

# **Attachment A**

**Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018**

County of Santa Barbara  
State of California

# Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2018



Montecito Debris Flow Candlelight Vigil

Theodore A. Fallati, CPA, CPFO  
Auditor-Controller

For the County of Santa Barbara and its residents, fiscal year 2017-18 was an unprecedented year of natural disasters that included numerous wildfires and a devastating debris flow. The dedication of first responders came to the forefront with herculean efforts to save lives, protect property, and support rebuilding efforts.

The largest of the wildfires, the Thomas Fire, impacted two counties - Santa Barbara and Ventura - and became one of the largest wildfires in California history while creating conditions that set the stage for the Montecito Debris Flow.

#### Thomas Fire

281,893 total acres burned in Santa Barbara and Ventura Counties

December 4, 2017 – January 12, 2018 (100% contained)

1,343 Structures destroyed or damaged

2 Lives lost

8,500+ First responders on scene

#### Montecito Debris Flow

January 9, 2018

529 Structures destroyed or damaged

23 Lives lost or missing

28 Injured

2,323 First responders on scene

The front cover features a view of the candlelight vigil in response to the devastation of the Montecito Debris Flow. Thousands attended the vigil to remember those who lost their lives and find comfort in the bonds of community and shared grief.

The idea of community took on a new meaning as members of the public sector, the nonprofit sector, and private citizens came together to take on the monumental task of providing support for those impacted, ensuring public safety, and rebuilding a vital, healthy community for residents and visitors alike.

#### **Photo credits**

*Front cover:* Lael Wageneck, Public Engagement Specialist, County of Santa Barbara Public Works Department

*Interior cover:* Mike Eliason, Public Information Officer, Santa Barbara County Fire.



Katy Perry performing at the Kick Ash Bash organized by One805 to honor first responders and raise funds for needed emergency equipment, counseling services and survivor relief.

County of Santa Barbara  
State of California

# Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018



Prepared Under the Supervision of  
Theodore A. Fallati, CPA, CPFO  
Auditor-Controller

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# Introductory Section

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# COUNTY OF SANTA BARBARA



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Auditor-Controller

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## OFFICE OF THE AUDITOR-CONTROLLER

August 28, 2018

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, 2018, 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 controls 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 unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2018. 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**

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Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of the 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-Coroner, and Treasurer-Tax Collector-Public Administrator. The following organization chart reflects the various functional categories reported in the governmentwide Statement of Activities as well as identifies principal officials.

### **Geography and Industry**

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 453,457.

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.

**Policy & Executive**



**Das Williams**  
First District Supervisor  
Chair



**Janet Wolf**  
Second District Supervisor



**Joan Hartmann**  
Third District Supervisor



**Peter Adam**  
Fourth District Supervisor



**Steve Lavagnino**  
Fifth District Supervisor  
Vice Chair

**Mona Miyasato**  
County Executive Officer (CEO)  
General County Revenues & Programs

**Michael Ghizzoni**  
County Counsel

**Public Safety**

- Joyce Dudley**  
District Attorney
- Tracy Macuga**  
Public Defender
- Darrel E. Parker**  
Court Special Services

- Eric Peterson**  
Fire
- Tanja Heitman**  
Probation
- William F. Brown**  
Sheriff-Coroner

**Health & Human Services**

- Alice Gleghorn**  
Behavioral Wellness
- Kelly McLaughlin (Interim)**  
Child Support Services
- Van Do-Reynoso, MPH, PhD**  
Public Health Services
- Daniel Nielson**  
Social Services

**Community Resources & Public Facilities**

- Cathleen Fisher**  
Agriculture Commissioner /  
Weights & Measures
- George Chapjian**  
Community Services
- Dianne Black**  
Planning & Development
- Scott McGolpin**  
Public Works

**General Government & Support Services**

- Theodore Fallati, CPA, CPFO**  
Auditor-Controller
- Joseph E. Holland, CPFO**  
Clerk-Recorder-Assessor
- Harry E. Hagen, CPA, CPFO**  
Treasurer-Tax Collector &  
Public Administrator
- Janette Pell**  
General Services
- Lori Gentles**  
Human Resources

**Component Units**

The County, with an average of 4,061 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 Laguna County Sanitation District, Flood Control and Water Conservation Districts, Santa Barbara County Fire Protection District, Public and Educational Access, In-Home Supportive Services Public Authority, County Service Areas, Community Facilities Districts, Lighting Districts, Sandyland Seawall Maintenance District, Water Agency, Santa Barbara County Finance Corporation, and First 5 Children and Families Commission (First 5) (separately presented and not included in the County's operations).

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 (except for First 5). 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.

**Budget**

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 CEO.

## Factors Affecting Economic Condition

The following highlights and graphs are evidence of the changing economy on a Countywide basis that includes both the unincorporated area and the eight incorporated cities.

During Fiscal Year (FY) 17-18, the County continued to see positive, but moderate, trends in certain economic segments despite the Thomas Fire and Montecito Debris Flow. This was led by consumer spending and the real estate housing market. Additionally, employment increases in the labor market continue to suggest a stable economy.

**“Building the Future Today: Mission to Mars Gives Lompoc economic boost”**

Lompoc Record May 20, 2018

### Employment

- The County’s average unemployment rate during FY 17-18 decreased from 4.8% to 4.5%.
- The June 2018 County unemployment rate of 3.9% was below the State unemployment rate of 4.5% and the national unemployment rate of 4.2%.

### Income

- Average annual wages increased to \$54,320 in the 2017 calendar year from \$53,090 in 2016.

### Retail Sales

- Countywide estimated retail sales increased 1.2% to over \$7 billion for the FY 17-18.
- California retail sales increased 2.4% for the FY 16-17.

### Real Estate

- The Countywide median home value increased 3.4% to \$579,850.
- The real estate market continued its upward trend with increased property sales, price appreciation, and new construction.

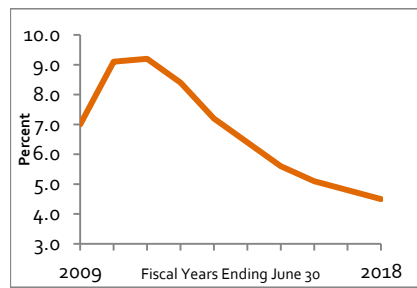
### Tourism

- Overall, Countywide estimated room sales fell slightly by 1%, primarily driven by a decrease in the unincorporated areas, to \$479.1 million. However, room sales increased in the incorporated areas.
- Conversely, Countywide estimated Transient Occupancy Tax (TOT) revenue increased by 1% mostly due to increased sales in the incorporated areas.
- Hospitality continues to remain the fastest growing industry sector in the County.

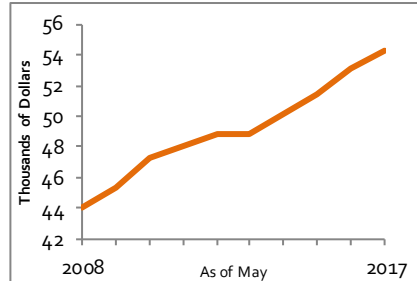
**“Major travel and tourism promotions planned after disasters in Santa Barbara”**

KCOY February 2, 2018

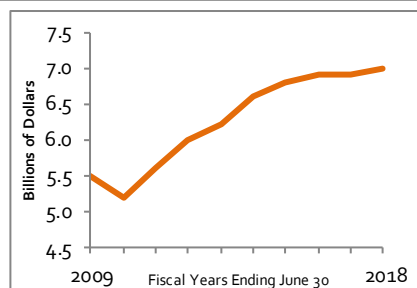
Unemployment Rate



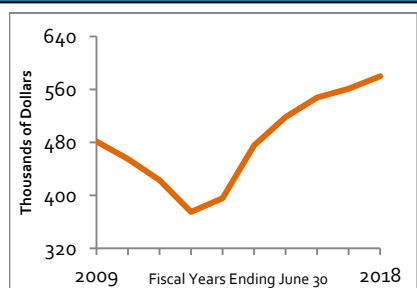
Average Salary



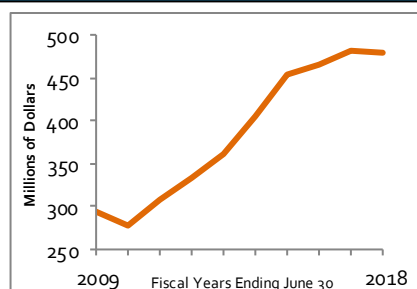
Retail Sales



Median Home Value



Hotel / Motel Room Sales



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

## Economic Indicators

According to the California Fiscal Outlook, the forecast anticipates a continuing of the expansion in the U.S. economy, but with anticipated stock market weakness. In California, the economy in 2018 is expected to have slower job growth and a tight labor market with relatively low unemployment rates. At the local level, the 2018 University of California Economic Forecast Project reported that the most recent data show a significant decline in real gross domestic product, increased payrolls, climbing real per capita income, and moderate housing price increases in Santa Barbara County. Overall, economic indicators at the national, state and local levels show that the economy continued to improve slowly but steadily on most measures in FY 17-18.

## Financial Indicators

County tax revenues experienced moderate growth due to increased assessments, new development, and prior year billings. Property tax is the County's largest source of discretionary revenue. Certain leading indicators of future property tax growth are property transfer tax and supplemental property tax. Property transfer tax increased in FY 17-18 by 11%, suggesting continued property tax growth in future years. Supplemental property tax decreased \$509 or 10.6% in FY 17-18; however, most of the decrease was due to the clearing of backlogged property tax transactions in the prior year and thus may not be a good indicator this year. The secured property tax growth rate for FY 17-18 was 4.2% and for FY 18-19 is estimated at 5%. With property taxes overall showing positive growth, the County general discretionary revenues are estimated to grow in the 3% to 5% range.

Countywide estimated total Transient Occupancy Tax (TOT) revenues increased by 1% mostly due to increased sales in the incorporated area and due to the TOT rate change from 10% to 12% in the unincorporated areas in FY 16-17. However, TOT decreased 17% in the unincorporated area of the County due to the impacts from the Thomas Fire and Montecito Debris Flow, while incorporated areas increased by 1% due in part to the displacement of residents to hotels in incorporated areas. Countywide estimated retail sales increased modestly by 1.2%, while retail sales decreased by 2.6% in the city of Santa Barbara. This decrease was offset by an increase of 4.4% in Santa Maria. Statewide sales tax for Proposition 172 public safety, a ½ cent tax, increased 4.8% to \$36.4 million. The County also had improvements in program revenues with increases in charges for services of 2.5%, operating grants and contributions of 6.2%, and general revenues of 5% despite the Thomas Fire and Montecito Debris Flow.

On the expenditure side, the largest category of expenditures as a service organization is County salaries and benefits, which increased by \$48 million, or 8.9%, to \$588.3 million. This represents 63.5% of total County governmental fund expenditures. The majority of the increase is due to increased regular salaries and increased overtime costs related to the Thomas Fire and Montecito Debris Flow.

Service and Supplies expenditures increased by \$17.2 million, or 10.2%, to \$186 million. The majority of this increase is due to increased maintenance and cleanout of debris basins and spillways, creek and channel clearing services, and mutual aid claims from assisting agencies. These expenditures were mostly due to the Thomas Fire and Montecito Debris Flow. Total service and supply expenditures related to the Thomas Fire and Montecito Debris Flow totaled \$17.5 million in FY 17-18.

## Major Initiatives

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

- Coordinated with over 40 different public safety organizations to respond to the Thomas Fire and subsequent Montecito Debris Flow. Following these horrific events, the County committed its focus to the recovery, rebuilding and future safety of the communities impacted. This included establishing the Montecito Center for Preparedness, Recovery and Rebuilding to serve as a central source of support, information and resources for residents, businesses, employees and the communities affected.

- Launched the County’s Renew ’22 initiative to examine County processes and procedures to improve methods of delivering quality services, and redesign how work is accomplished. As part of the FY 18-19 budget process and hearings, the Board considered short and long term plans, proposals and next steps. Many Renew ’22 initiatives are in various stages and have the potential to transform County government.
- Implemented a comprehensive program for regulating and licensing commercial cannabis operations in the unincorporated areas of the County, and received voter approval in the June 2018 Primary Election to tax commercial cannabis activities to generate revenue available for any governmental purposes.
- Continued to support local efforts to provide the community with cost-effective renewable energy options by directing staff to further explore the possibilities of forming a new Community Choice Energy (CCE) program or joining existing CCE programs. CCE enables local governments to leverage the purchasing power of their residents, businesses and governmental entities to buy or generate power for their communities.
- Implemented paperless initiatives throughout County departments to improve efficiency and customer service while being good stewards of the environment. Child Support Services switched to electronic filing for its volume of more than 1,000 court document every month, cutting in half the amount of time spent processing each document and freeing up staff to fulfill other customer services. Social Services stopped accepting cash payments, instead relying on fully insured, vendor-serviced payment kiosks which increased monthly collections significantly. Various other departments have or are implementing similar paperless initiatives.
- Implemented a new Whistleblower Hotline overseen by the Internal Audit Division of the Auditor-Controller’s Office to encourage employees to report any suspected cases of fraud, waste, or abuse of which they become aware. The Whistleblower Hotline provides an alternative reporting mechanism to ensure concerns are properly addressed and as a means for anonymous, confidential reporting.
- Completed various public infrastructure projects, including the construction of the new Goleta Beach Park Bridge. The new bridge includes a sidewalk and railings to make the bridge safer for pedestrians and cyclists by separating them from vehicular traffic. The project cost of \$4.86 million was 100 percent underwritten with state and federal transportation funding.
- Completed the implementation of a new computer system used by the Assessor, Tax Collector, and Auditor-Controller to administer nearly \$1 billion in countywide property taxes collected and distributed to schools, cities, special districts and the County.
- Continued construction of the new \$111 million Northern Branch Jail located outside the Santa Maria city limits. With 376 beds, the new jail will provide inmate housing, medical and mental health treatment, and a program space. The facility is expected to open in the summer of 2019.
- Approved the redesign and construction of the Tajiguas Resource Recovery Project. The new facilities will sort recyclables and organic materials that are converted into compost and bio-gas to generate electricity. The project will reduce greenhouse gas emissions equivalent of removing 22 thousand vehicles off of our roads annually. Construction of the project will begin in early 2019.
- Maintained organizational stability, customer service levels, and program efficiencies during the leadership changeover of the Chief Probation Officer, the Director of Public Health, the Director of Planning and Development, and the Director of Child Support Services.

## Significant Capital Projects and Operating Impacts

The County completed \$20,448 million in capital projects in the current year, and has approved \$106.9 million in capital and capital maintenance projects, equipment, software, and information systems projects for FY 18-19, as described in Section E “Capital Budget Summary” of the County’s Proposed Operating Budget (available at <http://countyofsb.org/budgetbook/2018>). The largest of the ongoing projects is the Northern Branch Jail.

## Long-term Financial Planning

The budget is projecting modest growth in County revenues. For budget year FY 18-19, local property, retail sales and transient occupancy taxes are estimated to grow in the 3% to 5% range.

The County had committed to building and maintaining a strategic reserve equal to 8% of annual General Fund revenues, or approximately 30 days working capital. As a result of the economic impacts of the Thomas Fire and Montecito Debris Flow, the balance decreased to \$23.717 million at the end of FY 17-18. The FY 18-19 budget appropriated additional funds of \$5.9 million to add to the reserve in the next fiscal year. The County is also addressing capital needs by continuing to incorporate a policy which earmarks 18% of available discretionary General Fund revenue growth for deferred maintenance.

The County’s Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 18-19, the CIP includes \$106.9 million of funding for planned projects that are included in the budget.

FY 18-19 significant projects include:

- \$35.8 million for the Northern Branch Jail (total estimated project cost of \$111 million).
- \$21.9 for upgrades, improvement, and expansion of the Laguna County Sanitation District (total estimated project cost of \$63 million).
- \$4.4 million for flood channel improvements in North and South County (total estimated project cost of \$157 million).

A significant project expected to begin in FY 18-19, but not included in the Recommended Budget due to pending debt financing, is the Tajiguas Resource Recovery Project, which is estimated at \$142.7 million.

## 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 in Long-Term Financial Planning.

### Multiyear Financial Forecasting

The County prepares a five-year financial forecast annually focusing on discretionary revenues and their uses to aid in current year decisions.

### Quarterly Financial Reporting and Monitoring

The CEO and Budget Director chair quarterly review each department's year-to-date actual and projected revenues and expenditures. These meetings also 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. However, 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 District fund balance used to hedge against storm related disasters.

