
Current:								
Policy & executive	15,172	--	--	--	--	--	--	15,172
Law & justice	28,248	--	--	--	--	--	15,214	43,462
Public safety	205,096	--	--	--	--	--	1,586	206,682
Health & public assistance	3,833	--	77,551	127,525	80,242	--	17,691	306,842
Community resources & public facilities	34,386	37,171	--	--	--	12,903	16,897	101,357
General government & support services	42,640	--	--	--	--	--	151	42,791
General county programs	3,935	--	--	--	--	--	8,352	12,287
Debt service:								
Principal	15	--	--	--	--	--	23,734	23,749
Interest	511	--	--	--	--	--	3,672	4,183
Capital outlay	--	--	--	--	--	--	15,568	15,568
Total expenditures	333,836	37,171	77,551	127,525	80,242	12,903	102,865	772,093
Excess (deficiency) of revenues over (under) expenditures	22,514	--	(9,286)	(8,389)	(12,475)	434	(12,816)	(20,018)
Other Financing Sources (Uses)								
Transfers in (Note 19)	37,379	2,223	7,164	10,138	8,596	44	31,470	97,014
Transfers out (Note 19)	(41,671)	(122)	(1,951)	(61)	(1,892)	(2,274)	(48,972)	(96,943)
Proceeds from sale of capital assets	192	23	--	--	3	2	--	220
Long-term receivable collected	--	--	--	--	--	--	356	356
Long-term debt issued	--	--	--	--	--	--	16,957	16,957
Total other financing sources (uses)	(4,100)	2,124	5,213	10,077	6,707	(2,228)	(189)	17,604
Net change in fund balances before extraordinary items	18,414	2,124	(4,073)	1,688	(5,768)	(1,794)	(13,005)	(2,414)
Extraordinary Items								
RDA dissolution transactions	--	--	--	--	--	--	(13,092)	(13,092)
RDA advance receivable elimination	(16,345)	--	--	--	--	--	16,345	--
Total extraordinary items	(16,345)	--	--	--	--	--	3,253	(13,092)
Net change in fund balances	2,069	2,124	(4,073)	1,688	(5,768)	(1,794)	(9,752)	(15,506)
Fund balances - beginning	83,840	15,728	25,353	5,694	9,798	62,540	51,510	254,463
Prior period adjustment	--	--	--	--	5,147	--	--	5,147
Fund balances - beginning, as restated	83,840	15,728	25,353	5,694	14,945	62,540	51,510	259,610
Fund balances - ending	$ 85,909	$ 17,852	$ 21,280	$ 7,382	$ 9,177	$ 60,746	$ 41,758	$ 244,104

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	$ (15,506)
Capital assets:	
(1) The acquisition of capital assets uses current financial resources but has no effect on net assets.	34,647
(2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the statement of activities.	(13,978)
(3) The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets.	(220)
(4) The net loss on the disposal of capital assets does not affect current financial resources but decreases net assets.	(828)
Long-term debt:	
(5) The issuance of long-term debt provides current financial resources to the funds but has no effect on net assets.	(16,836)
(6) Principal payments on long-term debt use current financial resources but have no effect on net assets.	23,748
Measurement focus:	
(7) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,009
(8) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds:	
Change in interest payable liability	63
Change in compensated absences liability	(154)
Change in estimated litigation liability	2,115
Accrued other postemployment benefits (OPEB)	(10,164)
Amortization of bond premiums/discounts and issuance costs	259
Internal service funds:	
(9) Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, communication services, and utilities to individual funds. The net revenue of internal service funds is reported within governmental activities.	(7,198)
Change in net assets of governmental activities (page 31)	$ (3,043)

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 184,922	$ 187,250	$ 190,029	$ 2,779
Licenses, permits, and franchises	12,251	12,282	12,411	129
Fines, forfeitures, and penalties	5,387	6,756	6,107	(649)
Use of money and property	2,069	2,078	2,231	153
Intergovernmental	49,470	67,999	67,648	(351)
Charges for services	77,100	72,162	68,942	(3,220)
Other	3,407	9,129	8,982	(147)
Total revenues	334,606	357,656	356,350	(1,306)
Expenditures				
Current:				
Policy & executive	15,379	16,284	15,172	1,112
Law & justice	28,977	28,439	28,248	191
Public safety	204,719	208,997	205,096	3,901
Health & public assistance	3,827	3,849	3,833	16
Community resources & public facilities	36,419	36,182	34,386	1,796
General government & support services	49,432	48,448	42,640	5,808
General county programs	4,006	4,317	3,935	382
Debt service:				
Principal	15	15	15	--
Interest	511	511	511	--
Total expenditures	343,285	347,042	333,836	13,206
Excess (deficiency) of revenues over (under) expenditures	(8,679)	10,614	22,514	11,900
Other Financing Sources (Uses)				
Transfers in	37,110	39,160	37,379	(1,781)
Transfers out	(43,508)	(44,912)	(41,671)	3,241
Proceeds from sale of capital assets	--	24	192	168
Total other financing sources (uses)	(6,398)	(5,728)	(4,100)	1,628
Net change in fund balances before extraordinary item	(15,077)	4,886	18,414	13,528
Extraordinary Item				
RDA advance receivable elimination	--	--	(16,345)	(16,345)
Net change in fund balances	(15,077)	4,886	2,069	(2,817)
Fund balances - beginning	83,840	83,840	83,840	--
Fund balances - ending	$ 68,763	$ 88,726	$ 85,909	$ (2,817)

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,835	$ 7,272	$ 6,767	$ (505)
Licenses, permits, and franchises	126	126	274	148
Use of money and property	102	79	113	34
Intergovernmental	25,461	27,686	25,140	(2,546)
Charges for services	3,821	4,297	4,794	497
Other	51	51	83	32
Total revenues	35,396	39,511	37,171	(2,340)
Expenditures				
Current:				
Community resources & public facilities	40,535	45,218	37,171	8,047
Total expenditures	40,535	45,218	37,171	8,047
Deficiency of revenues under expenditures	(5,139)	(5,707)	--	5,707
Other Financing Sources (Uses)				
Transfers in	2,697	3,080	2,223	(857)
Transfers out	(1,114)	(932)	(122)	810
Proceeds from sale of capital assets	--	--	23	23
Total other financing sources (uses)	1,583	2,148	2,124	(24)
Net change in fund balances	(3,556)	(3,559)	2,124	5,683
Fund balances - beginning	15,728	15,728	15,728	--
Fund balances - ending	$ 12,172	$ 12,169	$ 17,852	$ 5,683

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
PUBLIC HEALTH SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 122	$ 124	$ 153	$ 29
Fines, forfeitures, and penalties	859	859	736	(123)
Use of money and property	152	134	114	(20)
Intergovernmental	26,271	26,177	26,568	391
Charges for services	37,785	38,062	36,426	(1,636)
Other	4,435	4,066	4,268	202
Total revenues	69,624	69,422	68,265	(1,157)
Expenditures				
Current:				
Health & public assistance	81,799	80,754	77,551	3,203
Total expenditures	81,799	80,754	77,551	3,203
Deficiency of revenues under expenditures	(12,175)	(11,332)	(9,286)	2,046
Other Financing Sources (Uses)				
Transfers in	9,556	7,199	7,164	(35)
Transfers out	(4,473)	(2,089)	(1,951)	138
Total other financing sources (uses)	5,083	5,110	5,213	103
Net change in fund balances	(7,092)	(6,222)	(4,073)	2,149
Fund balances - beginning	25,353	25,353	25,353	--
Fund balances - ending	$ 18,261	$ 19,131	$ 21,280	$ 2,149

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
SOCIAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 66	$ 66	$ 73	$ 7
Fines, forfeitures, and penalties	13	13	7	(6)
Use of money and property	238	270	276	6
Intergovernmental	119,331	124,283	117,802	(6,481)
Other	337	573	978	405
Total revenues	119,985	125,205	119,136	(6,069)
Expenditures				
Current:				
Health & public assistance	134,216	134,190	127,525	6,665
Total expenditures	134,216	134,190	127,525	6,665
Deficiency of revenues under expenditures	(14,231)	(8,985)	(8,389)	596
Other Financing Sources (Uses)				
Transfers in	9,962	10,188	10,138	(50)
Transfers out	(93)	(114)	(61)	53
Total other financing sources (uses)	9,869	10,074	10,077	3
Net change in fund balances	(4,362)	1,089	1,688	599
Fund balances - beginning	5,694	5,694	5,694	--
Fund balances - ending	$ 1,332	$ 6,783	$ 7,382	$ 599

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
ALCOHOL, DRUG AND MENTAL HEALTH SERVICES (ADMHS) SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 4	$ 4	$ 5	$ 1
Use of money and property	76	55	51	(4)
Intergovernmental	31,230	32,420	31,038	(1,382)
Charges for services	38,119	31,736	31,592	(144)
Other	205	5,089	5,081	(8)
Total revenues	69,634	69,304	67,767	(1,537)
Expenditures				
Current:				
Health & public assistance	76,664	83,805	80,242	3,563
Total expenditures	76,664	83,805	80,242	3,563
Deficiency of revenues under expenditures	(7,030)	(14,501)	(12,475)	2,026
Other Financing Sources (Uses)				
Transfers in	11,903	12,204	8,596	(3,608)
Transfers out	(859)	(2,350)	(1,892)	458
Proceeds from sale of capital assets	--	--	3	3
Total other financing sources (uses)	11,044	9,854	6,707	(3,147)
Net change in fund balances	4,014	(4,647)	(5,768)	(1,121)
Fund balances - beginning	9,798	9,798	9,798	--
Prior period adjustment	--	--	5,147	5,147
Fund balances - beginning, as restated	9,798	9,798	14,945	5,147
Fund balances - ending	$ 13,812	$ 5,151	$ 9,177	$ 4,026

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 8,259	$ 8,270	$ 8,542	$ 272
Use of money and property	558	526	369	(157)
Intergovernmental	1,461	1,461	1,193	(268)
Charges for services	3,099	3,114	3,197	83
Other	51	51	36	(15)
Total revenues	13,428	13,422	13,337	(85)
Expenditures				
Current:				
Community resources & public facilities	19,224	18,765	12,903	5,862
Total expenditures	19,224	18,765	12,903	5,862
Excess (deficiency) of revenues over (under) expenditures	(5,796)	(5,343)	434	5,777
Other Financing Sources (Uses)				
Transfers in	10	42	44	2
Transfers out	(3)	(2,297)	(2,274)	23
Proceeds from sale of capital assets	--	--	2	2
Total other financing sources (uses)	7	(2,255)	(2,228)	27
Net change in fund balances	(5,789)	(7,598)	(1,794)	5,804
Fund balances - beginning	62,540	62,540	62,540	--
Fund balances - ending	$ 56,751	$ 54,942	$ 60,746	$ 5,804

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
ASSETS				
Current assets:				
Cash and investments (Note 4)	$ 17,434	$ 8,304	$ 25,738	$ 61,702
Accounts receivable, net:				
Licenses, permits, and franchises	542	--	542	--
Use of money and property	136	16	152	112
Charges for services	1,311	6	1,317	447
Other	431	--	431	22
Due from other funds	--	--	--	21
Inventories	273	15	288	343
Prepaid items	--	--	--	53
Other receivables	9	23	32	--
Total current assets	20,136	8,364	28,500	62,700
Noncurrent assets:				
Other receivables	--	--	--	200
Deferred charges	55	46	101	60
Restricted cash and investments (Notes 4 & 5)	18,111	500	18,611	735
Capital assets, not being depreciated/amortized (Note 7)	11,865	8,454	20,319	--
Capital assets, net of accumulated depreciation/amortization (Note 7)	34,949	26,150	61,099	23,187
Total noncurrent assets	64,980	35,150	100,130	24,182
Total assets	85,116	43,514	128,630	86,882
LIABILITIES				
Current liabilities:				
Accounts payable	2,342	432	2,774	638
Salaries and benefits payable	399	104	503	414
Interest payable	9	34	43	--
Other payables	105	397	502	492
Customer deposits payable	100	84	184	--
Compensated absences (Note 9)	427	122	549	454
Certificates of participation payable (Note 11)	638	--	638	--
Bonds and notes payable (Note 12)	--	709	709	330
Liability for self-insurance claims (Note 13)	--	--	--	9,302
Landfill closure/postclosure care costs (Note 15)	70	--	70	--
Total current liabilities	4,090	1,882	5,972	11,630
Noncurrent liabilities:				
Compensated absences (Note 9)	139	9	148	258
Certificates of participation payable, net (Note 11)	7,506	--	7,506	--
Bonds and notes payable (Note 12)	--	8,928	8,928	4,920
Liability for self-insurance claims (Note 13)	--	--	--	26,488
Landfill closure/postclosure care costs (Note 15)	20,953	--	20,953	--
Advances payable (Note 19)	1,759	--	1,759	--
OPEB obligation (Note 21)	870	197	1,067	926
Total noncurrent liabilities	31,227	9,134	40,361	32,592
Total liabilities	35,317	11,016	46,333	44,222
NET ASSETS				
Invested in capital assets, net of related debt	39,513	25,429	64,942	18,722
Unrestricted	10,286	7,069	17,355	23,938
Total net assets	$ 49,799	$ 32,498	82,297	$ 42,660
Adjustment to reflect the allocation of the internal service funds' cumulative net loss			(748)	
Net assets of business-type activities			$ 81,549	

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Business-type Activities - Enterprise Funds			Governmenta Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Operating revenues:				
Charges for services	$ 14,696	$ 7,665	$ 22,361	$ 43,508
Sale of scrap and recyclables	3,475	--	3,475	--
Franchise fees	4	--	4	--
Self-insurance recovery	--	--	--	1,282
Other operating revenues	3,195	23	3,218	585
Total operating revenues	21,370	7,688	29,058	45,375
Operating expenses:				
Salaries and benefits	7,686	1,849	9,535	7,479
Services and supplies	4,800	2,280	7,080	26,512
Self-insurance claims	--	--	--	15,412
Contractual services	5,010	376	5,386	387
Depreciation and amortization	2,008	990	2,998	3,614
County overhead allocation	346	129	475	460
Closure/postclosure costs	124	--	124	--
Total operating expenses	19,974	5,624	25,598	53,864
Operating income (loss)	1,396	2,064	3,460	(8,489)
Non-operating revenues (expenses):				
Use of money and property	559	54	613	498
Interest expense	(330)	(147)	(477)	--
Gain (loss) on sale of assets	(50)	2	(48)	78
Settlements and damages	(55)	--	(55)	--
Other non-operating revenues	5,672	206	5,878	583
Total non-operating revenues (expenses), net	5,796	115	5,911	1,159
Income (loss) before transfers	7,192	2,179	9,371	(7,330)
Transfers in	--	--	--	5,824
Transfers out (Note 19)	(6)	--	(6)	(5,889)
Transfers in (out), net	(6)	--	(6)	(65)
Change in net assets	7,186	2,179	9,365	(7,395)
Total net assets - beginning	42,613	30,319	72,932	50,055
Total net assets - ending	$ 49,799	$ 32,498	$ 82,297	$ 42,660

Change in net assets - total enterprise funds	$ 9,365
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(198)
Change in net assets of business-type activities	$ 9,167

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Business-type Activities - Enterprise Funds			Governmenta Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ --	$ --	$ --	$ 44,730
Receipts from self-insurance recovery	--	--	--	1,282
Receipts from customers and users	21,298	7,743	29,041	--
Payments to employees	(7,494)	(1,797)	(9,291)	(7,489)
Payments to suppliers	(8,182)	(4,999)	(13,181)	(25,226)
Payments for self-insurance claims	--	--	--	(15,412)
Payments for landfill closure/postclosure costs	(4,928)	--	(4,928)	--
County overhead allocation payments to the General Fund	(346)	(129)	(475)	(460)
Other receipts	5,672	65	5,737	583
Net cash provided (used) by operating actiivities	6,020	883	6,903	(1,992)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	--	--	--	5,824
Transfers to other funds	(6)	--	(6)	(5,889)
Payment on landfill settlement	(55)	--	(55)	--
Net cash used by noncapital financing activities	(61)	--	(61)	(65)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(6,422)	(2,582)	(9,004)	(8,918)
Proceeds from sale of capital assets	15	2	17	384
Principal paid on certificates of participation	(1,336)	--	(1,336)	--
Interest and fees paid on certificates of participation	(381)	--	(381)	--
Principal paid on bonds and notes payable	--	(677)	(677)	--
Interest and fees paid on bonds and notes payable	--	(148)	(148)	--
Proceeds of long-term debt	--	--	--	5,250
Federal interest subsidy on bonds payable	--	141	141	--
Net cash used by capital and related financing activities	(8,124)	(3,264)	(11,388)	(3,284)
CASH FLOWS FROM INVESTING ACTIVITIES				
Use of money and property received	564	55	619	555
Net cash provided by investing activities	564	55	619	555
Net change in cash and cash equivalents	(1,601)	(2,326)	(3,927)	(4,786)
Cash and cash equivalents - beginning	37,146	11,130	48,276	67,223
Cash and cash equivalents - ending	$ 35,545	$ 8,804	$ 44,349	$ 62,437
Reconciliation of cash and cash equivalents to the Statement of Net Assets				
Cash and investments per Statement of Net Assets	$ 17,434	$ 8,304	$ 25,738	$ 61,702
Restricted cash and investments per Statement of Net Assets	18,111	500	18,611	735
Total cash and cash equivalents per Statement of Net Assets	$ 35,545	$ 8,804	$ 44,349	$ 62,437
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,396	$ 2,064	$ 3,460	$ (8,489)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,008	990	2,998	3,614
Other non-operating revenue	5,672	65	5,737	583
Changes in assets and liabilities:				
Accounts and other receivables	28	43	71	646
Inventories	15	4	19	--
Prepaid items	--	--	--	(253)
Deferred charges	17	7	24	--
Accounts payable	1,596	(2,354)	(758)	1,928
Salaries and benefits payable	192	52	244	(19)
Customer deposits	(100)	12	(88)	--
Liability for self-insurance claims	--	--	--	(2)
Landfill closure cost liability	(4,804)	--	(4,804)	--
Net cash provided (used) by operating activities	$ 6,020	$ 883	$ 6,903	$ (1,992)

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2012 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund	Agency Funds
Assets			
Cash and investments (Note 4)	$ 506,420	$ 3,018	$ 35,687
Interest receivable	1,043	7	124
Other receivable	--	625	--
Property held for resale	--	6,815	--
Resticted cash and investments	--	1,639	--
Total assets	507,463	12,104	$ 35,811
Liabilities			
Accounts payable	--	--	$ 6,662
Funds held as agent for others	--	--	29,149
Note payable	--	16,345	--
Total liabilities	--	16,345	$ 35,811
Net Assets			
Net assets held in trust	$ 507,463	$ (4,241)	

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund
Additions:		
Contributions:		
Contributions to pooled investments	$ 3,219,184	$ --
Redevelopment Agency Property Tax Trust Fund	--	1,117
Total contributions	3,219,184	1,117
Interest and Investment Revenue:		
Use of money and property	4,517	42
Total interest and investment revenue	4,517	42
Other revenues:		
Insurance proceeds	--	34
Property easement sale	--	16
Total other revenues	--	50
Total additions	3,223,701	1,209
Deductions:		
Benefits paid:		
Distributions from pooled investments	3,280,654	--
Affected taxing entities	--	1,603
Total benefits paid	3,280,654	1,603
Obligation retirements:		
Interest on note payable	--	356
Total obligation retirements	--	356
Administrative expenses:		
County administrative expenses	--	214
Direct property management expenses	--	24
Total administrative expenses	--	238
Total deductions	3,280,654	2,197
Change in net assets before extraordinary items	(56,953)	(988)
Extraordinary items:		
Assets of Santa Barbara County Redevelopment Agency	--	13,092
Liabilities of Santa Barbara County Redevelopment Agency	--	(16,345)
Total extraordinary items	--	(3,253)
Change in net assets	(56,953)	(4,241)
Net assets held in trust - beginning	564,416	--
Net assets held in trust - ending	$ 507,463	$ (4,241)

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The County of Santa Barbara (County), which was established by an act of the Legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying financial statements present the activities of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units

Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended, with the activities of the County for purposes of reporting in the accompanying basic financial statements. The basis for blending the component units is that their governing bodies are substantially the same as the County's Board.

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is demonstrated by the County's Board acting as the governing board for each of the component units.

Unless otherwise noted, additional detailed information and/or separately issued financial statements of the County's component units can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

Descriptions of the County's blended component units are as follows:

First 5 Children and Families Commission (Commission) was established to promote, support, and improve the early development of children from prenatal stage to five years of age. Revenues consist primarily of funds generated by a state tax increase on cigarettes and tobacco products as mandated by Proposition 10. Additional detailed information and separately issued financial statements can be obtained from the Commission at 1306 Santa Barbara Street, Santa Barbara, CA 93101.

County Service Areas were established for the purpose of providing specific services to distinct geographical areas within the County. These services include street lighting, open space maintenance, library, community sewer sanitation and maintenance, and road maintenance in various unincorporated areas of the County. Revenues consist primarily of property taxes and benefit assessments.

The fund for *Public and Educational Access* was established in December 2001 by the County Board to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund are the support of educational and public information through programs aimed at expanding public access and educational access to telecommunication services.

The *Santa Barbara County Fire Protection District* (District) covers most of the unincorporated territory of Santa Barbara County; the cities of Buellton, Solvang and Goleta; and private lands within the National Forest. The District provides a full range of fire services funded primarily from property taxes. The National Forest and military installations provide their own fire protection.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The function of the *Flood Control and Water Conservation Districts* is to control flood and storm waters and to conserve such waters for beneficial public use. Revenues consist primarily of property taxes and aid from other governmental units.

Lighting Districts provide for the operation and maintenance of streetlights in certain areas of the County and are financed by property taxes and benefit assessments.

Laguna County Sanitation District provides water and sewage treatment to users. The costs of operating this district are charged to the users in the form of water charges and sewer fees.

Mello-Roos *Community Facilities Districts* allow for financing of public improvements and services. The services and improvements that can be financed include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities.

The *Sandyland Seawall Maintenance District* provides for the maintenance of a seawall constructed in the Sandyland Cove area, and is financed through benefit assessments levied against those properties adjacent to that beachfront area.

The *Water Agency* (Agency) prepares investigations and reports on the County's water requirements, project development, and importation of water from the State Water Project. The Agency provides technical assistance to County departments, water districts, and the public relative to ground water availability and water well locations and design. The Agency also administers the Cachuma Project and Twitchell Project contracts with the U.S. Bureau of Reclamation.

The *In-Home Supportive Services Public Authority* (IHSS) was established by the Board to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.

The *Santa Barbara County Redevelopment Agency* (Redevelopment Agency or RDA) was formed September 12, 1989, under Section 33200 of the State of California Health and Safety Code. The RDA was broadly empowered to engage in the general economic revitalization and redevelopment of property in the project area that is determined to be in declining condition. Pursuant to the provisions of the Redevelopment Restructuring Act, the Santa Barbara County Redevelopment Successor Agency (Successor Agency) was created, and all of the assets, liabilities and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

The *Santa Barbara County Redevelopment Successor Agency* (Successor Agency) operates under the auspices of a legislatively formed Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former RDA. It is tasked with fulfilling the obligations of the former RDA, and is also responsible for revenue collection, maintaining necessary bond reserves and disposing of excess property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The *Santa Barbara County Finance Corporation* was established on July 28, 1983. This corporation is a nonprofit public benefit corporation and, in general, its purpose is to purchase, lease or otherwise acquire real property; construct, install or acquire public improvements; operate, maintain, repair or improve real or personal property; and borrow money and become indebted for the purpose of acquiring and improving such property. The corporation facilitates financing for the County and other public entities.

The accompanying financial statements also include an Investment Trust Fund that holds assets of numerous self-governed school and special districts for which the County Treasurer acts as custodian. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments, and other assets, and the related fiduciary responsibility of the County for disbursement of these assets. The County Auditor-Controller makes disbursements upon the request of the responsible school or self-governed district officers. Activities of the school and special districts are administered by separate boards and are independent of the County Board. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or to appropriate surplus funds available in these entities.

Financial Statements

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,*" the financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund intra-function activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. The statement of activities presents function revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the County include policy and executive, law and justice, public safety, health and public assistance, community resources and public facilities, general government and support services, and general County programs. The business-type activities of the County include resource recovery and waste management, and sanitation operations. Fiduciary activities and results of operations are not included in government-wide financial statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual County-wide Cost Allocation Plan (CAP) which allocates the cost of central service departments to service user departments. Costs allocated in the CAP include administrative and support costs such as budget preparation and oversight, county counsel, landscaping, payroll, and facilities maintenance. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County, in general, considers revenues available if they are collected within 180 days after fiscal year-end, except for property taxes, which the County considers available if they are collected within 60 days after fiscal year-end. Grants, Medi-Cal reimbursements and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures that meet accrual criteria are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the County considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual, and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the County except those required to be accounted for in specialized funds.

The **Roads Fund** is used to account for the planning, design, construction, maintenance and administration of County roads. It is also used to account for traffic safety and other transportation planning activities. Funding comes primarily from local sales and state highway user taxes, along with state and federal highway improvement grants.

The **Public Health Fund** accounts for a variety of preventative health programs, outpatient services and inmate health programs. The fund is also used to account for Environmental Health, and Emergency Medical Services. Revenue sources are primarily state and federal grants, and vehicle license fees.

The **Social Services Fund** accounts for a variety of public assistance and social service programs that are funded primarily from state and federal grants.

The **Alcohol, Drug, and Mental Health Services (ADMHS) Fund** is used to account for mandated community health services under the California Mental Health Act including a mandated responsibility to "guarantee and protect public safety." Revenue sources are primarily charges for services, sales tax revenue and state grants.

The **Flood Control District Fund** is used to account for the provision of flood protection activities. Revenues come from a variety of sources including property taxes, charges for services, benefits assessments and federal grants.

The County reports the following major proprietary funds:

The **Resource Recovery and Waste Management Fund (Resource Recovery)** accounts for the activities of refuse collection, disposal, landfill operations, and recycling programs.

The **Laguna County Sanitation District Fund (Laguna Sanitation)** accounts for the activities of sewer collection and sewage treatment in the Orcutt area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Additionally, the County reports the following fund types:

Internal Service Funds account for vehicle operations, risk management, information technology, communications operations, and utilities operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The **Investment Trust Fund** accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The County separately maintains these entities' money in 424 individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

Private-purpose Trust Fund is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Santa Barbara County Redevelopment Successor Agency (Successor Agency).

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including *Clearing and Revolving Funds, Deposit Funds, Other Agency Funds, State and City Revenue Funds,* and *Tax Collection Funds*) account for assets held by the County in an agency capacity for individuals or other government units. The County reports on 278 different agency funds.

