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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the County of Santa Barbara for the year ended June 30, 2009, and have issued our report thereon dated August 28, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 20, 2009. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Santa Barbara are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the year end estimate of accruals, estimate for self insurance liability, and estimate of contingent settlement liability with the State of California and contract service providers relating to the Santa Barbara County Alcohol Drug and Mental Health Services (ADMHS) fund:

Management's estimate of the year-end payables is based on information received from the individual departments. We evaluated the key factors and assumptions used to develop the estimate of payables in determining that it is reasonable in relation to the financial statements taken as a whole. We also evaluated the self-insurance liability as determined by the County of Santa Barbara using actuarial reports prepared and provided by an independent third party. Furthermore, we reviewed management's analysis and supporting documents relating to contingent settlement liability with the State of California and contract service providers for ADMHS fund and determined that it is reasonable and conservative.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 13 Commitments and Contingencies
- Note 20 Other Post Employment Benefits (OPEB)
- Note 22 Prior Period Adjustment
- Note 23 Subsequent Events

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 28, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

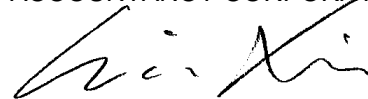
*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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This information is intended solely for the use of Board of Supervisors and management of the County of Santa Barbara and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK THORNBURGH & KEETER  
ACCOUNTANCY CORPORATION



By: Eric H. Xin

**County of Santa Barbara  
Schedule of Unrecorded Misstatements  
Passed Adjusting Journal Entries (PAJEs)  
6/30/2009**

**Accounts Payable**

Expenses/Expenditures	88,303	
Accounts Payable		88,303

During our testing of search for unrecorded liability, we noted that the County failed to record \$88,303 for their accounts payable. The amount is immaterial, so we passed on posting the adjusting journal entries.