### Nonrecurring Revenue

One of the principal budget tenets is that nonrecurring revenue should be used for one-time needs and that ongoing expenditures should have identified ongoing sources. Additionally, the County's General Fund Allocation Policy states that "Requests for additional FTE's ... will identify the ongoing funding source."

### 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 annually since 1991, and the Certificate of Achievement in Popular Annual Financial Reporting for the Financial Highlights annually since 1995.

### Debt Affordability

The County established a Debt Advisory Committee (DAC) to provide advice to the Board on debt issuance and management. The DAC looks at repayment sources as one of the key criteria for approval of new debt issues. 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 debt disclosures in the County's Recommended Budget 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](http://www.countyofsb.org).

### Capital and Maintenance Funding

The County has an informal pay-as-you-go policy for funding capital. However, many of the County's funds only utilize pay-as-you-go financing. Beginning with the 2015-16 fiscal year, the Board established a budget policy to set aside 18% of general revenue growth to address aging infrastructure and facilities.

### Debt Repayment Plan

The County's current outstanding debt schedule features a debt repayment plan that will reduce debt by 69.2% over the next ten years.

### Five-Year Capital Improvement Program

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

### Budgeting Awards

The GFOA has presented the Distinguished Budget Presentation Award to the County annually since 1998.



## Awards and Acknowledgments

We are very proud of this CAFR and all of the County’s award-winning financial reporting publications. Each publication has been prepared with great care and expertise with a goal of meeting the highest level of financial reporting preparation standards.

### GFOA 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, 2017. This award has been achieved annually since 1991. To receive this prestigious award, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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.

### GFOA 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, 2017. This award has been achieved annually since 1998. To receive this prestigious 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.

### GFOA Popular Annual Financial Reporting Award

The County received the GFOA’s Award for Outstanding Achievement in Popular Annual Financial Reporting for its Financial Highlights publication for the fiscal year ended June 30, 2017. This award has been achieved annually since 1995. To receive this prestigious award, a government must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability, and reader appeal.

### 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.

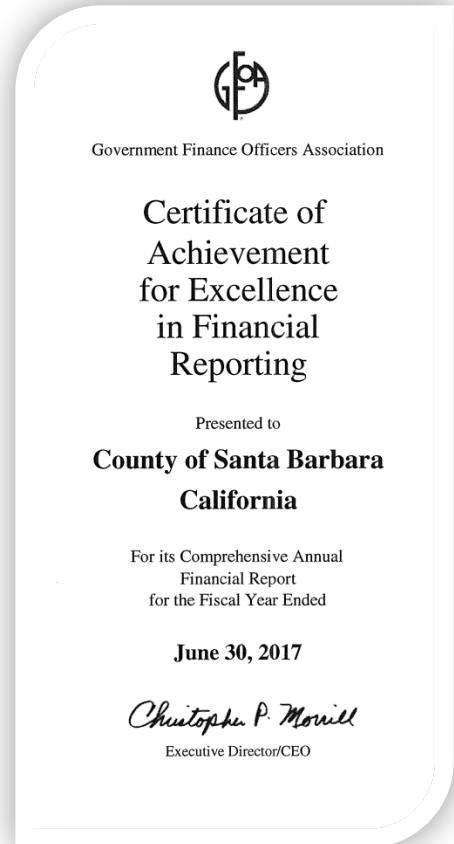
Respectfully submitted,



Mona Miyasato  
County Executive Officer



Theodore A. Fallati, CPA, CPFO  
Auditor-Controller

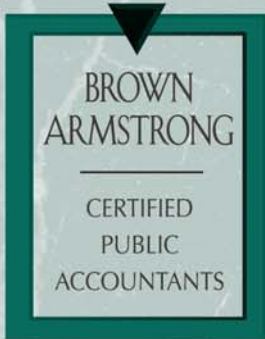


# Financial Section

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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2018, and the related notes to the financial statements, which collectively comprise the County of Santa Barbara's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11-29, the Santa Barbara County Employees' Retirement System Schedule of the County's Proportionate Share of the Net Pension Liability on page 112, the Santa Barbara County Employees' Retirement System Schedule of the County's Contributions on page 112, Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the County's Net OPEB Liability and Related Ratios on page 113, and the respective budgetary comparison for the General and Major Special Revenue Funds on pages 117-125 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 (GASB), 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison for the Capital Projects Fund, 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 and the budgetary comparison for the Capital Projects Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and the budgetary comparison for the Capital Projects Fund are fairly stated in all material respects in relation to the basic financial statements 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.

*Implementation of New Accounting Standards*

As disclosed in the Note 1 of the financial statements, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during fiscal year 2018. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2018, on our consideration of the County'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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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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 CAFR.

As management of 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 year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's Basic Financial Statements, which immediately follow this section. All dollar amounts are expressed in thousands.

## Financial Highlights

### Governmentwide Financial Analysis

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$515,810 (See *Summary of Net Position and analysis on page 17*):

- \$776,313 represents the County's investment in capital assets, less (1) accumulated depreciation, (2) related outstanding debt used to acquire those assets, and (3) related deferred inflows of resources,
- \$271,042 is available for the County's ongoing obligations related to programs with external restrictions, and
- -\$528,309 in unrestricted net position is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) liabilities.

The County's total net position increased by \$36,797 over the prior year:

- The \$47,041 increase in net position from the net investment in capital assets represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt and deferred inflows of resources,
- The \$6,423 increase in restricted net position represents the change in resources that are subject to external restrictions on their use, and
- The \$16,667 decrease in unrestricted net position is the change in resources available to fund County programs to citizens and debt obligations to creditors.

### Financial Analysis of the County's Funds

The County's governmental funds' combined ending fund balance of \$336,627 was an increase of \$15,578 from the prior year ending fund balance of \$321,049. Amounts available for spending include Restricted, Committed, and Unassigned Fund Balances; these totaled \$322,936 or 95.9% of ending fund balance. Of this amount:

- \$213,662 is restricted by law or externally imposed requirements,
- \$98,683 is committed for specific purposes, and
- \$10,591 is unassigned fund balance.

Spendable fund balance for the General Fund increased \$18,447 to \$117,898, which equates to 32.4% of total General Fund expenditures for the year.

## Description 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:

- Governmentwide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

## Governmentwide Financial Statements

The *Governmentwide 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 Position* presents information on all of the County's *Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources* with the difference reported as *Net Position*.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflows of Resources}) - (\text{Liabilities} + \text{Deferred Inflows of Resources})$$

Over time, increases or decreases in *Net Position* are a useful indicator of an improving or deteriorating County financial condition.

The *Statement of Activities* presents the most recent fiscal year changes in the County's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (Accrual Basis of Accounting). The statement reports items resulting in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave) as revenues and expenses.

The *Governmentwide 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 grouped by function of the County include Policy and Executive, 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 Laguna Sanitation.

Component units are included in the financial statements and are legally separate entities for which the County is financially accountable. If a component unit's total debt is expected to be repaid entirely by the County, if the component unit provides services entirely to the County, or if the component unit has substantially the same governing board as the County and there is a financial benefit or burden relationship or County management has operational responsibility for a component unit, then the component will be classified as a blended component unit. If a component unit does not meet any of the preceding requirements it will be presented as a discrete component unit. The following is a list of the County's blended component units:

- Laguna County Sanitation District
- Flood Control and Water Conservation Districts
- Santa Barbara County Fire Protection District
- Public and Educational Access
- In-Home Supportive Services Public Authority
- County Service Areas
- Community Facilities Districts
- Lighting Districts
- Sandyland Seawall Maintenance District
- Water Agency
- Santa Barbara County Finance Corporation

The County's only discretely presented component unit is the First 5 Children and Families Commission.

Pages 32-33 of this report display the *Governmentwide 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 types:

- Governmental funds
- Proprietary funds
- Fiduciary funds

### **Governmental Funds**

Governmental funds account for essentially the same functions reported as governmental activities in the Governmentwide Financial Statements. However, unlike the Governmentwide 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 (Modified Accrual Basis of Accounting). Such 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 Governmentwide Financial Statements. Both the Governmental Funds Balance Sheet and the Governmental Funds 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 62 individual governmental funds combined into 27 funds for financial reporting purposes. The County segregates from the General Fund a number of significant functions in 8 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; Behavioral Wellness; Flood Control District; Affordable Housing; Fire Protection District; and Capital Projects funds, all considered major funds. Data for the other 18 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 schedules provided for the General Fund and major special revenue funds demonstrate performance against this budget.

*Pages 34-37 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. The County has two enterprise funds, both qualify as major funds.

Enterprise Funds report the same functions presented as business-type activities in the Governmentwide Financial Statements. The County uses enterprise funds to account for Resource Recovery and Laguna Sanitation.

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 Governmentwide Financial Statements.

Proprietary funds provide the same type of information as the Governmentwide Financial Statements, but 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 38-40 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 Governmentwide 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 fund accounting. Fiduciary funds report the external portions of the Treasurer's investment pool, a private-purpose trust fund, and agency funds.

*Pages 41-42 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 Governmentwide and Fund Financial Statements. Information in the Notes to the Financial Statements is described as follows:

- Note 1 provides a general description of the County's Significant Accounting Policies.
- Note 2 provides a Reconciliation for Governmentwide and Fund Financial Statements.
- Notes 3 to 21 provide detailed notes on cash and investments, restricted cash and investments, receivables, capital assets, service concession arrangements, deferred outflows of resources, advances from grantors and third parties, debt obligations, leases, certificates of participation, bonds and notes payable, self-insurance, commitments and contingencies, landfill closure and postclosure, deferred inflows of resources, fund balances, restricted component of net position, interfund transactions, and tax abatements.
- Notes 22 to 26 provide detailed notes on pension plans, OPEB, deferred compensation plans, voluntary termination benefits, and prior period adjustments.

*Pages 43-110 of this report display the Notes to the Financial Statements.*



## Governmentwide Financial Analysis

### Summary of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2018	2017	2018	2017	2018	Dollar Change	Percent Change
<b>Assets:</b>								
Current and other assets	\$ 524,915	\$ 552,641	\$ 66,050	\$ 81,812	\$ 590,965	\$ 634,453	\$ 43,488	7.4%
Capital assets, net of depreciation	728,639	767,906	90,554	91,888	819,193	859,794	40,601	5.0%
<b>Total assets</b>	<b>1,253,554</b>	<b>1,320,547</b>	<b>156,604</b>	<b>173,700</b>	<b>1,410,158</b>	<b>1,494,247</b>	<b>84,089</b>	<b>6.0%</b>
<b>Deferred outflows of resources:</b>								
Deferred social services	551	584	--	--	551	584	33	6.0%
Deferred pensions	258,709	334,339	4,636	6,126	263,345	340,465	77,120	29.3%
Deferred OPEB	--	12,453	--	280	--	12,733	12,733	100.0%
<b>Total deferred outflows of resources</b>	<b>259,260</b>	<b>347,376</b>	<b>4,636</b>	<b>6,406</b>	<b>263,896</b>	<b>353,782</b>	<b>89,886</b>	<b>34.1%</b>
<b>Liabilities:</b>								
Current and other liabilities	90,712	95,066	2,125	2,396	92,837	97,462	4,625	5.0%
Long-term liabilities	966,452	1,075,680	56,258	58,247	1,022,710	1,133,927	111,217	10.9%
<b>Total liabilities</b>	<b>1,057,164</b>	<b>1,170,746</b>	<b>58,383</b>	<b>60,643</b>	<b>1,115,547</b>	<b>1,231,389</b>	<b>115,842</b>	<b>10.4%</b>
<b>Deferred inflows of resources:</b>								
Deferred SCAs	34,081	35,183	--	--	34,081	35,183	1,102	3.2%
Deferred housing loan payments	3,593	3,418	--	--	3,593	3,418	(175)	(4.9%)
Deferred pensions	37,905	57,932	679	1,061	38,584	58,993	20,409	52.9%
<b>Total deferred inflows of resources</b>	<b>75,579</b>	<b>96,533</b>	<b>679</b>	<b>1,061</b>	<b>76,258</b>	<b>97,594</b>	<b>21,336</b>	<b>28.0%</b>
<b>Net position:</b>								
Net investment in capital assets	648,420	692,549	80,852	83,764	729,272	776,313	47,041	6.5%
Restricted	264,619	271,042	--	--	264,619	271,042	6,423	2.4%
Unrestricted	(532,968)	(562,947)	21,326	34,638	(511,642)	(528,309)	(16,667)	(3.3%)
<b>Total net position</b>	<b>\$ 380,071</b>	<b>\$ 400,644</b>	<b>\$ 102,178</b>	<b>\$ 118,402</b>	<b>\$ 482,249</b>	<b>\$ 519,046</b>	<b>\$ 36,797</b>	<b>7.6%</b>

As noted earlier, over time, net position may serve as a useful indicator of a government’s financial condition. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$519,046 at the close of the current fiscal year.

### Analysis of Net Position

The County’s total net position increased by \$36,797, or 7.6%, during the fiscal year. As described below, the County experienced a net increase mainly due to changes in net investment in capital assets.

#### Net investment in capital assets

The largest portion of the County’s net position is invested in capital assets (e.g., land, buildings, roads, bridges, flood control channels and debris basins, machinery, equipment, and intangible assets), less the related and outstanding debt used to acquire those assets and related deferred inflows of resources. 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.

The County’s net investment in capital assets was \$776,313 at year-end, and consisted of the following:

	2017	2018	Dollar Change	Percentage Change
Investment in Capital Assets (net of accumulated depreciation)	\$ 819,193	\$ 859,794	\$ 40,601	5.0%
Less:				
Related Debt	56,030	50,163	(5,867)	(10.5%)
Related Deferred Inflows of Resources	33,891	33,318	(573)	(1.7%)
Net Investment in Capital Assets	<u>\$ 729,272</u>	<u>\$ 776,313</u>	<u>\$ 47,041</u>	<u>6.5%</u>

The \$47,041, or 6.5%, increase in net position from the net investment in capital assets represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt and deferred inflows of resources. Capital additions were related primarily to construction activity on the Northern Branch Jail, infrastructure (roads & road improvements), other building projects, and equipment and software. The County recorded depreciation expense of \$28,972 .

**Restricted net position**

Restricted net position of \$271,042 represents resources that are subject to external restrictions on their use or by enabling legislation. Due to the unique nature of funding sources and the unrestricted impact of the net pension and OPEB liabilities, the County has significantly more restricted net position dollars than unrestricted net position dollars. Restricted net position is comprised of the following:

- \$125,466 (46.29%) for property taxes dedicated to specific services such as flood control and fire protection,
- \$60,146 (22.19%) for federally imposed restrictions for health and housing programs,
- \$31,757 (11.72%) for numerous State imposed restrictions,
- \$29,768 (10.98%) for federal and State allocations for roads and health services,
- \$12,057 (4.45%) for various other restrictions imposed on the County, and
- \$11,848 (4.37%) for grant, land use, and permit agreements.

Restricted net position increased \$6,423 or 2.4%. Significant changes to restricted net position, by function, include:

- The Public Safety function increased \$5,716 due primarily to increases in charges for emergency responses and other incident reimbursements for local disasters as well as a one time contribution for a ladder truck and its associated equipment. Unspent Public Safety realignment growth funds (Assembly Bill (AB) 109), Proposition 172 funds and Youth Offender Block Grant funds were set aside for future continued and enhanced service levels.
- The Health and Public Assistance function increased \$437 as a result of increases for unspent Mental Health Services Act (MHSA) funding in Behavioral Wellness and increases in the Department of Social Services for 2011 Realignment excess revenues, offset by decreases to Public Health restricted fund balance for capital projects.
- The Community Resources and Public Facilities function increased \$325 primarily as a result of current revenues to be spent on future Housing & Community Development projects and surplus foreclosure sales proceeds in the Affordable Housing fund. Additionally, homeowner assessments were collected for anticipated maintenance work on the Sandyland Seawall that was delayed by the Montecito Debris Flow. There were also increases in the Senate Bill 1 (SB 1) gasoline tax unspent proceeds in the Roads fund. All these increases were offset by expenses related to the Montecito Debris Flow in the Flood Control fund and Roads funds.

**Unrestricted net position**

The negative unrestricted net position of \$528,309 grew by \$16,667, or 3.3% from the prior year. The majority of negative unrestricted net position is primarily the result of the County’s unfunded pension and OPEB liabilities offset by positive unrestricted net position predominantly in the County’s General Fund.