Business-type activities and enterprise funds have elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. Business-type activities and enterprise funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as statements and interpretations of FASB, the Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Resource Recovery and Laguna Sanitation enterprise funds and of the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include all Trust and Agency funds, which account for assets held by the County as a trustee, or as an agent for individuals or other government units.

Cash and Investments

The County's cash and cash equivalents for statement of cash flows purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held by the County Treasurer in a cash management investment pool (pool).

The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

State statutes and the County's investment policy authorize the County Treasurer to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and External Investment Pools*," investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with state statutes. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by state statute.

The Air Pollution Control District and the Santa Barbara County Association of Governments, as well as the public school districts, cemetery districts, fire protection districts, pest control districts, recreation and park districts, and resource conservation districts within the County are required by legal provisions to participate in the County's investment pool. The deposits held for these districts are included in the Investment Trust Fund.

Accounts Receivable and Payable

The County only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such the County has no allowance for uncollectible accounts. The County expects to collect all accounts receivable within one year. County policy requires that all revenues and expenditures greater than $5 be accrued at fiscal year-end, while revenues and expenditures under $5 may be accrued at fiscal year-end at the discretion of individual departments.

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County including school and special districts. Article XIIIB of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to $1 per $100 of full cash value. Taxes levied to service voter-approved debt are excluded from this limitation.

Secured property taxes are levied in September of each year based upon the assessed valuation as of the previous January 1 (lien date). They are payable in two equal installments due on November 1 and February 1 and are considered delinquent with penalties after December 10 and April 10, respectively. Unsecured property taxes are due on the January 1 lien date and become delinquent with penalties after August 31.

During FY 93-94, the County authorized an alternative property tax distribution method referred to as the "Teeter Plan." This method allows for a 100% distribution of the current tax levy to entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining 5% in June of each year. This method also provides that all of the delinquent penalties and redemption penalties of the participating entity flow to the County's General Fund. All County entities receiving property taxes were required by statute to participate. All delinquent taxes are recorded as accounts receivable in the General Fund. At June 30, 2012, property taxes receivable of $24,247 was recorded in the General Fund. In addition, the Teeter Plan requires that a property tax loss reserve be maintained in an amount equal to 1% of the current year's secured tax levy, which is shown as a nonspendable portion of fund balance in the General Fund (see Note 16).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In the governmental funds financial statements, advances between funds are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reported as nonspendable.

Property Held for Resale

Property held for resale is an asset held by the Successor Agency, and is recorded at the lower of cost or estimated net realizable value. Realizable value is determined either by an agreed-upon sale price with a developer, or by an appraisal. Prior to the establishment of such a development agreement or appraisal, the property is maintained at cost. Capitalized costs include all monies expended in the redevelopment process that can be properly attributable to the property to be resold to developers.

Capital Assets

Capital assets include land, land improvements, structures and improvements (e.g., office buildings and building improvements), equipment (e.g., vehicles, machinery and computers), infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). They are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization thresholds are $5 for equipment and $100 for land improvements, buildings and improvements, infrastructure, and computer software.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements:	Parking lots, sidewalks, outdoor lighting, landscaping, drainage and irrigation systems	5 to 50 years
Buildings & improvements:	Office buildings	20 to 100 years
	Building improvements	5 to 50 years
Equipment:	Automobiles and light trucks	5 to 10 years
	Construction and maintenance vehicles	5 to 20 years
	General machinery and office equipment	3 to 25 years
Infrastructure:	Pavement and traffic signals	15 to 30 years
	Bridges	40 to 75 years
	All other	20 to 99 years
Intangible assets:	Computer software	2 to 10 years

Expenditures for capital assets and improvements are capitalized, as projects are constructed, in accordance with the County's capitalization policy. Interest and indirect costs incurred during the construction phase of capital assets of proprietary funds, are reflected in the capitalized value of the asset constructed. Depreciation/amortization expense is allocated to functions/programs and included as a direct expense in the statement of activities.

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary funds financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets.

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

County policy permits employees to accumulate earned but unused vacation, holiday and sick pay benefits. County policy states that unused sick leave shall not be cashed out at time of separation from service with the County; therefore, no liability for unpaid accumulated sick leave exists. Employees eligible for full retirement benefits however, may convert their unused sick leave to up to one year's service credit in determining their retirement benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. In the governmental funds financial statements, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations or retirements prior to year-end, and payment of the liability is made subsequent to year-end. This is in accordance with GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*"

Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the County's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.
- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use Restricted fund balance resources first, followed by unrestricted resources in the Committed, Assigned, and Unassigned fund balances, as they are needed.

Fund Balance Policy

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 15% of operating revenue (approximately 60 days working capital) at the close of each fiscal year, consistent with the recommended level promulgated by the Government Finance Officers Association (GFOA).

Additional detailed information, along with the complete *Fund Balance Policy*, can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

Strategic Reserve Policy

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 8% of operating revenue (approximately 30 days working capital) for the General Fund. Funding for the Strategic Reserve is appropriated annually by the Board of Supervisors as part of the budget approval process.

The purpose of the County's Strategic Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;
2. Mitigate state or federal budget actions that may reduce County revenue;
3. Maintain core service levels essential to public health, safety, and welfare;
4. Front-fund or completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state or federal level are eligible for funding from the Strategic Reserve; and
5. Absorb liability settlements in excess of available resources in the County's committed litigation fund balance.

The monies in the Strategic Reserve are separate monies used only for the purposes stated above. The funds are used only to support the operating budget when general revenue increases less than 3% from the prior fiscal year. Any transfer of funds is approved by the Board of Supervisors and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

As of June 30, 2012, the County's Strategic Reserve fund balance was $21,831.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year balances may have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Future Government Accounting Standards Board (GASB) Statements

GASB Statements Nos. 60-68 listed below will be implemented in future financial statements:

Statement No. 60	*Accounting and Financial Reporting for Service Concession Arrangements*	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 61	*The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.
Statement No. 62	*Codification of Accounting and Financial Reporting Guidance*	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 63	*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
Statement No. 64	*Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*	The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.
Statement No. 65	*Items Previously Reported as Assets and Liabilities*	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
Statement No. 66	*Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*	The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.
Statement No. 67	*Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*	The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013
Statement No. 68	*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*	The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

2. BUDGETARY AND LEGAL COMPLIANCE

The County is legally required to adopt an annual budget and adhere to the provisions of the California Government Code (Sections 29000 – 29144 and 30200), commonly known as the County Budget Act. Budgets are adopted for the general, special revenue, debt service and capital projects funds. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP. The Board annually conducts a public hearing for the discussion of a proposed budget. At the conclusion of the hearings, statutorily no later than October 2, the Board adopts the final budget including revisions by resolution. However, it has been the County's practice to adopt the budget prior to the start of the fiscal year. The Board also adopts subsequent revisions that occur throughout the year. All annual appropriations lapse at fiscal year-end.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance accounts which are maintained at the line item level. Presentation of the basic financial statements at the legal level is not feasible due to excessive length; therefore, the budget and actual statements have been aggregated by function. The County prepares a separate Final Budget document that demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website, or can be obtained from the Auditor-Controller's office.
For the fiscal year ended June 30, 2012, no instances existed in which expenditures exceeded appropriations.

The Board must approve amendments or transfers of appropriations between funds or departments, as well as items related to capital assets, and fund balance accounts. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. Finally, the Board must approve amendments or transfers of appropriations between object levels within the same department. Any deficiency caused by expenditures and other financing uses being greater than revenues and other financing sources, is financed by beginning available fund balances as provided for in the County Budget Act.

3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following two schedules provide a reconciliation of those differences:

	Total Governmental Funds (Page 32)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 40)	Adjustments (3)	Total Governmental Activities (Page 31)
Assets:					
Cash and investments	$ 203,719	$ --	$ 61,702	$ --	$ 265,421
Accounts receivable, net:					
Taxes	24,853	--	--	--	24,853
Licenses, permits, and franchises	515	--	--	--	515
Fines, forfeitures, and penalties	357	--	--	--	357
Use of money and property	584	--	112	--	696
Intergovernmental	41,334	--	--	--	41,334
Charges for services	20,844	--	447	--	21,291
Other	4,410	--	22	--	4,432
Due from other funds	4,510	--	21	(4,531)	--
Internal balances	--	--	--	2,507	2,507
Inventories	--	--	343	--	343
Prepaid items	414	--	53	--	467
Notes receivable	--	16,345	--	--	16,345
Other receivables	12,580	1,155	200	--	13,935
Deferred charges	--	554	60	--	614
Advances to other funds	1,759	--	--	(1,759)	--
Property held for resale	2,700	--	--	--	2,700
Restricted cash and investments	23,469	--	735	--	24,204
Capital assets	--	530,996	23,187	--	554,183
Total assets	$ 342,048	$ 549,050	$ 86,882	$ (3,783)	$ 974,197
Liabilities:					
Accounts payable	$ 14,434	$ --	$ 638	$ --	$ 15,072
Salaries and benefits payable	24,663	--	414	--	25,077
Interest payable	--	390	--	--	390
Other payables	6,920	--	492	--	7,412
Unearned revenue	35,841	--	--	--	35,841
Deferred revenue	4,037	(4,037)	--	--	--
Due to other funds	4,531	--	--	(4,531)	--
Customer deposits payable	7,518	--	--	--	7,518
Notes payable	--	16,945	5,250	--	22,195
Compensated absences	--	30,339	712	--	31,051
Capital lease obligations	--	3,735	--	--	3,735
Certificates of participation (COP)	--	45,045	--	--	45,045
Unamortized premium on COP	--	39	--	--	39
Unamortized discount on COP	--	(244)	--	--	(244)
Liability for self-insurance claims	--	--	35,790	--	35,790
OPEB obligation	--	48,273	926	--	49,199
Total liabilities	97,944	140,485	44,222	(4,531)	278,120
Fund balance/net assets:					
Total fund balance/net assets	244,104	408,565	42,660	748	696,077
Total liabilities & fund balance/net assets	$ 342,048	$ 549,050	$ 86,882	$ (3,783)	$ 974,197

3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED

(1) Capital assets used in governmental activities (excluding Internal Service Funds) are not current financial resources and, therefore, are not reported in the balance sheet (Note 7).		$ 530,996
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet (Note 9):		
Certificates of participation	$ (45,045)	
Unamortized premium on certificates of participation	(39)	
Unamortized discount on certificates of participation	244	
Note payable	(16,945)	
Capital lease obligations (excluding Internal Service Funds)	(3,735)	
Compensated absences (excluding Internal Service Funds)	(30,339)	
OPEB obligation (excluding Internal Service Funds)	(48,273)	
Total long-term liabilities		(144,132)
Accrued interest on long-term debt		(390)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities. (Note 8)		4,037
Note receivable for governmental activities from the former RDA Successor Agency private-purpose trust fund		16,345
Other receivable		1,155
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.		554
		$ 408,565
(2) Internal Service Funds are used by management to charge the costs of information technology, reprographics and digital imaging services, vehicle operations and maintenance, risk management and insurance, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.		$ 42,660
(3) Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year.		$ 748

4. CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer. The Santa Barbara County Treasury Pool (Pool) is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool.

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the Pool's bank deposits are insured by the Federal Depository Insurance Corporation (FDIC). Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) fully guaranteed all funds in noninterest-bearing transaction deposit accounts held at FDIC-insured depository institutions. As the Pool's deposits are fully insured under the DFA, collateralization under Government Code Section 53652 is waived.

At June 30, 2012, the carrying amount of the Pool's deposits was $40,909 and the corresponding bank balance was $37,985. The difference of $2,924 was principally due to deposits in transit.

4. CASH AND INVESTMENTS - CONTINUED

Investments

Pursuant to Section 53646 of the Government Code the County Treasurer prepares an *Investment Policy Statement* annually, presents it to the Treasury Oversight Committee (TOC) for review and to the Board of Supervisors for approval. After approval, the policy is forwarded to the California Debt and Investment Advisory Commission.

The Investment Policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the Investment Policy is more restrictive than state law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and the investment pools managed by a Joint Powers Authority. As of June 30, 2012, all investments are in compliance with State law and with the investment policy.

Investments are stated at fair value. Fair value is established quarterly based on quoted market prices received from the securities custodian. Fair value of investments held fluctuates with interest rates. The fair value of participants' position in the Pool is the same as the value of the Pool shares. The value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

The Pool participates in LAIF and the California Asset Management Program (CAMP). Investments in the LAIF and CAMP are governed by state statutes and overseen by a five member Local Investment Advisory Board and a seven member Board of Trustees, respectively.

Credit Risk and Concentration of Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy sets specific parameters by type of investment to be met at the time of purchase. Commercial paper obligations and negotiable certificates of deposit shall be rated by at least two of the three major rating services at a minimum of F1 by Fitch, P-1 by Moody's and A-1 by Standard & Poor's (S&P). Corporate notes, with a maturity greater than three years, shall be rated at a minimum of AA by at least two of the three major rating services. Corporate notes, with a maturity of three years or less, shall be rated at a minimum of AA- by at least two of the three major ratings services. Corporate Temporary Liquidity Guarantee Program (TLGP) notes shall be rated AAA by one of three major ratings services.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2012:

	Moody's	S&P	Fitch	% of Portfolio
Treasurer's Pooled Investments:				
CAMP	NR*	AAAm	NR	0.96%
LAIF	NR	NR	NR	6.02%
Government Agency Bonds and Notes	Aaa	AA+	AAA	64.73%
Government Agency Bonds and Notes	Aaa	AA+	NR	24.68%
US Treasury Bills	Aaa	AA+	AAA	3.61%
Total Treasurer's Pooled Investments				100.00%

* Not Rated

4. CASH AND INVESTMENTS - CONTINUED

Instruments in any one issuer that represent 5% or more of the County's investments as of June 30, 2012 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
Federal Home Loan Mortgage Corporation	Government Sponsored	$ 138,502	16.69%
Federal Home Loan Bank	Government Sponsored	$ 204,936	24.68%
Federal Farm Credit Bank	Government Sponsored	$ 166,599	20.07%
Federal National Mortgage Association	Government Sponsored	$ 232,250	27.98%

Custodial Credit Risk
Custodial credit risk for investments is the risk that the Pool will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Pool are deposited in trust for safekeeping with a custodial bank different from the County's primary bank. Securities are not held in broker accounts.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool mitigates this risk by making longer-term investments only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The maturity of investments purchased is governed by a demand for funds analysis of prior periods' revenues and expenditures, and is also determined by current cash flow demands assessed on an ongoing basis. The Investment Policy also dictates that the final maturity date of any individual security shall not exceed five years and that long-term investments (greater than one year), in the aggregate, shall not exceed 75% of the portfolio.

The fair value of investments generally changes with the fluctuations of interest rates. In a rising interest rate market, the fair value of investments could decline below original cost; conversely, when interest rates decline, the fair value of investments increases. The Treasurer believes liquidity in the portfolio is sufficient to meet cash flow needs for the next six months and will preclude the Treasurer from having to sell investments below amortized cost.

At June 30, 2012, $56,593 or 6.82% of the Pool was held in U.S. agency step-up notes. These securities grant the issuer the option to call the note on a certain specified date(s). On a certain date, or dates, the coupon rate of the note increases (steps up) by an amount specified at the inception of the note.

Interest net realized earnings are apportioned quarterly to Pool participants based upon each participant's average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participating funds based upon the participant's ending cash balance.

Investment income consisted of the following for the year ended June 30, 2012:

Investment earnings	$ 8,764
Net decrease in fair value of investments	(536)
Administrative expenses	(2,093)
Net investment income	$ 6,135

The Treasurer may purchase securities at a discount from face value to earn higher than nominal rates of return. Under GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*," such discount, when realized, is considered a gain rather than interest.

4. CASH AND INVESTMENTS - CONTINUED

The following is a summary of investments held by the County as of June 30, 2012:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments:					
CAMP	$ 8,000	$ 8,000	0.23%	On Demand	On Demand
LAIF	50,000	50,000	0.36%	On Demand	On Demand
Government agency bonds	276,000	276,839	.17%-4.82%	10/12-3/16	464 days
Government agency discount notes	70,000	69,976	Discount	7/12-2/13	101 days
Government agency bonds - callable	394,780	395,472	.28%-2.05%	6/13-4/17	1,207 days
US Treasury Bills	30,000	29,997	Discount	8/12-9/12	60 days
Total pooled and directed investments	$ 828,780	830,284			
Investments held with fiscal agents:		7,849			
Cash in banks:					
Non-interest bearing deposits		40,913			
Cash on hand:		53			
Total cash and investments		$ 879,099			
Total unrestricted cash and investments		$ 837,924			
Total restricted cash and investments (Note 5)		42,815			
Total cash and investments		$ 880,739			
Total cash and investments summary:					
Total governmental activities		$ 289,625			
Total business-type activities		44,349			
Total fiduciary funds		546,765			
Total cash and investments		$ 880,739			

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2012:

Statement of Net Assets	
Net assets held for pool	$ 872,820
Equity of internal pool	$ 366,400
Equity of external pool participants (voluntary and involuntary)	506,420
Total equity	$ 872,820
Statement of Changes in Net Assets	
Net assets held for pool participants, July 1, 2011	$ 928,293
Net change in investments by pool	(55,473)
Net assets held for pool participants, June 30, 2012	$ 872,820

Additional detailed information and/or separately issued financial statements of the County Treasurer's Investment Pool can be obtained from the County Treasurer-Tax Collector's office located at 105 East Anapamu Street, Room 109, Santa Barbara, CA 93102.

5. RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2012 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities		
General Fund		
Deposits by various developers	$ 6,972	
Property tax loss reserves	6,627	
Court ordered restitution funds	82	
Total General Fund		$ 13,681
Nonmajor Governmental Funds		
Capital project funds	6,100	
Debt service reserves	2,671	
Energy efficiency loan loss reserve	1,007	
Clean water plan check trust	10	
Total nonmajor governmental funds		9,788
Internal Service Funds		
Reserve for Qualified Energy Conservation Bonds	725	
Funds for underground tank clean-up	10	
Total internal service funds		735
Total governmental activities		24,204
Business-type Activities		
Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 15)	15,757	
Financial assurance for landfill corrective action	1,567	
Debt service reserves	787	
Total Resource Recovery Fund		18,111
Laguna Sanitation Fund		
Capital project funds	416	
Deposits by various developers	84	
Total Laguna Sanitation Fund		500
Total business-type activities		18,611
Total restricted cash and investments		$ 42,815

6. RECEIVABLES

GASB Statement No. 38, "*Certain Financial Statement Note Disclosures*," requires disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. The detail of receivable balances not expected to be collected within the next fiscal year is as follows:

Accounts Receivable
The County has accrued accounts receivable of $1,936 for prior years' Federally Qualified Health Care Medi-Cal settlement payments in the Public Health fund. This amount is not expected to be collected within the next fiscal year.

Note Receivable
The County has recorded a note receivable for governmental activities from the former RDA Successor Agency private-purpose trust fund. The amount not expected to be collected within the next fiscal year is $15,665.

Other Receivables
The following amounts are included in other receivables on the financial statements, and are not expected to be received within the next fiscal year:

- $7,355 of loans provided for low and moderate income housing;
- $722 of a receivable due from Greka Oil & Gas, Inc. relating to a legal settlement;
- $560 for impounded disputed property taxes; and
- $200 deposit with the County's workers' compensation claims administrator.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 includes the following transfers and/or adjustments amounts:

- $2,150 adjustment for prior year Land assets not included in the Statement of Net Assets (see Note 23),
- $162 net equipment transfer from the Reprographics internal service fund to the General Fund, and
- $0 net equipment adjustment for a $30 prior period unrecorded capital lease purchase.

7. CAPITAL ASSETS - CONTINUED

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2012
Governmental activities:					
Capital assets, non-depreciable:					
Land	$ 42,129	$ 3,856	$ (40)	$ 2,150	$ 48,095
Land easements	47,316	--	--	--	47,316
Construction in progress	57,687	37,546	(43,610)	--	51,623
Total capital assets, non-depreciable	147,132	41,402	(43,650)	2,150	147,034
Capital assets, depreciable/amortizable:					
Land improvements	13,173	101	--	--	13,274
Structures and improvements	222,160	24,622	(250)	--	246,532
Equipment and software	104,566	13,960	(5,964)	30	112,592
Infrastructure	273,437	6,927	(551)	--	279,813
Total capital assets, depreciable/amortizable	613,336	45,610	(6,765)	30	652,211
Less accumulated depreciation/amortization for:					
Land improvements	(5,317)	(373)	--	--	(5,690)
Structures and improvements	(81,058)	(5,385)	107	--	(86,336)
Equipment and software	(63,393)	(7,528)	5,060	(30)	(65,891)
Infrastructure	(83,300)	(4,306)	461	--	(87,145)
Total accumulated depreciation/amortization	(233,068)	(17,592)	5,628	(30)	(245,062)
Total capital assets, depreciable/amortizable, net	380,268	28,018	(1,137)	--	407,149
Sub-total governmental activities	527,400	69,420	(44,787)	2,150	554,183
Business-type activities:					
Capital assets, non-depreciable:					
Land	12,244	--	--	--	12,244
Construction in progress	5,053	3,022	--	--	8,075
Total capital assets, non-depreciable	17,297	3,022	--	--	20,319
Capital assets, depreciable/amortizable:					
Land improvements	485	--	--	--	485
Structures and improvements	8,520	207	--	--	8,727
Equipment and software	25,359	1,608	(989)	--	25,978
Infrastructure	56,758	4,168	(83)	--	60,843
Total capital assets, depreciable/amortizable	91,122	5,983	(1,072)	--	96,033
Less accumulated depreciation/amortization for:					
Land improvements	(147)	(11)	--	--	(158)
Structures and improvements	(3,339)	(203)	--	--	(3,542)
Equipment and software	(14,712)	(1,061)	924	--	(14,849)
Infrastructure	(14,744)	(1,724)	83	--	(16,385)
Total accumulated depreciation/amortization	(32,942)	(2,999)	1,007	--	(34,934)
Total capital assets, depreciable/amortizable, net	58,180	2,984	(65)	--	61,099
Sub-total business-type activities	75,477	6,006	(65)	--	81,418
Total capital assets, net	$ 602,877	$ 75,426	$ (44,852)	$ 2,150	$ 635,601

7. CAPITAL ASSETS - CONTINUED

Capital assets activity for each major enterprise fund for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2012
Resource Recovery:					
Capital assets, non-depreciable:					
Land	$ 9,445	$ --	$ --	$ --	$ 9,445
Construction in progress	1,244	1,176	--	--	2,420
Total capital assets, non-depreciable	10,689	1,176	--	--	11,865
Capital assets, depreciable/amortizable:					
Structures and improvements	3,175	--	--	--	3,175
Equipment and software	19,265	1,534	(989)	--	19,810
Infrastructure	30,494	3,711	(83)	--	34,122
Total capital assets, depreciable/amortizable	52,934	5,245	(1,072)	--	57,107
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,432)	(84)	--	--	(1,516)
Equipment and software	(11,507)	(786)	924	--	(11,369)
Infrastructure	(8,218)	(1,138)	83	--	(9,273)
Total accumulated depreciation/amortization	(21,157)	(2,008)	1,007	--	(22,158)
Total capital assets, depreciable/amortizable, net	31,777	3,237	(65)	--	34,949
Sub-total Resource Recovery	42,466	4,413	(65)	--	46,814
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	2,799	--	--	--	2,799
Construction in progress	3,809	1,846		--	5,655
Total capital assets, non-depreciable	6,608	1,846	--	--	8,454
Capital assets, depreciable/amortizable:					
Land improvements	485	--	--	--	485
Structures and improvements	5,345	207	--	--	5,552
Equipment and software	6,094	74	--	--	6,168
Infrastructure	26,264	457	--	--	26,721
Total capital assets, depreciable/amortizable	38,188	738	--	--	38,926
Less accumulated depreciation/amortization for:					
Land improvements	(147)	(11)	--	--	(158)
Structures and improvements	(1,907)	(119)	--	--	(2,026)
Equipment and software	(3,205)	(275)	--	--	(3,480)
Infrastructure	(6,526)	(586)	--	--	(7,112)
Total accumulated depreciation/amortization	(11,785)	(991)	--	--	(12,776)
Total capital assets, depreciable/amortizable, net	26,403	(253)	--	--	26,150
Sub-total Laguna Sanitation	33,011	1,593	--	--	34,604
Total capital assets, net - business-type activities	$ 75,477	$ 6,006	$ (65)	$ --	$ 81,418

7. CAPITAL ASSETS - CONTINUED

Internal Service Funds (ISF) predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities. Capital assets activity for Internal Service Funds for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2012
Internal Service Funds:					
Capital assets, depreciable/amortizable:					
Structures and improvements	$ 2,603	$ --	$ --	$ --	$ 2,603
Equipment and software	43,687	8,919	(1,452)	(480)	50,674
Total capital assets, depreciable/amortizable	46,290	8,919	(1,452)	(480)	53,277
Less accumulated depreciation/amortization for:					
Structures and improvements	(616)	(56)	--	--	(672)
Equipment and software	(27,500)	(3,558)	1,322	318	(29,418)
Total accumulated depreciation/amortization	(28,116)	(3,614)	1,322	318	(30,090)
Total capital assets, net - internal service funds	$ 18,174	$ 5,305	$ (130)	$ (162)	$ 23,187

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

	Depreciation/ Amortization (excluding ISF)	ISF Deprecation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	$ 192	$ 63	$ 255
Law & justice	107	96	203
Public safety	3,765	1,635	5,400
Health & public assistance	2,389	848	3,237
Community resources & public facilities	5,809	676	6,485
General government & support services	1,427	283	1,710
General county programs	289	13	302
Sub-total governmental activities	13,978	3,614	17,592
Business-type activities:			
Resource Recovery	2,008	--	2,008
Laguna Sanitation	991	--	991
Sub-total business-type activities	2,999	--	2,999
Total depreciation expense	$ 16,977	$ 3,614	$ 20,591

(1) Depreciation/amortization of capital assets held by the County's ISF is charged to the various functions based on their usage of the assets.

