

County of Santa Barbara

Comprehensive Annual Financial Report (CAFR)

Fiscal Year Ended June 30, 2008



Point Sal



CAFR Fiscal Year Ended 6/30/08



- Significant Issues for FY 07-08
- What is the CAFR?
- Financial Highlights
- Questions

Significant Issues for FY 07-08

- COP Issuance at year-end
- ADMHS Liability for Prior Periods
- ADMHS Liability for FY 2007-08
- ADMHS Contingent Liability for Prior and Current Years
- Other Post Employment Benefits (OPEB)

Significant Issues

COP Issuance

- COP Issuance at year-end
 - Proceeds from issuance at year-end mask actual performance of governmental funds
 - Adjusting out COP proceeds would demonstrate that General Fund expenditures exceeded revenues by approximately \$8 million

FOR THE FISCAL YEAR ENDED June 30, 2008 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues										
Taxes	\$ 181,048	\$ 8,515	\$ --	\$ --	\$ --	\$ 8,065	\$ --	\$ --	\$ 34,327	\$ 231,955
Licenses, permits, and franchises	13,886	251	149	--	--	--	--	--	8	14,294
Fines, forfeitures, and penalties	5,755	--	1,996	--	4	--	--	--	4,578	12,333
Use of money and property	4,209	75	1,218	461	(472)	2,166	1,119	1	3,396	12,173
Intergovernmental	53,058	21,130	29,129	110,427	28,143	4,527	4,884	--	19,913	271,211
Charges for services	75,604	2,055	31,221	--	39,266	2,953	345	--	5,204	156,648
Other	2,223	152	5,005	795	171	53	302	--	4,936	13,637
Total revenues	335,783	32,178	68,718	111,683	67,112	17,764	6,650	1	72,362	712,251
Expenditures										
Current:										
Policy & executive	13,290	--	--	--	--	--	--	--	--	13,290
Law & justice	27,137	--	--	--	--	--	20	--	14,718	41,875
Public safety	188,009	--	--	--	--	--	159	--	1,196	189,364
Health & public assistance	5,442	--	75,811	121,028	76,003	--	1	--	9,672	287,957
Community resources & public facilities	36,807	29,878	--	--	--	12,652	816	--	9,706	89,859
General government & support service	47,122	--	--	--	--	--	312	--	922	48,356
General county programs	8,843	--	--	--	--	--	--	217	9,392	18,452
Debt service:										
Principal	11	58	--	105	--	--	--	--	6,421	6,595
Interest	--	4	--	2	--	--	--	--	2,636	2,642
Capital outlay	--	--	--	--	--	--	20,055	--	--	20,055
Total expenditures	326,661	29,940	75,811	121,135	76,003	12,652	21,363	217	54,663	718,445
Excess (deficiency) of revenues over (under) expenditures	9,122	2,238	(7,093)	(9,452)	(8,891)	5,112	(14,713)	(216)	17,699	(6,194)
Other Financing Sources (Uses)										
Transfers in	55,838	1,591	8,688	11,912	9,516	35	6,421	--	55,322	149,323
Transfers out	(72,966)	(362)	(2,170)	(466)	(3,340)	(6)	--	(13,400)	(56,055)	(148,765)
Proceeds from sale of capital assets	217	63	1	1	2	3	--	--	1	288
Long-term debt issued	17,000	--	--	--	--	--	--	--	--	17,000
Issuance discount on long-term debt	--	--	--	--	--	--	--	(88)	--	(88)
Total other financing sources (uses)	89	1,292	6,519	11,447	6,178	32	6,421	(13,488)	(732)	17,758
Net change in fund balances	9,211	3,530	(574)	1,995	(2,713)	5,144	(8,292)	(13,704)	16,967	11,564
Fund balances - beginning	78,928	1,332	27,792	4,122	5,570	45,177	29,265	--	49,703	241,889
Prior period adjustment	--	--	--	--	(14,203)	--	--	--	--	(14,203)
Fund balances - beginning, as restated	78,928	1,332	27,792	4,122	(8,633)	45,177	29,265	--	49,703	227,686
Fund balances - ending	\$ 88,139	\$ 4,862	\$ 27,218	\$ 6,117	\$ (11,346)	\$ 50,321	\$ 20,973	\$ (13,704)	\$ 66,670	\$ 239,250

Significant Issues ADMHS Funds

- ADMHS Liability for Prior Periods
 - \$14,202,890
- ADMHS Liability for FY 07-08
 - \$2,881,005
- ADMHS Contingent Liability for Prior and Current Years
 - \$14,400,000
- \$14.2 million + \$2.9 million + \$14.4 million
= \$31.5 million