**Changes in Net Position (in thousands)**

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2018	2017	2018	2017	2018	Dollar Change	Percent Change
<b>Revenues</b>								
Program revenues:								
Charges for services	\$ 210,885	\$ 216,085	\$ 38,697	\$ 43,904	\$ 249,582	\$ 259,989	\$ 10,407	4.2%
Operating grants and contributions	364,316	386,829	1,155	1,049	365,471	387,878	22,407	6.1%
Capital grants and contributions	3,201	200	--	--	3,201	200	(3,001)	(93.8%)
Total program revenues	578,402	603,114	39,852	44,953	618,254	648,067	29,813	4.8%
General revenues:								
Property taxes	267,613	284,284	--	--	267,613	284,284	16,671	6.2%
Sales taxes	18,172	18,118	--	--	18,172	18,118	(54)	(.3%)
Transient occupancy tax	10,068	8,364	--	--	10,068	8,364	(1,704)	(16.9%)
Payments in lieu of taxes	1,869	1,909	--	--	1,869	1,909	40	2.1%
Franchise fees	3,104	3,252	--	--	3,104	3,252	148	4.8%
Unrestricted investment earnings	335	753	265	405	600	1,158	558	93.0%
Other	1,099	815	3	--	1,102	815	(287)	(26.0%)
Total general revenues	302,260	317,495	268	405	302,528	317,900	15,372	5.1%
<b>Total revenues</b>	<b>880,662</b>	<b>920,609</b>	<b>40,120</b>	<b>45,358</b>	<b>920,782</b>	<b>965,967</b>	<b>45,185</b>	<b>4.9%</b>
<b>Expenses</b>								
Policy & executive	14,315	18,938	--	--	14,315	18,938	4,623	32.3%
Public safety	314,026	361,703	--	--	314,026	361,703	47,677	15.2%
Health & public assistance	364,675	360,185	--	--	364,675	360,185	(4,490)	(1.2%)
Community resources & public facilities	94,387	110,529	--	--	94,387	110,529	16,142	17.1%
General government & support services	37,716	39,023	--	--	37,716	39,023	1,307	3.5%
General county programs	2,206	2,514	--	--	2,206	2,514	308	14.0%
Interest on long-term debt	2,152	2,024	--	--	2,152	2,024	(128)	(5.9%)
Resource recovery	--	--	29,196	24,507	29,196	24,507	(4,689)	(16.1%)
Laguna sanitation	--	--	6,822	6,564	6,822	6,564	(258)	(3.8%)
<b>Total expenses</b>	<b>829,477</b>	<b>894,916</b>	<b>36,018</b>	<b>31,071</b>	<b>865,495</b>	<b>925,987</b>	<b>60,492</b>	<b>7.0%</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>51,185</b>	<b>25,693</b>	<b>4,102</b>	<b>14,287</b>	<b>55,287</b>	<b>39,980</b>	<b>(15,307)</b>	<b>(27.7%)</b>
Transfers	--	36	--	(36)	--	--	--	--
<b>Change in net position</b>	<b>51,185</b>	<b>25,729</b>	<b>4,102</b>	<b>14,251</b>	<b>55,287</b>	<b>39,980</b>	<b>(15,307)</b>	<b>(27.7%)</b>
<b>Net position - beginning</b>	<b>322,003</b>	<b>380,071</b>	<b>98,076</b>	<b>102,178</b>	<b>420,079</b>	<b>482,249</b>	<b>62,170</b>	<b>14.8%</b>
<b>Prior period adjustment</b>	<b>6,883</b>	<b>(5,156)</b>	<b>--</b>	<b>1,973</b>	<b>6,883</b>	<b>(3,183)</b>	<b>(10,066)</b>	<b>(146.2%)</b>
<b>Net position - beginning, as restated</b>	<b>328,886</b>	<b>374,915</b>	<b>98,076</b>	<b>104,151</b>	<b>426,962</b>	<b>479,066</b>	<b>52,104</b>	<b>12.2%</b>
<b>Net position - ending</b>	<b>\$ 380,071</b>	<b>\$ 400,644</b>	<b>\$ 102,178</b>	<b>\$ 118,402</b>	<b>\$ 482,249</b>	<b>\$ 519,046</b>	<b>\$ 36,797</b>	<b>7.6%</b>

**Analysis of Governmental Activities**

Governmental activities increased the County’s net position by \$25,729 to \$400,644, accounting for 66% of the County’s total increase in net position resulting from governmental activities operating revenues exceeding operating expenditures. A prior period adjustment of -\$5,156 is the result of implementing GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and recognizing capital assets.

**Revenues**

Total revenues for the County’s Governmental Activities had an overall increase from the prior year of \$39,947, or 4.5%, to \$920,609. Revenues are divided into two categories: Program Revenues and General Revenues.

Program Revenues had an overall increase of \$24,712, or 4.3%, to \$603,114, from the prior year. As an arm of the State government, a significant portion of charges for services and operating grants and contributions are tied to mandated programs such as public assistance, health and behavioral wellness services. Total program revenues represent 65.5% of the County’s funding for governmental activities.

- *Charges for services* increased \$5,200, or 2.5%, to \$216,085 primarily due to a \$2,750 increase in Fire incident reimbursements, a \$1,470 increase in Fire contract reimbursements, and a \$2,824 increase in Behavioral Wellness State and Federal revenue. These increases were offset by a decrease of \$2,073 in the Public Health Fund due to a change in specialty drug reimbursement.

- *Operating grants and contributions (intergovernmental revenues)* increased \$22,513, or 6.2%, to \$386,829 primarily from increases of \$13,640 of State grant reimbursements for the Northern Branch Jail, \$3,029 for Social Services Calworks Family Support, \$2,247 in revenues for SB 1 gasoline tax and State Highway Users Tax in Public Works, \$1,835 for a security enhancement grant at the Santa Ynez Valley Airport Authority, \$1,811 for the Probation Department local realignment revenue, and \$1,798 in Mental Health Services Act revenue and \$2,026 realignment revenues received by Behavioral Wellness. All these increases were offset by decreased revenues for the Highway Bridge Program in Public Works of \$4,359.
- *Capital grants and contributions (intergovernmental revenues)* decreased \$3,001, or 93.8%, to \$200 because of a one-time land easement donation that occurred in the prior year.

General Revenues had an overall increase of \$15,235, or 5%, to \$317,495. These revenues included general taxes which provided the Board of Supervisors with the most discretionary spending ability. Since the formation of County government in the 1850's, basic public safety services such as sheriff, fire, probation and district attorney consume most of these resources. The increase in general revenues is due primarily to the following changes:

- *Property Tax Revenue* increased \$16,671, or 6.2%, to \$284,284 primarily from increased assessments, new development, and prior year billings.
- *Sales Tax Revenue* decreased \$54, or .3%, to \$18,118 primarily due to the economic impact associated with the Thomas Fire and Montecito Debris Flow.
- *Transient Occupancy Tax* revenue decreased \$1,704, or 16.9%, to \$8,364 primarily due to the economic impact associated with the Thomas Fire and Montecito Debris Flow.

Expenses had an overall increase for governmental activities of \$65,439, or 7.9%, to \$894,916 from the prior year.

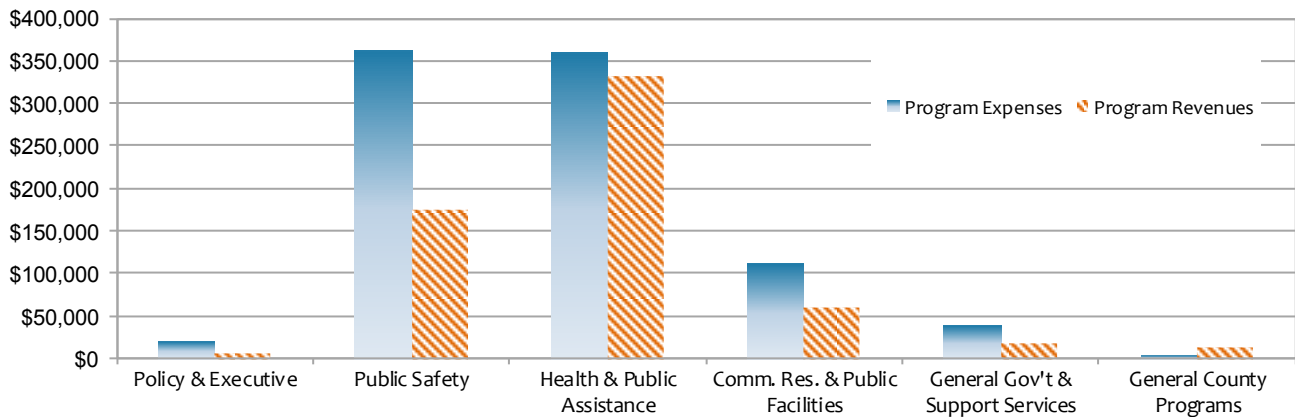
As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 63.5% of the total County expenses. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net decrease of 157 FTEs from 4,218 in the prior year to 4,061 at June 30, 2018.

Program expenses for the County's governmental activities are generally attributable to the following factors:

- Total salaries and benefits expense increased \$48,011, or 8.9%, to \$588,271 across all functions and is primarily made up of the following:
  - An increase in retirement pension expense of \$38,680, or 28.7%, to \$173,182 mainly due to decreasing the discount rate used to measure the total pension liability from 7.5% to 7.0%.
  - An increase in regular salary costs of \$3,523, or 1.2%, to \$305,588 primarily due to additional positions, merit increases, and cost-of-living adjustments (COLAs).
  - An increase in health insurance costs of \$738, or 2.2%, to \$33,910 due to premium increases.
  - An increase in overtime costs of \$6,175, or 23.9%, to \$32,039 primarily in the Sheriff and Fire Departments due to the Thomas Fire and Montecito Debris Flow.
  - A decrease in OPEB expense of \$4,433, or 30.6%, to \$10,058 is the result of implementation of a new OPEB accounting standard.
  - An increase in compensated absences expense of \$1,209, or 195%, from a negative \$620, to a positive \$589 resulted from a decreased use by employees of their accumulated paid time off balances.
  - An increase in workers' compensation expense of \$2,492, or 18%, to \$16,316 due to actuarial adjustments, increased cost of claims, and increased litigation of claims.
- Total services and supplies increased by \$17,249, or 10.2%, to \$186,201 across all functions and is primarily made up of the following:
  - An increase in Channel and Drain Maintenance of \$4,750, or 2,039%, to \$4,983 in Flood Control Funds primarily for creek and channel clearing services for the Montecito Debris Flow.
  - An increase in Professional and Special Services of \$4,735, or 19.4%, to \$29,151, in the Sheriff Department for mutual aid claims from assisting agencies in the Montecito Debris Flow and increases in the base fees for correctional healthcare services.

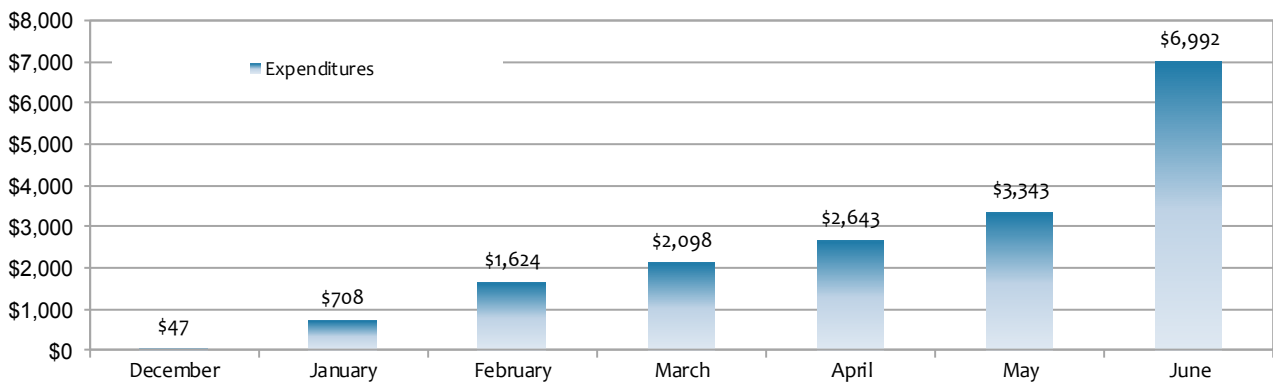
- An increase in Debris Basin Maintenance from \$25 to \$1,541 due to debris basin and spillway cleanout and repair after the Montecito Debris Flow.
- An increase in Structure and Ground Maintenance costs of \$1,262, or 34.4%, to \$4,928, primarily due to a roof repair and maintenance related to Fire facilities.
- An increase in In Home Supportive Services expense of \$940, or 13.7%, to \$7,793, in the Department of Social Services primarily due to increases in the County’s required contributions per the memorandum of understanding with the State.
- An increase in Service Contracts expense with community based organizations of \$827, or 3.1%, to \$27,398, in the Behavioral Wellness funds.

### Program Expenses and Revenues - Governmental Activities



Service and Supply expenditures for the Thomas Fire and Montecito Debris Flow totaled \$17,455 at June 30, 2018. Expenditures by month are shown in the graph below.

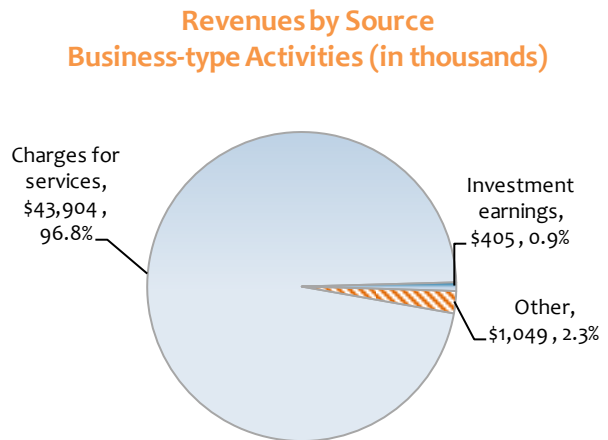
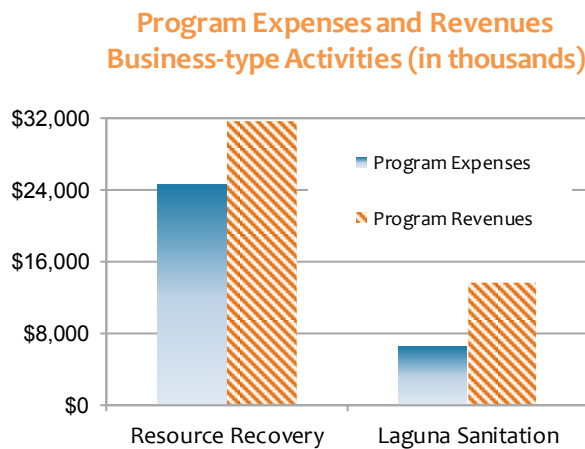
### Thomas Fire and Montecito Debris Flow Service and Supply Expenditures





### Analysis of Business-type Activities

The net position of business-type activities increased by 13.7%, or \$14,251, to \$118,402 which indicates these activities generated revenues sufficient to cover the costs of operations. \$1,973 of this increase was due to the prior period adjustments discussed in Note 26. (See discussion on Proprietary Funds in the next section.)



### Financial Analysis of the County’s Fund Balances

#### Fund Balances (in thousands)

	Nonspendable	Restricted	Committed	Unassigned	Total		Total	
					2018	2017	Dollar Change	Percent Change
<b>General Fund</b>	\$ 11,977	\$ 38,002	\$ 69,305	\$ 10,591	\$ 129,875	\$ 113,070	\$ 16,805	14.9%
<b>Major Funds</b>								
Roads	--	18,492	--	--	18,492	18,900	(408)	(2.2%)
Public Health	--	19,006	6,772	--	25,778	30,977	(5,199)	(16.8%)
Social Services	--	3,644	1,784	--	5,428	4,131	1,297	31.4%
Behavioral Wellness	--	11,276	--	--	11,276	9,116	2,160	23.7%
Flood Control	155	64,500	--	--	64,655	68,223	(3,568)	(5.2%)
Affordable Housing	--	8,023	--	--	8,023	7,366	657	8.9%
Fire Projection	1,479	24,269	--	--	25,748	24,419	1,329	5.4%
Capital Projects	--	1,616	19,658	--	21,274	21,639	(365)	(1.7%)
<b>Other Governmental Funds</b>	80	24,834	1,164	--	26,078	23,208	2,870	12.4%
<b>Total Fund Balances</b>	<u>\$ 13,691</u>	<u>\$ 213,662</u>	<u>\$ 98,683</u>	<u>\$ 10,591</u>	<u>\$ 336,627</u>	<u>\$ 321,049</u>	<u>\$ 15,578</u>	4.9%

### Governmental Funds

The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources (modified accrual basis of accounting). 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, 2018, the County's Governmental Funds reported total fund balance of \$336,627, a \$15,578 increase 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 18 – Fund Balances):

- *Nonspendable Fund Balance*, \$13,691, 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 \$8,656, (2) long-term receivables of \$4,985, and (3) prepaid expenses and deposits of \$50.
- *Restricted Fund Balance*, \$213,662, consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control), (2) grants for capital outlay, and (3) legislated amounts reserved for health care.
- *Committed Fund Balance*, \$98,683, consists of amounts for specific purposes determined by the Board, which includes a Strategic Reserve account of \$23,717, Purpose of Fund of \$18,245, a Northern Branch Jail Operations account of \$13,054, Health Care Programs of \$6,768, Litigation account of \$4,439, General Services Projects of \$4,144, Parks Projects of \$3,546, Emerging Issues account of \$3,276, and various other commitments less than \$3,000.
- *Unassigned Fund Balance*, \$10,591, represents the residual balance for the County's General Fund.