7. CAPITAL ASSETS - CONTINUED

Construction in progress at June 30, 2012 consists of the following projects for the primary government:

Governmental activities:		
Capital Outlay projects:		
Santa Maria Court clerk building	$ 4,686	
Cachuma water treatment system	1,491	
Santa Maria Court seismic retrofitting	819	
Betteravia Government Center expansion	716	
Figueroa fuel facility	572	
Lompoc Veteran Memorial Building renovation	549	
Cachuma sewage treatment system	512	
Other projects (individually less than $500)	6,710	
		$ 16,055
Roads projects:		
El Embarcadero sidewalks	3,387	
Jalama Road slope wall	2,212	
Jalama Road bridge	1,403	
Summerland circulation improvements	1,147	
Black Road bridge rehabilitation	1,063	
Floridale Avenue bridge	869	
Jonata Park bridge	737	
Cathedral Oaks bridge	598	
Other projects (individually less than $500)	3,314	
		14,730
Flood Control projects:		
Mission Creek Corps project	8,290	
Las Vegas Creek/Encina drain	2,117	
San Jose Creek improvements	1,523	
Santa Maria levee reinforcement	621	
Foster Road storm drain	282	
North Avenue drain improvement	212	
Carpinteria Salt Marsh wall extension	203	
Other projects (individually less than $200)	335	
		13,583
General Fund projects		5,554
Public Health projects		1,701
Sub-total governmental activities		51,623
Business-type activities:		
Laguna Sanitation projects:		
Solar power	4,681	
Recycled water storage tank	864	
Secondary digester dome coat	110	
		5,655
Resource Recovery projects:		
Tajiguas liner phase 3A		2,420
Sub-total business-type activities		8,075
Total construction in progress		$ 59,698

8. UNEARNED AND DEFERRED REVENUE

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net assets as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for unearned revenue.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate, as liabilities of the current period.

At June 30, 2012, the various components of deferred and unearned revenue reported are as follows:

	Unearned	Deferred (Unavailable)	Total
General Fund:			
Delinquent property taxes	$ --	$ 1,269	$ 1,269
Title IV-E overpayment	112	--	112
Property tax loss reserves	--	35	35
Total General Fund	112	1,304	1,416
Roads Fund:			
Advances from California Department of Transportation for road projects	4,184	--	4,184
Developer mitigation fees	3,090	--	3,090
Farmworker fare revenue	60	--	60
Total Roads Fund	7,334	--	7,334
Public Health Fund:			
Medi-Cal audit settlements	--	2,733	2,733
Social Services Fund:			
Grant drawdowns prior to meeting eligibility requirements	11,454	--	11,454
Alcohol, Drug and Mental Health Services Fund:			
Early, periodic, screening, diagnosis, and treatment	1,547	--	1,547
Mental Health Services Act capital/information technology	1,408	--	1,408
Total Alcohol, Drug and Mental Health Fund	2,955	--	2,955
Flood Control District Fund:			
Developer mitigation fees	296	--	296
Nonmajor Governmental Funds:			
Other receivables - Successor Agency Housing	6,770	--	6,770
Developer mitigation fees	4,962	--	4,962
Advances on state & federal grants for Affordable Housing	1,567	--	1,567
Advances on state & federal grants for Child Support Services	207	--	207
Fire district mitigation fees	184	--	184
Total Nonmajor Governmental Funds	13,690	--	13,690
Total unearned and deferred revenue	$ 35,841	$ 4,037	$ 39,878

9. LONG-TERM LIABILITIES

Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Capital lease obligations	$ 4,017	$ 11	$ (293)	$ 3,735	$ 316
Certificates of participation (COP)	68,500	--	(23,455)	45,045	1,692
Unamortized premium on COP	528	--	(489)	39	--
Unamortized discount on COP	(269)	--	25	(244)	--
Bonds and notes payable	--	22,195	--	22,195	2,455
Compensated absences	30,945	25,855	(25,749)	31,051	25,702
Liability for self-insurance claims	33,565	17,637	(15,412)	35,790	9,302
Estimated litigation liability	2,115	--	(2,115)	--	--
OPEB obligation	38,900	10,299	--	49,199	--
Sub-total governmental activities	178,301	75,997	(67,488)	186,810	39,467
Business-type activities:					
Certificates of participation	9,330	--	(1,336)	7,994	638
Unamortized premium on COP	202	--	(52)	150	--
Bonds and notes payable	10,314	--	(677)	9,637	709
Compensated absences	682	564	(549)	697	549
Landfill closure/postclosure care costs	25,827	--	(4,804)	21,023	70
OPEB obligation	851	216	--	1,067	--
Sub-total business-type activities	47,206	780	(7,418)	40,568	1,966
Total long-term liabilities	$ 225,507	$ 76,777	$ (74,906)	$ 227,378	$ 41,433

9. LONG-TERM LIABILITIES - CONTINUED

The long-term liability activity for each major enterprise fund for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Resource Recovery:					
Certificates of participation	$ 9,330	$ --	$ (1,336)	$ 7,994	$ 638
Unamortized premium on COP	202	--	(52)	150	--
Compensated absences	551	442	(427)	566	427
Landfill closure/postclosure care costs	25,827		(4,804)	21,023	70
OPEB obligation	698	172	--	870	--
Sub-total Resource Recovery	36,608	614	(6,619)	30,603	1,135
Laguna Sanitation:					
Bonds and notes payable	10,314	--	(677)	9,637	709
Compensated absences	131	122	(122)	131	122
OPEB obligation	153	44	--	197	--
Sub-total Laguna Sanitation	10,598	166	(799)	9,965	831
Total long-term liabilities - business-type activities	$ 47,206	$ 780	$ (7,418)	$ 40,568	$ 1,966

In governmental activities, the liability for litigation and the majority of employee compensated absences are liquidated by the General Fund.

Internal Service Funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of the totals for governmental activities. The long-term liability activity for the Internal Service Funds for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Internal Service Funds:					
Compensated absences	$ 760	$ 452	$ (500)	$ 712	$ 454
Bonds and notes payable	--	5,250	--	5,250	330
Liability for self-insurance claims	33,565	17,637	(15,412)	35,790	9,302
OPEB obligation	791	135	--	926	--
Total long-term liabilities - Internal Service Funds	$ 35,116	$ 23,474	$ (15,912)	$ 42,678	$ 10,086

9. LONG-TERM LIABILITIES - CONTINUED

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and found that the County had no rebateable arbitrage liability at June 30, 2012.

Governmental Activities – Conduit Debt

Fixed Rate Obligation – Montecito Retirement Association
In March 2004, the County issued conduit debt in the form of certificates of participation (COP) under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. This was done on behalf of the Montecito Retirement Association (Association). These funds were used to finance the construction of facilities in the County, to finance certain equipment used by the Association in its operations, and to refund other debt held by the Association.

In March 2012, the County issued new conduit debt in the form of a fixed-rate obligation held by Santa Barbara Bank & Trust. These funds were used to refund the Association's 2004 COP obligations. This debt does not represent a liability of the County, as the County is not obligated in any manner for the debt. Accordingly, it is not reported as a liability in the accompanying financial statements. As of June 30, 2012, the conduit debt principal amount outstanding was $11,550.

Certificates of Participation – Music Academy of the West
In March 2007, the County issued conduit debt in the form of certificates of participation (COP) under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. This was done on behalf of the Music Academy of the West (Academy). These funds were used to finance structure and site improvements in the County. The COP do not represent a liability of the County, as the County is not obligated in any manner for the debt. Accordingly, the COP are not reported as liabilites in the accompanying financial statements. As of June 30, 2012, the conduit debt principal amount outstanding was $16,280.

10. LEASES

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Year Ending June 30,	Amount
2013	$ 66
2014	11
Total minimum rental payments	$ 77

Total rental expenditure/expense for the year ended June 30, 2012 was $3,230, of which $247 was recorded in the General Fund.

10. LEASES - CONTINUED

Operating Leases as Lessor

The County as lessor leases sections of the Casa Nueva building to both the Santa Barbara County Association of Governments and the Santa Barbara Air Pollution Control District under operating leases with terms from July 2003 through April 2034. The original cost of the Casa Nueva building was $6,168. As of June 30, 2012, the building had a carrying amount of $5,181, net of accumulated depreciation of $987.

The County as lessor also leases sections of the Public Health building known as the VA Clinic to the Veterans Administration under an operating lease with a term of October 2007 through September 2012. The original cost of the VA Clinic was $891. As of June 30, 2012, the building had a carrying amount of $351, net of accumulated depreciation of $540.

The following is a schedule of future minimum rentals to be received under operating leases entered into by the County as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Year Ending June 30,	Amount
2013	$ 377
2014	312
2015	312
2016	312
2017	312
2018-2022	1,561
2023-2027	1,561
2028-2032	1,561
2033-2034	572
Total minimum rentals to be received	$ 6,880

As of the year ended June 30, 2012, total rental income was $570, all of which was recorded in the General Fund.

Capital Leases

The County has entered into certain capital lease arrangements under which the related structures and equipment will become the property of the County when all terms of the lease agreements are met. The following is a schedule of future minimum capital lease payments, payable from the General Fund and certain special revenue funds, as of June 30, 2012:

Year Ending June 30,	Governmental Activities
2013	$ 514
2014	512
2015	506
2016	506
2017	506
2018-2022	1,573
2023-2027	892
Total minimum lease payments	5,009
Less: amount representing interest	(1,274)
Total present value of minimum lease payments	$ 3,735

10. LEASES - CONTINUED

The following is a schedule of capital assets acquired through capital leases as of June 30, 2012:

	Governmental Activities
Land	$ 1,283
Structures and improvements	3,610
Equipment	172
Total capital assets, gross	5,065
Less: accumulated depreciation	(477)
Total capital assets, net, under capital leases	$ 4,588

Depreciation expense related to capital assets under capital leases for governmental activities was $136 for the year ended June 30, 2012.

11. CERTIFICATES OF PARTICIPATION (COP)

The Santa Barbara County Finance Corporation (Corporation), a public benefit corporation, was created to issue certificates of participation that are securities issued and marketed to investors. The certificates are sold to provide funds to the County to finance the costs of acquisition, installation and construction of capital projects. These certificates are secured by annual lease payments paid by the County to the Corporation and these lease payments are used by the Corporation to pay the interest and principal of the debt.

The certificates contain certain debt covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease payments due each year in its annual budget and make the necessary appropriations. The County is also required to maintain certain levels of liability, property damage, casualty, business interruption, earthquake and title insurance in connection with each lease agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

In FY 09-10, the County issued $14,935 of taxable COP debt classified as Recovery Zone Economic Development Bonds (RZEDB) for purposes of the American Recovery and Reinvestment Act (Recovery Act). Pursuant to the Recovery Act, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable. The County received a subsidy of $419 during the current fiscal year.

Current Refunding

In December 2011, the County current refunded its 2001 COP debt. The $22,540 liability was paid using $5,595 of 2001 COP reserves and available cash, and the remaining $16,945 balance was current refunded through the issuance of tax-exempt bonds (see Note 12). The new bonds were issued at a 2.10% interest rate, which is a 3.09% reduction from the average coupon rate of the 2001 COP debt. As a result of the refunding, the County reduced its total debt service payments by $1,774 over the life of the new debt, and obtained an economic gain (difference between present value of the debt service payments on the old debt and the new debt) of $2,548.

11. CERTIFICATES OF PARTICIPATION (COP) - CONTINUED

A summary of COP principal outstanding as of June 30, 2012 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2012
Governmental activities:					
2005 Capital Improvements	3.00-4.50	4/21/2005	3/1/2025	$ 18,785	$ 12,965
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	17,000	16,344
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	884	801
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	14,935
Sub-total governmental activities				51,604	45,045
Business-type activities:					
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	$ 6,625	$ 5,440
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	2,821	2,554
Sub-total business-type activities				9,446	7,994
Total COP principal outstanding				$ 61,050	$ 53,039

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2012:

	Governmental Activities		Business-type Activities	
Year Ending June 30,	Principal	Interest	Principal	Interest
2013	$ 1,692	$ 2,203	$ 638	$ 312
2014	1,761	2,138	664	285
2015	1,825	2,069	695	258
2016	1,718	1,996	717	231
2017	1,748	1,928	752	203
2018-2022	10,737	8,434	3,428	572
2023-2027	11,889	5,518	1,100	50
2028-2032	5,970	3,072	--	--
2033-2037	3,990	1,802	--	--
2038-2041	3,715	474	--	--
Sub-total	45,045	29,634	7,994	1,911
Unamortized premium	39	--	150	--
Unamortized discount	(244)	--	--	--
Total COP debt, net	$ 44,840	$ 29,634	$ 8,144	$ 1,911

12. BONDS AND NOTES PAYABLE

Governmental Activities

Tax and Revenue Anticipation Notes

During FY 11-12 tax and revenue anticipation notes (TRAN) of $60,000 were issued at a premium with an average interest rate of 2.00% for Serial Bond 1 and 0.27% for Serial Bond 2, and a true interest cost of 0.41%. Proceeds from the notes were used to meet FY 11-12 cash flow requirements.

The following is a summary of changes in TRAN payable for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
2011-2012 TRAN	$ -	$ 60,000	$ (60,000)	$ -

Bonds Payable

On September 27, 2011, the County issued $16,945 of tax-exempt bonds payable at an interest rate of 2.10%, and used the proceeds to refund the County's 2001 COP debt (see Note 11). The bonds payable interest rate is 3.09% below the average coupon rate for the 2001 COP debt, which reduced the County's total debt service payments by $1,774 over the next 10 years.

The bonds payable outstanding at June 30, 2012 is $16,945. The following is the repayment schedule as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2013	$ 2,125	$ 334	$ 2,459
2014	2,340	287	2,627
2015	1,935	242	2,177
2016	1,665	204	1,869
2017	1,700	169	1,869
2018-2022	7,180	306	7,486
Total bonds payable	$ 16,945	$ 1,542	$ 18,487

12. BONDS AND NOTES PAYABLE - CONTINUED

Internal Service Funds

Photovoltaic Solar Energy Facility Qualified Energy Conservation Bonds

On September 27, 2011, the County issued $5,250 of Qualified Energy Conservation Bonds (QECB) at an interest rate of 4.08% per annum. The proceeds were used to acquire a photovoltaic solar energy facility for the County's Calle Real campus.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.55%; therefore, the County will receive a Treasury subsidy of 70% of 4.55%, or approximately $1,395 over the life of the bonds, resulting in a true interest cost of 0.94%. These bonds will be repaid from the Utilities fund.

The Calle Real solar facility bonds payable outstanding at June 30, 2012 is $5,250. The following is the repayment schedule as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2013	$ 330	$ 208	$ 538
2014	330	194	524
2015	335	181	516
2016	335	167	502
2017	340	153	493
2018-2022	1,750	554	2,304
2023-2027	1,830	188	2,018
Total bonds payable	$ 5,250	$ 1,645	$ 6,895

Business-Type Activities

Laguna Sanitation Wastewater Treatment Plant Note Payable

On August 16, 2001, the Laguna County Sanitation District (Laguna Sanitation) entered into a financing contract with the State of California (State) for the construction of a Total Dissolved Solids and Recycled Water Treatment Plant. Under the contract, the State made fifteen disbursements totaling $9,150 to Laguna Sanitation during the period of February 2002 through June 2003. Repayment of the note commenced in July 2004 and will continue through July 2023. Note payments are due on July 1st of each year; as such, these payments are regularly made in June of the prior fiscal year. The interest rate on the note is 2.40% per annum.

The note payable outstanding at June 30, 2012 is $5,696. The following is the repayment schedule as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2014	$ 459	$ 137	$ 596
2015	470	126	596
2016	481	114	595
2017	492	103	595
2018	504	91	595
2019-2023	2,709	267	2,976
2024	581	14	595
Total note payable	$ 5,696	$ 852	$ 6,548

12. BONDS AND NOTES PAYABLE - CONTINUED

Laguna Sanitation Qualified Energy Conservation Bonds

On May 25, 2011, the Laguna County Sanitation District (Laguna Sanitation) issued $4,170 of Qualified Energy Conservation Bonds (QECB) at an interest rate of 5.25% per annum. The proceeds were used to acquire a photovoltaic solar energy facility, which is projected to save the District $12,000 in financing, operating and maintenance costs over a 30 year period.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.95%; therefore, the District will receive a Treasury subsidy of 70% of 4.95%, or $1,162 over the life of the bonds, resulting in a true interest cost of 1.97%.

The Laguna Sanitation QECB bonds payable outstanding at June 30, 2012 is $3,941. The following is the repayment schedule as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2013	$ 480	$ 405	$ 885
2014	255	191	446
2015	260	177	437
2016	265	163	428
2017	270	149	419
2018-2022	1,411	529	1,940
2023-2026	1,230	145	1,375
Total bonds payable	$ 4,171	$ 1,759	$ 5,930

13. SELF-INSURANCE

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. For these risks, the County has chosen to establish risk management internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits. In addition, the County has established separate self-insurance financing funds for unemployment claims and dental insurance benefits for employees and their dependents.

For general liability, medical malpractice, and workers' compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which includes 93% of the counties in California and nearly 60% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. A Board of Directors consisting of representatives from its members governs the Authority. The County's aggregate annual premium, including property insurance, paid to the Authority for the year ended June 30, 2012, was $11,260. The Authority issues its own audited Comprehensive Annual Financial Report which can be obtained from the Authority located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

13. SELF-INSURANCE - CONTINUED

The Authority retains financial responsibility for risk management claims in excess of the County's self-insurance retention. Self-insurance and Authority limits are as follows:

Type of Coverage	Self-Insurance Limit	Authority Limit
General Liability	$ 500	$ 25,000
Medical Malpractice	$ 500	$ 21,500
Workers' Compensation*	$ -	Statutory

*Effective July 1, 2010, the County obtained first dollar Workers' Compensation coverage through County State Association of Counties (CSAC) - Excess Insurance Authority (EIA)'s Primary Workers' Compensation program. Claims for injuries prior to that date are covered under the CSAC-EIA Excess Insurance program.

The County purchases property insurance through the Authority from commercial insurance companies via a pool comprised of a majority of California counties and other California Public Agencies. The County is insured up to $602,500 for "All Risk and Flood" and Earthquake up to $330,000. All property damage risks are covered on a per occurrence basis and insured at full replacement values up to the policy limits. Deductibles per occurrence are $10 for fire or other property damage, and $25 for flood. The earthquake deductible is 5% of total values per separate building per occurrence, subject to a $100 minimum.

The unpaid claims liabilities included in the risk management self-insurance internal service funds are based on the results of actuarial studies and include amounts for claims incurred but not reported and adjustment expenses. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. General liability, workers' compensation, and medical malpractice liabilities are carried at present value using a discount rate of 4%. It is the County's practice to annually obtain full actuarial studies for general liability, medical malpractice, and workers' compensation coverages. Premiums are charged to departments using various allocation methods that include actual costs, trends in claims experience, and payroll costs. Premiums charged annually are established such that, when added with cash reserves on hand, adequate resources are provided to meet liabilities as they come due.

Changes in the claims liability for all self-insurance claims during the past two fiscal years are as follows:

	Fiscal Year Ended	
	June 30, 2011	June 30, 2012
Unpaid claims, beginning of year	$ 38,261	$ 33,565
Incurred claims	6,306	17,637
Claim payments	(11,002)	(15,412)
Unpaid claims, end of year	$ 33,565	$ 35,790

14. COMMITMENTS AND CONTINGENCIES

Litigation

A number of lawsuits and claims are pending against the County for which the financial loss to the County has been determined to be reasonably possible by County Counsel. These lawsuits include claims filed for inverse condemnation, tort liability, workers' compensation, civil rights violation, breach of contract, land use disputes, and storm damage. These lawsuits are seeking damages in excess of $2,613. The County intends to vigorously defend itself against these lawsuits. The aggregate amount of the uninsured liabilities of the County and the timing of any anticipated payments which may result from such claims will not, in the opinion of County Counsel, significantly affect the financial condition of the County.

Property Tax Administration Fee
On July 7, 2010, the Court of Appeal of the State of California issued a decision in favor of the cities and against the County of Los Angeles in a case brought by 47 cities regarding the calculation of Property Tax Administration Fees (PTAF). The legal issue in dispute is whether counties can include "flip" and "swap" revenues in the calculation of administrative costs that counties recover from cities. At the trial court level, the court-appointed Referee had concluded that the County of Los Angeles' calculation of the PTAF starting in 2006/07 comported with Section 97.75 of California's Revenue and Taxation Code. The Court of Appeal reversed the judgment and remanded for further proceedings, holding that the County of Los Angeles' method of calculating its fee under Section 97.75 was unlawful. It is expected that the County of Los Angeles will petition the California Supreme Court for review.

This decision is significant for the County of Santa Barbara because of similar claims against this County. The potential financial impact to the County related to the outcome of this case averages approximately $513 per year of tax administration fees. The estimated amount of PTAF for FY 06-07 through FY 11-12 that could be at issue is $3,079, plus possible interest. This remains a statewide issue.

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Although the County's federal grant programs are audited in accordance with the requirements of the Federal Single Audit Act of 1997 and the related U.S. Office of Management and Budget Circular A-133, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

14. COMMITMENTS AND CONTINGENCIES - CONTINUED

Alcohol, Drug and Mental Health Services (ADMHS) Fund

Amounts received or receivable from federal and state agencies that fund the County's ADMHS programs are subject to cost settlement, adjustment and audits by those agencies. These cost settlements typically occur one to two years in arrears and audits typically occur five years in arrears. Any disallowed claims for ADMHS or its third party providers, including amounts already collected, may constitute a liability of the applicable funds. ADMHS receives significant revenues for Medicare/Medi-Cal and state Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Realignment funds.

The County identified and reported to the state potential issues regarding cost reporting, claiming and accounting methods by ADMHS and its third party providers for FY 02-03 through FY 07-08 that resulted in claim and audit adjustments. As reported in the FY 07-08 financial statements, the County's accrued liability related to potential settlements and audit findings was estimated at $17,084 as of June 30, 2008. The County's accrued liability related to these claim adjustments is $3,217 as of June 30, 2012. The County has identified General Fund commitments that could be used to settle the remaining liability. This liability is still subject to state cost settlement and audit procedures, an appeal process, negotiation and settlement between the County, state and third party providers.

The County has been taking necessary steps to resolve these liabilities. The original FY 07-08 financial statement liability of $17,084 was reduced and/or increased by the following: (1) The $2,881 originally accrued for FY 07-08 was reversed based on the submitted FY 07-08 Cost Report; (2) FY 02-03 audit settlement and FY 05-06 cost report settlements amounting to $1,554 were remitted to the Department of Mental Health (DMH); (3) FY 03-04 audit settlements totaling $117 were paid to DMH; (4) During FY 10-11 the FY 06-07 Cost Report Settlement in the amount of $3,000 was paid to DMH and the FY 04-05 Cost Report Audit was completed and $956 was paid to DMH; (5) In FY 11-12, the County paid a settlement to CASA Pacifica in the amount of $210, DMH intercepted $654 for additional settlements related to the FY 02-03 Audit, and the remaining balance of $4,493 from the original liability booked in FY 07-08 was reversed because the original estimates were overstated upon settlement. This amount will be available for appropriation by the Board of Supervisors.

In March 2008, DMH completed an audit for FY 02-03, and proposed a finding that a portion of costs billed under the Medi-Cal program were not Medi-Cal eligible. DMH disallowed under audit the Multi-Agency Integrated System of Care (MISC) and the Counseling and Education Center (CEC) billings for these services. These costs extrapolated over the period of FY 02-03 through FY 07-08 were estimated at $14,400. The County disagrees with the disallowances and believes the disallowed costs billed under the Medi-Cal program are Medi-Cal eligible/reimbursable. Formal appeals have been filed.

The contingent liability of $14,400 was reduced/increased by the following: (1) In FY 08-09 the County was billed $2,208 for FY 02-03 audit findings/disallowances; (2) In FY 08-09 ADMHS identified $1,933 in additional amounts received from DMH for the MISC/CEC services provided that ADMHS had failed to forward to the departments providing the services. That amount was added to the contingent liability; (3) In FY 09-10 DMH concluded an audit of FY 03-04 and the County received an adverse determination in the amount of $2,632; (4) In FY 10-11 an audit of FY 04-05 was completed with a payment due for the CEC/MISC portion of the liability totaling $2,153 and the County remitted a payment of $1,777 for FY 05-06 to DMH also due to audit findings; (5) The amounts for FYs 00-01 through 01-02 were deemed closed to audit in the amount of $3,329; (6) The remaining amounts expected to be due are the estimates for the FY 06-07 of $1,928 and for FY 07-08 of $2,069 and an additional amount deferred during the year the program was discontinued (FY 08-09) of $800.

14. COMMITMENTS AND CONTINGENCIES - CONTINUED

In FY 11-12, the County reached a settlement with DMH which included the CEC/MISC audit findings. The County will be refunded 43% of the total amounts disallowed. This amounts to a refund of $4,793. This refund will be available for appropriation by the Board of Supervisors. The County continues to disagree with the CEC/MISC audit findings and anticipates a similar settlement of approximately 40% of the CEC/MISC amounts due. Due to the extended nature of the audit and settlement process, these expenditures are anticipated to take place over a number of years. Successful appeal could result in refunds or reductions of audit settlements.

Santa Barbara County Redevelopment Successor Agency

In accordance with Assembly Bill 1X 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012 (see Note 24 for further disclosure and information regarding the dissolution). Prior to that date, the final seven months of activity for the Redevelopment Agency (RDA) are reported in the governmental funds of the County. After the date of dissolution, the assets, liabilities, and activities of the dissolved RDA, except for those of the Successor Agency Housing special revenue fund, are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the financial statements of the County. It is reasonably possible that the State Department of Finance could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule. The range of potential loss of revenue to pay these obligations is between $0 and $20,000 over the remaining life of the Successor Agency (17 years).

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately $49,332 will be payable upon future performance under these contracts.

15. LANDFILL CLOSURE AND POSTCLOSURE CARE

The County owns and operates three landfill sites: Tajiguas, Foxen Canyon, and New Cuyama. New Cuyama was closed during FY 95-96. Foxen Canyon was converted to a transfer station in FY 03-04, and was subsequently closed in FY 08-09. State and federal laws require the County to close landfills once their capacities are reached and to monitor and maintain the sites for thirty (30) subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period until the landfills are closed. The amount recognized each year is based on the landfill's capacity used as of the balance sheet date. As of June 30, 2012, the County had incurred a liability of $21,023, which represents the amount of costs reported to date based on the percentages of landfill capacities used to date. The closure and postclosure cost estimates for the Tajiguas Landfill have been revised and approval was received by both the Regional Water Quality Control Board (RWQCB) and CalRecycle in July 2011. The new closure and postclosure plan allows for the closure of Phase I of the landfill and reset the cost estimates for the remaining Phases II and III at $21,466. The remaining estimated liability for costs at all sites is $5,152, which will be recognized as the remaining capacities at Tajiguas are used, and adjusted as the postclosure periods of New Cuyama and Foxen Canyon Landfills diminish. The estimated total costs of closure and postclosure care totaling $26,175 are subject to changes such as the effects of inflation, revisions of laws, and other variables.

The estimated percentages of landfill capacity used are as follows:

Landfill	Capacity Used	Remaining Years
Tajiguas	78%	13
Foxen Canyon	95%	closed
New Cuyama	100%	closed

On August 3, 1999, the Board approved an environmental review and authorized applications for a 15-year expansion of the Tajiguas landfill. Both the RWQCB and CalRecycle issued revised permits in April and May of 2003 that increased the landfill's permitted capacity. The estimated costs for the capacity expansion and accompanying mitigation are $36,500, which will be funded by the Resource Recovery enterprise fund's tipping fees.