FOR THE FISCAL YEAR ENDED June 30, 2008 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues										
Taxes	\$ 181,048	\$ 8,515	\$ --	\$ --	\$ --	\$ 8,065	\$ --	\$ --	\$ 34,327	\$ 231,955
Licenses, permits, and franchises	13,886	251	149	--	--	--	--	--	8	14,294
Fines, forfeitures, and penalties	5,755	--	1,996	--	4	--	--	--	4,578	12,333
Use of money and property	4,209	75	1,218	461	(472)	2,166	1,119	1	3,396	12,173
Intergovernmental	53,058	21,130	29,129	110,427	28,143	4,527	4,884	--	19,913	271,211
Charges for services	75,604	2,055	31,221	--	39,266	2,953	345	--	5,204	156,648
Other	2,223	152	5,005	795	171	53	302	--	4,936	13,637
Total revenues	335,783	32,178	68,718	111,683	67,112	17,764	6,650	1	72,362	712,251
Expenditures										
Current:										
Policy & executive	13,290	--	--	--	--	--	--	--	--	13,290
Law & justice	27,137	--	--	--	--	--	20	--	14,718	41,875
Public safety	188,009	--	--	--	--	--	159	--	1,196	189,364
Health & public assistance	5,442	--	75,811	121,028	76,003	--	1	--	9,672	287,957
Community resources & public facilities	36,807	29,878	--	--	--	12,652	816	--	9,706	89,859
General government & support services	47,122	--	--	--	--	--	312	--	922	48,356
General county programs	8,843	--	--	--	--	--	--	217	9,392	18,452
Debt service:										
Principal	11	58	--	105	--	--	--	--	6,421	6,595
Interest	--	4	--	2	--	--	--	--	2,636	2,642
Capital outlay	--	--	--	--	--	--	20,055	--	--	20,055
Total expenditures	326,661	29,940	75,811	121,135	76,003	12,652	21,363	217	54,663	718,445
Excess (deficiency) of revenues over (under) expenditures	9,122	2,238	(7,093)	(9,452)	(8,891)	5,112	(14,713)	(216)	17,699	(6,194)
Other Financing Sources (Uses)										
Transfers in	55,838	1,591	8,688	11,912	9,516	35	6,421	--	55,322	149,323
Transfers out	(72,966)	(362)	(2,170)	(466)	(3,340)	(6)	--	(13,400)	(56,055)	(148,765)
Proceeds from sale of capital assets	217	63	1	1	2	3	--	--	1	288
Long-term debt issued	17,000	--	--	--	--	--	--	--	--	17,000
Issuance discount on long-term debt	--	--	--	--	--	--	--	(88)	--	(88)
Total other financing sources (uses)	89	1,292	6,519	11,447	6,178	32	6,421	(13,488)	(732)	17,758
Net change in fund balances	9,211	3,530	(574)	1,995	(2,713)	5,144	(8,292)	(13,704)	16,967	11,564
Fund balances - beginning	78,928	1,332	27,792	4,122	5,570	45,177	29,265	--	49,703	241,889
Prior period adjustment	--	--	--	--	(14,203)	--	--	--	--	(14,203)
Fund balances - beginning, as restated	78,928	1,332	27,792	4,122	(8,633)	45,177	29,265	--	49,703	227,686
Fund balances - ending	\$ 88,139	\$ 4,862	\$ 27,218	\$ 6,117	\$ (11,346)	\$ 50,321	\$ 20,973	\$ (13,704)	\$ 66,670	\$ 239,250

Significant Issues

OPEB

- Other Post Employment Benefits (OPEB)
 - Retiree healthcare benefits
 - Unfunded liability (UAAL) = \$132 million
 - Current year expensed = \$12.2 million
 - 401(h) Plan
 - Next steps: decisions on funding

Required Communication Letter

- SAS 114
 - The Auditor's Communication With Those Charged With Governance
- OPEB
- ADMHS Liabilities
 - Commitments and Contingencies
 - Prior Period Adjustments

CAFR Background

- Annual audit required
- Contract with independent CPA firm
- Over the years, expanded reporting requirements have added complexity
- Received an unqualified (“clean”) opinion for FY 07-08

CAFR Details

- Introductory Section
 - Letter of Transmittal (pp. 1-7)
- Financial Section
 - Independent Auditor's Report (pp. 9-10)
 - Management's Discussion & Analysis (MD&A) (pp. 11-23)
 - Statement of Revenues, Expenditures & Changes in Fund Balances (p. 30-31)
 - Notes to Financial Statements (pp. 47-92)
 - ◆ Cash & Investments (pp. 58-62)
 - ◆ Status of Debt (pp. 69-75)
 - ◆ Commitments and Contingencies (pp. 76-77)
 - ◆ Reserves & Designations (p. 80)
 - ◆ Retirement & Other Post Employment Benefits (pp. 83-90)
 - ◆ Prior Period Adjustments (p. 92)
- Statistical Section (pp. 141-158)

CAFR Details

Letter of Transmittal

- Late in the fiscal year, the General Fund transferred significant monies to support adult mental health programs. This caused a draw on fund balance after years of building reserves in the General Fund.
- In addition, at year-end a major liability related to Medical cost settlements was identified and reported in the ADMHS Fund that may impair General Fund reserves.
- Most other County programs remained financially sound, but showed stress from the various economic factors.

CAFR Details

■ Management's Discussion & Analysis (MD&A)

Financial analysis of the County's funds

- Unreserved fund balance = available for spending
- Unreserved fund balance for the General Fund decreased \$8.2 million
- Unreserved fund balance for ADMHS decreased \$16.9 million
 - ◆ \$14.2 million due to prior period adjustments for liabilities
 - ◆ \$2.7 million due to current year liabilities
 - ◆ See Notes 12 and 22

CAFR Details

■ Statement of Revenues, Expenditures & Changes in Fund Balances (pp. 30-31)

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CAFR Details

- Notes to Financial Statements
 - Note 12 Commitments and Contingencies (pp. 76-77)
 - Note 16 Retained Deficit (p. 81)
 - Note 19 OPEB (pp. 85-90)
 - Note 22 Prior Period Adjustments (pp. 92)

Financial Highlights

- Summarizes the County's finances into a more 'reader-friendly' format than the CAFR
- FY 07-08 theme: "Economic Stress"



Certificates of Achievement

- CAFR and Highlights will be submitted to the Government Finance Officers Association's Certificate of Achievement program
- CAFR has received award of excellence for 17 consecutive years
- Financial Highlights has received award of excellence for 11 consecutive years



Action Items



- Acting as the Board of Supervisors, receive and file the County's CAFR and Financial Highlights for Fiscal Year 2007-2008.

Questions?



Point Sal