Approximately 95.9%, or \$322,936, of the total fund balances is spendable which means it is available to meet the County's current and future needs. With the approval of the Board, 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 14.9%, or \$16,805, to \$129,875 at June 30, 2018.

The spendable portion of fund balance increased \$18,447 to \$117,898 due to increases to committed fund balance for the Northern Branch Jail of \$9,100, increase of \$8,456 for emerging issues, increase of \$3,959 for litigation, increase of \$2,275 for contingencies, and increase of \$634 for tobacco settlement. These increases were offset by a draw on the Strategic Reserve committed fund balance of \$7,150 for expenditures related to the Montecito Debris Flow, \$6,927 for emerging issues, and draws for other Board priorities. Increases to restricted fund balance were primarily \$4,009 for local realignment, \$1,599 for Prop 172, and \$938 for Probation block grant. The nonspendable portion of fund balance decreased \$1,642 to \$11,977 due to decreases in receivables of \$2,644, which was offset by additional property tax impounds of \$643 and increases of \$359 to the Reserve for Tax Losses under the Teeter Plan.

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 35.7% of total General Fund expenditures while spendable fund balance equates to 32.4% of total General Fund expenditures. Of the General Fund spendable fund balance, \$38,002, or 32.2%, is restricted, \$69,305, or 58.8%, is committed and \$10,591, or 9%, is unassigned.

Some significant committed fund balance amounts of the General Fund include:

- \$23,717 Strategic Reserve earmarked for severe economic downturns and emergencies,
- \$13,054 in New Jail Operations,
- \$4,439 for Litigation,
- \$3,276 for Emerging Issues,
- \$2,005 for Contingencies,
- \$1,875 for Program Stabilization,
- \$1,795 for Clerk-Recorder Assessor Projects,
- \$1,765 for Auditor Systems Maintenance/Development,
- \$1,483 for Purpose of Fund, and
- \$1,353 for Parks Projects.

General Fund unassigned fund balance at year-end was \$10,591, or 9% of spendable fund balance, a 36.5%, or \$2,830, increase from the prior year. The increase is primarily attributable to better than estimated property taxes, higher than anticipated penalties collected on delinquent property taxes, reductions in salaries and benefits due to unfilled positions, and savings in services and supplies.

### **Major Funds**

As compared with the prior year, the total fund balances of the major funds decreased 2.2%, or \$4,097, to \$180,674 with the following significant changes:

- The Public Health Fund, with expenditures of \$76,212, finished the year with a decrease to fund balance of \$5,199, or a 16.8% decrease, to \$25,778. The primary driver of the decrease was a \$2,971 release of restricted funds for capital projects and increased operating costs and \$2,073 in reduced pharmacy revenues due to a change in specialty drug reimbursement.
- The Flood Control District, with expenditures of \$20,594, decreased its fund balance by \$3,568, or a 5.2% decrease, to \$64,655. This was primarily due to an increase of \$4,750 in creek and channel clearing, an increase of \$1,515 for debris basin and spillway cleanout and repair, and a \$200 increase in salary and benefit overtime costs. The majority of these increased expenditures were related to the Montecito Debris Flow. This was offset by increases in property taxes of \$590, RDA distributions of \$580, charges for services of \$364, federal aid for disasters of \$337, and prior year tax collections of \$167.
- The Behavioral Wellness Fund, with expenditures of \$97,836, finished the year with an increase to fund balance of \$2,160, or a 23.7% increase, to \$11,276. The increase in fund balance was primarily due to increased State and Federal revenues in the Mental Health Services Act fund of \$4,671, which was offset by cost overruns and revenue shortfalls of \$2,964 related to the Psychiatric Health Facility.
- The Fire Protection District Fund, with expenditures of \$80,538, finished positive with an increase to fund balance of \$1,329, or a 5.4% increase, to \$25,748. This was primarily from an increase in reimbursable incident revenue of \$2,570 due to the active fire season, Montecito Debris Flow, and State fire contracts. This was offset by increased overtime costs related to increased levels of emergency response and increased facilities maintenance.

### **Other Governmental Funds**

The fund balances of nonmajor governmental funds as a whole increased \$2,870, or 12.4%, to \$26,078. The significant changes occurred in the following funds:

- The Water Agency fund balance increased by \$1,000 to set aside funds for future capital projects and to meet grant and permit compliance requirements. The funds were from increased revenue and maintenance savings.
- The Sandyland Seawall Maintenance District fund balance increased by \$750 due to planned maintenance work delayed by the Montecito Debris Flow.
- The Courthouse Construction fund balance increased by \$470 due to unspent fee and fine revenues.

*Additional information on the County's fund balance components can be found in Note 18 in the Notes to the Financial Statements*

### Proprietary Funds

The enterprise funds total net position, which includes the Resource Recovery Fund and the Laguna Sanitation District Fund, increased by \$14,199, or 13.6%, from the prior year. The Resource Recovery Fund net position increased by \$7,243, while Laguna Sanitation District Fund net position increased by \$6,956. Operating revenues increased \$5,207, or 13.5%, to \$43,904. Operating revenues generated by the Resource Recovery Fund increased \$4,668 primarily related to increased charges for sanitation services and hazardous waste program and recycling billings. Laguna Sanitation District user fee revenue increased \$539 primarily due to increases in charges for services for sanitation services, trunk line fees, and connection fees. Resource Recovery Fund expenses decreased \$4,840, due mainly to significant landfill closure expenses incurred in the prior year and delayed projects due to the Montecito Debris Flow. Laguna Sanitation District Fund expenses decreased \$335 primarily related to savings for operating supplies, maintenance projects, and professional services. The Laguna Sanitation District Fund’s increase in net position reflects an accumulation of resources for planned capital projects.

Total internal service funds’ net position increased by \$4,507, or 8.7%, to \$56,357. The Vehicle Operations and Maintenance Fund’s net position increased \$2,999, or 8.6%, to \$37,762. This was due to fuel savings, reduced salary and benefit costs, and lower capital asset acquisitions. The Communications Services Fund had an increase in net position of \$1,046 due primarily to a General Fund contribution for radio equipment acquisition in the subsequent year and increased charges for services.

The remaining internal service funds experienced the following changes as a result of normal operations: the Information Technology Services Fund increased net position by \$280. The Risk Management and Insurance Fund also had an increase in net position of \$280. The Utilities Fund had a decrease in net position of \$98.

### Capital Assets & Debt

#### Capital Assets

#### Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2018	2017	2018	2017	2018	Dollar Change	Percent Change
	Land	\$ 55,473	\$ 55,473	\$ 15,654	\$ 15,654	\$ 71,127	\$ 71,127	\$ --
Land easements	53,133	53,133	--	--	53,133	53,133	--	0.0%
SCA assets	40,482	40,856	--	--	40,482	40,856	374	0.9%
Work in progress	75,270	108,696	4,070	7,613	79,340	116,309	36,969	46.6%
Capital assets, not being depreciated	224,358	258,158	19,724	23,267	244,082	281,425	37,343	15.3%
Land improvements	21,068	20,313	468	260	21,536	20,573	(963)	(4.5%)
Structures and improvements	155,116	151,038	5,756	5,985	160,872	157,023	(3,849)	(2.4%)
Equipment and software	57,398	61,588	15,503	14,441	72,901	76,029	3,128	4.3%
Infrastructure	270,699	276,809	49,103	47,935	319,802	324,744	4,942	1.5%
Capital assets, net of accumulated depreciation	504,281	509,748	70,830	68,621	575,111	578,369	3,258	0.6%
<b>Total</b>	<b>\$ 728,639</b>	<b>\$ 767,906</b>	<b>\$ 90,554</b>	<b>\$ 91,888</b>	<b>\$819,193</b>	<b>\$ 859,794</b>	<b>\$ 40,601</b>	<b>5.0%</b>

During the fiscal year, the County’s investment in capital assets increased by \$40,601, or 5%, to \$859,794 (net of accumulated depreciation/amortization). This investment is in a broad range of capital assets including land, land easements, work in progress (WIP), Service Concession Arrangement (SCA) assets, land improvements, structures and improvements, equipment and software, and infrastructure. Major capital additions include:

- Structures and Improvements – \$651 of Administration building electrical upgrades and \$423 of Casa Nueva improvements
- Equipment and Software – \$3,360 for Aumentum Property Tax System and \$1,340 for Electronic Health Record System

- Infrastructure – \$6,924 for Sandspit Road Bridge, \$2,099 for Faraday Storm Drain, \$1,576 for Orcutt Airport Ditch, and \$1,463 for San Jose Creek Bike Path

WIP: The County both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related project costs are recorded as WIP. In the year of completion, a project’s WIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, WIP had a net increase of \$36,969. Total WIP increases of \$57,507 and a prior year restatement of \$1,270 were offset by project completions of \$21,808.

Of the \$57,507 increases to WIP, major project costs include: \$37,331 for the Northern Branch Jail, \$2,771 for the Tajiguas Landfill Liner, \$1,595 for the Santa Ynez Valley Airport safety improvements, \$1,423 for the Santa Maria Channel Improvements, \$1,367 for the Mission Creek project, \$741 for the Santa Ynez Valley Airport electrical upgrades, and \$548 for the Floridale Avenue Bridge.

Structures and structure improvements: The County capitalized \$2,413 of structures and improvements related to completed WIP, net of \$6,262 in related depreciation and deletions for all structures and improvements, for a total decrease of \$3,849 or 2.4%.

Equipment and Software: The County capitalized \$17,564 of equipment and software, net of \$15,676 in related depreciation and deletions for all equipment and software. A prior year restatement of \$1,240 increased equipment and software to a total of \$3,128 or 4.3%.

Infrastructure: The County capitalized \$12,537 in infrastructure related to completed WIP, net of \$7,595 in related depreciation and deletions, for a total increase of \$4,942 or 1.5%.

*Additional capital asset information, including depreciation, amortization, and outstanding WIP by project as of June 30, 2018, can be found in Note 6 of the Notes to the Financial Statements. Additional information regarding prior period adjustments can be found in Note 26 of the Notes to the Financial Statements.*

**Debt**

**Outstanding Debt (in thousands)**

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2018	2017	2018	2017	2018	Dollar Change	Percent Change
Capital lease obligations	\$ 1,983	\$ 1,636	\$ --	\$ --	\$ 1,983	\$ 1,636	\$ (347)	(17.5%)
Certificates of participation	27,798	26,872	4,554	3,766	32,352	30,638	(1,714)	(5.3%)
Bonds and notes payable	17,745	14,730	5,930	5,139	23,675	19,869	(3,806)	(16.1%)
<b>Total</b>	<b>\$ 47,526</b>	<b>\$ 43,238</b>	<b>\$ 10,484</b>	<b>\$ 8,905</b>	<b>\$ 58,010</b>	<b>\$ 52,143</b>	<b>\$ (5,867)</b>	<b>(10.1%)</b>

At June 30, 2018, the County had total long-term debt outstanding of \$52,143. This amount was comprised of \$30,638 of certificates of participation (COP) issued by the County Finance Corporation that are secured by the County’s lease rental payments with a covenant to budget and appropriate lease payments. It also includes \$19,869 of bonds and notes payable and \$1,636 of capital lease obligations.

The County’s total long-term debt decreased by \$5,867, or 10.1%, during the fiscal year. The net decrease was due to \$347 of payments for capital lease obligations, \$1,714 of payments for COP debt, and \$3,806 of payments for bonds and notes payable.

**The County maintains a Standard & Poor’s ‘SP-1+’ rating for short-term notes and a Standard & Poor’s ‘AA+’ for long-term certificates of participation. In addition, the County maintains a Moody’s Aa2 rating on its series 2008 Certificates of Participation.**

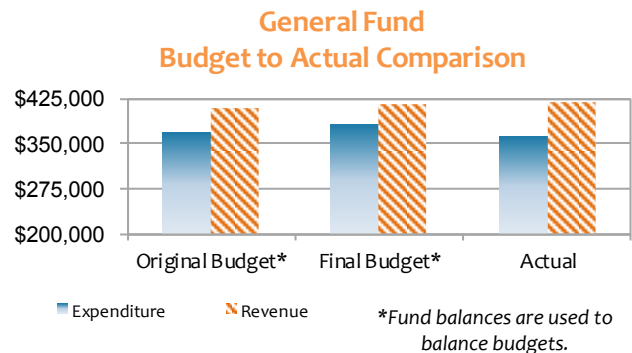
The rationale behind the ratings reflects the rating agencies’ view of:

- The long-term general creditworthiness of the County;
- The County’s covenants to budget and appropriate lease payments;
- 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;
- Low overall debt levels; and
- The County’s very strong underlying general credit characteristics.

Additional information on the County’s long-term debt can be found in Notes 10 through 13 in the Notes to the Financial Statements

### General Fund Budgetary Highlights

The variance between the final budget and actual expenditures resulted in \$19,586 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately \$8,962 resulting from unfilled positions; \$5,958 resulting from unspent appropriations for services, supplies, and other charges across all functions; and \$3,697 resulting from capital assets budgeted but not procured in this fiscal cycle.



**Expenditures:** The County’s final budget appropriations for expenditures for the General Fund differ from the original budget by supplemental appropriations of \$13,376, or 3.6%. The major changes in appropriations are as follows:

- Salaries and benefits increased \$4,262 primarily due to \$2,750 for overtime costs in the Sheriff’s Department related to the Montecito Debris Flow and \$1,520 for overtime costs associated with high vacancy rate within the department. The Office of Emergency Management also incurred \$200 for overtime costs related to the Montecito Debris Flow. These increases were offset by \$558 in salary savings in the Probation Department from restricted AB 109 revenues.
- Services, supplies and other charges increased \$8,228 made up primarily of \$3,864 in the Sheriff’s Department for mutual aid services related to the Montecito Debris Flow. The Office of Emergency Management also incurred \$3,300 of increased contractual services related to the Montecito Debris Flow and received an appropriation for \$140 in donations for disaster consulting services.
- Capital asset appropriations increased \$885. This increase is mostly due to \$680 for armored vehicles donated to the Sheriff’s Department.

**Revenues:** General Fund actual revenues were \$1,642 more than total adjusted budgeted revenue estimates.

- Taxes outperformed estimates by \$1,042, primarily due to greater than expected prior year unsecured corrections and escapes of \$1,698, prior year unsecured property tax collections of \$2,178, and greater than expected residual redevelopment agency distributions of \$1,591. These increases were offset by decreases in the Transient

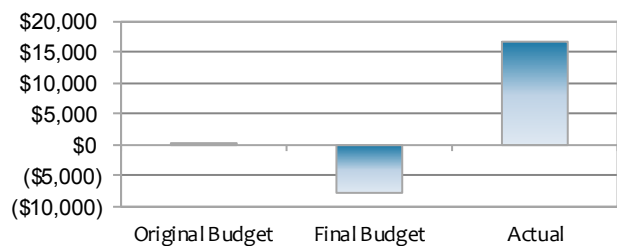
Occupancy Tax of \$3,433 and Sales and Use Tax of \$389 primarily due to the economic impacts associated with the Thomas Fire and Montecito Debris Flow.

- Fines, forfeitures, and penalties outperformed estimates by \$2,538 due to higher penalty collections associated with delinquent property tax payments.
- Use of money and property performed better than estimates by \$780 due primarily to increased interest income of \$1,177, which was offset by a decrease of \$519 due to unrealized losses on investments.
- Charges for services were less than estimates by \$3,058 primarily due to lower than expected environmental resource reimbursements of \$2,451, recording fees of \$415, and administrative revenue of \$793. These decreases were offset by increased tax administration fees of \$543.

The General Fund Budget to Actual schedule can be found on page 117 of this report.