The County is required by state and federal laws and regulations to make annual contributions and/or provide an alternative funding mechanism to finance closure and postclosure costs. The County funds closure and postclosure costs with a combination of pledge of revenue agreements and restricted cash. The County has pledged revenues from future tipping fees generated at the Santa Barbara South Coast Transfer Station to fund 67% of all postclosure maintenance costs. Restricted cash and investments are expected to fund the remaining 33% of postclosure costs and all closure costs at Foxen Canyon and New Cuyama. The amount of $15,757 is currently reported as a portion of restricted cash and investments in the Resource Recovery enterprise fund on the balance sheet (see Note 5).

Restricted cash for closure and postclosure costs at June 30, 2012 is comprised of the following:

Landfill	Closure Cost	Postclosure Cost	Total Restricted Cash
Tajiguas	$ 12,127	$ 2,445	$ 14,572
Foxen Canyon	--	698	698
New Cuyama	--	487	487
Total	$ 12,127	$ 3,630	$ 15,757

16. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2012 is as follows:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Govern-mental Funds	Total Govern-mental Funds
Nonspendable in form:								
Teeter Tax Losses	$ 6,627	$ --	$ --	$ --	$ --	$ --	$ --	$ 6,627
Receivables	2,103	--	--	--	--	21	195	2,319
Prepaids/Deposits	50	--	--	364	--	--	6	420
Total nonspendable fund balance	8,780	--	--	364	--	21	201	9,366
Restricted for:								
Purpose of Fund	845	11,197	1,102	3,433	7,874	47,509	21,117	93,077
Allocated for Capital Outlay	311	2,875	--	--	--	12,917	1,444	17,547
Health Care Programs	--	--	12,048	--	--	--	--	12,048
COP Proceeds	70	--	--	--	--	--	5,351	5,421
FY 12/13,13/14 Operating Plans	--	532	2,754	125	67	201	167	3,846
Local Realignment 2011	2,784	--	--	--	1,051	--	--	3,835
Public Safety Prop 172	2,848	--	--	--	--	--	--	2,848
Measure A Roads Funds	--	2,704	--	--	--	--	--	2,704
Inventories/Held for Resale	--	--	--	--	--	--	2,700	2,700
Debt Service	--	--	--	--	--	--	2,669	2,669
P&D Offsite Mitigation	2,246	--	--	--	--	--	--	2,246
MHSA Prudent Reserve	--	--	--	--	2,242	--	--	2,242
PHD Special Projects	--	--	1,471	--	--	--	--	1,471
Housing Trust Funds	--	--	--	--	--	--	1,330	1,330
Donations	153	--	--	32	--	--	1,004	1,189
Sheriff Categorical Grants	1,165	--	--	--	--	--	--	1,165
DMV/Livescan	--	--	--	--	--	--	1,140	1,140
Recorder Modernization	1,014	--	--	--	--	--	--	1,014
Forfeiture Penalty	942	--	--	--	--	--	--	942
Probation YOBG	778	--	--	--	--	--	--	778
Los Prietos Donation	640	--	--	--	--	--	--	640
Probation LESF/COPS	574	--	--	--	--	--	--	574
Road Infrastructure Mitigation	--	519	--	--	--	--	--	519
Alcoholism Programs	--	--	--	--	516	--	--	516
Assessor AB818	486	--	--	--	--	--	--	486
Maintenance-Casa Nueva Bldg	477	--	--	--	--	--	--	477
Survey Monument	382	--	--	--	--	--	--	382
Gaviota Bikeway	317	--	--	--	--	--	--	317
Recorder Operations	268	--	--	--	--	--	--	268
Public Arts Program	266	--	--	--	--	--	--	266
Vital Records	227	--	--	--	--	--	--	227
Unrealized Gains	--	22	21	22	10	98	52	225
Recorder Micrographics	218	--	--	--	--	--	--	218
State - CDBG	--	--	--	--	--	--	176	176
Dispute Resolution	--	--	--	--	--	--	149	149
State Off Hwy Fee	147	--	--	--	--	--	--	147
Probation Programs	125	--	--	--	--	--	--	125
ADP SAPT Block Grant Set-Aside	--	--	--	--	105	--	--	105
Animal Control Programs	104	--	--	--	--	--	--	104
Drug Abuse Programs	--	--	--	--	96	--	--	96
Parks Projects	--	--	--	--	--	--	82	82
Recorder Redaction	81	--	--	--	--	--	--	81
DSS Childrens Trust	--	--	--	58	--	--	--	58
DARE	40	--	--	--	--	--	--	40
Real Estate Fraud	28	--	--	--	--	--	--	28
Imprest Cash	--	1	3	15	5	--	2	26
School Safety AB186	--	2	--	--	--	--	--	2
	17,536	17,852	17,399	3,685	11,966	60,725	37,383	166,546

16. FUND BALANCES - CONTINUED

A detailed schedule of fund balances at June 30, 2012 continued:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Other Govern-mental Funds	Total Govern-mental Funds
Committed to:								
Strategic Reserve	21,831	--	--	--	--	--	--	21,831
Audit Exceptions	5,220	--	--	--	--	--	--	5,220
Salary & Benefits Reductions	5,126	--	--	--	--	--	--	5,126
Purpose of Fund	3	--	--	2,729	--	--	1,162	3,894
Health Care Programs	--	--	3,869	--	--	--	--	3,869
Program Restoration	3,776	--	--	--	--	--	--	3,776
Treas Tax Collector Projects	2,143	--	--	--	--	--	--	2,143
Facilities Maintenance	2,054	--	--	--	--	--	--	2,054
Litigation	1,801	--	--	--	--	--	--	1,801
Contingencies	1,215	--	--	--	--	--	--	1,215
Parks Projects	98	--	--	--	--	--	1,023	1,121
Auditor Systems Maint/Develop	1,092	--	--	--	--	--	--	1,092
Clerk Record Assessor Projects	1,037	--	--	--	--	--	--	1,037
New Jail Operations	1,000	--	--	--	--	--	--	1,000
Elections Voting Equipment	916	--	--	--	--	--	--	916
General Services Projects	561	--	--	--	--	--	324	885
Human Resources Programs	684	--	--	--	--	--	--	684
Sheriff Projects	169	--	--	--	--	--	483	652
County Executive Programs	603	--	--	--	--	--	--	603
General County Programs	431	--	--	--	--	--	--	431
P&D Land Use System	420	--	--	--	--	--	--	420
District Attorney Programs	381	--	--	--	--	--	--	381
Planning/Development Projects	365	--	--	--	--	--	--	365
Recorder Automation/Operations	247	--	--	--	--	--	--	247
Unrealized Gains	163	--	8	--	--	--	2	173
Public Defender Programs	113	--	--	--	--	--	--	113
Rental Maintenance	99	--	--	--	--	--	--	99
Accumulated Capital Outlay	98	--	--	--	--	--	--	98
Probation Programs	94	--	--	--	--	--	--	94
Road Projects	81	--	--	--	--	--	--	81
Replacement Benefits Plan	63	--	--	--	--	--	--	63
Building & Safety Permitting	40	--	--	--	--	--	--	40
Ag Commissioner Projects	25	--	--	--	--	--	--	25
Imprest Cash	22	--	--	--	--	--	--	22
Housing Programs	21	--	--	--	--	--	--	21
Toxic Waste Monitoring	10	--	--	--	--	--	--	10
Tobacco Settlement	--	--	4	--	--	--	--	4
	52,002	--	3,881	2,729	--	--	2,994	61,606
Assigned to purpose of fund:	--	--	--	604	--	--	1,213	1,817
Unassigned fund balance:	7,591	--	--	--	(2,789)	--	(33)	4,769
Total fund balances	$ 85,909	$ 17,852	$ 21,280	$ 7,382	$ 9,177	$ 60,746	$ 41,758	$ 244,104

17. RESTRICTED NET ASSETS

Restricted net assets are net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Restricted net assets at June 30, 2012 for governmental activities are as follows:

Restricted for Public Safety:		
Sheriff	$ 5,590	
Probation	4,737	
Fire Protection District	3,123	
		$ 13,450
Restricted for Health & Public Assistance:		
Public Health	17,503	
Alcohol, Drug and Mental Health Services	12,117	
Social Services	3,750	
Child Support Services	257	
		33,627
Restricted for Community Resources & Public Facilities:		
Flood Control Districts	60,745	
Roads	17,852	
Water Agency	5,183	
RDA Dissolution Housing Isla Vista	2,811	
Planning and Development	2,563	
County Service Areas	2,518	
Other	2,498	
Coastal Resources Enhancement	1,722	
		95,892
Restricted for General Government & Support Services:		
Affordable Housing	2,468	
Clerk-Recorder-Assessor	2,295	
General Services	477	
		5,240
Restricted for General County Programs:		
Teeter Tax Losses	6,627	
First 5 Children and Families Commission	4,970	
Public and Educational Access	1,272	
Sheriff	1,140	
Criminal Justice and Courthouse Construction	1,125	
Other	823	
		15,957
Restricted for Law & Justice:		
District Attorney	680	
Public Defender	159	
Trial Courts	149	
		988
Total restricted net assets - governmental		$ 165,154

Included in governmental activities restricted net assets at June 30, 2012 are net assets restricted by enabling legislation of $5,439.

18. RETAINED DEFICIT

Internal Service Funds

The County's Risk Management and Insurance Fund has a retained deficit of $2,427 at June 30, 2012, resulting from a significant increase in workers' compensation claims liabilities due primarily to adverse case development. During the current fiscal year, the County has continued to experience an increase in workers' compensation claims liabilities due to continued adverse case development, dramatic increases in medical costs, and civil liability exposures. In addition, the County will implement a seven-year payback plan in an effort to eliminate the deficit through future premium rate increases. The County has continued to concentrate its efforts on efficient and focused review and implementation of loss prevention and control measures to minimize costs, as well as to make necessary adjustments to the future premium rate structure in order to eliminate the retained deficit in the future.

	Balance at July 1, 2011	Balance at June 30, 2012
Medical Malpractice Self Insurance	$ 942	$ 660
Workers' Compensation Self Insurance	(190)	(7,899)
County Liability Self Insurance	2,610	1,244
County Unemployment Self Insurance	163	1,558
Dental Self Insurance	2,140	2,010
Total	$ 5,665	$ (2,427)

19. INTERFUND TRANSACTIONS

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2012 are as follows:

Receivable Fund	Payable Fund	Amount
General	ADMHS	$ 3,464
General	Affordable Housing	346
Social Services	IHSS Public Authority	315
General	Community Facilities Districts	254
Capital Projects	Affordable Housing	90
General	Criminal Justice Construction	24
Vehicle Operations & Maintenance	General Fund	21
Community Facilities District	General Fund	15
General	Child Support Services	2
Total due to/from other funds		$ 4,531

Advances to/from other funds at June 30, 2012 are as follows:

Receivable Fund	Payable Fund	Amount
General	Resource Recovery	$ 1,759

The $1,759 advanced to the Resource Recovery enterprise fund represents the remaining balance of an initial $2,994 loan that provided financing resources for a landfill litigation settlement.

Transfers

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts identified for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

19. INTERFUND TRANSACTIONS - CONTINUED

Transfers to/from other funds at June 30, 2012 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 10,030	General Fund Contribution
	Social Services Fund	9,817	General Fund Contribution
	Public Health Fund	7,122	General Fund Contribution
	Alcohol Drug & Mental Health Svcs Fund	4,218	Unallocated Audit Exception
	Nonmajor Governmental Funds	3,124	Debt Service
	Alcohol Drug & Mental Health Svcs Fund	2,272	General Fund Contribution
	Roads Fund	2,033	General Fund Contribution
	Alcohol Drug & Mental Health Svcs Fund	1,762	Other
	Nonmajor Governmental Funds	677	Capital Projects
	Roads Fund	190	Other
	Internal Service Funds	152	Capital Projects
	Nonmajor Governmental Funds	133	Other
	Internal Service Funds	126	Vehicles
		41,656	
Roads Fund	Nonmajor Governmental Funds	122	Capital Projects
Public Health Fund	General Fund	1,607	Other
	Alcohol Drug & Mental Heath Svcs Fund	344	Program Administration
		1,951	
Social Services Fund	General Fund	58	Other
	Nonmajor Governmental Funds	3	Other
		61	
Alcohol Drug & Mental Health Services Fund	General Fund	1,164	Other
	Nonmajor Governmental Funds	543	Debt Service
	Internal Service Funds	72	Vehicles
	Social Services Fund	64	Other
	Social Services Fund	31	Reimbursement
	Nonmajor Governmental Funds	18	Other
		1,892	
Flood Control District Fund	General Fund	889	Reimbursement
	Nonmajor Governmental Funds	738	Debt Service
	Nonmajor Governmental Funds	647	Capital Projects
		2,274	
Nonmajor Governmental Funds	General Fund	31,263	Fire District Reimbursement
	Internal Service Funds	5,474	Capital Projects
	Nonmajor Governmental Funds	5,117	RDA Dissolution
	Nonmajor Governmental Funds	3,611	Debt Service
	Nonmajor Governmental Funds	1,049	Capital Projects
	General Fund	786	Reimbursement
	General Fund	613	Program Administration
	General Fund	415	Other
	Nonmajor Governmental Funds	268	Other
	General Fund	168	Capital Projects
	Nonmajor Governmental Funds	156	Reimbursement
	Public Health Fund	42	Other
	Flood Control Districts Fund	10	Other
		48,972	

19. INTERFUND TRANSACTIONS - CONTINUED

Transfers to/from other funds at June 30, 2012 continued:

Transfer From	Transfer To	Amount	Purpose
Enterpise Funds	Nonmajor Governmental Funds	6	Capital Projects
Internal Service Funds	Nonmajor Governmental Funds	4,465	Reimbursement
	Nonmajor Governmental Funds	763	Capital Projects
	General Fund	281	Close Fund
	Social Services Fund	226	Vehicles
	General Fund	90	Vehicles
	Flood Control Districts Fund	34	Other
	General Fund	30	Capital Projects
		5,889	
	Total Transfers	$ 102,823	

20. RETIREMENT PLANS

Santa Barbara County Employees' Retirement System

Plan Description

The Santa Barbara County Employees' Retirement System (Retirement System) was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for its employees and contracting districts. It is governed by the California Constitution, California State Government Code § 31450 (County Employees' Retirement Law of 1937 (CERL)), and the bylaws, policies and procedures adopted by the Retirement System's Board of Retirement. The Santa Barbara County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect the benefits of the Retirement System members.

The Retirement System operates a cost sharing multiple-employer defined benefit plan. Members include all permanent employees working full time, or at least 50% part time for the County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

The Retirement System has five County retirement plans of which four plans (consisting of nine rate tiers) are currently available for new employees. All plans provide benefits as defined by CERL upon retirement, death or disability of members. Benefits are based on age, years of service, final average salary, and the benefit options selected. Cost-of-living adjustments after retirement are provided in all plans except General Plan 2.

Fiduciary Responsibility

The Retirement System, governed by the Board of Retirement, is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the Retirement System's assets under authority granted by Article XVI of the Constitution of the State of California. Article XVI, Section 17(a) provides the Retirement Board has the "sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries." Section 17(b) further provides that "members of the Retirement Board of a public retirement system shall discharge their duties…solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board's duty to its participants and their beneficiaries shall take precedence over any other duty."

20. RETIREMENT PLANS - CONTINUED

The Board of Retirement consists of nine members and two alternates. These positions are filled as follows: the County Board of Supervisors appoints four, members of the Retirement System elect six (including the two alternates), and the County Treasurer-Tax Collector is an ex-officio member. The Retirement System is a legally separate entity and is not a component unit of the County. It publishes its own Comprehensive Annual Financial Report and receives its own independent audit.

Additional detailed information and separately issued financial statements can be obtained from the Retirement System located at 3916 State St., Suite 210, Santa Barbara, CA 93105.

Employer/Employee Contribution Rate Tiers

Employer and employee contribution rates are as follows:

	Participants	Employer Contribution Rates	Employee Contribution Rates
Open for New Enrollment:			
Safety Plan 4B	(a) Probation safety managers, and (b) Fire Chief hired on or after October 10, 1994	41.93%	9.66 – 17.01%
Safety Plan 4C	(a) Non-management Probation safety employees, and (b) Firefighters hired on or after October 10, 1994 (except Fire Chief)	45.68%	4.63 – 8.43%
General Plan 5B	General members hired on or after October 10, 1994 & in Bargaining Units 10, 11, 14, 15, 17, 35, 36, 40-43	29.27%	5.19 – 10.73%
General Plan 5C	General members hired on or after October 10, 1994 & in Bargaining Units 21-29, 32	30.54%	2.50 – 5.35%
Safety Plan 6B	Sheriff/DA safety members hired on or after October 10, 1994 enrolled in plan.	48.84%	4.63 – 8.43%
General Plan 7	General members hired on or after June 25, 2012	27.81%	2.08 – 4.46%
Closed to New Enrollment:			
General Plan 2	Non-contributory; employees hired before January 1999 may continue in plan.	18.93%	N/A
Safety Plan 4A	Firefighters hired before October 10, 1994 may continue in plan.	46.76%	4.83 – 8.50%
General Plan 5A	General members hired before October 10, 1994 may continue in plan.	29.48%	2.60 – 5.37%
Safety Plan 6A	Sheriff/DA safety members hired before October 10, 1994 may continue in plan.	48.39%	4.83 – 8.50%

The annual required contribution for the current year was determined as part of an actuarial valuation performed as of June 30, 2010. The actuarial method used was the entry age normal cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 7.75%; (2) inflation element in wage increases of 3.75%; and (3) projected salary increases of varying percentages based on service (duration) for merit and longevity. Under an open/rolling amortization method, the entire unfunded actuarial accrued liability is amortized over a constant period, in this case, 17 years. The amortization factor does not change from year to year unless the discount rate or salary assumption is changed.

20. RETIREMENT PLANS - CONTINUED

Three-Year Trend Information

The County's actual contributions, annual pension cost, and the percentage of annual pension cost contributed, for the current year and two preceding years, are as follows:

Fiscal Year Ended	Actuarial Valuation Date	County Contributions	Annual Pension Cost	Percentage of Annual Pension Cost Contribution
6/30/2010	6/30/2008	$ 78,308	$ 78,308	100%
6/30/2011	6/30/2009	86,802	86,802	100%
6/30/2012	6/30/2010	100,111	100,111	100%

Funding Policy

Contributions are made by participating employers based on rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors. For certain bargaining units, a portion of the members' contribution is paid by the County. Employee contributions are based upon each individual member's age of entry into the system. Employee contributions cannot be withdrawn until separation from employment.

Santa Barbara County Replacement Benefit Plan

Internal Revenue Code (IRC) Section 415(b) limits the maximum annual amount that a defined benefit plan such as the Retirement System can pay to any individual. The Santa Barbara County Replacement Benefit Plan, a qualified IRC 415(m) plan, provides annual retirement benefits otherwise earned by and payable to Retirement System members, but limited by Section 415(b).

Participation is limited solely to retired members whose benefits payable by the Retirement System are limited by Section 415(b). No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants and their beneficiaries. As of June 30, 2012, five retired members were participating in the plan.

The County's actual contribution for the current year and the two preceding years are as follows:

Fiscal Year Ended	Contribution
6/30/2010	$12
6/30/2011	18
6/30/2012	57

21. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County's agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan) is administered by the Santa Barbara County Employees' Retirement System (Retirement System). The OPEB Plan provides medical benefits to eligible retired County and other employer plan sponsors' employees, as well as to their eligible dependents, pursuant to California Government Code Section 31694 et. seq. Other employer plan sponsors include the Carpinteria-Summerland Fire Protection District, Goleta Cemetery District, Santa Maria Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

21. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

In September 2008, the County and the Retirement System adopted an Internal Revenue Code (IRC) Section 401(h) account that provides for these benefits. Under GASB Statement No. 43 (GASB 43), "*Reporting for Postemployment Benefit Plans Other Than Pension Plans,*" and GASB Statement No. 45 (GASB 45), "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,*" the liability related to the plan is required to be determined for both retirement systems and employers. GASB 43 and 45 are not limited to the reporting of vested benefits.

The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees' Retirement System at 3916 State St. Suite 210, Santa Barbara, CA 93105.

Plan Benefits

The County negotiates health care contracts with providers for both its active employees and the participating retired members of the Retirement System. Retirees are offered the same health plans as active County employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active County employees; as such, the County does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the Board of Supervisors has determined to provide a monthly insurance premium subsidy of $15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in a County-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any amount in excess of the premium is forfeited. If an Eligible Retired Participant does not participate in the County-sponsored health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is $4 (whole dollars) per year of credited service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of $187 (whole dollars) per month or a subsidy of $15 (whole dollars) per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Survivors of Eligible Retired Participants (i.e., spouses and dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

Funding Policy

The County and other participating employer plan sponsors individually determine their separate contributions to the Retirement System to fund the OPEB Plan. The County has adopted an employer contribution rate of 3% of covered retiree payroll.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize, over fifteen years, any unfunded actuarial accrued liabilities (UAAL) which consist of current retirees, current vested terminated and current active employees.

For fiscal year ended June 30, 2012, the OPEB ARC was $20,811, or 7.43% percent of the County's estimated annual covered payroll. This includes the normal cost of $5,052 for the year for current active employees, and $15,759 for UAAL amortization. The County's contribution to the OPEB Plan for fiscal year ended June 30, 2012 was $8,385.

21. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2012:

Annual required contribution (ARC)	$ 20,811
Interest on net OPEB obligation	1,590
Adjustment to ARC	(3,501)
Annual OPEB cost (expense)	18,900
Contributions made	(8,385)
Increase in net OPEB obligation	10,515
Net OPEB obligation - beginning of year	39,751
Net OPEB obligation - end of year	$ 50,266

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for the current year and the two preceding years, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 18,123	47%	$ 28,748
6/30/2011	19,419	43%	39,751
6/30/2012	18,900	44%	50,266

The quantification of costs set forth above should not be interpreted in any way as vesting such benefits; rather the disclosures are made solely to comply with the County's reporting obligations under GASB 45, as the County understands these obligations.

Funded Status and Funding Progress

Using the most recent actuarial valuation dated June 30, 2010, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	$ 173,944
Actuarial value of plan assets	(1,875)
Unfunded actuarial accrued liability (UAAL)	$ 172,069
Funded ratio (actuarial value of plan assets/AAL)	1.1%
Covered payroll (active plan members)	$ 280,040
UAAL as percentage of covered payroll	61.4%

Actuarial valuations of an ongoing OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the County's OPEB is presented as required supplementary information following the Notes to the Financial Statements. This schedule will, in the subsequent fiscal year, present multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the AAL for benefits.

21. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONTINUED

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets (if any), consistent with the long-term perspective of the calculations.

In the County's June 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of investment expenses), and an inflation assumption of 3.25%. The actuarial value of assets was determined using the market value of the assets as of the valuation date.

The OPEB Plan's unfunded AAL is being amortized as a level percentage of projected payroll on a closed basis. A closed amortization period of 15 years was established as of January 1, 2007. The remaining amortization period at June 30, 2010 was 11.5 years.

Request for Internal Revenue Service Determination on the Continued Qualified Status of Plan and Submission to the Voluntary Correction Program

In July 2008 the County requested a determination from the Internal Revenue Service (IRS) on the continued qualified status of the Santa Barbara County Employees' Retirement System Plan (Plan) in its entirety under Section 401(a) of the Internal Revenue Code of 1986. In conjunction with this determination, the Plan was submitted for a correction through the IRS's Voluntary Compliance Program (VCP). The purpose of the submission was to correct both Plan document and operational compliance issues stemming from practices related to the funding of retiree health benefits. The submission identified the problem area, the cause of the problem, and proposed solution(s) for IRS approval; the County's proposed solution included a 401(h) plan. In September 2008 the County and Retirement System adopted a 401(h) plan to provide retiree health benefits.

In May 2010 the County submitted a supplement to the July 2008 VCP filing to the IRS. This filing was primarily based on a report produced by the actuarial firm Mercer entitled "Contributions in Excess of the Annual Required Contribution." In this report, Mercer reviewed the historical contributions the County made to the Plan and compared them to what the Annual Required Contribution (ARC) would have been if the reserve earmarked for retiree health benefits had not been established, and those assets were included as pension valuation assets. In each fiscal year, the County's pension contribution in excess of the otherwise required ARC also exceeded the amount paid out by the Plan in retiree healthcare benefits for that year. Cumulatively, the County contributed approximately $122,000 in excess of the otherwise required ARC for pension benefits compared to approximately $66,000 in retiree healthcare premium payments. In response to questions from the IRS, in June 2012 the County filed a substitution for a portion of its July 2008 VCP filing, along with additional information.

At this time, the County is unable to predict the exact timing of any guidance that may be obtained from the IRS or the results or impact of such guidance. In order for the County and the Retirement System to maintain the qualified status of the Retirement System, the IRS may request that the County restore any pension funds used to pay retiree health benefits (plus interest), pay fees, pay interest, and/or request that the Retirement System reallocate assets between pension liabilities and retiree health liabilities. Based on the above mentioned Mercer report, the County does not expect an adverse determination or any corrective action, but must await final notification; therefore, the amount of any additional fees, interest, reallocation, and contributions is unknown at this time.

22. DEFERRED COMPENSATION PLANS

Santa Barbara County Supplemental Retirement Plan

The Santa Barbara County Supplemental Retirement Plan is an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Section 401(a). Employer-only annual contributions are calculated based upon a percentage of employee compensation under annual agreements with employee bargaining groups and unions.

This plan is administered through a third-party administrator and is available to all employee groups. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

The County's actual contributions for the current year and the two preceding years are as follows:

Fiscal Year Ended	Contributions
6/30/2010	$ 166
6/30/2011	162
6/30/2012	161

County of Santa Barbara Employee Contribution Deferred Compensation Plan

The County offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of $17,000 (in whole dollars) per calendar year, so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

This plan is administered through a third-party administrator. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

County of Santa Barbara Social Security Compliance Deferred Compensation Plan

The Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the County in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular Retirement System are not eligible for this plan. Based upon the employee's gross compensation, the employee's deferral, on a before-tax basis, equals 6.0% and the County's contribution equals 1.5% for a combined total of 7.5%.

This plan is administered through a third-party administrator and is available to all employee groups. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

The County's actual contributions for the current year and the two preceding years are as follows:

Fiscal Year Ended	Contributions
6/30/2010	$ 124
6/30/2011	130
6/30/2012	93

23. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $5,147 was made to increase the beginning fund balance of Alcohol, Drug and Mental Health Services (ADMHS), and to increase the beginning net assets of governmental activities on the Statement of Net Assets. This adjustment was made due to a prior period over accrual of settlement liabilities mostly related to Medi-Cal cost reimbursements (see Note 14).

