# 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 YEA	R ENDE	D June 30, 2008	8 (in thousands)								
							Flood		RDA	Other	Total
				Public	Social		Control	Capital	Debt	Governmental	Governmental
_		General	Road	Health	Services	ADMHS	District	Projects	Service	Funds	Funds
Revenues											
Taxes		\$ 181,048	\$ 8,515	\$	\$	\$	\$ 8,065	\$	\$	\$ 34,327	\$ 231,955
Licenses, permits, and franc	hises	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 reve	enues										
over (under) expenditures	3	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 capita	l 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 balar	nces	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

ADMHS/Fir	nancial Statement L	iabilities and Adjustments							
=					Current				
					Liability to be	Prior Period	<u>C</u>	Contingent_	
Self-Reporte					<u>Recorded</u>	<u>Adjustments</u>		<u>Liability</u>	
	eient progress reports		\$	152,790		\$ 152,790			
	Medicare before Medi-	Cal		3,047,115		3,047,115			
	ee in provider costs		3,261,314		3,261,314				
	retention of Fed financi		1,982,928		1,982,928				
EPSDT fundii	9			876,975		876,975			
	-	redentials & MH Providers		12,192,068				12,192,068	
Pharmacy bil	lling		not	estimatable				ot estimatable	
Total			\$	21,513,190	-	\$ 9,321,122	\$	12,192,068	
Settlement v	with State								
Eligibility – M	MediCal Medicare								
Settlement to	cost, or negotiated rat	es (which did they pay and in what pe	riods	s)					
		EPSDT FY 05-06	\$	(685,491)		\$ (685,491)			
		FY 05-06		1,585,346		1,585,346			
		FY 05-06		(117,454)		(117,454)			
		FY 06-07		3,003,096		3,003,096			
		FY 07-08		2,881,005	2,881,005				
			\$	6,666,502	\$ 2,881,005	\$ 3,785,497	\$	-	
		EV 00 00 a mond due to Otata	Φ.	774 070		Ф 774.070			
		FY 02-03 agreed due to State	Ф	771,679		\$ 771,679		0.000.004	
		less disputed amount for probation FY 02-03 audit report findings total	<b>ሰ</b>	2,208,334	<b>c</b>	ф <b>774</b> 070	<b>ሰ</b>	2,208,334	
		FY 02-03 addit report lindings total	\$	2,980,013	\$ -	\$ 771,679	\$	2,208,334	
	with Providers								
	1ediCal Medicare								
Settlement to cost, or negotiated rates (which did they pay and in what p		riods	s)						
	Casa Pacifica	EV 05 06	ina	ludad in calf ra	eported issues	included in sel	f ro	ported iccurs	
	Sojourn				eported issues		f-reported issues		
	Telecare				porteu issues	324,592		ii-reported issue:	
	relecare	FY 05-06	φ	324,592	\$ -	,	ው ተ		
			\$	324,592	·	\$ 324,592	_	-	
Total			\$	31,484,297	2,881,005	14,202,890	\$	14,400,402	

FOR THE FISCAL YEAR ENDED	June 30, 200	8 (in thousands)							T	
			Public	Social		Flood Control	Capital	RDA Debt	Other Governmental	Total Governmental
	General	Road	Health	Services	ADMHS	District	Projects	Service	Funds	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 facilitie	36,807	29,878				12,652	816		9,706	89,859
General government & support service	47,122					12,002	312		922	48,356
General county programs	8,843				:			217	9,392	18,452
Debt service:	0,040				-			211	0,002	10,402
Principal Principal	11	58		105					6,421	6,595
Interest		4		2					2,636	2,642
Capital outlay							20,055		2,000	20,055
Total expenditures	326,661	29,940	75,811	121,135	76,003	12,652	21,363	217	54,663	718,445
Total experiultures	320,001	29,940	73,011	121,133	70,003	12,032	21,303	217	34,003	710,443
Evene (deficiency) of revenues										
Excess (deficiency) of revenues	0.400	0.000	(7,000)	(0.450)	(0.004)	F 110	(4.4.740)	(246)	17 000	(0.404)
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)			(13,400)	(56,055)	(148,765)
Proceeds from sale of capital assets	217	63	(=, ,	1	2				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
retail ethic mianemig evalues (asse)		1,202	0,010	,	0,110	02	0, 121	(10,100)	(7.02)	17,700
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	<b>\$</b> (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

- 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)

#### **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 Medi-Cal 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.

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

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

FOR THE FISCAL YEAR ENDEI	D June 30, 2008	8 (in thousands)	)							
						Flood		RDA	Other	Total
			Public	Social		Control	Capital	Debt	Governmental	Governmental
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									, ,	
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1.2. Shange in fana balances	5,2.1	3,550	(3.4)	1,000	(2,710)	3,. ++	(3,232)	(10,104)	13,307	11,504
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)
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- 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