**Fund Balance:** The General Fund’s equity position increased by \$16,805, versus the adjusted budget plan to decrease fund equity by \$7,768. By year-end, the increase to fund balance was more than the budget plan as departmental savings and positive operating results exceeded estimates.

**General Fund  
Budgeted Effect on Fund Balance**



## Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the County’s operating budget for FY 18-19:

The budget is projecting modest growth in County revenues. For budget year FY 18-19 local property, retail sales and transient occupancy taxes are estimated to grow in the 3% to 5% range.

Total Governmental Fund revenues show an increase of 4.6%, or \$44,252, comparing FY 18-19 budget to FY 17-18 actual revenues. The FY 18-19 budget shows an increase in General Fund total revenues of 3.6%, or \$15,035, compared to FY 17-18 actual revenues.

The budget appropriations for total Governmental Fund expenditures for FY 18-19 includes a 11.1%, or \$103,178, increase when compared to FY 17-18 actual primarily due to favorable budget variances such as salary savings in FY 17-18. The FY 18-19 budget includes funding to cover increased employee pension costs and moderate increases for salary COLAs and employee benefits while maintaining current service levels in most areas.

The State once again adopted an on-time budget and its financial condition continues to modestly improve as it preserves core programs and increases reserves in anticipation of a mild recession in late 2019.

As of June 30, 2019, the recommended available spendable General Fund balance is projected to be \$101,497. Of this amount, \$29,932 is Restricted and \$69,875 is Committed but remains available for appropriation. The County’s General Fund is projected to end with \$1,690 of Unassigned fund balance. The County’s Recommended performance-based FY 18-19 budget and the County’s Five Year Capital Improvement Program can be found at [www.countyofsb.org/ceo](http://www.countyofsb.org/ceo) under the Budget heading.

## 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 on the County's website at <http://www.countyofsb.org/auditor/PublicationsLatest.sbc>. A separately issued financial report for the County's discretely presented component unit, the First 5 Children and Families Commission, can be obtained online at <http://first5santabarbaracounty.org> or by writing to: First 5 Children and Families Commission, 5385 Hollister Avenue, Building 10, Suite 110, Santa Barbara, CA 93111.





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# Basic Financial Statements

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COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET POSITION  
GOVERNMENTWIDE  
June 30, 2018 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Children and Families Commission
<b>Assets</b>				
Cash and investments (Note 3)	\$ 354,355	\$ 54,580	\$ 408,935	\$ 4,419
Accounts receivable, net:				
Taxes	20,297	--	20,297	--
Licenses, permits, and franchises	712	2,547	3,259	--
Fines, forfeitures, and penalties	320	--	320	--
Use of money and property	1,521	341	1,862	17
Intergovernmental	52,610	36	52,646	874
Charges for services	30,383	2,502	32,885	--
Other	1,534	2	1,536	--
Internal balances	526	(526)	--	--
Inventories	290	175	465	--
Prepaid items	50	--	50	--
Notes receivable (Note 5)	11,825	--	11,825	--
Other receivables	9,546	968	10,514	6
Restricted cash and investments (Note 4)	21,564	21,187	42,751	--
Housing loans receivable (Note 5)	38,495	--	38,495	--
Housing loans interest receivable (Note 5)	8,613	--	8,613	--
Capital assets, not being depreciated/amortized (Note 6)	258,158	23,267	281,425	--
Capital assets, net of accumulated depreciation/amortization (Note 6)	509,748	68,621	578,369	--
Total assets	1,320,547	173,700	1,494,247	5,316
<b>Deferred outflows of resources (Note 8)</b>				
Deferred social services	584	--	584	--
Deferred pensions	334,339	6,126	340,465	824
Deferred OPEB	12,453	280	12,733	40
Total deferred outflows of resources	347,376	6,406	353,782	864
<b>Liabilities</b>				
Accounts payable	29,054	1,843	30,897	548
Salaries and benefits payable	20,017	409	20,426	52
Interest payable	192	39	231	--
Other payables	6,196	1	6,197	--
Advances from grantors and third parties (Note 9)	28,159	--	28,159	--
Unearned revenue	1,582	--	1,582	--
Customer deposits payable	9,866	104	9,970	--
Long-term liabilities (Note 10):				
Portion due within one year:				
Compensated absences (Note 10)	30,386	679	31,065	86
Capital lease obligations (Note 11)	324	--	324	--
Certificates of participation, net (Note 12)	974	806	1,780	--
Bonds and notes payable (Note 13)	3,075	804	3,879	--
Liability for self-insurance claims (Note 14)	5,972	--	5,972	--
Landfill closure/postclosure care costs (Note 16)	--	1,018	1,018	--
Portion due in more than one year:				
Compensated absences (Note 10)	3,044	--	3,044	--
Capital lease obligations (Note 11)	1,312	--	1,312	--
Certificates of participation, net (Note 12)	25,898	2,960	28,858	--
Other long-term obligations (Note 10)	1,238	--	1,238	--
Bonds and notes payable (Note 13)	11,655	4,335	15,990	--
Liability for self-insurance claims (Note 14)	13,681	--	13,681	--
Estimated litigation liability (Note 15)	809	--	809	--
Landfill closure/postclosure care costs (Note 16)	--	29,245	29,245	--
Net pension liability (Note 22)	858,100	15,722	873,822	2,115
Net OPEB liability (Note 23)	119,212	2,678	121,890	386
Total liabilities	1,170,746	60,643	1,231,389	3,187
<b>Deferred inflows of resources (Note 17)</b>				
Deferred service concession arrangements (Note 7)	35,183	--	35,183	--
Deferred housing loan payments	3,418	--	3,418	--
Deferred pensions	57,932	1,061	58,993	143
Total deferred inflows of resources	96,533	1,061	97,594	143
<b>Net position</b>				
Net investment in capital assets	692,549	83,764	776,313	--
Restricted for (Note 19):				
Policy & Executive	716	--	716	--
Public safety	54,810	--	54,810	--
Health & public assistance	36,848	--	36,848	--
Community resources & public facilities	154,848	--	154,848	--
General government & support services	5,447	--	5,447	--
General county programs	18,373	--	18,373	--
First 5	--	--	--	2,850
Unrestricted	(562,947)	34,638	(528,309)	--
Total net position	\$ 400,644	\$ 118,402	\$ 519,046	\$ 2,850

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF ACTIVITIES  
GOVERNMENTWIDE  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues						Primary Government			Component Unit
	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Children and Families Commission
Governmental activities:										
Policy & executive	\$ 23,231	\$ (4,293)	\$ 18,938	\$ 4,807	\$ 795	\$ --	\$ (13,336)	\$ --	\$ (13,336)	
Public safety	350,653	11,050	361,703	59,746	116,111	--	(185,846)	--	(185,846)	
Health & public assistance	353,805	6,380	360,185	94,589	236,212	--	(29,384)	--	(29,384)	
Community resources & public facilities	106,810	3,719	110,529	32,702	26,403	200	(51,224)	--	(51,224)	
General government & support services	56,414	(17,391)	39,023	14,956	3,654	--	(20,413)	--	(20,413)	
General county programs	2,484	30	2,514	9,285	3,654	--	10,425	--	10,425	
Interest on long-term debt	2,024	--	2,024	--	--	--	(2,024)	--	(2,024)	
Total governmental activities	895,421	(505)	894,916	216,085	386,829	200	(291,802)	--	(291,802)	
Business-type activities:										
Resource Recovery	24,121	386	24,507	30,721	769	--	--	6,983	6,983	
Laguna Sanitation	6,445	119	6,564	13,183	280	--	--	6,899	6,899	
Total business-type activities	30,566	505	31,071	43,904	1,049	--	--	13,882	13,882	
Total primary government	\$ 925,987	\$ --	\$ 925,987	\$ 259,989	\$ 387,878	\$ 200	\$ (291,802)	\$ 13,882	\$ (277,920)	
Component unit:										
First 5 Children and Families Comm.	\$ 4,057	\$ --	\$ 4,057	\$ --	\$ 3,760	\$ --				\$ (297)
General Revenues:										
Taxes:										
Property							205,703	--	205,703	--
Sales							11,947	--	11,947	--
Transient occupancy							8,364	--	8,364	--
Payments in-lieu of taxes							1,909	--	1,909	--
Motor vehicle in-lieu tax							198	--	198	--
Franchise fees							3,252	--	3,252	--
Other general revenues							594	--	594	--
Restricted for community resources and public facilities:										
Sales tax, allocated to roads							6,171	--	6,171	--
Property tax, levied for flood control districts							11,012	--	11,012	--
Property tax, levied for county service areas							1,411	--	1,411	--
Property tax, levied for water agency							2,889	--	2,889	--
Property tax, levied for lighting districts							518	--	518	--
Property tax, levied for community facilities districts							635	--	635	--
Property tax, residual distribution from the redevelopment property tax trust fund							10,268	--	10,268	--
Restricted for public safety:										
Property tax, levied for fire district							51,848	--	51,848	--
Unrestricted investment earnings							753	405	1,158	30
Gain on sale of capital assets							23	--	23	--
Transfers							36	(36)	--	--
Total general revenues and transfers							317,531	369	317,900	30
Change in net position							25,729	14,251	39,980	(267)
Net position - beginning							380,071	102,178	482,249	3,099
Prior period adjustment (Note 26)							(5,156)	1,973	(3,183)	18
Net position - beginning, as restated							374,915	104,151	479,066	3,117
Net position - ending							\$ 400,644	\$ 118,402	\$ 519,046	\$ 2,850

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
<b>Assets and deferred outflows of resources</b>					
Assets:					
Cash and investments (Note 3)	\$ 98,177	\$ 25,134	\$ 22,925	\$ 2,299	\$ 7,108
Accounts receivable, net:					
Taxes	20,297	--	--	--	--
Licenses, permits, and franchises	712	--	--	--	--
Fines, forfeitures, and penalties	29	--	--	--	--
Use of money and property	563	89	85	30	64
Intergovernmental	12,891	1,376	4,422	15,062	6,609
Charges for services	1,680	663	1,678	--	12,605
Other	870	--	--	12	67
Due from other funds (Note 20)	1,841	--	--	--	--
Prepaid items	50	--	--	--	--
Other receivables	5,756	--	--	--	8
Restricted cash and investments (Note 4)	18,389	--	--	--	--
Housing loans receivable	--	--	--	--	--
Housing loans interest receivable	--	--	--	--	--
Total assets	<u>161,255</u>	<u>27,262</u>	<u>29,110</u>	<u>17,403</u>	<u>26,461</u>
Deferred outflows of resources: (Note 8)					
Deferred social services	--	--	--	584	--
Total assets and deferred outflows of resources	<u>\$ 161,255</u>	<u>\$ 27,262</u>	<u>\$ 29,110</u>	<u>\$ 17,987</u>	<u>\$ 26,461</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
Liabilities:					
Accounts payable	\$ 7,414	\$ 1,841	\$ 830	\$ 344	\$ 6,329
Salaries and benefits payable	10,010	495	2,094	2,760	1,631
Other payables	81	52	408	6	6,279
Advances from grantors and third parties (Note 9)	1,261	6,217	--	9,428	227
Unearned revenue	1,582	--	--	--	--
Due to other funds (Note 20)	1,329	--	--	21	425
Customer deposits payable	9,703	165	--	--	--
Total liabilities	<u>31,380</u>	<u>8,770</u>	<u>3,332</u>	<u>12,559</u>	<u>14,891</u>
Deferred inflows of resources: (Note 17)					
Deferred housing loan payments	--	--	--	--	--
Deferred miscellaneous unavailable revenue	--	--	--	--	294
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>294</u>
Fund balances (Note 18):					
Nonspendable	11,977	--	--	--	--
Restricted	38,002	18,492	19,006	3,644	11,276
Committed	69,305	--	6,772	1,784	--
Unassigned	10,591	--	--	--	--
Total fund balances	<u>129,875</u>	<u>18,492</u>	<u>25,778</u>	<u>5,428</u>	<u>11,276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 161,255</u>	<u>\$ 27,262</u>	<u>\$ 29,110</u>	<u>\$ 17,987</u>	<u>\$ 26,461</u>

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

Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ 66,456	\$ 8,135	\$ 15,016	\$ 25,629	\$ 24,545	\$ 295,424	<b>Assets and deferred outflows of resources</b>
--	--	--	--	--	20,297	Assets:
--	--	--	--	--	712	Cash and investments (Note 3)
251	31	67	47	87	1,314	Accounts receivable, net:
--	423	161	10,463	1,142	52,549	Taxes
23	--	13,288	--	389	30,326	Licenses, permits, and franchises
--	319	266	--	--	1,534	Fines, forfeitures, and penalties
--	--	--	12	1,317	3,170	Use of money and property
151	--	1,479	--	80	7,474	Intergovernmental
--	1,991	--	--	1,174	21,554	Charges for services
--	38,495	--	--	--	38,495	Other
--	8,613	--	--	--	8,613	Due from other funds (Note 20)
<u>66,881</u>	<u>58,007</u>	<u>30,277</u>	<u>36,151</u>	<u>29,025</u>	<u>481,832</u>	Prepaid items
--	--	--	--	--	584	Other receivables
<u>\$ 66,881</u>	<u>\$ 58,007</u>	<u>\$ 30,277</u>	<u>\$ 36,151</u>	<u>\$ 29,025</u>	<u>\$ 482,416</u>	Restricted cash and investments (Note 4)
--	--	--	--	--	--	Housing loans receivable
--	--	--	--	--	--	Housing loans interest receivable
--	--	--	--	--	--	Total assets
--	--	--	--	--	584	Deferred outflows of resources: (Note 8)
--	--	--	--	--	--	Deferred social services
--	--	--	--	--	--	Total assets and deferred outflows of resources
<u>\$ 66,881</u>	<u>\$ 58,007</u>	<u>\$ 30,277</u>	<u>\$ 36,151</u>	<u>\$ 29,025</u>	<u>\$ 482,416</u>	
						<b>Liabilities, deferred inflows of resources, and fund balances</b>
\$ 1,752	\$ 373	\$ 593	\$ 7,721	\$ 806	\$ 28,003	Liabilities:
195	18	2,082	--	394	19,679	Accounts payable
279	--	--	235	94	7,434	Salaries and benefits payable
--	2,485	1,360	6,921	260	28,159	Other payables
--	--	--	--	--	1,582	Advances from grantors and third parties (Note 9)
--	--	--	--	1,395	3,170	Unearned revenue
--	--	--	--	(2)	9,866	Due to other funds (Note 20)
<u>2,226</u>	<u>2,876</u>	<u>4,035</u>	<u>14,877</u>	<u>2,947</u>	<u>97,893</u>	Customer deposits payable
--	47,108	--	--	--	47,108	Total liabilities
--	--	494	--	--	788	Deferred inflows of resources: (Note 17)
--	<u>47,108</u>	<u>494</u>	--	--	<u>47,896</u>	Deferred housing loan payments
155	--	1,479	--	80	13,691	Deferred miscellaneous unavailable revenue
64,500	8,023	24,269	1,616	24,834	213,662	Total deferred inflows of resources
--	--	--	19,658	1,164	98,683	Fund balances (Note 18):
--	--	--	--	--	10,591	Nonspendable
<u>64,655</u>	<u>8,023</u>	<u>25,748</u>	<u>21,274</u>	<u>26,078</u>	<u>336,627</u>	Restricted
\$ 66,881	\$ 58,007	\$ 30,277	\$ 36,151	\$ 29,025	\$ 482,416	Committed
						Unassigned
						Total fund balances
						Total liabilities, deferred inflows of resources, and fund balances