A prior period adjustment of $2,150 was made to increase the governmental activities beginning net assets. The adjustment was made due to a prior period donation of Land capital assets not being included in the Statement of Net Assets.

The restatement of ADMHS' beginning fund balance and the net assets of governmental activities is summarized as follows:

	ADMHS
Fund balance at July 1, 2011, as previously stated	$ 9,798
ADMHS prior period adjustment	5,147
Fund balance at July 1, 2011, as restated	$ 14,945

	Governmental Activities
Net assets at July 1, 2011, as previously stated	$ 675,478
ADMHS prior period adjustment	5,147
Land capital asset prior period adjustment	2,150
Net assets at July 1, 2011, as restated	$ 682,775

24. SUBSEQUENT EVENT

In July 2012, the County issued tax and revenue anticipation notes (TRAN) totaling $40,000 due June 28, 2013. These were sold at a premium with an average coupon interest rate of 2.00% and a true interest cost of 0.37%. Proceeds from the notes will be used to meet FY 12-13 cash flow requirements. The principal of the notes, together with the interest thereon, will be payable from taxes, income, revenue, cash receipts and other moneys that are received by the General Fund during or attributable to FY 12-13, and that are generally available for the payment of current expenditures and other obligations of the County.

25. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the County or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the County Board of Supervisors elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of County resolution number 12-7.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former RDA due to the County are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The County's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the County.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the RDA are reported in the governmental funds of the County**.** After the date of dissolution, as allowed under Section 34176(a) of the Bill, the County elected to retain the housing assets and functions previously performed by the former RDA. The assets and activities for the Successor Agency Housing fund continue to be reported in the County's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved RDA, are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the financial statements of the County.

The transfer of the assets and liabilities of the former RDA as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the County to fiduciary funds was reported as an extraordinary gain in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund financial statements as an extraordinary loss.

COUNTY OF SANTA BARBARA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2012
(in thousands)

Santa Barbara County Employees' Retirement System - Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
6/30/2006	$ 1,552,776	$ 1,809,656	85.8%	$ 256,880	$ 287,382	89.4%
6/30/2007	1,735,489	1,987,854	87.3%	252,365	294,163	85.8%
6/30/2008	1,893,984	2,135,955	88.6%	244,499	307,264	79.6%
6/30/2009	1,705,733	2,263,862	75.3%	558,129	306,524	182.1%
6/30/2010	1,927,229	2,616,147	73.7%	688,918	306,963	224.4%
6/30/2011	2,007,859	2,749,813	73.0%	741,954	305,758	242.7%

Source: Santa Barbara County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2011.

See accompanying independent auditor's report.

Notes to Required Supplementary Information

1. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. The information presented relates to the entire Santa Barbara County Employees' Retirement System, of which the County is one participating employer, and should provide data helpful for understanding the scale of the information presented relative to the employer.

COUNTY OF SANTA BARBARA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2012
(in thousands)

Other Postemployment Benefits (OPEB) Plan - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2006	$ -	$ 132,082	$ 132,082	0.0%	$ 235,810	56.0%
6/30/2009	1,041	161,999	160,958	0.6%	279,494	57.6%
6/30/2010	* 1,875	173,944	172,069	1.1%	280,040	61.4%

* Source: Milliman, Inc. "Santa Barbara County Employees' Retirement System Actuarial Valuation of Postemployment Benefits Other than Pensions as of June 30, 2010"

See accompanying independent auditor's report.

Notes to Required Supplementary Information

1. This information is intended to help users assess the County's OPEB plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. The information presented relates solely to the County and not Santa Barbara County Employees' Retirement System as a whole.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to finance particular governmental activities and are financed by specific taxes or other revenues. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. Included in the Special Revenue classification are the following funds:

First 5 Children and Families Commission

As required by Proposition 10, the First 5 Children and Families Commission Fund accounts for the revenues generated by a tax on cigarettes and tobacco products. Proposition 10 revenues are deposited into the First 5 Children and Families Commission Fund, and are used to promote, support and improve the early development of children from the prenatal stage to five years of age. The funds are to be used only for projects or expenditures within the scope of Proposition 10 objectives. This fund was established during FY 98-99.

Fish and Game

The Fish and Game Fund is used to account for fines and forfeitures received under Section 13003 of the State of California Fish and Game Code and for other revenues and expenditures for the propagation and conservation of fish and game. The Board of Supervisors authorizes expenditures on advice of the Fish and Game Commission.

Petroleum

The Petroleum Fund, established pursuant to Chapter 25 of the County Code, is used to account for the revenues and expenditures associated with administering the Petroleum Ordinance. The Petroleum Ordinance regulates the issuing of oil well drilling permits. It also regulates drilling, operating and abandoning petroleum wells, pipelines, tanks and associated petroleum equipment for prevention of erosion, pollution and fire hazards and for safety controls.

Public and Educational Access

The fund for Public and Educational Access was established in December 2001 by the Board of Supervisors to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund are the support of education and public information through programs aimed at expanding public access and educational access to telecommunication services.

Special Aviation

The Special Aviation Fund is used to account for activity related to the Santa Ynez Airport. It is funded primarily by state and federal grants for airport improvements.

In-Home Supportive Services Public Authority (IHSS)

The In-Home Supportive Services Public Authority Fund was established by the Board to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.

Child Support Services

AB 196, AB 150, and SB 542 established the Child Support Services Fund during FY 00-01 to provide separate fund accountability as required. These legislative bills mandated that all Family Support Divisions located in the District Attorney's Offices become separate and independent departments. Child Support Services establishes paternity, obtains and enforces court orders for child support, collects and distributes payments, and provides community outreach about those services for the benefit of minor children.

Fishermen Assistance

Fisheries Enhancement

The Fisheries Enhancement Fund (FEF) was established to mitigate impacts to the commercial fishing industry from offshore oil and gas development. Impact fees paid by offshore energy producers, pursuant to permit conditions, supports the FEF. In early 1993, the Planning Commission approved a supplemental needs assessment that, pursuant to Board-adopted FEF Guidelines, recommends specific projects to be pursued for FEF awards.

Local Fishermen's Contingency

The Local Fishermen's Contingency Fund is financed by County permit conditions placed upon energy projects to mitigate impacts to the commercial fishing industry. The intent of the fund is to provide an interest-free loan program to fishermen awaiting payment of claims from the Federal Fishermen's Contingency Fund. The claims are for damage or loss resulting from outer continental shelf development or production, and to reimburse fishermen for damage or loss of gear, not covered under the federal fund, which occurs in state waters because of federal or state oil and gas development, or because of oil production activities such as transport.

Coastal Resources Enhancement

The Coastal Resources Enhancement Fund was established on May 10, 1988 to account for revenues received from offshore oil and gas projects pursuant to permit conditions, and expanded by the Board of Supervisors to projects that mitigate impacts to coastal recreation, aesthetics, tourism, and/or sensitive environmental resources.

Affordable Housing

Affordable Housing

The Affordable Housing Trust Fund was established to account for the various affordable housing programs administered by the County and provides local match to leverage federal funding for the creation of affordable housing.

HOME Program

The HOME Program Fund was established in FY 93-94 to account for federal affordable housing funds for the consortium which currently includes the cities of Buellton, Carpinteria, Goleta, Lompoc, Santa Maria, and Solvang.

Community Development Block Grant Program

The Community Development Block Grant Program Fund was established in FY 07-08 to account for federal Community Development Block Grant funds whose primary objective is the development of viable urban communities for the consortium which currently includes the cities of Buellton, Carpinteria, Lompoc, and Solvang.

Municipal Energy Finance Program

The Municipal Energy Finance Fund was established in FY 09-10 to account for a federally funded program intended to create, through private partnerships, low cost financing to residential property owners of Santa Barbara County for the purpose of energy efficiency enhancements to residences located in the County.

Court Activities

AB 2544 in FY 94-95 established the Court Activities Fund to account for the state's portion of Trial Court Funding. AB Bill 233, adopted in FY 97-98, transferred state funding out of the County entity. This fund represents the portion of Trial Court Operations under the County's control.

Criminal Justice Construction

The Criminal Justice Construction Fund was established to account for state authorized surcharges on criminal fines, which are statutorily designated for the establishment of adequate criminal justice facilities in the County.

Courthouse Construction
The Courthouse Construction Fund was established to account for state authorized surcharges on fines for non-parking and other criminal cases, which are statutorily designated for renovation and/or construction of courtroom facilities.

Inmate Welfare
The Inmate Welfare Fund was established pursuant to Penal Code Section 4025 to account for profits from the County jail store and any money attributable to the use of pay telephones. The funds are expended primarily for the benefit, education, and welfare of the inmates confined within the jail.

Redevelopment Agency
The Santa Barbara County Redevelopment Agency (RDA) was formed on September 12, 1989 under Section 33200 of the State of California Health and Safety Code. Pursuant to the provisions of the Redevelopment Restructuring Act, the Santa Barbara County Redevelopment Successor Agency (Successor Agency) was created to dissolve in an orderly fashion, the former RDA. As such, all of the assets, liabilities and obligations of the former RDA were transferred to the Successor Agency on February 1, 2012.

Redevelopment Successor Agency Housing
The Santa Barbara County Redevelopment Successor Agency Housing Fund was created on February 1, 2012, pursuant to the provisions of the Redevelopment Restructuring Act. Under this act, the County elected to assume the housing functions and take over the housing assets of the former RDA, along with the related rights, powers, liabilities, duties, and obligations.

SPECIAL DISTRICTS UNDER THE BOARD OF SUPERVISORS

Separate special districts have been established for the purpose of providing specific services to distinct geographical areas within the County. Those special districts that are under the jurisdiction of the Board of Supervisors are included within the Special Revenue Fund classification. These are financed principally from property taxes and benefit assessments, and are comprised of the following:

County Service Areas (CSAs)

County Service Area #3
This service area serves part of the Goleta Valley, providing extended park and open space acquisition and maintenance, enhanced library services and street lighting. It provides 1,430 streetlights and maintains approximately 535 acres of open space and 148 acres of parks. This fund also made payments for the Goleta Valley Community Center and the Santa Barbara Shores property prior to the transfer of these assets to the City of Goleta.

County Service Area #4
This service area is located north of the City of Lompoc and serves the communities of Mission Hills and Vandenberg Village. It maintains approximately 52 acres of open space.

County Service Area #5
This service area serves the Orcutt area south of Santa Maria, providing extended park and open space activities. Extending from Waller Park, to just south of Rice Ranch Road, CSA #5 encompasses approximately 68 acres of parkland (Waller Park) and 11 acres of open space.

County Service Area #11
This service area embraces the unincorporated urbanized area of Carpinteria Valley and Summerland. The service area provides the community with parks and 77 streetlights.

County Service Area #12 – Mission Canyon Sewer Service Charge
This service area was established for the purpose of assessing property owners for the ongoing maintenance of the sewer system and septic tank inspection services for those properties in the prohibition area, but not on public sewers. A separate assessment is charged to properties remaining on septic systems in order to provide septic performance tracking.

County Service Area #31
This service area embraces the unincorporated community of Isla Vista, located west of the University of California at Santa Barbara, and provides 277 streetlights; installation, maintenance and repair of sidewalks, curbs and gutters; and planting, along with maintenance and care of street trees.

County Service Area #41
This service area was established to assess property owners of the Rancho Santa Rita Subdivision, located outside the City of Lompoc, for road repairs, maintenance and improvements.

Community Facilities Districts (CFDs)

Orcutt Community Facilities District
In October 2002, qualified landowners approved the formation of a CFD within the Orcutt Planning Area, located south of the City of Santa Maria. The CFD levied a special tax that may be used to finance infrastructure construction, fire and sheriff protection services, maintenance of parks, parkways and open space, and flood and storm protection services.

Providence Landing Community Facilities District
This Mello-Roos district encompasses the Providence Landing subdivision in South Vandenberg Village and provides funding for the maintenance of a public park.

Fire Protection District
This district finances the majority of the cost of the Santa Barbara County Fire Department utilizing property tax revenues, which are collected for public safety within the district's boundaries. The Fire Department provides a full range of emergency services for most of the unincorporated territory of Santa Barbara County, the Cities of Buellton, Solvang, and Goleta, and private lands within the National Forest. The National Forest and military installations provide their own fire protection.

Lighting Districts

Mission Lighting District
This district provides 19 streetlights in the unincorporated area of Mission Canyon, located east of the City of Santa Barbara, and is financed by property taxes and benefit assessments.

North County Lighting District
Casmalia, Los Alamos, and Orcutt Lighting Districts and the lighting function of CSA #4 and #5 were consolidated in FY 94-95 to form the North County Lighting District which provides 2,764 streetlights in the North County. This district is financed by property taxes and benefit assessments.

Sandyland Seawall Maintenance

This district provides for the maintenance of a seawall constructed in the Sandyland Cove area, and is financed through benefit assessments levied against those properties adjacent to that beachfront area.

Water Agency

This agency prepares investigations and reports on the County's water requirements, project development, and efficient use of water. The agency provides technical assistance to other County departments, water districts, and the public concerning water availability and water well locations and design. The agency also administers the Cachuma Project and Twitchell Dam Project contracts with the U.S. Bureau of Reclamation. It is funded primarily by state grants and property tax revenue.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt.

Santa Barbara County Finance Corporation

The Santa Barbara County Finance Corporation Debt Service Fund accounts for the accumulation of resources for, and payment of, principal and interest incurred from the sale of Certificates of Participation and other municipal debt that is issued to finance various County capital projects.

Redevelopment Agency (RDA) Debt Service

The RDA Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest incurred for the purchase of real property within the area of the RDA. On February 1, 2012, pursuant to the provisions of the Redevelopment Restructuring Act, these resources and obligations were transferred to the Santa Barbara County Redevelopment Successor Agency fiduciary fund.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources used in constructing major facilities.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 (in thousands)

	Special Revenue							
	First 5 Children and Families Commission	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	Fishermen Assistance
ASSETS								
Cash and investments	$ 5,176	$ 35	$ 416	$ 1,269	$ 344	$ 3	$ 584	$ 415
Accounts receivable, net:								
Taxes	--	--	--	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	--
Use of money and property	10	--	1	3	--	1	1	1
Intergovernmental	713	--	--	--	--	394	322	--
Charges for services	--	--	--	--	--	273	--	--
Other	508	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--	--
Other receivables	6	--	--	--	--	--	--	--
Property held for resale	--	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--	--
Total assets	$ 6,413	$ 35	$ 417	$ 1,272	$ 344	$ 671	$ 907	$ 416
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 1,354	$ --	$ --	$ --	$ --	$ 260	$ 1	$ --
Salaries and benefits payable	90	--	20	--	--	31	440	--
Other payables	--	--	--	--	--	--	--	--
Unearned revenues	--	--	--	--	--	--	207	--
Due to other funds	--	--	--	--	--	315	2	--
Customer deposits payable	--	--	--	--	--	--	--	--
Total liabilities	1,444	--	20	--	--	606	650	--
Fund balances:								
Nonspendable	6	--	--	--	--	--	--	--
Restricted	4,963	35	397	1,272	344	65	290	416
Committed	--	--	--	--	--	--	--	--
Assigned	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	(33)	--
Total fund balances	4,969	35	397	1,272	344	65	257	416
Total liabilities and fund balances	$ 6,413	$ 35	$ 417	$ 1,272	$ 344	$ 671	$ 907	$ 416

The notes to the financial statements are an integral part of this statement.

Special Revenue						
Coastal Resources Enhancement	Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
						ASSETS
$ 1,719	$ 2,956	$ 571	$ 1	$ 984	$ 715	Cash and investments
						Accounts receivable, net:
--	--	--	--	--	--	Taxes
--	--	177	83	83	--	Fines, forfeitures, and penalties
3	5	1	--	2	1	Use of money and property
--	514	--	--	--	--	Intergovernmental
--	--	308	--	--	--	Charges for services
--	--	162	--	--	--	Other
--	--	--	--	--	--	Due from other funds
--	585	--	--	--	--	Other receivables
--	--	--	--	--	--	Property held for resale
--	1,007	--	--	--	--	Restricted cash and investments
$ 1,722	$ 5,067	$ 1,219	$ 84	$ 1,069	$ 716	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
$ --	$ 36	$ 1,058	$ --	$ --	$ --	Accounts payable
--	22	--	--	--	46	Salaries and benefits payable
--	--	--	2	2	--	Other payables
--	1,567	--	--	--	--	Unearned revenues
--	436	--	24	--	--	Due to other funds
--	--	--	--	--	--	Customer deposits payable
--	2,061	1,058	26	2	46	Total liabilities
						Fund balances:
--	--	--	--	--	--	Nonspendable
1,722	2,475	153	58	1,067	670	Restricted
--	531	8	--	--	--	Committed
--	--	--	--	--	--	Assigned
--	--	--	--	--	--	Unassigned
1,722	3,006	161	58	1,067	670	Total fund balances
$ 1,722	$ 5,067	$ 1,219	$ 84	$ 1,069	$ 716	Total liabilities and fund balances

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012 (in thousands)

	Special Revenue						
	Redevelop-ment Agency	Redevelopment Successor Agency Housing	County Service Areas	Community Facilites Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance
ASSETS							
Cash and investments	$ --	$ 2,555	$ 2,515	$ 482	$ 2,597	$ 371	$ 37
Accounts receivable, net:							
Taxes	--	--	12	--	448	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	--	4	5	2	14	1	--
Intergovernmental	--	--	--	--	59	--	--
Charges for services	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Due from other funds	--	--	--	15	--	--	--
Other receivables	--	6,770	1	--	189	--	--
Property held for resale	--	2,700	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--
Total assets	$ --	$ 12,029	$ 2,533	$ 499	$ 3,307	$ 372	$ 37
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ --	$ --	$ 15	$ --	$ --	$ --	$ --
Salaries and benefits payable	--	--	--	--	--	--	--
Other payables	--	2,433	--	--	--	--	--
Unearned revenues	--	6,770	--	--	184	--	--
Due to other funds	--	--	--	254	--	--	--
Customer deposits payable	--	15	--	--	--	--	--
Total liabilities	--	9,218	15	254	184	--	--
Fund balances:							
Nonspendable	--	--	--	--	189	--	--
Restricted	--	2,811	2,518	245	2,934	372	37
Committed	--	--	--	--	--	--	--
Assigned	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
Total fund balances	--	2,811	2,518	245	3,123	372	37
Total liabilities and fund balances	$ --	$ 12,029	$ 2,533	$ 499	$ 3,307	$ 372	$ 37

The notes to the financial statements are an integral part of this statement.

		Debt Service			Capital Projects		
Water Agency	Special Revenue Total	Santa Barbara County Finance Corporation	RDA Debt Service	Debt Service Total	Capital Projects	Total Nonmajor Governmental Funds	
							ASSETS
$ 5,866	$ 29,611	$ 231	$ --	$ 231	$ 8,949	$ 38,791	Cash and investments
							Accounts receivable, net:
27	487	--	--	--	--	487	Taxes
--	343	--	--	--	--	343	Fines, forfeitures, and penalties
11	66	--	--	--	20	86	Use of money and property
3	2,005	--	--	--	610	2,615	Intergovernmental
--	581	--	--	--	--	581	Charges for services
--	670	--	--	--	--	670	Other
--	15	--	--	--	90	105	Due from other funds
6	7,557	--	--	--	33	7,590	Other receivables
--	2,700	--	--	--	--	2,700	Property held for resale
10	1,017	2,671	--	2,671	6,100	9,788	Restricted cash and investments
$ 5,923	$ 45,052	$ 2,902	$ --	$ 2,902	$ 15,802	$ 63,756	Total assets
							LIABILITIES AND FUND BALANCES
							Liabilities:
$ 54	$ 2,778	$ --	$ --	$ --	$ 268	$ 3,046	Accounts payable
51	700	--	--	--	--	700	Salaries and benefits payable
--	2,437	--	--	--	1,069	3,506	Other payables
--	8,728	--	--	--	4,962	13,690	Unearned revenues
--	1,031	--	--	--	--	1,031	Due to other funds
10	25	--	--	--	--	25	Customer deposits payable
115	15,699	--	--	--	6,299	21,998	Total liabilities
							Fund balances:
6	201	--	--	--	--	201	Nonspendable
5,177	28,021	2,902	--	2,902	6,460	37,383	Restricted
625	1,164	--	--	--	1,830	2,994	Committed
--	--	--	--	--	1,213	1,213	Assigned
--	(33)	--	--	--	--	(33)	Unassigned
5,808	29,353	2,902	--	2,902	9,503	41,758	Total fund balances
$ 5,923	$ 45,052	$ 2,902	$ --	$ 2,902	$ 15,802	$ 63,756	Total liabilities and fund balances

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Special Revenue						
	First 5 Children and Families Commission	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	IHSS Public Authority	Child Support Services
Revenues							
Taxes	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Licenses, permits, and franchises	--	--	55	--	--	--	--
Fines, forfeitures, and penalties	--	11	--	--	--	--	--
Use of money and property	31	--	2	8	2	1	6
Intergovernmental	4,281	--	--	--	9	6,149	9,465
Charges for services	--	--	402	--	--	--	--
Other	1,449	--	--	45	--	168	--
Total revenues	5,761	11	459	53	11	6,318	9,471
Expenditures							
Current:							
Law & justice	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	--	8,187	9,504
Community resources & public facilities	--	8	474	--	--	--	--
General government & support services	--	--	--	--	3	--	--
General county programs	5,853	--	--	210	--	--	--
Debt service:							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Total expenditures	5,853	8	474	210	3	8,187	9,504
Excess (deficiency) of revenues over (under) expenditures	(92)	3	(15)	(157)	8	(1,869)	(33)
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	1,210	--
Transfers out	(2)	--	--	--	--	--	--
Long-term receivable collections	--	--	--	--	--	--	--
Long-term debt issued	12	--	--	--	--	--	--
Total other financing sources (uses)	10	--	--	--	--	1,210	--
Net change in fund balances before extraordinary items	(82)	3	(15)	(157)	8	(659)	(33)
Extraordinary Items							
RDA dissolution transactions	--	--	--	--	--	--	--
RDA advance receivable elimination	--	--	--	--	--	--	--
Total extraordinary items	--	--	--	--	--	--	--
Net change in fund balances	(82)	3	(15)	(157)	8	(659)	(33)
Fund balances - beginning	5,051	32	412	1,429	336	724	290
Fund balances - ending	$ 4,969	$ 35	$ 397	$ 1,272	$ 344	$ 65	$ 257

The notes to the financial statements are an integral part of this statement.

Special Revenue							
Fishermen Assistance	Coastal Resources Enhancement	Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
							Revenues
$ --	$ --	$ --	$ --	$ --	$ --	$ --	Taxes
--	--	--	--	--	--	--	Licenses, permits, and franchises
--	--	--	2,150	986	988	--	Fines, forfeitures, and penalties
3	10	26	9	--	5	635	Use of money and property
--	--	6,844	--	--	--	--	Intergovernmental
--	--	54	3,685	--	--	--	Charges for services
10	623	327	1,192	--	--	560	Other
13	633	7,251	7,036	986	993	1,195	Total revenues
							Expenditures
							Current:
--	--	--	15,214	--	--	--	Law & justice
--	--	--	26	--	--	1,170	Public safety
--	--	--	--	--	--	--	Health & public assistance
26	626	6,181	--	--	--	--	Community resources & public facilities
--	--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	--	General county programs
							Debt service:
--	--	--	--	--	--	--	Principal
--	--	--	--	--	--	--	Interest
--	--	--	--	--	--	--	Capital outlay
26	626	6,181	15,240	--	--	1,170	Total expenditures
(13)	7	1,070	(8,204)	986	993	25	Excess (deficiency) of revenues over (under) expenditures
							Other Financing Sources (Uses)
--	--	--	8,201	--	--	--	Transfers in
--	--	(1,399)	--	(1,021)	(715)	(72)	Transfers out
--	--	--	--	--	--	--	Long-term receivable collections
--	--	--	--	--	--	--	Long-term debt issued
--	--	(1,399)	8,201	(1,021)	(715)	(72)	Total other financing sources (uses)
(13)	7	(329)	(3)	(35)	278	(47)	Net change in fund balances before extraordinary items
							Extraordinary Items
--	--	--	--	--	--	--	RDA dissolution transactions
--	--	--	--	--	--	--	RDA advance receivable elimination
--	--	--	--	--	--	--	Total extraordinary items
(13)	7	(329)	(3)	(35)	278	(47)	Net change in fund balances
429	1,715	3,335	164	93	789	717	Fund balances - beginning
$ 416	$ 1,722	$ 3,006	$ 161	$ 58	$ 1,067	$ 670	Fund balances - ending

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

					Special Revenue		
	Redevelop-ment Agency	Redevelopment Successor Agency Housing	County Service Areas	Community Facilities Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance
Revenues							
Taxes	$ 2,237	$ --	$ 1,120	$ 351	$ 29,464	$ 396	$ --
Licenses, permits, and franchises	--	--	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	160	78	17	3	50	2	--
Intergovernmental	--	--	7	--	370	3	--
Charges for services	--	--	711	--	--	--	--
Other	5	61	--	--	5	--	--
Total revenues	2,402	139	1,855	354	29,889	401	--
Expenditures							
Current:							
Law & justice	--	--	--	--	--	--	--
Public safety	--	--	--	--	390	--	--
Health & public assistance	--	--	--	--	--	--	--
Community resources & public facilities	--	--	823	--	--	394	--
General government & support services	--	--	--	--	--	--	3
General county programs	328	1,820	--	--	--	--	--
Debt service:							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Total expenditures	328	1,820	823	--	390	394	3
Excess (deficiency) of revenues over (under) expenditures	2,074	(1,681)	1,032	354	29,499	7	(3)
Other Financing Sources (Uses)							
Transfers in	--	5,117	--	15	85	--	--
Transfers out	(6,136)	--	(904)	(347)	(31,622)	--	--
Long-term receivable collections	--	--	--	--	--	--	--
Long-term debt issued	--	--	--	--	--	--	--
Total other financing sources (uses)	(6,136)	5,117	(904)	(332)	(31,537)	--	--
Net change in fund balances before extraordinary items	(4,062)	3,436	128	22	(2,038)	7	(3)
Extraordinary Items							
RDA dissolution transactions	(11,034)	(625)	--	--	--	--	--
RDA advance receivable elimination	--	--	--	--	--	--	--
Total extraordinary items	(11,034)	(625)	--	--	--	--	--
Net change in fund balances	(15,096)	2,811	128	22	(2,038)	7	(3)
Fund balances - beginning	15,096	--	2,390	223	5,161	365	40
Fund balances - ending	$ --	$ 2,811	$ 2,518	$ 245	$ 3,123	$ 372	$ 37

The notes to the financial statements are an integral part of this statement.

Water Agency	Special Revenue Total	Debt Service: Santa Barbara County Finance Corporation	Debt Service: RDA Debt Service	Debt Service: Debt Service Total	Capital Projects: Capital Projects	Total Nonmajor Governmental Funds	
							Revenues
$ 2,236	$ 35,804	$ --	$ --	--	$ --	$ 35,804	Taxes
--	55	--	--	--	--	55	Licenses, permits, and franchises
--	4,135	--	--	--	--	4,135	Fines, forfeitures, and penalties
34	1,082	9	2	11	60	1,153	Use of money and property
5,687	32,815	--	--	--	4,431	37,246	Intergovernmental
207	5,059	--	--	--	55	5,114	Charges for services
2	4,447	--	--	--	2,095	6,542	Other
8,166	83,397	9	2	11	6,641	90,049	Total revenues
							Expenditures
							Current:
--	15,214	--	--	--	--	15,214	Law & justice
--	1,586	--	--	--	--	1,586	Public safety
--	17,691	--	--	--	--	17,691	Health & public assistance
8,231	16,763	--	--	--	134	16,897	Community resources & public facilities
--	6	--	--	--	145	151	General government & support services
--	8,211	141	--	141	--	8,352	General county programs
							Debt service:
--	--	23,734	--	23,734	--	23,734	Principal
--	--	3,672	--	3,672	--	3,672	Interest
--	--	--	--	--	15,568	15,568	Capital outlay
8,231	59,471	27,547	--	27,547	15,847	102,865	Total expenditures
(65)	23,926	(27,538)	2	(27,536)	(9,206)	(12,816)	Excess (deficiency) of revenues over (under) expenditures
							Other Financing Sources (Uses)
594	15,222	6,588	1,672	8,260	7,988	31,470	Transfers in
(88)	(42,306)	--	(1,024)	(1,024)	(5,642)	(48,972)	Transfers out
--	--	356	--	356	--	356	Long-term receivable collections
--	12	16,945	--	16,945	--	16,957	Long-term debt issued
506	(27,072)	23,889	648	24,537	2,346	(189)	Total other financing sources (uses)
441	(3,146)	(3,649)	650	(2,999)	(6,860)	(13,005)	Net change in fund balances before extraordinary items
							Extraordinary Items
--	(11,659)	--	(1,433)	(1,433)	--	(13,092)	RDA dissolution transactions
--	--	--	16,345	16,345	--	16,345	RDA advance receivable elimination
--	(11,659)	--	14,912	14,912	--	3,253	Total extraordinary items
441	(14,805)	(3,649)	15,562	11,913	(6,860)	(9,752)	Net change in fund balances
5,367	44,158	6,551	(15,562)	(9,011)	16,363	51,510	Fund balances - beginning
$ 5,808	$ 29,353	$ 2,902	$ --	$ 2,902	$ 9,503	$ 41,758	Fund balances - ending

COUNTY OF SANTA BARBARA, CALIFORNIA
FIRST 5 CHILDREN AND FAMILIES COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 69	$ 67	$ 31	$ (36)
Intergovernmental	4,095	4,087	4,281	194
Other	378	1,172	1,449	277
Total revenues	4,542	5,326	5,761	435
Expenditures				
Current:				
General county programs	4,902	5,865	5,853	12
Total expenditures	4,902	5,865	5,853	12
Deficiency of revenues under expenditures	(360)	(539)	(92)	447
Other Financing Sources (Uses)				
Transfers out	--	(2)	(2)	--
Long-term debt issued	--	12	12	--
Total other financing sources (uses)	--	10	10	--
Net change in fund balances	(360)	(529)	(82)	447
Fund balances - beginning	5,051	5,051	5,051	--
Fund balances - ending	$ 4,691	$ 4,522	$ 4,969	$ 447

COUNTY OF SANTA BARBARA, CALIFORNIA
FISH AND GAME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 3	$ 3	$ 11	$ 8
Total revenues	3	3	11	8
Expenditures				
Current:				
Community resources & public facilities	10	10	8	2
Total expenditures	10	10	8	2
Excess (deficiency) of revenues over (under) expenditures	(7)	(7)	3	10
Net change in fund balances	(7)	(7)	3	10
Fund balances - beginning	32	32	32	--
Fund balances - ending	$ 25	$ 25	$ 35	$ 10

COUNTY OF SANTA BARBARA, CALIFORNIA
PETROLEUM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 37	$ 37	$ 55	$ 18
Use of money and property	1	1	2	1
Charges for services	342	342	402	60
Total revenues	380	380	459	79
Expenditures				
Current:				
Community resources & public facilities	538	522	474	48
Total expenditures	538	522	474	48
Deficiency of revenues under expenditures	(158)	(142)	(15)	127
Other Financing Sources				
Transfers in	25	25	--	(25)
Total other financing sources	25	25	--	(25)
Net change in fund balances	(133)	(117)	(15)	102
Fund balances - beginning	412	412	412	--
Fund balances - ending	$ 279	$ 295	$ 397	$ 102

COUNTY OF SANTA BARBARA, CALIFORNIA
PUBLIC AND EDUCATIONAL ACCESS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 10	$ 7	$ 8	$ 1
Other	--	45	45	--
Total revenues	10	52	53	1
Expenditures				
Current:				
General county programs	165	210	210	--
Total expenditures	165	210	210	--
Deficiency of revenues under expenditures	(155)	(158)	(157)	1
Net change in fund balances	(155)	(158)	(157)	1
Fund balances - beginning	1,429	1,429	1,429	--
Fund balances - ending	$ 1,274	$ 1,271	$ 1,272	$ 1

COUNTY OF SANTA BARBARA, CALIFORNIA
SPECIAL AVIATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ --	$ 2	$ 2
Intergovernmental	10	10	9	(1)
Total revenues	10	10	11	1
Expenditures				
Current:				
General government & support services	10	10	3	7
Total expenditures	10	10	3	7
Excess of revenues over expenditures	--	--	8	8
Net change in fund balances	--	--	8	8
Fund balances - beginning	336	336	336	--
Fund balances - ending	$ 336	$ 336	$ 344	$ 8

COUNTY OF SANTA BARBARA, CALIFORNIA
IN-HOME SUPPORTIVE SERVICES (IHSS) PUBLIC AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 1	$ (1)	$ 1	$ 2
Intergovernmental	6,149	6,126	6,149	23
Other	168	139	168	29
Total revenues	6,318	6,264	6,318	54
Expenditures				
Current:				
Health & public assistance	8,187	8,203	8,187	16
Total expenditures	8,187	8,203	8,187	16
Deficiency of revenues under expenditures	(1,869)	(1,939)	(1,869)	70
Other Financing Sources				
Transfers in	1,210	1,236	1,210	(26)
Total other financing sources	1,210	1,236	1,210	(26)
Net change in fund balances	(659)	(703)	(659)	44
Fund balances - beginning	724	724	724	--
Fund balances - ending	$ 65	$ 21	$ 65	$ 44

COUNTY OF SANTA BARBARA, CALIFORNIA
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 8	$ 8	$ 6	$ (2)
Intergovernmental	9,443	9,531	9,465	(66)
Other	1	1	--	(1)
Total revenues	9,452	9,540	9,471	(69)
Expenditures				
Current:				
Health & public assistance	9,452	9,541	9,504	37
Total expenditures	9,452	9,541	9,504	37
Deficiency of revenues under expenditures	--	(1)	(33)	(32)
Net change in fund balances	--	(1)	(33)	(32)
Fund balances - beginning	290	290	290	--
Fund balances - ending	$ 290	$ 289	$ 257	$ (32)

COUNTY OF SANTA BARBARA, CALIFORNIA
FISHERMEN ASSISTANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 4	$ 4	$ 3	$ (1)
Other	9	9	10	1
Total revenues	13	13	13	--
Expenditures				
Current:				
Community resources & public facilities	35	45	26	19
Total expenditures	35	45	26	19
Deficiency of revenues under expenditures	(22)	(32)	(13)	19
Net change in fund balances	(22)	(32)	(13)	19
Fund balances - beginning	429	429	429	--
Fund balances - ending	$ 407	$ 397	$ 416	$ 19

COUNTY OF SANTA BARBARA, CALIFORNIA
COASTAL RESOURCES ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 12	$ 11	$ 10	$ (1)
Other	623	623	623	--
Total revenues	635	634	633	(1)
Expenditures				
Current:				
Community resources & public facilities	1,614	1,614	626	988
Total expenditures	1,614	1,614	626	988
Excess (deficiency) of revenues over (under) expenditures	(979)	(980)	7	987
Net change in fund balances	(979)	(980)	7	987
Fund balances - beginning	1,715	1,715	1,715	--
Fund balances - ending	$ 736	$ 735	$ 1,722	$ 987

COUNTY OF SANTA BARBARA, CALIFORNIA
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 37	$ 55	$ 26	$ (29)
Intergovernmental	11,482	11,551	6,844	(4,707)
Charges for services	52	52	54	2
Other	225	225	327	102
Total revenues	11,796	11,883	7,251	(4,632)
Expenditures				
Current:				
Community resources & public facilities	10,036	9,583	6,181	3,402
Total expenditures	10,036	9,583	6,181	3,402
Excess of revenues over expenditures	1,760	2,300	1,070	(1,230)
Other Financing Uses				
Transfers out	(1,748)	(2,578)	(1,399)	1,179
Total other financing uses	(1,748)	(2,578)	(1,399)	1,179
Net change in fund balances	12	(278)	(329)	(51)
Fund balances - beginning	3,335	3,335	3,335	--
Fund balances - ending	$ 3,347	$ 3,057	$ 3,006	$ (51)

COUNTY OF SANTA BARBARA, CALIFORNIA
COURT ACTIVITIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 2,071	$ 2,071	$ 2,150	$ 79
Use of money and property	17	17	9	(8)
Charges for services	4,098	4,098	3,685	(413)
Other	1,226	1,230	1,192	(38)
Total revenues	7,412	7,416	7,036	(380)
Expenditures				
Current:				
Law & justice	15,904	15,904	15,214	690
Public safety	56	56	26	30
Total expenditures	15,960	15,960	15,240	720
Deficiency of revenues under expenditures	(8,548)	(8,544)	(8,204)	340
Other Financing Sources				
Transfers in	8,537	8,537	8,201	(336)
Total other financing sources	8,537	8,537	8,201	(336)
Net change in fund balances	(11)	(7)	(3)	4
Fund balances - beginning	164	164	164	--
Fund balances - ending	$ 153	$ 157	$ 161	$ 4

COUNTY OF SANTA BARBARA, CALIFORNIA
CRIMINAL JUSTICE CONSTRUCTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,100	$ 1,087	$ 986	$ (101)
Use of money and property	4	4	--	(4)
Total revenues	1,104	1,091	986	(105)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	1,104	1,091	986	(105)
Other Financing Uses				
Transfers out	(1,142)	(1,142)	(1,021)	121
Total other financing uses	(1,142)	(1,142)	(1,021)	121
Net change in fund balances	(38)	(51)	(35)	16
Fund balances - beginning	93	93	93	--
Fund balances - ending	$ 55	$ 42	$ 58	$ 16

COUNTY OF SANTA BARBARA, CALIFORNIA
COURTHOUSE CONSTRUCTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,100	$ 1,100	$ 988	$ (112)
Use of money and property	10	10	5	(5)
Total revenues	1,110	1,110	993	(117)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	1,110	1,110	993	(117)
Other Financing Uses				
Transfers out	(783)	(783)	(715)	68
Total other financing uses	(783)	(783)	(715)	68
Net change in fund balances	327	327	278	(49)
Fund balances - beginning	789	789	789	--
Fund balances - ending	$ 1,116	$ 1,116	$ 1,067	$ (49)

COUNTY OF SANTA BARBARA, CALIFORNIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 456	$ 656	$ 635	$ (21)
Other	479	517	560	43
Total revenues	935	1,173	1,195	22
Expenditures				
Current:				
Public safety	1,119	1,320	1,170	150
Total expenditures	1,119	1,320	1,170	150
Excess (deficiency) of revenues over (under) expenditures	(184)	(147)	25	172
Other Financing Uses				
Transfers out	(72)	(72)	(72)	--
Total other financing uses	(72)	(72)	(72)	--
Net change in fund balances	(256)	(219)	(47)	172
Fund balances - beginning	717	717	717	--
Fund balances - ending	$ 461	$ 498	$ 670	$ 172

COUNTY OF SANTA BARBARA, CALIFORNIA
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,955	$ 2,237	$ 2,237	$ --
Use of money and property	70	160	160	--
Other	18	5	5	--
Total revenues	4,043	2,402	2,402	--
Expenditures				
Current:				
General county programs	4,362	328	328	--
Total expenditures	4,362	328	328	--
Excess (deficiency) of revenues over (under) expenditures	(319)	2,074	2,074	--
Other Financing Sources (Uses)				
Transfers in	480	--	--	--
Transfers out	(1,850)	(6,136)	(6,136)	--
Total other financing sources (uses)	(1,370)	(6,136)	(6,136)	--
Net change in fund balances before extraordinary item	(1,689)	(4,062)	(4,062)	--
Extraordinary item				
RDA dissolution transactions	--	(11,034)	(11,034)	--
Net change in fund balances	(1,689)	(15,096)	(15,096)	--
Fund balances - beginning	15,096	15,096	15,096	--
Fund balances - ending	$ 13,407	$ --	$ --	$ --

COUNTY OF SANTA BARBARA, CALIFORNIA
REDEVELOPMENT SUCCESSOR AGENCY HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ 73	$ 78	$ 5
Other	--	--	61	61
Total revenues	--	73	139	66
Expenditures				
Current:				
General county programs	--	2,045	1,820	225
Total expenditures	--	2,045	1,820	225
Excess (deficiency) of revenues over (under) expenditures	--	(1,972)	(1,681)	291
Other Financing Sources				
Transfers in	--	5,117	5,117	--
Total other financing sources	--	5,117	5,117	--
Net change in fund balances before extraordinary item	--	3,145	3,436	291
Extraordinary item				
RDA dissolution transactions	--	(625)	(625)	--
Net change in fund balances	--	2,520	2,811	291
Fund balances - beginning		--	--	--
Fund balances - ending	$ --	$ 2,520	$ 2,811	$ 291

COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY SERVICE AREAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,118	$ 1,124	$ 1,120	$ (4)
Use of money and property	22	22	17	(5)
Intergovernmental	7	7	7	--
Charges for services	709	709	711	2
Total revenues	1,856	1,862	1,855	(7)
Expenditures				
Current:				
Community resources & public facilities	980	850	823	27
Total expenditures	980	850	823	27
Excess of revenues over expenditures	876	1,012	1,032	20
Other Financing Uses				
Transfers out	(885)	(921)	(904)	17
Total other financing uses	(885)	(921)	(904)	17
Net change in fund balances	(9)	91	128	37
Fund balances - beginning	2,390	2,390	2,390	--
Fund balances - ending	$ 2,381	$ 2,481	$ 2,518	$ 37

COUNTY OF SANTA BARBARA, CALIFORNIA
COMMUNITY FACILITIES DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 444	$ 444	$ 351	$ (93)
Use of money and property	3	3	3	--
Total revenues	447	447	354	(93)
Expenditures				
Current:				
Community resources & public facilities	6	17	--	17
Total expenditures	6	17	--	17
Excess of revenues over expenditures	441	430	354	(76)
Other Financing Sources (Uses)				
Transfers in	--	15	15	--
Transfers out	(383)	(398)	(347)	51
Total other financing sources (uses)	(383)	(383)	(332)	51
Net change in fund balances	58	47	22	(25)
Fund balances - beginning	223	223	223	--
Fund balances - ending	$ 281	$ 270	$ 245	$ (25)

COUNTY OF SANTA BARBARA, CALIFORNIA
FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 28,978	$ 29,057	$ 29,464	$ 407
Use of money and property	--	6	50	44
Intergovernmental	301	301	370	69
Charges for services	70	70	--	(70)
Other	5	5	5	--
Total revenues	29,354	29,439	29,889	450
Expenditures				
Current:				
Public safety	520	520	390	130
Total expenditures	520	520	390	130
Excess of revenues over expenditures	28,834	28,919	29,499	580
Other Financing Sources (Uses)				
Transfers in	85	85	85	--
Transfers out	(32,763)	(32,837)	(31,622)	1,215
Total other financing sources (uses)	(32,678)	(32,752)	(31,537)	1,215
Net change in fund balances	(3,844)	(3,833)	(2,038)	1,795
Fund balances - beginning	5,161	5,161	5,161	--
Fund balances - ending	$ 1,317	$ 1,328	$ 3,123	$ 1,795

COUNTY OF SANTA BARBARA, CALIFORNIA
LIGHTING DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 402	$ 402	$ 396	$ (6)
Use of money and property	2	2	2	--
Intergovernmental	3	3	3	--
Total revenues	407	407	401	(6)
Expenditures				
Current:				
Community resources & public facilities	421	414	394	20
Total expenditures	421	414	394	20
Excess (deficiency) of revenues over (under) expenditures	(14)	(7)	7	14
Net change in fund balances	(14)	(7)	7	14
Fund balances - beginning	365	365	365	--
Fund balances - ending	$ 351	$ 358	$ 372	$ 14

COUNTY OF SANTA BARBARA, CALIFORNIA
SANDYLAND SEAWALL MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
	$ --	$ --	$ --	$ --
Total revenues	--	--	--	--
Expenditures				
Current:				
Community resources & public facilities	13	13	3	10
Total expenditures	13	13	3	10
Deficiency of revenues under expenditures	(13)	(13)	(3)	10
Other Financing Uses				
Transfers out	(13)	(13)	--	13
Total other financing uses	(13)	(13)	--	13
Net change in fund balances	(26)	(26)	(3)	23
Fund balances - beginning	40	40	40	--
Fund balances - ending	$ 14	$ 14	$ 37	$ 23

COUNTY OF SANTA BARBARA, CALIFORNIA
WATER AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,157	$ 2,160	$ 2,236	$ 76
Use of money and property	50	47	34	(13)
Intergovernmental	8,146	8,604	5,687	(2,917)
Charges for services	145	145	207	62
Other	--	--	2	2
Total revenues	10,498	10,956	8,166	(2,790)
Expenditures				
Current:				
Community resources & public facilities	11,549	11,560	8,231	3,329
Total expenditures	11,549	11,560	8,231	3,329
Deficiency of revenues under expenditures	(1,051)	(604)	(65)	539
Other Financing Sources (Uses)				
Transfers in	594	594	594	--
Transfers out	(128)	(128)	(88)	40
Total other financing sources (uses)	466	466	506	40
Net change in fund balances	(585)	(138)	441	579
Fund balances - beginning	5,367	5,367	5,367	--
Fund balances - ending	$ 4,782	$ 5,229	$ 5,808	$ 579

COUNTY OF SANTA BARBARA, CALIFORNIA
SANTA BARBARA COUNTY FINANCE CORPORATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 200	$ 137	$ 9	$ (128)
Total revenues	200	137	9	(128)
Expenditures				
Current:				
General county programs	17	184	141	43
Debt service:				
Principal	3,613	23,734	23,734	--
Interest	3,521	3,932	3,672	260
Total expenditures	7,151	27,850	27,547	303
Deficiency of revenues under expenditures	(6,951)	(27,713)	(27,538)	175
Other Financing Sources				
Transfers in	6,647	6,906	6,588	(318)
Long-term receivable collections	--	356	356	--
Long-term debt issued	--	16,985	16,945	(40)
Total other financing sources	6,647	24,247	23,889	(358)
Net change in fund balances	(304)	(3,466)	(3,649)	(183)
Fund balances - beginning	6,551	6,551	6,551	--
Fund balances - ending	$ 6,247	$ 3,085	$ 2,902	$ (183)

COUNTY OF SANTA BARBARA, CALIFORNIA
REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 14	$ 3	$ 2	$ (1)
Intergovernmental	--	2	--	(2)
Total revenues	14	5	2	(3)
Expenditures				
Current:				
General county programs	--	5	--	5
Total expenditures	--	5	--	5
Excess (deficiency) of revenues over (under) expenditures	14	--	2	2
Other Financing Sources (Uses)				
Transfers in	1,370	1,020	1,672	652
Transfers out	(1,384)	(1,024)	(1,024)	--
Total other financing sources (uses)	(14)	(4)	648	652
Net change in fund balances before extraordinary item	--	(4)	650	654
Extraordinary Items				
RDA dissolution transactions	--	(1,433)	(1,433)	--
RDA advance receivable elimination	--	--	16,345	16,345
Total extraordinary items	--	(1,433)	14,912	16,345
Net change in fund balances	--	(1,437)	15,562	16,999
Fund balances - beginning		(15,562)	(15,562)	--
Fund balances - ending	$ --	$ (16,999)	$ --	$ 16,999

COUNTY OF SANTA BARBARA, CALIFORNIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 20	$ 87	$ 60	$ (27)
Intergovernmental	2,237	6,671	4,431	(2,240)
Charges for services	130	340	55	(285)
Other	--	2,393	2,095	(298)
Total revenues	2,387	9,491	6,641	(2,850)
Expenditures				
Current:				
Community resources & public facilities	365	809	134	675
General government & support services	--	145	145	--
Capital outlay	13,311	27,529	15,568	11,961
Total expenditures	13,676	28,483	15,847	12,636
Deficiency of revenues under expenditures	(11,289)	(18,992)	(9,206)	9,786
Other Financing Sources (Uses)				
Transfers in	1,657	12,507	7,988	(4,519)
Transfers out	(394)	(8,799)	(5,642)	3,157
Total other financing sources (uses)	1,263	3,708	2,346	(1,362)
Net change in fund balances	(10,026)	(15,284)	(6,860)	8,424
Fund balances - beginning	16,363	16,363	16,363	--
Fund balances - ending	$ 6,337	$ 1,079	$ 9,503	$ 8,424

INTERNAL SERVICE FUNDS

The following funds are established to account for services furnished to the County and various other governmental agencies. They are exempt from legal compliance for budgetary control and follow commercial accounting principles for a determination of operating, rather than budgetary, results. Their major source of revenue consists of charges to user departments for services rendered. These charges are based upon standard rates calculated on an estimated cost recovery basis. A more detailed description of the funds established and used by the County follows:

INFORMATION TECHNOLOGY SERVICES

This fund provides enterprise information technology services to County departments and various other governmental agencies. Four lines of service are supported: Network and Security, Infrastructure, Desktop Support, and Enterprise Applications. Costs are allocated to all users based upon utilization factors for each service and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

VEHICLE OPERATIONS AND MAINTENANCE

This fund provides for the maintenance, servicing and repair of County vehicles. Rental rates, which include the cost of gas, oil, maintenance, replacement of equipment and personnel costs, are charged to the user department to support the vehicle program. Vehicles are replaced based on mileage and age criteria which varies per class of vehicle; new additions to the vehicle fleet are provided through the Garage Equipment and Motor Pool budgets of the General Fund and through contributions from other funds.

RISK MANAGEMENT AND INSURANCE

This column combines the County's five self-insurance funds: Dental, Unemployment, Workers' Compensation, General Liability, and Medical Malpractice.

Dental Self-Insurance

This fund provides for the payment of dental expenses incurred by County employees, eligible dependents and retirees who are part of the self-funded plan. This fund does not account for employees or retirees on the Dental Net, Prudential or Firefighter health plans. Professional administrators process all claims and make payments to claimants based on a payment schedule of medical and dental benefits. The fund reimburses the claims administrator for the payment of claims plus a fee for administration and participation in a prescription drug program. Additionally, the County contracts with a preferred provider organization for reduced fees from member dental service providers, physicians, and other specialists. The County contributes towards the cost of employee coverage through departmental budgets; the employee pays any remaining employee or dependent coverage.

Unemployment Self-Insurance

State law requires the County to maintain unemployment insurance. The County has elected to be self-insured and has established this fund for the payment of unemployment insurance claims by County employees, which have been processed and approved by the State Employment Development Department. Each department has been charged a percentage of its gross payroll for the establishment of a general reserve for this program and to provide for claim payments.

Workers' Compensation Self-Insurance

This fund provides for investigation services, temporary disability and medical payments, excess insurance, permanent disability awards, administrative services, litigation costs, and safety services. Premiums based on employee worker classifications are charged to each department to maintain actuarially recommended reserves for claims proportionate to current industry rates applicable to job functions.

INTERNAL SERVICE FUNDS (Continued)

General Liability Self-Insurance

This fund provides for payment of self-insured general liability and automobile liability claims, excess insurance, claims adjusting services, litigation costs, and administrative services. Contributions are made by participating County departments and funds based on past claims experience and appropriate risk factors.

Medical Malpractice Self-Insurance

This fund provides for the payment of self-insured medical malpractice and general liability claims, excess insurance, claim investigation services, and litigation costs. Contributions are made by covered participating County departments and are based on allocation of expenses by past claims experience and appropriate risk factor.

COMMUNICATIONS SERVICES

This fund provides communication services to County departments and various other governmental agencies. Telephone, Radio and Audio-Visual Systems are maintained. Costs are billed from a standard price schedule which is periodically adjusted to reflect cost changes and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

UTILITIES

This fund provides for payment of County-wide utility costs. Utility costs are allocated to various County departments based on their energy consumption. Charging County departments for their energy usage fosters awareness and accountability related to energy costs and savings.