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

Total fund balances - governmental funds	\$ 336,627
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet.	735,737
Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.	11,825
Other receivable not due in the current period is not a current financial resource, therefore, it is not reported in the Balance Sheet.	1,862
Deferred outflows of resources reported in the Statement of Net Position.	341,595
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Balance Sheet.	(1,035,917)
Accrued interest on long-term debt.	(192)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds and recognized as revenue in the Statement of Activities.	47,896
Deferred inflows of resources reported in the Statement of Net Position.	(95,672)
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 Position.	56,357
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.	526
Net position of governmental activities	<u>\$ 400,644</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
<b>Revenues</b>					
Taxes	\$ 231,993	\$ 7,849	\$ --	\$ --	\$ --
Licenses, permits, and franchises	16,147	447	56	80	--
Fines, forfeitures, and penalties	7,548	--	463	11	32
Use of money and property	2,317	117	158	266	217
Intergovernmental	86,389	16,650	20,276	143,107	54,628
Charges for services	69,241	1,057	43,645	123	36,802
Other	4,112	259	4,585	911	1,038
Total revenues	417,747	26,379	69,183	144,498	92,717
<b>Expenditures</b>					
Current:					
Policy & executive	21,242	--	--	--	--
Public safety	232,611	--	--	--	--
Health & public assistance	11,682	--	76,212	149,499	97,836
Community resources & public facilities	45,089	33,932	--	--	--
General government & support services	51,216	--	--	--	--
General county programs	1,582	--	--	--	--
Debt service:					
Principal	2	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total expenditures	363,424	33,932	76,212	149,499	97,836
Excess (deficiency) of revenues over (under) expenditures	54,323	(7,553)	(7,029)	(5,001)	(5,119)
<b>Other financing sources (uses)</b>					
Transfers in (Note 20)	8,354	7,064	7,199	6,422	8,080
Transfers out (Note 20)	(45,961)	--	(5,371)	(124)	(801)
Proceeds from sale of capital assets	89	81	2	--	--
Total other financing sources (uses)	(37,518)	7,145	1,830	6,298	7,279
Net change in fund balances	16,805	(408)	(5,199)	1,297	2,160
Fund balances - beginning	113,070	18,900	30,977	4,131	9,116
Fund balances - ending	\$ 129,875	\$ 18,492	\$ 25,778	\$ 5,428	\$ 11,276

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

Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ 11,584	\$ --	\$ 52,928	\$ --	\$ 5,629	\$ 309,983	<b>Revenues</b>
--	--	20	--	8	16,758	Taxes
76	--	337	--	2,814	11,281	Licenses, permits, and franchises
426	47	123	21	632	4,324	Fines, forfeitures, and penalties
1,111	1,718	1,524	35,943	21,287	382,633	Use of money and property
3,767	665	29,197	132	4,984	189,613	Intergovernmental
8	2,004	503	186	2,649	16,255	Charges for services
16,972	4,434	84,632	36,282	38,003	930,847	Other
						Total revenues
						<b>Expenditures</b>
						Current:
--	--	--	--	--	21,242	Policy & executive
--	--	80,538	1	16,023	329,173	Public safety
--	--	--	--	18,012	353,241	Health & public assistance
20,594	3,373	--	--	5,573	108,561	Community resources & public facilities
--	--	--	--	2,347	53,563	General government & support services
--	--	--	--	8	1,590	General county programs
						Debt service:
--	--	--	--	3,949	3,951	Principal
--	--	--	--	1,889	1,889	Interest
--	--	--	39,755	--	39,755	Capital outlay
20,594	3,373	80,538	39,756	47,801	912,965	Total expenditures
(3,622)	1,061	4,094	(3,474)	(9,798)	17,882	Excess (deficiency) of revenues over (under) expenditures
						<b>Other financing sources (uses)</b>
34	475	550	3,109	15,795	57,082	Transfers in (Note 20)
--	(879)	(3,397)	--	(3,136)	(59,669)	Transfers out (Note 20)
20	--	82	--	9	283	Proceeds from sale of capital assets
54	(404)	(2,765)	3,109	12,668	(2,304)	Total other financing sources (uses)
(3,568)	657	1,329	(365)	2,870	15,578	Net change in fund balances
68,223	7,366	24,419	21,639	23,208	321,049	Fund balances - beginning
\$ 64,655	\$ 8,023	\$ 25,748	\$ 21,274	\$ 26,078	\$ 336,627	Fund balances - ending

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

Net change in fund balances - governmental funds	\$ 15,578
<b>Capital assets:</b>	
The acquisition of capital assets uses current financial resources but has no effect on net position.	56,309
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the Statement of Activities.	(19,340)
Proceeds from the sale of capital assets provide current financial resources but have no effect on net position.	(283)
Net gain on the disposal of capital assets does not affect current financial resources but increases net position.	283
<b>Long-term debt:</b>	
Principal payments on long-term debt use current financial resources but have no effect on net position.	3,951
<b>Measurement focus:</b>	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,899
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 governmental funds:	
Change in interest payable liability	15
Change in compensated absences liability	(589)
Change in estimated litigation liability	(809)
Change in accrued other postemployment benefits (OPEB) liability	2,099
Change in accrued net pension liability	(37,832)
Amortization of bond premiums/discounts and issuance costs	(9)
<b>Internal service funds:</b>	
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.	4,457
Change in net position of governmental activities	\$ 25,729



COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
<b>Assets</b>				
Current assets:				
Cash and investments (Note 3)	\$ 17,649	\$ 36,931	\$ 54,580	\$ 58,931
Accounts receivable, net:				
Licenses, permits, and franchises	2,547	--	2,547	--
Use of money and property	202	139	341	207
Intergovernmental	36	--	36	61
Charges for services	2,487	15	2,502	57
Other	--	2	2	--
Inventories	149	26	175	290
Total current assets	<u>23,070</u>	<u>37,113</u>	<u>60,183</u>	<u>59,546</u>
Noncurrent assets:				
Other receivables (Note 5)	951	17	968	210
Restricted cash and investments (Note 4)	21,187	--	21,187	10
Capital assets, not being depreciated/amortized (Note 6)	15,439	7,828	23,267	--
Capital assets, net of accumulated depreciation/amortization (Note 6)	<u>43,183</u>	<u>25,438</u>	<u>68,621</u>	<u>32,169</u>
Total noncurrent assets	<u>80,760</u>	<u>33,283</u>	<u>114,043</u>	<u>32,389</u>
Total assets	<u>103,830</u>	<u>70,396</u>	<u>174,226</u>	<u>91,935</u>
<b>Deferred outflows of resources (Note 8)</b>				
Deferred pensions	4,889	1,237	6,126	4,975
Deferred OPEB	228	52	280	222
Total deferred outflows of resources	<u>5,117</u>	<u>1,289</u>	<u>6,406</u>	<u>5,197</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,712	131	1,843	1,051
Salaries and benefits payable	326	83	409	338
Interest payable	18	21	39	--
Other payables	1	--	1	--
Customer deposits payable	103	1	104	--
Compensated absences (Note 10)	558	121	679	596
Certificates of participation payable (Note 12)	806	--	806	--
Bonds and notes payable (Note 13)	--	804	804	345
Liability for self-insurance claims (Note 14)	--	--	--	5,972
Landfill closure/postclosure care costs (Note 16)	1,018	--	1,018	--
Total current liabilities	<u>4,542</u>	<u>1,161</u>	<u>5,703</u>	<u>8,302</u>
Noncurrent liabilities:				
Compensated absences (Note 10)	--	--	--	146
Certificates of participation payable, net (Note 12)	2,960	--	2,960	--
Bonds and notes payable (Note 13)	--	4,335	4,335	2,890
Liability for self-insurance claims (Note 14)	--	--	--	13,681
Landfill closure/postclosure care costs (Note 16)	29,245	--	29,245	--
Net pension liability (Note 22)	12,548	3,174	15,722	12,765
Net OPEB liability (Note 23)	2,185	493	2,678	2,130
Total noncurrent liabilities	<u>46,938</u>	<u>8,002</u>	<u>54,940</u>	<u>31,612</u>
Total liabilities	<u>51,480</u>	<u>9,163</u>	<u>60,643</u>	<u>39,914</u>
<b>Deferred inflows of resources (Note 17)</b>				
Deferred pensions	847	214	1,061	861
Total deferred inflows of resources	<u>847</u>	<u>214</u>	<u>1,061</u>	<u>861</u>
<b>Net position</b>				
Net investment in capital assets	55,637	28,127	83,764	28,936
Unrestricted	983	34,181	35,164	27,421
Total net position	<u>\$ 56,620</u>	<u>\$ 62,308</u>	<u>118,928</u>	<u>\$ 56,357</u>
Adjustment to reflect the allocation of the internal service funds' cumulative net loss			(526)	
Net position of business-type activities			<u>\$ 118,402</u>	

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 POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
<b>Operating revenues</b>				
Charges for services	\$ 26,256	\$ 13,168	\$ 39,424	\$ 60,023
Sale of scrap and recyclables	527	--	527	--
Self-insurance recovery	--	--	--	2,398
Other operating revenues	3,938	15	3,953	308
Total operating revenues	<u>30,721</u>	<u>13,183</u>	<u>43,904</u>	<u>62,729</u>
<b>Operating expenses</b>				
Salaries and benefits	9,583	2,398	11,981	9,347
Services and supplies	5,418	2,354	7,772	34,123
Self-insurance claims	--	--	--	11,632
Contractual services	5,329	159	5,488	581
Depreciation and amortization	2,396	1,207	3,603	6,029
County overhead allocation	386	119	505	142
Closure/postclosure care costs	1,018	--	1,018	--
Total operating expenses	<u>24,130</u>	<u>6,237</u>	<u>30,367</u>	<u>61,854</u>
Operating income	<u>6,591</u>	<u>6,946</u>	<u>13,537</u>	<u>875</u>
<b>Non-operating revenues (expenses)</b>				
Use of money and property	588	220	808	353
Interest expense	(162)	(213)	(375)	(139)
Gain (loss) on sale of assets	(118)	(202)	(320)	79
Settlements and damages	(60)	--	(60)	--
State and federal aid	96	--	96	61
Other non-operating revenues	308	241	549	655
Total non-operating revenues, net	<u>652</u>	<u>46</u>	<u>698</u>	<u>1,009</u>
Income before transfers	<u>7,243</u>	<u>6,992</u>	<u>14,235</u>	<u>1,884</u>
Transfers in (Note 20)	--	--	--	2,682
Transfers out (Note 20)	--	(36)	(36)	(59)
Total transfers, net	<u>--</u>	<u>(36)</u>	<u>(36)</u>	<u>2,623</u>
Change in net position	<u>7,243</u>	<u>6,956</u>	<u>14,199</u>	<u>4,507</u>
Total net position - beginning	47,360	55,396	102,756	50,722
Prior period adjustment (Note 26)	2,017	(44)	1,973	1,128
Total net position - beginning, as restated	<u>49,377</u>	<u>55,352</u>	<u>104,729</u>	<u>51,850</u>
Total net position - ending	<u>\$ 56,620</u>	<u>\$ 62,308</u>	<u>\$ 118,928</u>	<u>\$ 56,357</u>
Change in net position - total enterprise funds			\$ 14,199	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			52	
Change in net position of business-type activities			<u>\$ 14,251</u>	

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, 2018 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
<b>Cash flows from operating activities</b>				
Receipts from interfund services provided	\$ --	\$ --	\$ --	\$ 60,328
Receipts from self-insurance recovery	--	--	--	2,398
Receipts from customers and users	29,486	13,085	42,571	--
Payments to employees	(8,912)	(2,175)	(11,087)	(8,887)
Payments to suppliers	(10,006)	(2,572)	(12,578)	(34,578)
Payments for self-insurance claims	--	--	--	(11,561)
County overhead allocation payments to the General Fund	(386)	(119)	(505)	(142)
Other receipts	308	158	466	658
Net cash provided by operating activities	<u>10,490</u>	<u>8,377</u>	<u>18,867</u>	<u>8,216</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	--	--	--	2,682
Transfers to other funds	--	(36)	(36)	(59)
Payment on landfill settlement	(60)	--	(60)	--
State and federal aid	96	--	96	61
Net cash provided (used) by noncapital financing activities	<u>36</u>	<u>(36)</u>	<u>--</u>	<u>2,684</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(4,407)	(1,251)	(5,658)	(5,964)
Proceeds from sale of capital assets	159	--	159	258
Principal paid on certificates of participation	(2,534)	--	(2,534)	--
Interest and fees paid on certificates of participation	(176)	--	(176)	--
Principal paid on bonds and notes payable	--	(791)	(791)	(345)
Interest and fees paid on bonds and notes payable	--	(215)	(215)	(139)
Federal interest subsidy on bonds payable	--	83	83	--
Net cash used by capital and related financing activities	<u>(6,958)</u>	<u>(2,174)</u>	<u>(9,132)</u>	<u>(6,190)</u>
<b>Cash flows from investing activities</b>				
Use of money and property received	513	150	663	252
Net cash provided by investing activities	<u>513</u>	<u>150</u>	<u>663</u>	<u>252</u>
Net change in cash and cash equivalents	4,081	6,317	10,398	4,962
Cash and cash equivalents - beginning	34,755	30,614	65,369	53,979
Cash and cash equivalents - ending	<u>\$ 38,836</u>	<u>\$ 36,931</u>	<u>\$ 75,767</u>	<u>\$ 58,941</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position</b>				
Cash and investments per Statement of Net Position	\$ 17,649	\$ 36,931	\$ 54,580	\$ 58,931
Restricted cash and investments per Statement of Net Position	21,187	--	21,187	10
Total cash and cash equivalents per Statement of Net Position	<u>\$ 38,836</u>	<u>\$ 36,931</u>	<u>\$ 75,767</u>	<u>\$ 58,941</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 6,591	\$ 6,946	\$ 13,537	\$ 875
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	2,396	1,207	3,603	6,029
Other non-operating revenue	308	158	466	658
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:				
Accounts and other receivables	(1,235)	(223)	(1,458)	(7)
Inventories	82	2	84	(55)
Accounts payable	659	(61)	598	181
Salaries and benefits payable	671	223	894	461
Customer deposits	--	125	125	--
Liability for self-insurance claims	--	--	--	74
Landfill closure/postclosure care cost liability	1,018	--	1,018	--
Net cash provided by operating activities	<u>\$ 10,490</u>	<u>\$ 8,377</u>	<u>\$ 18,867</u>	<u>\$ 8,216</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2018 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and investments (Note 3)	\$ 937,938	\$ 1,332	\$ 82,011
Interest receivable	3,471	3	574
Restricted cash and investments (Note 4)	--	1,436	--
Total assets	<u>941,409</u>	<u>2,771</u>	<u>\$ 82,585</u>
<b>Liabilities</b>			
Accounts payable	--	--	\$ 10,850
Funds held as agent for others	--	--	71,735
Note payable	--	11,825	--
Total liabilities	<u>--</u>	<u>11,825</u>	<u>\$ 82,585</u>
<b>Net position</b>			
Held in trust for:			
External pool participants	941,409	--	
Redevelopment agency dissolution	--	(9,054)	
Net position held in trust	<u>\$ 941,409</u>	<u>\$ (9,054)</u>	

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund
<b>Additions</b>		
Contributions:		
Contributions to pooled investments	\$ 4,843,027	\$ --
Redevelopment Agency Property Tax Trust Fund	--	1,417
Total contributions	<u>4,843,027</u>	<u>1,417</u>
Interest and investment revenue:		
Use of money and property	10,710	21
Total interest and investment revenue	<u>10,710</u>	<u>21</u>
Total additions	<u>4,853,737</u>	<u>1,438</u>
<b>Deductions</b>		
Benefits paid:		
Distributions from pooled investments	4,806,508	--
Total benefits paid	<u>4,806,508</u>	<u>--</u>
Obligation retirements:		
Interest on note payable	--	548
Total obligation retirements	<u>--</u>	<u>548</u>
Administrative expenses:		
County administrative expenses	--	5
Total administrative expenses	<u>--</u>	<u>5</u>
Total deductions	<u>4,806,508</u>	<u>553</u>
Change in net position	47,229	885
Net position held in trust - beginning	894,180	(9,939)
Net position held in trust - ending	<u>\$ 941,409</u>	<u>\$ (9,054)</u>

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

# 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 generally accepted accounting principles (GAAP) in the United States of America, 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.

### Discrete Component Unit

The First 5 Children and Families Commission (Commission) was established by the California Children and Families Act of 1998 (Proposition 10). The Commission invests tobacco tax revenues in programs that improve the lives of children prenatal through age 5 and their families. The Commission is governed by a nine member Board of Commissioners, appointed by the County Board. The Board of Commissioners, as the governing body of the Commission, is responsible for the operation of the Commission. The Commission is discretely presented because its board is not substantively the same as the County's. A separately issued financial report can be obtained online at <http://first5santabarbaracounty.org/> or by writing to: First 5 Children and Families Commission, 5385 Hollister Avenue, Building 10, Suite 110, Goleta, CA 93111.

### Blended Component Units

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County’s Board acting as, or appointing, the governing board for each of the component units and its ability to impose its will. 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.