REPROGRAPHICS AND DIGITAL IMAGING SERVICES

This fund provides reprographic and digital imaging services to County departments and various other governmental agencies. Rates charged to all users are designed to recover costs and are billed from a standard pricing schedule which is periodically adjusted to reflect cost changes. Profits or losses are carried forward as retained amounts and used to adjust price schedules of subsequent billing rates. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Reprographics and Digital Imaging Services	Total
ASSETS							
Current assets:							
Cash and investments	$ 4,513	$ 15,631	$ 33,296	$ 8,107	$ 155	$ --	$ 61,702
Accounts receivable, net:							
Use of money and property	8	28	58	15	3	--	112
Charges for services	--	3	430	--	14	--	447
Other	--	--	--	--	22	--	22
Due from other funds	--	21	--	--	--	--	21
Inventories	--	233	--	110	--	--	343
Prepaid items	--	--	53	--	--	--	53
Total current assets	4,521	15,916	33,837	8,232	194	--	62,700
Noncurrent assets:							
Other receivables	--	--	200	--	--	--	200
Deferred charges	--	--	--	--	60	--	60
Restricted cash and investments	--	10	--	--	725	--	735
Capital assets, net of accumulated depreciation (Note 7)	1,876	14,568	13	1,559	5,171	--	23,187
Total noncurrent assets	1,876	14,578	213	1,559	5,956	--	24,182
Total assets	6,397	30,494	34,050	9,791	6,150	--	86,882
LIABILITIES							
Current liabilities:							
Accounts payable	1	82	430	13	112	--	638
Salaries and benefits payable	193	105	44	64	8	--	414
Other payables	--	--	--	--	492	--	492
Compensated absences	230	125	19	70	10	--	454
Notes payable	--	--	--	--	330	--	330
Liability for self-insurance claims	--	--	9,302	--	--	--	9,302
Total current liabilities	424	312	9,795	147	952	--	11,630
Noncurrent liabilities:							
Compensated absences	149	50	39	11	9	--	258
Notes payable	--	--	--	--	4,920	--	4,920
Liability for self-insurance claims	--	--	26,488	--	--	--	26,488
OPEB obligation	413	217	155	130	11	--	926
Total noncurrent liabilities	562	267	26,682	141	4,940	--	32,592
Total liabilities	986	579	36,477	288	5,892	--	44,222
NET ASSETS							
Invested in capital assets, net of related debt	1,876	14,568	13	1,559	706	--	18,722
Unrestricted	3,535	15,347	(2,440)	7,944	(448)	--	23,938
Total net assets	$ 5,411	$ 29,915	$ (2,427)	$ 9,503	$ 258	$ --	$ 42,660

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Reprographics and Digital Imaging Services	Total
Operating revenues:							
Charges for sales and services	$ 5,713	$ 10,288	$ 19,676	$ 2,852	$ 4,979	$ --	$ 43,508
Self-insurance recovery	--	--	1,282	--	--	--	1,282
Other operating revenues	471	49	--	65	--	--	585
Total operating revenues	6,184	10,337	20,958	2,917	4,979	--	45,375
Operating expenses:							
Salaries and benefits	3,461	1,954	874	1,110	135	(55)	7,479
Services and supplies	1,266	5,577	13,003	1,665	4,995	6	26,512
Self-insurance claims	--	--	15,412	--	--	--	15,412
Contractual services	--	51	134	192	10	--	387
Depreciation and amortization	720	2,387	5	502	--	--	3,614
County overhead allocation	27	90	14	177	(19)	171	460
Total operating expenses	5,474	10,059	29,442	3,646	5,121	122	53,864
Operating income (loss)	710	278	(8,484)	(729)	(142)	(122)	(8,489)
Non-operating revenues (expenses):							
Use of money and property	26	96	175	185	16	--	498
Gain (loss) on sale of capital assets	5	100	--	--	--	(27)	78
Other non-operating revenues	--	--	252	--	331	--	583
Total non-operating revenues (expenses)	31	196	427	185	347	(27)	1,159
Income (loss) before transfers	741	474	(8,057)	(544)	205	(149)	(7,330)
Transfers in	214	350	--	234	5,026	--	5,824
Transfers out	--	(586)	(35)	(8)	(4,978)	(282)	(5,889)
Transfers in (out), net	214	(236)	(35)	226	48	(282)	(65)
Change in net assets	955	238	(8,092)	(318)	253	(431)	(7,395)
Total net assets - beginning	4,456	29,677	5,665	9,821	5	431	50,055
Total net assets - ending	$ 5,411	$ 29,915	$ (2,427)	$ 9,503	$ 258	$ --	$ 42,660

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Reprographics and Digital Imaging Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from interfund services provided	$ 6,184	$ 10,316	$ 20,365	$ 2,917	$ 4,944	$ 4	$ 44,730
Receipts from self-insurance recovery	--	--	1,282	--	--	--	1,282
Payments to employees	(3,425)	(1,918)	(911)	(1,076)	(129)	(30)	(7,489)
Payments to suppliers	(1,720)	(5,602)	(11,270)	(1,844)	(4,783)	(7)	(25,226)
Payments for self-insurance claims	--	--	(15,412)	--	--	--	(15,412)
County overhead allocation payments to the General Fund	(27)	(90)	(14)	(177)	19	(171)	(460)
Other receipts	--	--	252	--	331	--	583
Net cash provided (used) by operating activities	1,012	2,706	(5,708)	(180)	382	(204)	(1,992)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	214	350	--	234	5,026	--	5,824
Transfers to other funds	--	(586)	(35)	(8)	(4,978)	(282)	(5,889)
Net cash provided (used) by noncapital financing activities	214	(236)	(35)	226	48	(282)	(65)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(619)	(2,513)	--	(615)	(5,171)	--	(8,918)
Proceeds from sales of capital assets	5	189	--	--	--	190	384
Proceeds of long-term debt	--	--	--	--	5,250	--	5,250
Net cash provided (used) by capital and related financing activities	(614)	(2,324)	--	(615)	79	190	(3,284)
CASH FLOWS FROM INVESTING ACTIVITIES							
Use of money and property received	23	99	236	187	10	--	555
Net cash provided by investing activities	23	99	236	187	10	--	555
Net change in cash and cash equivalents	635	245	(5,507)	(382)	519	(296)	(4,786)
Cash and cash equivalents - beginning	3,878	15,396	38,803	8,489	361	296	67,223
Cash and cash equivalents - ending	$ 4,513	$ 15,641	$ 33,296	$ 8,107	$ 880	$ --	$ 62,437
Reconciliation of cash and cash equivalents to the Statement of Net Assets							
Cash and investments per Statement of Net Assets	$ 4,513	$ 15,631	$ 33,296	$ 8,107	$ 155	$ --	61,702
Restricted cash and investments per Statement of Net Assets	--	10	--	--	725	--	735
Total cash and cash equivalents per Statement of Net Assets	$ 4,513	$ 15,641	$ 33,296	$ 8,107	$ 880	$ --	$ 62,437
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ 710	$ 278	$ (8,484)	$ (729)	$ (142)	$ (122)	$ (8,489)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	720	2,387	5	502	--	--	3,614
Other non-operating revenue	--	--	252	--	331	--	583
Changes in assets and liabilities:							
Accounts and other receivables	--	(21)	689	9	(35)	4	646
Prepaid items	--	--	(253)	--	--	--	(253)
Accounts payable	(454)	26	2,122	13	222	(1)	1,928
Salaries and benefits payable	36	36	(37)	25	6	(85)	(19)
Liability for self-insurance claims	--	--	(2)	--	--	--	(2)
Net cash provided (used) by operating activities	$ 1,012	$ 2,706	$ (5,708)	$ (180)	$ 382	$ (204)	$ (1,992)

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA

CALIFORNIA

AGENCY FUNDS

Agency funds are custodial in nature and do not involve the measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals and entities at some future time.

CLEARING AND REVOLVING FUNDS provide clearing facilities for items such as payroll withholdings and warrant redemption. These funds are used to temporarily accumulate and hold resources for distribution to third parties.

DEPOSITS FUNDS account for deposits under the control of the County departments. Dispositions of the deposits are governed by the terms of the statutes and ordinances establishing the deposit requirement.

OTHER AGENCY FUNDS account for assets held by the County in a fiduciary capacity for other entities.

STATE AND CITY REVENUE FUNDS temporarily hold various fees, fines, and penalties collected by the County departments for the State of California or various cities in Santa Barbara County, which are passed through to these entities.

TAX COLLECTION FUNDS account for monies received for current and delinquent taxes, which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. These funds also account for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are dispersed as directed by the courts or by parties to the dispute.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE FISCAL YEAR ENDED June 30, 2012 (in thousands)

	July 1, 2011	Additions	Deductions	June 30, 2012
CLEARING AND REVOLVING FUNDS				
Assets:				
Cash and investments	$ 6,388	$ 970,856	$ 968,100	$ 9,144
Total assets	$ 6,388	$ 970,856	$ 968,100	$ 9,144
Liabilities:				
Accounts payable	$ 1,517	$ 228,513	$ 223,803	$ 6,227
Funds held for others	4,871	1,192,395	1,194,349	2,917
Total liabilities	$ 6,388	$ 1,420,908	$ 1,418,152	$ 9,144
DEPOSITS FUNDS				
Assets:				
Cash and investments	$ 2,029	$ 16,951	$ 16,925	$ 2,055
Total assets	$ 2,029	$ 16,951	$ 16,925	$ 2,055
Liabilities:				
Accounts payable	$ -	$ 549	$ 549	$ -
Funds held for others	2,029	17,500	17,474	2,055
Total liabilities	$ 2,029	$ 18,049	$ 18,023	$ 2,055
OTHER AGENCY FUNDS				
Assets:				
Cash and investments	$ 6,374	$ 127,004	$ 129,276	$ 4,102
Interest receivable	6	18	20	4
Total assets	$ 6,380	$ 127,022	$ 129,296	$ 4,106
Liabilities:				
Accounts payable	$ -	$ 4,636	$ 4,574	$ 62
Funds held for others	6,380	131,596	133,932	4,044
Total liabilities	$ 6,380	$ 136,232	$ 138,506	$ 4,106
STATE AND CITY REVENUE FUNDS				
Assets:				
Cash and investments	$ 9,012	$ 138,490	$ 136,526	$ 10,976
Interest receivable	29	81	75	35
Total assets	$ 9,041	$ 138,571	$ 136,601	$ 11,011
Liabilities:				
Accounts payable	$ 202	$ 102,279	$ 102,119	$ 362
Funds held for others	8,839	240,690	238,880	10,649
Total liabilities	$ 9,041	$ 342,969	$ 340,999	$ 11,011
TAX COLLECTION FUNDS				
Assets:				
Cash and investments	$ 8,770	$ 1,540,292	$ 1,539,652	$ 9,410
Interest receivable	104	294	313	85
Total assets	$ 8,874	$ 1,540,586	$ 1,539,965	$ 9,495
Liabilities:				
Accounts payable	$ 12	$ 22,031	$ 22,032	$ 11
Funds held for others	8,862	1,562,620	1,561,998	9,484
Total liabilities	$ 8,874	$ 1,584,651	$ 1,584,030	$ 9,495
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	$ 32,573	$ 2,793,593	$ 2,790,479	$ 35,687
Interest receivable	139	393	408	124
Total assets	$ 32,712	$ 2,793,986	$ 2,790,887	$ 35,811
Liabilities:				
Accounts payable	$ 1,731	$ 358,008	$ 353,077	$ 6,662
Funds held for others	30,981	3,144,801	3,146,633	29,149
Total liabilities	$ 32,712	$ 3,502,809	$ 3,499,710	$ 35,811

See accompanying independent auditor's report.

STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County's economic condition.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

COUNTY OF SANTA BARBARA, CALIFORNIA
NET ASSETS BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2002-03 as restated	2003-04	2004-05	2005-06	2006-07	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12
Governmental activities										
Invested in capital assets, net of related debt	$ 326,836	$ 343,596	$ 366,246	$ 381,435	$399,800	$408,831	$ 451,648	$ 466,916	$ 480,240	$ 493,753
Restricted for:										
Law & justice	--	--	--	--	--	--	185	182	184	988
Public safety	9,599	8,193	10,017	10,152	12,990	13,695	8,952	12,007	9,533	13,450
Health & public assistance	20,595	16,129	18,188	15,992	19,237	12,987	25,118	32,943	42,328	33,627
Community resources & public facilities	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,591	106,691	95,892
General government & support services	10,368	10,520	10,854	8,589	9,913	8,082	7,594	5,483	4,523	5,240
General county programs	13,222	13,413	14,009	13,485	12,469	17,496	9,150	15,009	15,271	15,957
Debt service	9,271	6,997	8,630	8,652	8,484	10,088	-	--	--	--
Unrestricted	51,563	62,673	64,827	81,386	93,424	65,462	54,439	32,215	16,708	37,170
Total governmental activities net assets	$ 491,318	$ 514,420	$ 544,224	$ 579,340	$616,803	$623,786	$ 653,032	$ 666,346	$ 675,478	$ 696,077
Business-type activities										
Invested in capital assets, net of related debt	$ 34,219	$ 36,339	$ 40,539	$ 45,006	$ 47,611	$ 47,604	$ 57,338	$ 59,750	$ 60,029	$ 64,943
Restricted for:										
Debt service	933	933	1,043	1,023	717	1,307	--	--	--	--
Unrestricted	4,824	6,016	7,345	8,750	10,922	15,321	9,560	10,851	12,353	16,606
Total business-type activities net assets	$ 39,976	$ 43,288	$ 48,927	$ 54,779	$ 59,250	$ 64,232	$ 66,898	$ 70,601	$ 72,382	$ 81,549
Primary government										
Invested in capital assets, net of related debt	$ 361,055	$ 379,935	$ 406,785	$ 426,441	$447,411	$456,435	$ 508,986	$ 526,666	$ 540,269	$ 558,696
Restricted for:										
Law & justice	--	--	--	--	--	--	185	182	184	988
Public safety	9,599	8,193	10,017	10,152	12,990	13,695	8,952	12,007	9,533	13,450
Health & public assistance	20,595	16,129	18,188	15,992	19,237	12,987	25,118	32,943	42,328	33,627
Community resources & public facilities	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,591	106,691	95,892
General government & support services	10,368	10,520	10,854	8,589	9,913	8,082	7,594	5,483	4,523	5,240
General county programs	13,222	13,413	14,009	13,485	12,469	17,496	9,150	15,009	15,271	15,957
Debt service	10,204	7,930	9,673	9,675	9,201	11,395	--	--	--	--
Unrestricted	56,387	68,689	72,172	90,136	104,346	80,783	63,999	43,066	29,061	53,776
Total primary government net assets	$ 531,294	$ 557,708	$ 593,151	$ 634,119	$676,053	$688,018	$ 719,930	$ 736,947	$ 747,860	$ 777,626

Notes:

(1) FY 2002-03 net assets 'invested in capital assets, net of related debt' was restated from $243,671 to $361,055 in FY 2003-04, increasing total net assets by $117,384.

(2) FY 2007-08 net assets 'restricted for general county programs' was restated from $21,878 to $17,496 in FY 2008-09. As a result, 'unrestricted' governmental activities net assets was restated from $61,080 to $65,462.

(3) FY 2008-09 net assets 'invested in capital assets, net of related debt' was restated in FY 2009-10 from $486,969 to $508,986, and 'restricted' net assets was restated from $163,264 to $146,945. As a result, 'unrestricted' net assets was restated from $69,697 to $63,999.

(4) FY 2009-10 'restricted' governmental activities net assets was restated from $157,052 to $167,215 in FY 2010-11. As a result, unrestricted' governmental activities net assets decreased from $53,229 to $43,066.

(5) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF SANTA BARBARA, CALIFORNIA
CHANGES IN NET ASSETS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Expenses										
Governmental activities:										
Policy & executive	$ 7,235	$ 6,242	$ 5,204	$ 7,353	$ 8,569	$ 9,069	$ 8,596	$ 7,356	$ 11,074	$ 11,635
Law & justice	36,850	38,088	39,158	39,592	41,186	44,586	46,033	46,810	47,230	46,055
Public safety	142,190	149,819	158,460	169,497	181,566	201,511	204,994	200,418	215,903	224,486
Health & public assistance	221,988	230,432	237,144	258,369	271,806	292,094	287,178	297,590	308,149	304,747
Community resources & public facilities	65,268	68,780	88,165	71,200	84,785	83,293	84,585	85,914	83,770	88,871
General government & support services	26,927	26,942	25,224	30,818	36,771	35,743	32,115	31,750	31,123	28,965
General county programs	15,644	13,050	9,673	15,530	14,734	14,461	23,167	19,494	20,694	15,077
Interest on long-term debt	4,610	4,172	4,151	4,880	2,889	2,626	3,321	4,645	4,926	4,146
Subtotal governmental activities expenses	520,712	537,525	567,179	597,239	642,306	683,383	689,989	693,977	722,869	723,982
Business-type activities:										
Resource Recovery	18,295	17,394	17,790	19,356	21,857	22,042	23,226	21,659	21,258	20,601
Laguna Sanitation	3,825	3,495	4,495	4,870	5,066	5,113	5,609	5,633	5,946	5,793
Other	27	16	59	57	62	384	682	10	--	--
Subtotal business-type activities expenses	22,147	20,905	22,344	24,283	26,985	27,539	29,517	27,302	27,204	26,394
Total primary government expenses	$ 542,859	$ 558,430	$ 589,523	$ 621,522	$ 669,291	$ 710,922	$ 719,506	$ 721,279	$ 750,073	$ 750,376
Program revenues										
Governmental activities:										
Charges for services										
Health & public assistance	$ 55,539	$ 58,603	$ 67,917	$ 70,292	$ 80,546	$ 78,555	$ 79,095	$ 79,048	$ 77,085	$ 73,695
Public safety	27,134	27,890	30,619	30,152	34,767	40,125	37,999	36,479	36,345	29,979
Other	58,110	56,949	56,343	58,320	58,950	63,894	63,089	59,476	62,719	59,028
Operating grants & contributions	236,391	238,621	255,317	260,905	274,169	281,421	291,171	293,672	306,564	308,610
Capital grants & contributions	131	1,144	1,256	754	476	229	259	85	209	57
Subtotal governmental activities revenues	377,305	383,207	411,452	420,423	448,908	464,224	471,613	468,760	482,922	471,369
Business-type activities:										
Charges for services										
Resource Recovery	18,170	19,183	20,971	21,743	21,511	22,454	20,854	20,157	21,151	21,370
Laguna Sanitation	3,463	3,377	5,050	5,513	5,950	6,276	6,464	6,827	7,304	7,688
Other	8	7	9	9	9	52	34	--	--	--
Operating grants & contributions	1,344	1,308	1,232	1,410	854	1,745	2,678	2,778	1,245	6,202
Capital grants & contributions	--	--	--	--	--	--	1,169	--	--	--
Subtotal business-type activities revenues	22,985	23,875	27,262	28,675	28,324	30,527	31,199	29,762	29,700	35,260
Total primary government program revenue	$ 400,290	$ 407,082	$ 438,714	$ 449,098	$ 477,232	$ 494,751	$ 502,812	$ 498,522	$ 512,622	$ 506,629
Net (expense) / revenue										
Governmental activities	$ (143,407)	$ (154,318)	$ (155,727)	$ (176,816)	$ (193,398)	$ (219,159)	$ (218,376)	$ (225,217)	$ (239,947)	$ (252,613)
Business-type activities	838	2,970	4,918	4,392	1,339	2,988	1,682	2,460	2,496	8,866
Total primary government net expense	$ (142,569)	$ (151,348)	$ (150,809)	$ (172,424)	$ (192,059)	$ (216,171)	$ (216,694)	$ (222,757)	$ (237,451)	$ (243,747)

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA
CHANGES IN NET ASSETS - CONTINUED (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General revenue and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	$ 107,279	$ 119,973	$ 155,057	$ 176,748	$ 195,001	$ 205,822	$ 205,583	$ 207,169	$ 208,595	$ 186,047
Motor vehicle in-lieu tax	26,932	29,923	3,818	3,745	271	--	--	--	--	931
Sales taxes	16,134	16,359	14,935	15,743	17,286	16,362	15,643	13,444	12,756	14,700
Transient occupancy tax	4,423	5,448	4,815	5,631	6,591	7,174	6,431	5,950	6,977	7,570
Unrestricted investment earnings	3,420	1,087	3,373	4,308	2,867	2,926	1,610	2,404	1,372	1,048
Extraordinary item and special item	5,433	--	--	--	--	--	--	--	--	--
Transfers	17	(34)	174	55	3	(5)	661	(995)	1,002	6
Other	4,261	4,664	3,359	5,702	8,842	8,066	12,212	10,559	11,877	39,268
Subtotal governmental activities	167,899	177,420	185,531	211,932	230,861	240,345	242,140	238,531	242,579	249,570
Business-type activities:										
Unrestricted investment earnings	971	270	828	942	2,089	1,796	1,248	374	286	290
Transfers	(17)	34	(174)	(55)	(3)	5	(661)	995	(1,002)	(6)
Other	(277)	38	67	573	1,046	193	397	(126)	1	17
Subtotal business-type activities	677	342	721	1,460	3,132	1,994	984	1,243	(715)	301
Total primary government	$ 168,576	$ 177,762	$ 186,252	$ 213,392	$ 233,993	$ 242,339	$ 243,124	$ 239,774	$ 241,864	$ 249,871
Extraordianry Items										
RDA dissolution transactions	--	--	--	--	--	--	--	--	--	16,345
Changes in net assets										
Governmental activities	$ 24,492	$ 23,102	$ 29,804	$ 35,116	$ 37,463	$ 21,186	$ 23,764	$ 13,314	$ 2,632	$ 13,302
Business-type activities	1,515	3,312	5,639	5,852	4,471	4,982	2,666	3,703	1,781	9,167
Total primary government	$ 26,007	$ 26,414	$ 35,443	$ 40,968	$ 41,934	$ 26,168	$ 26,430	$ 17,017	$ 4,413	$ 22,469

COUNTY OF SANTA BARBARA, CALIFORNIA
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General Fund							
Reserved for:							
Receivables and prepaids	$ 5,039	$ 5,094	$ 4,663	$ 4,094	$ 3,309	$ 20,309	$ 20,309
Imprest cash	17	18	18	15	15	15	15
Lease maintenance requirement	--	--	--	--	--	--	--
Property tax loss reserve	3,845	4,138	4,515	5,044	5,632	6,057	6,373
Unreserved:							
Designated	28,723	28,359	33,538	43,481	58,488	56,447	55,741
Undesignated	12,050	9,953	8,564	16,206	11,484	5,311	2,150
Subtotal General Fund	49,674	47,562	51,298	68,840	78,928	88,139	84,588
All Other Governmental Funds							
Reserved for:							
Receivables and prepaids	379	261	226	2,378	390	503	482
Imprest cash	24	23	23	24	22	23	25
Debt service	8,251	6,697	7,701	7,592	7,601	9,333	9,062
MHSA prudent reserve	--	--	--	--	--	--	1,900
Inventories: property held for resale	--	--	--	--	--	2,600	6,039
Unreserved:							
Designated, reported in:							
Special revenue funds	60,264	53,920	50,792	52,041	54,569	51,745	52,557
Capital projects fund	22,019	14,015	26,992	24,370	22,854	15,985	13,038
Debt service funds	--	--	--	--	315	230	422
Undesignated, reported in:							
Special revenue funds	55,716	58,221	59,261	66,358	70,799	80,838	85,181
Capital projects fund	7,323	5,217	4,043	3,868	6,411	4,988	5,339
Debt service funds	--	--	--	--	--	(15,134)	(15,724)
Subtotal all other governmental funds	153,976	138,354	149,038	156,631	162,961	151,111	158,321
Total governmental fund balance	$ 203,650	$ 185,916	$ 200,336	$ 225,471	$ 241,889	$ 239,250	$ 242,909

	2009-10	2010-11	2011-12
General Fund (1)			
Nonspendable	$ 26,704	$ 25,570	$ 8,780
Restricted	8,271	7,844	17,536
Committed	53,444	46,096	52,002
Assigned	--	--	--
Unassigned	736	4,330	7,591
Subtotal general fund	89,155	83,840	85,909
All Other Governmental Funds			
Nonspendable	507	681	586
Restricted	180,115	182,036	149,010
Committed	16,590	13,623	9,604
Assigned	932	883	1,817
Unassigned	(22,860)	(26,600)	(2,822)
Subtotal all other governmental funds	175,284	170,623	158,195
Total governmental fund balance	$ 264,439	$ 254,463	$ 244,104

Notes:

(1) In FY 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

(2) The substantial increase or decrease in fund balance restricted, committed, assigned, and unassigned is explained in the Management's Discussion and Analysis (MD&A).

COUNTY OF SANTA BARBARA, CALIFORNIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues (by source):										
Taxes	$126,636	$140,594	$176,747	$202,078	$220,583	$231,955	$232,781	$231,648	$234,354	241,142
Licenses, permits, and franchises	12,258	14,407	13,712	14,094	14,336	14,294	13,643	13,223	12,639	12,966
Fines, forfeitures, and penalties	12,162	9,554	9,675	12,020	11,020	12,333	13,218	13,527	13,299	10,990
Use of money and property	10,735	5,532	9,489	10,783	13,025	12,173	8,739	6,121	4,582	4,307
Intergovernmental	260,779	260,609	253,104	263,025	266,953	271,211	286,846	290,440	304,347	306,635
Charges for service	117,061	123,739	134,276	134,664	148,311	156,648	163,332	162,525	164,630	150,065
Other	13,479	13,058	15,751	15,255	13,414	13,637	16,614	17,046	22,872	25,970
Total revenues	553,110	567,493	612,754	651,919	687,642	712,251	735,173	734,530	756,723	752,075
Expenditures (by function):										
Policy & executive	10,334	10,024	10,229	10,824	11,846	13,290	13,971	13,266	15,661	15,172
Law & justice	35,500	36,802	37,361	38,083	39,247	41,875	43,869	44,495	44,256	43,462
Public safety	130,996	140,458	148,978	160,249	175,500	189,364	193,291	188,661	204,103	206,682
Health & public assistance	223,913	232,782	241,023	260,562	273,314	287,957	287,110	298,239	307,900	306,842
Community resources & public facilities	64,104	67,161	85,219	78,085	90,994	89,859	106,471	100,047	97,672	101,357
General government & support services	38,049	39,828	40,007	46,686	47,380	48,356	50,736	48,818	47,073	42,791
General county programs	15,224	13,918	9,731	12,574	14,552	18,452	22,822	18,449	18,957	12,287
Debt service										
Principal	5,004	5,153	6,030	6,582	7,876	6,595	6,230	7,506	5,621	23,749
Interest	4,628	4,413	3,986	4,741	2,930	2,642	3,324	4,637	4,918	4,183
Capital outlay	35,404	35,862	36,155	11,029	10,620	20,055	7,017	8,639	18,094	15,568
Total expenditures	563,156	586,401	618,719	629,415	674,259	718,445	734,841	732,757	764,255	772,093
Excess (deficiency) of revenues over (under) expenditures	(10,046)	(18,908)	(5,965)	22,504	13,383	(6,194)	332	1,773	(7,532)	(20,018)
Other Financing Sources (Uses):										
Transfers in	94,777	102,682	108,564	118,235	128,567	149,323	139,021	146,179	88,586	97,014
Transfers out	(95,111)	(103,185)	(108,188)	(118,419)	(129,201)	(148,765)	(138,722)	(146,991)	(91,204)	(96,943)
Proceeds from sale of capital assets	145	69	46	862	1,269	288	147	52	174	220
Long-term debt issued	1,456	20,023	20,138	1,953	2,400	17,000	--	20,387	--	16,957
Long-term receivable collected	--	--	--	--	--	--	--	--	--	356
Issuance discount on long-term debt	--	--	(175)	--	--	(88)	--	(148)	--	--
Issuance premium on long-term debt	--	--	--	--	--	--	--	278	--	--
Payment to refunded debt escrow agent	--	(18,415)	--	--	--	--	--	--	--	--
Total other financing sources (uses)	1,267	1,174	20,385	2,631	3,035	17,758	446	19,757	(2,444)	17,604
Extraordianry Items										
RDA dissolution transactions	--	--	--	--	--	--	--	--	--	(13,092)
Net change in fund balances	$ (8,779)	$ (17,734)	$ 14,420	$ 25,135	$ 16,418	$ 11,564	$ 778	$ 21,530	$ (9,976)	$ (15,506)
Debt service as a percentage of noncapital expenditures:	1.78%	1.74%	1.72%	1.86%	1.66%	1.36%	1.35%	1.72%	1.46%	3.80%

Expenditures (1):	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General government	$ 58,434	$ 59,228	$ 55,274	$ 53,409	$ 65,106	$ 65,271	$ 64,020	$ 62,761	$ 64,450	$ 48,395
Public protection	210,021	221,671	234,963	242,782	259,208	281,771	299,802	288,599	296,982	303,442
Public ways and facilities	36,702	24,441	32,560	31,890	30,926	23,117	32,301	32,111	32,489	39,690
Health and sanitation	110,424	117,342	130,160	139,106	149,855	160,095	155,148	157,155	157,961	163,601
Public assistance	105,933	105,203	107,408	116,916	120,572	125,547	130,962	138,166	145,085	138,397
Education	2,645	2,783	2,763	2,773	2,894	3,269	3,223	3,289	3,410	2,734
Recreational and cultural services	8,959	10,305	9,420	9,615	10,462	11,941	11,232	12,899	11,089	10,866
Debt service	9,218	9,566	10,016	11,323	10,807	9,237	9,555	12,144	10,539	27,933
Capital outlay	20,820	35,862	36,155	21,601	24,429	38,197	28,598	25,633	42,250	37,035
Total expenditures	$563,156	$586,401	$618,719	$629,415	$674,259	$718,445	$734,841	$732,757	$764,255	$772,093

Notes:
(1) By State Controller function.

COUNTY OF SANTA BARBARA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
2002 - 2003	$ 36,623,758	$ 2,360,050	$ 825,982	$ (1,208,338)	$ 38,601,452	1.00000
2003 - 2004	39,518,502	2,320,621	726,740	(1,301,099)	41,264,764	1.00000
2004 - 2005	43,022,881	2,426,901	743,530	(1,372,516)	44,820,796	1.00000
2005 - 2006	47,838,453	2,458,096	737,982	(1,544,353)	49,490,178	1.00000
2006 - 2007	52,791,691	2,546,922	769,814	(1,587,094)	54,521,333	1.00000
2007 - 2008	56,836,827	2,571,180	833,438	(1,772,777)	58,468,668	1.00000
2008 - 2009	59,457,127	2,795,296	806,086	(1,928,671)	61,129,838	1.00000
2009 - 2010	60,136,238	2,874,141	718,678	(2,128,966)	61,600,091	1.00000
2010 - 2011	60,558,017	2,901,856	746,117	(2,322,086)	61,883,904	1.00000
2011 - 2012	61,739,881	2,923,496	807,247	(2,713,216)	62,757,408	1.00000

Notes:

(1) Local assessed secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

(3) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization. Most of the amount reported is unitary but includes a small amount of other state-assessed property.

(4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

(5) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source:

Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
($1 PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

	County Direct Rates	Overlapping Rates		
Fiscal Year	**Santa Barbara County General**	**Cities (1)**	**Schools (2)**	**Total**
2002 - 2003	1.00000%	0.00017%	0.00914%	1.00931%
2003 - 2004	1.00000%	0.00017%	0.01101%	1.01118%
2004 - 2005	1.00000%	0.00015%	0.00841%	1.00856%
2005 - 2006	1.00000%	0.00014%	0.01053%	1.01067%
2006 - 2007	1.00000%	0.00013%	0.01237%	1.01250%
2007 - 2008	1.00000%	0.00012%	0.01375%	1.01387%
2008 - 2009	1.00000%	0.00010%	0.01307%	1.01317%
2009 - 2010	1.00000%	0.00012%	0.01265%	1.01277%
2010 - 2011	1.00000%	0.00012%	0.01284%	1.01296%
2011 - 2012	1.00000%	0.00014%	0.01310%	1.01324%

Notes:

(1) Rates shown represent a weighted average of the eight incorporated cities within the County for FY 2002-03 and thereafter.

(2) Rates shown represent a weighted average of the various school district tax rate areas within the County.

Source:

Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2012 AND June 30, 2003

In accordance with GASB Statement No. 44, the following tables present information for the County's principal property taxpayers as of June 30, 2012 and June 30, 2003:

June 30, 2012:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2011-2012	Percentage of Total Secured Tax Levy Fiscal Year 2011-2012
Exxon Corporation	Petroleum & Gas	$ 326,353	0.54%	$ 3,350	0.57%
Breitburn Energy Holdings, LLC	Petroleum & Gas	267,228	0.45%	3,332	0.56%
Southern California Gas Company	Utility	178,619	0.30%	2,044	0.35%
Verizon California, Inc.	Utility	166,986	0.28%	1,961	0.33%
Southern California Edison Co	Utility	157,110	0.26%	1,836	0.31%
Fairway BB Property, LLC	Residential Estate	150,511	0.25%	1,543	0.26%
1260 BB Property, LLC (Biltmore)	Hotel	145,000	0.24%	1,782	0.30%
Pacific Gas & Electric Co.	Utility	121,104	0.20%	1,415	0.24%
HT-Santa Barbara Inc (Bacara)	Hotel	118,000	0.20%	1,284	0.22%
Pacific Offshore Pipeline Co	Petroleum & Gas	110,487	0.18%	1,132	0.19%
Ten largest taxpayers		1,741,398	2.90%	19,679	3.33%
All other taxpayers		58,248,832	97.10%	570,666	96.67%
Total		$ 59,990,230	100.00%	$ 590,345	100.00%

June 30, 2003:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2002-2003	Percentage of Total Secured Tax Levy Fiscal Year 2002-2003
Exxon Corporation	Petroleum & Gas	$ 437,359	1.20%	$ 4,375	1.23%
Verizon California Inc.	Utility	210,994	0.58%	2,237	0.63%
1260 BB Property, LLC (Biltmore)	Hotel	170,061	0.47%	1,806	0.51%
Southern California Gas Co.	Utility	153,453	0.42%	1,615	0.45%
HT-Santa Barbara Inc (Bacara)	Hotel	145,000	0.40%	1,580	0.44%
Pacific Offshore Pipeline Co	Petroleum & Gas	112,047	0.31%	1,120	0.32%
Southern California Edison Co.	Utility	81,192	0.22%	859	0.24%
Redevelopment Agency/Santa Barbara	Various	78,706	0.22%	818	0.23%
Parker Fess Doubletree Hotel	Hotel	71,822	0.20%	738	0.21%
Pacific Gas & Electric Co.	Utility	67,344	0.19%	712	0.20%
Ten largest taxpayers		1,527,978	4.21%	15,860	4.46%
All other taxpayers		34,775,367	95.79%	339,681	95.54%
Total		$ 36,303,345	100.00%	$ 355,541	100.00%

Notes:

(1) Net Assessed Secured amounts include Secured & Unitary less exemptions.
See "Assessed Value of Taxable Property and Actual Value of Property" schedule for total assessed value.

(2) Includes 1%, bonds, fixed charges, late penalties and costs (Only Secured & Unitary Tax Levy amounts)

Source:
County of Santa Barbara Treasurer / Tax Collector

COUNTY OF SANTA BARBARA, CALIFORNIA
PROPERTY TAX LEVIES and COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Taxes Levied	(2) Collections within the fiscal year of the levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002 - 2003	$ 355,912	$ 351,584	98.78%	$ 4,327	$ 355,911	100.00%
2003 - 2004	385,715	381,537	98.92%	4,174	385,711	100.00%
2004 - 2005	419,137	414,646	98.93%	4,474	419,120	100.00%
2005 - 2006	466,142	460,163	98.72%	5,792	465,955	99.96%
2006 - 2007	515,896	505,135	97.91%	10,443	515,578	99.94%
2007 - 2008	554,778	541,456	97.60%	12,751	554,207	99.90%
2008 - 2009	577,849	561,907	97.24%	14,315	576,222	99.72%
2009 - 2010	580,532	566,808	97.64%	10,758	577,566	99.49%
2010 - 2011	579,901	573,537	98.90%	2,711	576,248	99.37%
2011 - 2012	590,345	583,214	98.79%	-	583,214	98.79%

Notes:

(1) Secured and Unitary tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.

(2) Included are amounts collected by the County on behalf of itself, school districts, cities, and special districts under the supervision of their own governing boards.

Source:

Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands, except per capita)

	Governmental Activities					Business-Type Activities						
Fiscal Year	Certificates of Participation	Capital Leases	Long-Term Loans	Long-Term Settle-ment	Bonds and Note Payable	Certificates of Participation	Capital Leases	Long-Term Settlement	Bonds and Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
2002 - 2003	$ 61,635	$ 1,753	$ 83	$1,025	$45,000	$ 6,225	$ 408	$ 330	$ 9,388	$ 125,847	0.89%	$ 307
2003 - 2004	58,773	1,361	67	750	45,000	7,037	210	275	8,999	122,472	0.78%	295
2004 - 2005	71,169	1,272	1,117	475	55,000	6,886	130	220	8,620	144,889	0.87%	346
2005 - 2006	65,173	3,301	1,030	200	47,000	5,655	83	165	8,231	130,838	0.71%	310
2006 - 2007	59,143	5,015	11	--	--	4,321	30	110	7,833	76,463	0.40%	180
2007 - 2008	70,209	4,301	--	--	--	9,851	23	55	7,426	91,865	0.47%	214
2008 - 2009	64,513	3,707	--	--	--	8,803	15	--	7,009	84,047	0.44%	195
2009 - 2010	76,248	4,782	--	--	--	6,897	8	--	6,581	94,516	0.49%	218
2010 - 2011	68,500	4,017	--	--	--	9,330	--	--	10,314	92,161	0.49%	216
2011 - 2012	45,045	3,735	--	--	22,195	7,994	--	--	9,637	88,606	0.47%	207

Notes:

(1) See the "Demographic and Economic Statistics" schedule for personal income and population data. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

(2) See the "Demographics and Economics Statistics" schedule for population figures. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	Total Net Applicable Debt	(3) Legal Debt Margin	Legal Debt Margin / Debt Limit
2002 - 2003	$ 38,601,452	$ 482,518	--	$ 482,518	100%
2003 - 2004	41,264,764	515,810	--	515,810	100%
2004 - 2005	44,820,796	560,260	--	560,260	100%
2005 - 2006	49,490,178	618,627	--	618,627	100%
2006 - 2007	54,521,333	681,517	--	681,517	100%
2007 - 2008	58,468,668	730,858	--	730,858	100%
2008 - 2009	61,129,838	764,123	--	764,123	100%
2009 - 2010	61,600,091	770,001	--	770,001	100%
2010 - 2011	61,883,904	773,549	--	773,549	100%
2011 - 2012	62,757,408	784,468	--	784,468	100%

Notes:

(1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property" schedule.

(2) California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25% of the total full cash valuation.

(3) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
AS OF June 30, 2012 (in thousands)

2011-2012 Assessed Valuation:	$ 62,757,409
Redevelopment Incremental Valuation:	3,636,696
Adjusted Assessed Valuation:	$ 59,120,713

Overlapping Tax and Assessment Debt:	**Percent Applicable (1)**	**Debt (3)**
Allan Hancock Joint Community College District	99.691%	$ 91,616
Santa Barbara Community College District	100%	44,805
High School Districts	99.996-100%	137,547
Unified School Districts	100%	47,041
Goleta Union School District	100%	19,470
Orcutt School District	100%	14,195
Santa Barbara School District	100%	38,971
Other School Districts	100%	42,976
Lompoc Healthcare District	100%	73,985
Santa Ynez River Water Conservation District ID No.1	100%	690
Special District 1915 Act Bonds	62.105-100%	6,706
Total Overlapping Tax and Assessment Debt		518,002
Overlapping General Fund Obligation Debt:		
Santa Maria Joint Union High School District Certificates of Participation	99.996%	23,434
Santa Maria-Bonita School District Certificates of Participation	99.994%	20,899
Santa Ynez Valley Union High School District Certificates of Participation	100%	3,320
Buellton School District Certificates of Participation	100%	2,070
College School District Certificates of Participation	100%	3,025
City of Carpinteria Certificates of Participation	100%	910
City of Santa Barbara Certificates of Participation	100%	50,045
City of Santa Maria General Fund Obligations	100%	9,215
Carpinteria Sanitary District General Fund Obligations	97.977%	12,247
Santa Maria Cemetery District Certificates of Participation	100%	1,090
Total Gross Overlapping General Fund Obligation Debt		126,255
Less: City of Santa Barbara revenue bonds supported by airport revenues		(47,270)
Less: Carpinteria Sanitary District revenue bonds supported by wastewater system revenues		(12,247)
Total Net Overlapping General Fund Obligation Debt		66,738
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		584,740
Direct General Fund Obligation Debt:		
Santa Barbara County Certificates of Participation	100%	73,830
Total Direct General Fund Obligation Debt		73,830
Total Net Combined Overlapping and Direct Debt		$ 658,570
Total Gross Combined Overlapping and Direct Debt		$ 718,087 (2)

Ratio to 2011-12 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	0.83%
Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ()	0.12%
Gross Combined Total Debt	1.21%
Net Combined Total Debt	1.11%

Notes:

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

(3) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations and state contractual obligations within the Department of Water Resources.

(3) Debt as of April 24, 2012.

Source:

California Municipal Statistics, Incorporated

COUNTY OF SANTA BARBARA, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS (UNAUDITED)
LAST FISCAL TEN YEARS (in thousands)

(1) Year	(2) Population	(4) Personal Income		Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
2003	410	$ 14,100,000		34.4	67	3.5%
2004	415	15,800,000		38.1	68	3.4%
2005	419	16,700,000		39.9	68	4.0%
2006	422	18,300,000		43.4	67	3.5%
2007	424	18,900,000		44.6	67	3.8%
2008	429	19,100,000		44.5	66	5.2%
2009	431	18,100,000		42.0	66	8.2%
2010	434	18,600,000		42.9	66	8.8%
2011	426	19,000,000	(3)	44.6	66	8.9%
2012	427	19,000,000	(3)	44.5	66	7.9%

Detail of estimated population, as of January 1, 2012 (whole numbers):

(2) Incorporated Cities	
Buellton	4,858
Carpinteria	13,076
Goleta	29,930
Guadalupe	7,097
Lompoc	42,854
Santa Barbara	89,082
Santa Maria	100,199
Solvang	5,281
Total of Incorporated	292,377
Total of Unincorporated Areas	134,890
Total Population	427,267

Notes:

(1) Calendar year

(2) Population as of January 1

(3) Estimated amounts

Sources:

(2) California Department of Finance

(4) Bureau of Economic Analysis

(5) California Department of Education

(6) Employment Development Department Research Center

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL EMPLOYERS (UNAUDITED)
June 30, 2012 AND June 30, 2003

June 30, 2012			June 30, 2003		
Company or Organization	**Jobs (1)**	**Percent of Total County Employment**	**Company or Organization**	**Jobs (2)**	**Percent of Total County Employment**
University of California, Santa Barbara	10,063	4.69%	University of California, Santa Barbara	9,500	4.78%
Vandenberg Air Force Base	6,878	3.21%	Vandenberg Air Force Base	5,250	2.64%
County of Santa Barbara	4,383	2.04%	County of Santa Barbara	4,467	2.25%
Cottage Health System	2,845	1.33%	Cottage Health System	1,951	0.98%
Santa Barbara Unified School District	2,531	1.18%	Raytheon	1,850	0.93%
Santa Barbara City College	1,791	0.83%	Santa Maria-Bonita School District	1,725	0.87%
City of Santa Barbara	1,695	0.79%	Lompoc Unified School District	1,690	0.85%
Chumash Casino Resort	1,650	0.77%	Santa Barbara City College	1,570	0.79%
Marian Medical Center	1,457	0.68%	Marian Medical Center	1,300	0.65%
Santa Maria-Bonita School District	1,366	0.64%	Santa Barbara High School District	1,230	0.62%
Total ten largest	34,659	16.16%	Total ten largest	30,533	15.36%
Total all other	179,941	83.84%	Total all other	168,267	84.64%
Total companies or organizations	214,600	100.00%	Total companies or organizations	198,800	100.00%

Source:
(1) California Economic Forecast

(2) Pacific Coast Business Times

COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Paid employees										
Policy & executive	94	93	95	88	98	99	91	85	93	92
Law & justice	213	211	208	217	221	223	212	198	199	194
Public safety	1,383	1,367	1,357	1,415	1,425	1,443	1,405	1,358	1,325	1,261
Health & public assistance	1,667	1,652	1,660	1,706	1,688	1,704	1,654	1,765	1,779	1,634
Community resources & public facilities	556	552	519	524	502	506	476	451	432	416
General government & support services	441	432	425	436	432	438	437	410	385	343
General county programs	29	19	14	34	40	34	31	30	15	17
Resource Recovery	93	91	91	91	90	90	91	85	83	81
Laguna Sanitation	14	13	13	15	15	15	16	16	16	16
Total County employees	4,490	4,430	4,382	4,526	4,511	4,552	4,413	4,398	4,327	4,054
Actual full-time equivalent employees										
Policy & executive	88	87	88	87	91	90	83	79	86	85
Law & justice	209	207	205	206	214	216	205	193	192	187
Public safety	1,321	1,298	1,287	1,331	1,365	1,394	1,356	1,307	1,265	1,203
Health & public assistance	1,589	1,560	1,563	1,596	1,598	1,615	1,573	1,633	1,636	1,548
Community resources & public facilities	536	527	498	473	476	473	445	421	404	391
General government & support services	422	413	405	410	408	414	414	392	369	328
General county programs	28	18	14	28	38	34	30	29	14	13
Resource Recovery	88	86	87	86	85	86	86	80	78	76
Laguna Sanitation	14	13	13	16	15	15	16	16	16	16
Total County employees	4,295	4,209	4,160	4,233	4,290	4,337	4,208	4,150	4,060	3,847

Note:
(1) Paid employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job for which the employee was paid.
(2) Actual full-time equivalent employees: Count of number of full-time equivalents paid. For full-time and part-time, the full-time equivalent (FTE) used is from the employee's assigned work schedule. For extra help and contractors, the FTE is calculated as the number of hours worked this pay period divided by 80.

Summary of County Employees
Last Ten Fiscal Years (3):

Fiscal Year	Full-Time Equivalents
2002-2003	4,295
2003-2004	4,209
2004-2005	4,160
2005-2006	4,233
2006-2007	4,290
2007-2008	4,337
2008-2009	4,208
2009-2010	4,150
2010-2011	4,060
2011-2012	3,847

Source:
(3) Santa Barbara County payroll records as of June 30.

COUNTY OF SANTA BARBARA, CALIFORNIA
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Law & justice										
Filed felonies-District Attorney	2,287	2,389	2,799	3,062	3,077	2,669	2,610	2,482	2,462	2,741
Filed misdemeanors-District Attorney	12,071	13,558	13,691	13,096	14,901	14,791	14,608	14,633	13,264	10,983
Public Defender's total new caseload	23,400	25,600	26,700	22,900	25,302	24,939	21,859	23,056	23,563	21,642
Public safety										
Fire emergency responses	8,750	9,400	9,500	9,700	10,163	11,090	11,392	11,278	11,512	12,714
Total miles patrolled by Sheriffs	1,410,000	1,277,615	1,518,166	1,504,057	1,546,905	1,572,795	1,563,910	1,530,054	1,519,651	1,447,978
Processed and booked adult offenders-Sheriff	17,496	17,535	19,582	17,747	18,403	17,915	17,992	18,319	17,552	15,763
Juvenile referrals processed-Probation	6,000	6,300	6,400	6,589	6,822	6,287	5,880	5,431	4,978	4,122
Adult and Juvenile cases supervised-Probation	7,400	10,550	10,579	10,191	11,678	11,986	10,509	10,808	9,480	8,995
Institutional care for minors-Probation (days)	63,400	58,300	52,280	62,375	67,154	68,730	68,286	67,861	65,313	58,923
Submit written reports to courts on Adults-Probation	8,938	8,431	7,892	7,831	8,153	7,190	5,832	4,941	5,544	5,146
Health & public assistance										
ADMHS clients served	12,568	13,253	14,807	13,059	13,629	14,565	13,637	14,785	12,063	11,825
Established orders for child support	13,809	13,818	14,985	15,469	16,965	14,635	14,630	14,800	13,648	12,963
Assistance claims paid to eligible recipients	60,000	62,500	64,500	64,200	65,405	65,686	71,249	77,966	80,025	76,762
Patient encounters at Public Health clinics	100,000	112,000	116,100	118,400	123,000	126,200	134,450	136,867	131,489	120,540
Community resources & public facilities										
Building inspections	28,700	27,800	34,900	34,000	40,034	33,800	21,523	19,159	19,450	19,736
Enhanced or maintained road lanes (miles)	190	150	117	117	246	102	100	195	96	81
Flood control work requests	234	145	200	185	112	110	180	195	90	95
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	139,000	170,000	131,000	123,700	135,000	108,000	107,073	108,178	117,932	119,522
Resource Recovery										
Waste recycled (tons per month)	10,000	10,200	8,857	8,177	8,270	7,692	7,074	6,576	7,312	7,824
Landfill waste disposal (tons per month)	18,345	19,910	20,510	19,679	18,483	17,964	17,099	15,626	14,614	13,891

COUNTY OF SANTA BARBARA, CALIFORNIA
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Policy & executive										
Buildings	Occupied with general government and support services									
Law & justice										
Court buildings	9	9	9	9	9	7	7	7	7	7
Other buildings	4	4	5	5	5	5	5	5	5	5
Public safety										
Fire stations	15	15	15	15	16	16	16	16	16	16
Fire trucks	39	39	41	41	42	41	43	42	42	42
Ambulances	4	4	4	4	4	4	4	4	4	6
Sheriff sub stations	2	2	2	2	2	2	3	3	4	4
Patrol units	49	49	49	49	49	49	49	49	49	49
Aircrafts	5	5	5	5	5	5	5	6	6	6
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Administration buildings	8	8	8	8	8	9	9	9	9	9
Health & public assistance										
Clinics	5	5	5	6	7	7	7	7	7	7
Administration buildings	5	5	5	5	5	5	5	5	5	5
Community resources & public facilities										
Public parks & open space acreage	2,617	2,617	2,617	2,243	2,243	2,455	2,469	2,469	1,798	2,027
Day use & camping parks	24	24	24	21	21	22	22	23	25	26
Open space areas (County developed)	29	29	29	17	17	17	17	18	42	43
Outdoor events center	1	1	1	1	1	1	1	1	1	1
Veterans buildings	3	3	3	3	3	3	3	3	3	7
Seawalls	2	2	2	2	2	2	2	2	2	2
Road lane miles	1,668	1,668	1,668	1,668	1,668	1,668	1,685	1,685	1,685	1,670
Bridges	44	44	44	112	112	112	112	112	113	113
Traffic signals	25	25	25	25	25	25	26	26	26	43
Roads heavy equipment	40	43	43	43	48	51	49	51	51	51
Sanitary sewers (miles of collection)	160	160	160	160	160	111	121	121	121	121
Treatment capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	55	60	65	65	69	69	82	84	73	78
General government & support services										
Buildings	4	4	5	5	5	5	5	5	5	7

Notes:
Buildings include those that are capitalized but exclude real property that is leased.

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ACCOUNTS PAYABLE - A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE - An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS - The recording of the financial effects of a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION - A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS - A liability account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

ADVANCE TO OTHER FUNDS - An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

AGENCY FUND - A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AGENT MULTIPLE-EMPLOYER PLAN - Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

AMORTIZATION - (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL OPEB COST - An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

ANNUAL REQUIRED CONTRIBUTIONS (ARC) - Term used in connection with defined benefit pension and other postemployment benefit plans to describe the amount an employer must contribute in a given year.

APPROPRIATION - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION - A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE - Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT - In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET - The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS) - The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING - A term used to refer to *when* revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL - The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUSINESS-TYPE ACTIVITIES - One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS - Long-lived assets obtained or controlled as a result of past transactions, events, or circumstances. Capital assets include equipment, buildings, and improvements other than buildings; land, infrastructure, and intangible assets. In the private sector, these assets are referred to most often as property, plant and equipment, and intangible assets.

CAPITAL EXPENDITURES - Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY - The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE - An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

CAPITAL PROJECTS FUND - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT - An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM - A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs/CUFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS - The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

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CLOSED AMORTIZATION PERIOD - Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

COMMITTED FUND BALANCE - Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES - Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) - A CAFR is a financial report that encompasses all funds and component units of the government. It contains (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. It is the governmental unit's official annual report and it also contains introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY - Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CONTRIBUTION DEFICIENCIES - The difference between the annual required contributions (ARC) of the employer(s), and the employer's actual contributions in relation to the ARC.

COST–SHARING MULTIPLE-EMPLOYER PLAN - A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

COVERED PAYROLL - Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS - Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES - Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED REVENUE - Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT - (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT OPEB PLAN - Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

DEFINED BENEFIT PENSION PLAN - A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION - (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS - An asset account reflecting amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS - A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS - Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

EMPLOYER'S CONTRIBUTIONS - Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.)

ENCUMBRANCES - Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND - Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXCHANGE-LIKE TRANSACTION - Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES - Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENDITURE-DRIVEN GRANTS - Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES - Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS - Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL - An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS - The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES - Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables or investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT - A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE - The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS - Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE - Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL FUND - The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL REVENUES - All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax (e.g., property tax, sales tax, and transient occupancy tax). All other nontax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by Statement of Accounting Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.*

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) - An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING - The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL ACTIVITIES - Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. The five different types of governmental funds are as follows: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT - An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INDIRECT EXPENSES - Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

INFRASTRUCTURE - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT - One of three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

INTERFUND RECEIVABLE/PAYABLE - Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS - Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE - A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE - As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS - Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL - The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL - The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD - Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

LIABILITIES - Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE - An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS - A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

NET OPEB OBLIGATION - In the context of defined benefit pension and other postemployment benefit plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt.

NONSPENDABLE FUND BALANCE - Amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

OTHER FINANCING SOURCES - An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES - A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

OVERLAPPING DEBT - The proportionate share that property within a government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PAY-AS-YOU-GO - a method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

PAYROLL GROWTH RATE - an actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS - "Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan."

POSTEMPLOYMENT - Period following termination of employment, including the time between termination and retirement postemployment healthcare benefits.

PROGRAM REVENUES - Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS - Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE - A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY - The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION - Consists of statements, schedules, statistical data, or other information that according to the GASB is necessary to supplement, although not required to be a part of, the basic financial statements.

RESTRICTED ASSETS - Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS - A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS - Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT - All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE - A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT - An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations.* The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT - An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, cemetery districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

SUBSTANTIVE PLAN - Terms of an OPEB plan as understood by the employer(s) and plan members.

TAX AND REVENUE ANTICIPATION NOTES (TRAN) - Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenue levy whose collection they anticipate.

TRUST FUNDS - Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

UNASSIGNED FUND BALANCE – The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNQUALIFIED OPINION - An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESTRICTED NET ASSETS - That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

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