Additional detailed information 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:

<b>Component Unit</b>	<b>Included in the Reporting Entity Because:</b>	<b>Separate Financial Statements</b>
County Service Areas: established to provide 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. Revenues consist primarily of property taxes and benefit assessments.	1) Unit’s board is the same as the Board and 2) County Management has operational responsibility	Not available

<p><i>Public and Educational Access:</i> established 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.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Santa Barbara County Fire Protection District:</i> established to provide a full range of fire services to most of the unincorporated territory of Santa Barbara County; the cities of Buellton, Solvang, and Goleta; and private lands within the National Forest. Revenues consist primarily of property taxes.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Flood Control and Water Conservation Districts:</i> established 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.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Lighting Districts:</i> established to provide operation and maintenance of streetlights in certain areas of the County. Revenues consist primarily of property taxes and benefit assessments.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Laguna County Sanitation District:</i> established to provide water and sewage treatment services to users. The costs of operating this district are charged to the users in the form of water charges and sewer fees.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Community Facilities Districts:</i> established to 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. Revenues consist primarily of Mello-Roos property taxes.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Sandyland Seawall Maintenance District:</i> established to provide for maintenance of a seawall constructed in the Sandyland Cove area. Revenues consist primarily of benefit assessments levied against those properties adjacent to that beachfront area.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>

<p><i>Water Agency:</i> established to prepare investigations and reports on the County's water requirements, project development, and importation of water from the State Water Project. The Water Agency provides technical assistance to County departments, water districts, and the public relative to ground water availability and water-well locations and design. The Water Agency also administers the Cachuma Project and Twitchell Project contracts with the U.S. Bureau of Reclamation.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>In-Home Supportive Services Public Authority (IHSS):</i> established to act as the employer of record for IHSS individual providers. As an administrative unit, IHSS carries out functions prescribed in Welfare &amp; 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.</p>	<p>1) Unit's board is the same as the Board and 2) County Management has operational responsibility</p>	<p>Not available</p>
<p><i>Santa Barbara County Finance Corporation:</i> 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.</p>	<p>1) Unit provides services almost entirely to the County</p>	<p>Not available</p>

The accompanying financial statements 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 special 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.

The accompanying financial statements also include a statutorily required Private-Purpose Trust Fund for the Santa Barbara County Redevelopment Successor Agency (Successor Agency). The Successor Agency was created to serve, in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency (RDA). The Successor Agency operates under the auspices of a legislatively formed oversight board who has authority over its financial affairs and supervises its operations and timely dissolution.

Its assets are held in trust for the benefit of the taxing entities within the former RDA boundaries and as such are not available for County use.

**New Accounting Pronouncements**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 75	<i>"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"</i>	The provisions of this statement are effective for periods beginning after June 15, 2017. (FY 17/18)
Statement No. 81	<i>"Irrevocable Split-Interest Agreements"</i>	The requirements of this statement are effective for periods beginning after December 15, 2016. (FY 17/18)
Statement No. 85	<i>"Omnibus 2017"</i>	The requirements of this statement are effective for periods beginning after June 15, 2017. (FY 17/18)
Statement No. 86	<i>"Certain Debt Extinguishment Issues"</i>	The requirements of this statement are effective for periods beginning after June 15, 2017. (FY 17/18)

**Financial Statements**

In accordance with GASB Statement No. 34, *"Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments,"* the financial statements consist of the following:

- Governmentwide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

The governmentwide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all of the nonfiduciary activities of the primary government and its component units. All internal balances in the Statement of Net Position 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. As a general rule, interfund activities (e.g., interfund transfers and interfund reimbursements) have been eliminated in the governmentwide Statement of Activities. Exceptions to the general rule are interfund services provided and used between functions, such as mental health services provided to certain inmates at the County jail. Elimination of these interfund activities would distort the direct costs and program revenues reported for the various functions concerned.

The governmentwide 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, 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.

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 Countywide Cost Allocation Plan which allocates the cost of central service departments to service user departments. Costs allocated in the Cost Allocation Plan include administrative and support costs such as budget preparation and oversight, County counsel, landscaping, payroll, utilities, 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 properly excluded from program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmentwide 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 governmentwide 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 a deferred inflow of resources as soon as all eligibility requirements have been met, except for the timing requirement.

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. All expenditure-driven grants are recorded at the time of receipt or earlier. If qualifying expenditures have been incurred and all other eligibility requirements have been met, expenditure-driven grants are recognized as revenue. When all eligibility

requirements are met, except for the timing requirement, a deferred inflow of resources is reported until time requirements have passed.

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.

In accordance with GAAP, the County reports on each major governmental fund. By definition, the general fund is always considered a major fund. Governmental funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) An individual governmental fund reports at least ten percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures; 2) an individual governmental fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

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 **Behavioral Wellness 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 **Affordable Housing Fund** is used 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.
- The **Fire Protection District Fund** is used to account for the finances of the Santa Barbara County Fire Department. The Fire Department utilizes 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.

- The **Capital Projects Fund** is used to account for financial resources used in constructing major facilities.

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.

The County reports the following 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.
- **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.

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.

The County reports the following fiduciary funds:

- 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 397 individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The **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, Deposits 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 185 different agency funds.

### 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 County has stated required investments at fair value in the accompanying financial statements using the fair value measurement within the fair value hierarchy established by GAAP.

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.

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 XIII B of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to one dollar per 100 dollars 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.

Since Fiscal Year (FY) 93-94, the County has used 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 California 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 once the alternative method was elected. All delinquent taxes are recorded as accounts receivable in the General Fund. At June 30, 2018, property taxes receivable of \$20,297 are 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 18).

### Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position, governmental funds balance sheets, and proprietary funds statement of net position.

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position by the County that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense/expenditures) until that time. Refer to Note 8 for a detailed listing of the deferred outflows of resources the County has recognized.



In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position by the County that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue or a credit to expense) until that time. Refer to Note 17 for a detailed listing of the deferred inflows of resources the County has recognized.

### 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 noncurrent 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 governmentwide 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 governmentwide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. 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.

### 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). Pursuant to GASB Statement No. 60, “*Accounting and Financial Reporting for Service Concession Arrangements*,” the County also includes capital assets held by Service Concession Arrangements (SCA). Capital assets are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. If purchased or constructed, the capital assets are reported at historical or estimated historical cost. Capital assets received by the County in an SCA and donated capital assets, including works of art and historical treasures, are recorded at the estimated acquisition 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 \$0 for land, \$5 for equipment, and \$100 for land improvements, buildings and improvements, infrastructure, and computer software.

Capital assets, with the exception of non-depreciable land, 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 Building improvements	20 to 100 years 5 to 50 years
Equipment:	Automobiles and light trucks Construction and maintenance vehicles General machinery and office equipment	5 to 10 years 5 to 20 years 2 to 25 years
Infrastructure:	Pavement and traffic signals Bridges All other	15 to 30 years 40 to 75 years 20 to 99 years
Intangible assets:	Computer software	2 to 10 years

Outlays 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. Capital assets that are under construction or development and have not been completed are put into Work in Progress and are presented as a capital asset not being depreciated on the Statement of Net Position.

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the governmentwide 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 Position.

Long-term Debt

In the governmentwide 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 Position. Bond premiums and discounts are amortized over the life of the bond and issuance costs are expensed in the year incurred.

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.

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 and holiday pay is accrued when incurred in the governmentwide 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."

### Pensions

In governmentwide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 22 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Santa Barbara County Employees' Retirement System (SBCERS). The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the County's pension plan with SBCERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by SBCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits' terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

### Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by Santa Barbara County Employees' Retirement System (SBCERS). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

## Fund Equity

In the fund financial statements, in accordance with GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” 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) 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 authority, 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. As a result of limitations imposed by the California County Budget Act, this classification is currently not used by the County.
- *Unassigned fund balance* – the residual classification for the County’s General Fund that includes amounts not contained in the other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). 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 the unrestricted resources in the Committed 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 and unassigned fund balances are considered unrestricted.

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 93102.

### 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 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 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, 2018, the County's Strategic Reserve fund balance was \$23,717.

### 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 position.

Future Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements will be implemented in future financial statements:

Statement No. 83	<i>"Certain Asset Retirement Obligations"</i>	The requirements of this statement are effective for periods beginning after June 15, 2018. (FY 18/19)
Statement No. 84	<i>"Fiduciary Activities"</i>	The requirements of this statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 87	<i>"Leases"</i>	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 88	<i>"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"</i>	The requirements of this statement are effective for periods beginning after June 15, 2018. (FY 18/19)
Statement No. 89	<i>"Accounting for Interest Cost Incurred Before the End of a Construction Period"</i>	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)

## 2. Reconciliation of Governmentwide and Fund Financial Statements

Amounts reported for governmental activities in the Statement of Net Position are different from those reported on the Balance Sheet for governmental funds. The following two schedules provide a reconciliation of those differences:

	Total Governmental Funds (Page 35)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 38)	Adjustments (3)	Total Governmental Activities (Page 32)
<b>Assets &amp; deferred outflows of resources:</b>					
<b>Assets</b>					
Cash and investments	\$ 295,424	\$ --	\$ 58,931	\$ --	\$ 354,355
Accounts receivable, net:					
Taxes	20,297	--	--	--	20,297
Licenses, permits, and franchises	712	--	--	--	712
Fines, forfeitures, and penalties	320	--	--	--	320
Use of money and property	1,314	--	207	--	1,521
Intergovernmental	52,549	--	61	--	52,610
Charges for services	30,326	--	57	--	30,383
Other	1,534	--	--	--	1,534
Due from other funds	3,170	--	--	(3,170)	--
Internal balances	--	--	--	526	526
Inventories	--	--	290	--	290
Prepaid items	50	--	--	--	50
Note receivable	--	11,825	--	--	11,825
Other receivables	7,474	1,862	210	--	9,546
Advances to other funds	--	--	--	--	--
Restricted cash and investments	21,554	--	10	--	21,564
Housing loans receivable	38,495	--	--	--	38,495
Housing loans interest receivable	8,613	--	--	--	8,613
Capital assets	--	735,737	32,169	--	767,906
Total assets	<u>481,832</u>	<u>749,424</u>	<u>91,935</u>	<u>(2,644)</u>	<u>1,320,547</u>
<b>Deferred outflows of resources</b>					
Deferred social services	584	--	--	--	584
Deferred pensions	--	329,364	4,975	--	334,339
Deferred OPEB	--	12,231	222	--	12,453
Total deferred outflows of resources	<u>584</u>	<u>341,595</u>	<u>5,197</u>	<u>--</u>	<u>347,376</u>
<b>Total assets &amp; deferred outflows of resources</b>	<u>\$ 482,416</u>	<u>\$ 1,091,019</u>	<u>\$ 97,132</u>	<u>\$ (2,644)</u>	<u>\$ 1,667,923</u>
<b>Liabilities, deferred inflows of resources, &amp; fund balances/net position:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 28,003	\$ --	\$ 1,051	\$ --	\$ 29,054
Salaries and benefits payable	19,679	--	338	--	20,017
Interest payable	--	192	--	--	192
Other payables and long-term obligations	7,434	--	--	--	7,434
Advances from grantors and third parties	28,159	--	--	--	28,159
Unearned revenue	1,582	--	--	--	1,582
Due to other funds	3,170	--	--	(3,170)	--
Customer deposits payable	9,866	--	--	--	9,866
Compensated absences	--	32,688	742	--	33,430
Capital lease obligations	--	1,636	--	--	1,636
Certificates of participation (COP)	--	26,872	--	--	26,872
Unamortized premium on COP	--	--	--	--	--
Unamortized discount on COP	--	--	--	--	--
Bonds and notes payable	--	11,495	3,235	--	14,730
Liability for self-insurance claims	--	--	19,653	--	19,653
Estimated litigation liability	--	809	--	--	809
Net pension liability	--	845,335	12,765	--	858,100
Net OPEB liability	--	117,082	2,130	--	119,212
Total liabilities	<u>97,893</u>	<u>1,036,109</u>	<u>39,914</u>	<u>(3,170)</u>	<u>1,170,746</u>
<b>Deferred inflows of resources</b>					
Deferred unavailable revenues	788	(788)	--	--	--
Deferred service concession arrangements	--	35,183	--	--	35,183
Deferred housing loan payments	47,108	(43,690)	--	--	3,418
Deferred pensions	--	57,071	861	--	57,932
Total deferred inflows of resources	<u>47,896</u>	<u>47,776</u>	<u>861</u>	<u>--</u>	<u>96,533</u>
<b>Fund balances/net position:</b>					
Total fund balances/net position	<u>336,627</u>	<u>7,134</u>	<u>56,357</u>	<u>526</u>	<u>400,644</u>
<b>Total liabilities, deferred inflows of resources, &amp; fund balances/net position</b>	<u>\$ 482,416</u>	<u>\$ 1,091,019</u>	<u>\$ 97,132</u>	<u>\$ (2,644)</u>	<u>\$ 1,667,923</u>

(1) Note receivable for governmental activities from the RDA Successor Agency		
Private-Purpose Trust Fund.	\$	11,825
Other receivables		1,862
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 6).		735,737
Deferred outflows of resources reported in the Statement of Net Position (Note 8).		341,595
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Balance Sheet (Note 10):		
Other payables and long-term obligations	\$	-
Compensated absences (excluding Internal Service Funds)		(32,688)
Capital lease obligations (excluding Internal Service Funds)		(1,636)
Certificates of participation		(26,872)
Bonds and notes payable (excluding Internal Service Funds)		(11,495)
Estimated liability for litigation		(809)
Net pension liability (excluding Internal Service Funds)		(845,335)
Net OPEB liability (excluding Internal Service Funds)		<u>(117,082)</u>
Total long-term liabilities		(1,035,917)
Accrued interest on long-term debt		(192)
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 17).		47,896
Deferred inflows of resources (excluding Internal Service Funds) reported in the Statement of Net Position (Note 17).		(95,672)
		<u>\$ 7,134</u>
(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 Position.		<u>\$ 56,357</u>
(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. Also included are immaterial rounding adjustments.		<u>\$ 526</u>

### 3. 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, of the County's total bank balance, \$250 is insured by the Federal Depository Insurance Corporation. The remaining \$88,149 on deposit is collateralized with securities held by the pledging financial institution's agent. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral.

At June 30, 2018, the carrying amount of the Pool's deposits was \$95,191 and the corresponding bank balance was \$88,399. The difference of \$6,792 was principally due to deposits in transit.



## 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 Statement 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 Treasurer's 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, 2018, 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 7 member Board of Trustees, respectively.

The California State Treasurer's Office operates the LAIF. The LAIF is available for investment of funds administered by California local governments and special districts and is not registered with the SEC as an investment company. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. The Local Investment Advisory Board (LIAB) provides oversight for LAIF.

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

The LAIF and CAMP operate and report to participants on an amortized cost basis. For both the LAIF and CAMP, the income, gains, and losses, net of administration fees, are allocated based upon the participant's average daily balance. Deposits in the LAIF and CAMP are not insured or otherwise guaranteed by the State of California, and participants share proportionally in any realized gains or losses on investments. The fair value of the LAIF and CAMP investment pools are approximately equal to the value of the pool shares.

## 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 Treasurer's 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, 2018:

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	<u>% of Portfolio</u>
Treasurer's Pooled Investments:				
CAMP	NR*	AAAm	NR*	5.81%
LAIF	NR*	NR*	NR*	4.72%
Government Agency Bonds and Notes	Aaa	AA+	AAA	46.42%
Government Agency Bonds and Notes	Aaa	AA+	NR*	20.09%
US Treasuries	Aaa	AA+	AAA	22.96%
Total Treasurer's Pooled Investments				<u>100.00%</u>

\* Not Rated

Instruments in any one issuer that represent 5% or more of the County's investments as of June 30, 2018 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

<u>Issuer</u>	<u>Issuer Type</u>	<u>Fair Value Holdings</u>	<u>Percentage Holdings</u>
Treasurer's Pooled Investments:			
Federal Home Loan Mortgage Corporation	Government Sponsored	\$ 257,203	18.67%
Federal Home Loan Bank	Government Sponsored	276,772	20.09%
Federal Farm Credit Bank	Government Sponsored	237,851	17.26%
Federal National Mortgage Association	Government Sponsored	144,616	10.50%

### 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 Treasurer's 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. At June 30, 2018, the weighted average days-to-maturity for the Pool was 448 days.

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, 2018, \$50,255 or 4.08% of the Treasurer's Pooled Investments 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.

The net realized earnings on investments are apportioned to Pool participants quarterly based upon each participant’s average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participants based upon the participant’s ending cash balance.

Investment income consisted of the following for the year ended June 30, 2018:

Investment earnings	\$ 19,281
Net increase in fair value of investments	(9,344)
Administrative expenses	<u>(2,084)</u>
Net investment income	<u><u>\$ 7,853</u></u>

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.

The following is a summary of investments held by the County as of June 30, 2018:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer’s pooled investments:					
CAMP	\$ 80,000	\$ 80,000	1.95%	On Demand	On Demand
LAIF	65,000	65,000	1.75%	On Demand	On Demand
US Treasury Bills*	94,213	94,762	Discount	2/18	49
US Treasury Notes	222,831	221,535	.75%-2.00%	7/18-7/21	466
Government Agency Bonds	217,340	215,310	.75%-2.70%	7/18-9/21	466
Government Agency Discount Notes*	146,597	147,338	Discount	7/18-6/19	176
Government Agency Bonds - Callable	<u>561,857</u>	<u>553,794</u>	.75%-2.30%	7/18-2/23	764
Total pooled and directed investments	<u><u>\$ 1,387,838</u></u>	1,377,739			
Investments held with fiscal agents:		5,731			
Cash in banks:					
Non-interest bearing deposits		95,293			
Cash on hand:		<u>59</u>			
Total cash and investments		<u><u>\$ 1,478,822</u></u>			
Total unrestricted cash and investments		\$ 1,434,635			
Total restricted cash and investments (Note 4)		<u>44,187</u>			
Total cash and investments		<u><u>\$ 1,478,822</u></u>			
Total cash and investments summary:					
Total governmental activities		\$ 375,919			
Total business-type activities		75,767			
Total discrete component unit activities		4,419			
Total fiduciary funds		<u>1,022,717</u>			
Total cash and investments		<u><u>\$ 1,478,822</u></u>			

\* US Treasury Bills and Government Agency Discount Notes are purchased at a discount. The difference between maturity value and principal is apportioned to the investment pool as earnings.

The following is reconciliation between cash and investments and the Net Position of the Treasurer’s investment pool as of June 30, 2018:

Total cash and investments	\$ 1,478,822
Less: investments held with fiscal agents	(5,731)
Less: cash on hand	(59)
Less: purchase interest	(102)
Add: cash and investment interest receivable	4,838
	<u>\$ 1,477,768</u>

The following represents a condensed Statement of Net Position and Changes in Net Position for the Treasurer’s investment pool as of June 30, 2018:

Statement of Net Position	
Net position held in trust	<u>\$ 1,477,768</u>
Equity of internal pool	\$ 539,830
Equity of external pool participants (voluntary and involuntary)	937,938
Total equity	<u>\$ 1,477,768</u>
Statement of Changes in Net Position	
Net position held for pool participants, July 1, 2017	\$ 1,409,567
Net change in investments by pool	68,201
Net position held for pool participants, June 30, 2018	<u>\$ 1,477,768</u>

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.

### Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The Pool has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities			
US Treasuries	\$ 316,297	\$ --	\$ --
Government agency bonds	215,310	215,310	--
Government agency discount notes	147,338	147,338	--
Government agency bonds - callable	553,794	553,794	--
Total investments measured at fair value	<u>1,232,739</u>	<u>\$ 916,442</u>	<u>\$ --</u>
Investments measured at amortized cost			
CAMP	80,000		
LAIF	65,000		
Total pooled and directed investments	<u>\$ 1,377,739</u>		

## 4. Restricted Cash and Investments

Cash and investments at June 30, 2018 that are restricted by legal or contractual requirements are comprised of the following:

### Governmental Activities

General Fund		
Deposits by various developers	\$ 9,437	
Property tax loss reserve	8,655	
Court ordered restitution funds	265	
Funds for disaster recovery	<u>32</u>	
Total General Fund		\$ 18,389
Major Governmental Funds		
Energy efficiency loan loss reserve	<u>1,991</u>	
Total major governmental funds		1,991
Nonmajor Governmental Funds		
Debt service reserves	<u>1,174</u>	
Total nonmajor governmental funds		1,174
Internal Service Funds		
Funds for underground tank clean-up	<u>10</u>	
Total internal service funds		<u>10</u>
Total governmental activities		<u>21,564</u>

### Business-type Activities

Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 16)	18,327	
Financial assurance for landfill corrective action (see Note 16)	2,027	
Debt service reserves	777	
Financial assurance for UCSB Hazardous Household Waste Center corrective action	<u>56</u>	
Total Resource Recovery Fund		<u>21,187</u>
Total restricted cash and investments*		<u>\$ 42,751</u>

\*Governmental and Business-type Activities do not include \$1,436 of Fiduciary Private-Purpose Trust Fund restricted cash and investments.

## 5. 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:

### *Note Receivable*

The County has recorded a note receivable for governmental activities from the RDA Successor Agency Private-purpose Trust Fund. The total balance of the note receivable at June 30, 2018 is \$11,825 and the amount not expected to be collected within the next fiscal year is \$10,960.

### *Housing Loans Receivable and Housing Loans Interest Receivable*

A total of \$38,495 was recorded as housing loans receivable and a total of \$8,613 was recorded as housing loans interest receivable at June 30, 2018. These represent low or no interest mortgage notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects, as well as homebuyer assistance for low income families, as part of the County’s affordable housing program. Loan terms range from 15 to 55 years with interest rates from 0% to 6%. Loans, with a total principal balance of \$3,036, contain a forgiveness clause and more than likely will not be repaid back to the County. The County’s primary sources of funding for these loans come from grants from the federal HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) programs. The HOME and CDBG grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements. Due to the terms of the loans, offsetting deferred inflows of resources of \$47,108 have been established in the Governmental Funds Balance Sheet for the housing loan principal and interest payments. Additionally, offsetting deferred inflows of resources of \$3,418 have been established in the Statement of Net Position for the principal and interest balance of loans with a forgiveness clause.

### *Other Receivables*

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

- \$4,980 for impounded disputed property taxes; and
- \$200 deposit with the County’s workers’ compensation claims administrator.

The business-type activities financial statements include an amount of \$951 in other receivables for other operating revenues earned in the current period that are not expected to be received within the next fiscal year.

## 6. Capital Assets

Capital asset activity for the year ended June 30, 2018 includes the following adjusted amounts:

	Balance July 1, 2017 *Restated	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2018
<b>Governmental activities:</b>					
Capital assets, non-depreciable:					
Land	\$ 55,473	\$ --	\$ --	\$ --	\$ 55,473
Land easements	53,133	--	--	--	53,133
Service concession arrangements	40,482	374	--	--	40,856
Work in progress	76,540	53,964	(21,808)	--	108,696
Total capital assets, non-depreciable	225,628	54,338	(21,808)	--	258,158
Capital assets, depreciable/amortizable:					
Land improvements	29,524	--	--	--	29,524
Structures and improvements	271,368	1,852	--	--	273,220
Equipment and software	146,556	16,393	(7,336)	--	155,613
Infrastructure	388,377	12,063	--	--	400,440
Total capital assets, depreciable/amortizable	835,825	30,308	(7,336)	--	858,797
Less accumulated depreciation/amortization for:					
Land improvements	(8,456)	(755)	--	--	(9,211)
Structures and improvements	(116,252)	(5,930)	--	--	(122,182)
Equipment and software	(87,918)	(12,731)	6,624	--	(94,025)
Infrastructure	(117,678)	(5,953)	--	--	(123,631)
Total accumulated depreciation/amortization	(330,304)	(25,369)	6,624	--	(349,049)
Total capital assets, depreciable/amortizable, net	505,521	4,939	(712)	--	509,748
Sub-total governmental activities	731,149	59,277	(22,520)	--	767,906
<b>Business-type activities:</b>					
Capital assets, non-depreciable:					
Land	15,654	--	--	--	15,654
Work in progress	4,070	3,543	--	--	7,613
Total capital assets, non-depreciable	19,724	3,543	--	--	23,267
Capital assets, depreciable/amortizable:					
Land improvements	680	--	(197)	--	483
Structures and improvements	10,644	561	(60)	--	11,145
Equipment and software	31,890	1,171	(2,222)	--	30,839
Infrastructure	73,720	474	(80)	--	74,114
Total capital assets, depreciable/amortizable	116,934	2,206	(2,559)	--	116,581
Less accumulated depreciation/amortization for:					
Land improvements	(212)	(11)	--	--	(223)
Structures and improvements	(4,888)	(275)	3	--	(5,160)
Equipment and software	(16,387)	(1,754)	1,743	--	(16,398)
Infrastructure	(24,617)	(1,563)	1	--	(26,179)
Total accumulated depreciation/amortization	(46,104)	(3,603)	1,747	--	(47,960)
Total capital assets, depreciable/amortizable, net	70,830	(1,397)	(812)	--	68,621
Sub-total business-type activities	90,554	2,146	(812)	--	91,888
Total capital assets, net	\$ 821,703	\$ 61,423	\$ (23,332)	\$ --	\$ 859,794
<b>First 5 Santa Barbara County</b>					
<b>Component unit activities:</b>					
Capital assets, depreciable/amortizable:					
Equipment and software	\$ 25	\$ --	\$ --	\$ --	\$ 25
Less accumulated depreciation/amortization	(22)	(3)	--	--	(25)
Total capital assets, net	\$ 3	\$ (3)	\$ --	\$ --	\$ -

\*As restated for Structures and Improvements and Equipment (Note 26).



Capital assets activity for each major enterprise fund for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2018
<b>Resource Recovery:</b>					
Capital assets, non-depreciable:					
Land	\$ 11,965	\$ --	\$ --	\$ --	\$ 11,965
Work in progress	145	3,329	--	--	3,474
Total capital assets, non-depreciable	<u>12,110</u>	<u>3,329</u>	<u>--</u>	<u>--</u>	<u>15,439</u>
Capital assets, depreciable/amortizable:					
Structures and improvements	3,175	303	--	--	3,478
Equipment and software	23,505	529	(1,213)	--	22,821
Infrastructure	46,997	--	--	--	46,997
Total capital assets, depreciable/amortizable	<u>73,677</u>	<u>832</u>	<u>(1,213)</u>	<u>--</u>	<u>73,296</u>
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,926)	(52)	--	--	(1,978)
Equipment and software	(12,187)	(1,370)	940	--	(12,617)
Infrastructure	(14,544)	(974)	--	--	(15,518)
Total accumulated depreciation/amortization	<u>(28,657)</u>	<u>(2,396)</u>	<u>940</u>	<u>--</u>	<u>(30,113)</u>
Total capital assets, depreciable/amortizable, net	<u>45,020</u>	<u>(1,564)</u>	<u>(273)</u>	<u>--</u>	<u>43,183</u>
Sub-total Resource Recovery	<u>57,130</u>	<u>1,765</u>	<u>(273)</u>	<u>--</u>	<u>58,622</u>
<b>Laguna Sanitation:</b>					
Capital assets, non-depreciable:					
Land	3,689	--	--	--	3,689
Work in progress	3,925	214	--	--	4,139
Total capital assets, non-depreciable	<u>7,614</u>	<u>214</u>	<u>--</u>	<u>--</u>	<u>7,828</u>
Capital assets, depreciable/amortizable:					
Land improvements	680	--	(197)	--	483
Structures and improvements	7,469	258	(60)	--	7,667
Equipment and software	8,385	642	(1,009)	--	8,018
Infrastructure	26,723	474	(80)	--	27,117
Total capital assets, depreciable/amortizable	<u>43,257</u>	<u>1,374</u>	<u>(1,346)</u>	<u>--</u>	<u>43,285</u>
Less accumulated depreciation/amortization for:					
Land improvements	(212)	(11)	--	--	(223)
Structures and improvements	(2,962)	(223)	3	--	(3,182)
Equipment and software	(4,200)	(384)	803	--	(3,781)
Infrastructure	(10,073)	(589)	1	--	(10,661)
Total accumulated depreciation/amortization	<u>(17,447)</u>	<u>(1,207)</u>	<u>807</u>	<u>--</u>	<u>(17,847)</u>
Total capital assets, depreciable/amortizable, net	<u>25,810</u>	<u>167</u>	<u>(539)</u>	<u>--</u>	<u>25,438</u>
Sub-total Laguna Sanitation	<u>33,424</u>	<u>381</u>	<u>(539)</u>	<u>--</u>	<u>33,266</u>
Total capital assets, net - business-type activities	<u>\$ 90,554</u>	<u>\$ 2,146</u>	<u>\$ (812)</u>	<u>\$ --</u>	<u>\$ 91,888</u>

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, 2018 was as follows:

	Balance July 1, 2017 *Restated	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2018
<b>Internal Service Funds:</b>					
Capital assets, depreciable/amortizable:					
Structures and improvements	\$ 2,606	\$ --	\$ --	\$ --	\$ 2,606
Equipment and software	65,588	6,153	(2,638)	--	69,103
Total capital assets, depreciable/amortizable	68,194	6,153	(2,638)	--	71,709
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,081)	(66)	--	--	(1,147)
Equipment and software	(34,695)	(5,963)	2,265	--	(38,393)
Total accumulated depreciation/amortization	(35,776)	(6,029)	2,265	--	(39,540)
Total capital assets, net - internal service funds	\$ 32,418	\$ 124	\$ (373)	\$ --	\$ 32,169

\*As restated for Equipment (Note 26).

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

	Depreciation/ Amortization (excluding ISF)	ISF Depreciation/ Amortization Allocation (1)	Total
<b>Governmental activities:</b>			
Policy & executive	\$ 532	\$ 119	\$ 651
Public safety	4,983	2,970	7,953
Health & public assistance	2,514	1,473	3,987
Community resources & public facilities	8,027	1,005	9,032
General government & support services	3,211	462	3,673
General county programs	73	--	73
Sub-total governmental activities	19,340	6,029	25,369
<b>Business-type activities:</b>			
Resource Recovery	2,396	--	2,396
Laguna Sanitation	1,207	--	1,207
Sub-total business-type activities	3,603	--	3,603
Total depreciation expense	\$ 22,943	\$ 6,029	\$ 28,972

- (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.

Work in progress at June 30, 2018 consists of the following projects for the primary government:

**Governmental activities:**

Capital Outlay projects:		
North County jail	\$ 68,979	
Other projects (individually less than \$500)	<u>2,411</u>	\$ 71,390
Flood Control projects:		
Mission Creek Corps project	22,271	
Unit II Channel Improvements	2,700	
Other projects (individually less than \$500)	<u>829</u>	25,800
Roads projects:		
Floridale Avenue bridge	1,710	
Foothill Road Low Water Crossing replacement	1,422	
Fernald Point bridge	922	
Bonita School Road Bridge	902	
Clark Avenue at 101 Interchange	603	
Hollister and State Improvement	588	
E. Mountain Low Water Crossing replacement	564	
Union Valley Parkway Barrier Walls	503	
Other projects (individually less than \$500)	<u>972</u>	8,186
General Fund projects		793
Other Governmental Funds		
Santa Ynez Airport Authority improvement projects		2,336
Other projects (individually less than \$500)		191
Sub-total governmental activities		<u>108,696</u>
<b>Business-type activities:</b>		
Resource Recovery projects		3,474
Laguna Sanitation projects		4,139
Sub-total business-type activities		<u>7,613</u>
Total work in progress		<u>\$ 116,309</u>

## 7. Service Concession Arrangements (SCA)

GASB Statement No. 60 (GASB 60), “Accounting and Financial Reporting for Service Concession Arrangements (SCA)” defines an SCA as a type of public-private or public-public partnership. As used in GASB 60, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met:

- a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to in the statement as a “facility”) in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- b. The operator collects and is compensated by fees from third parties.
- c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.

The County has determined that the following arrangements meet the criteria set forth above (where the County is the transferor) and therefore included these SCAs in the County's financial statements. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as such an operator.

#### ***Boathouse Restaurant***

On February 1, 2008, the County entered into a 10-year agreement (having options for a 10-year extension and a subsequent 5-year extension) with Santa Barbara Shellfish Company Incorporated (SB Shellfish), under which SB Shellfish will operate the Boathouse Restaurant, a walk-up snack bar, and rent beach-related equipment and supplies. On January 1, 2018, the 10-year extension option was exercised and approved. Services are to be provided at reasonable rates. A summary of the important details, capital assets and the present value of installment payments pertaining to this SCA follows.

#### ***Jalama Beach Store***

On January 1, 2008, the County entered into a 10-year agreement (having an option for two 5-year extensions) with Jalama Beach Store Incorporated (Jalama), under which Jalama has the right to the sell food and beverages (including beer and wine), kitchen supplies, camping supplies, housekeeping and other related supplies and conveniences; rent swimming and beach equipment & supplies; operate a restaurant and delicatessen; and rent vacation trailers. On January 1, 2018, the first 5-year extension option was exercised and approved. Services are to be provided at reasonable rates. A summary of the important details, capital assets and the present value of installment payments pertaining to this SCA follows.

#### ***Beachside Restaurant***

On March 25, 1985, the County entered into a 37-year agreement with Richhardy Corporation (Richhardy), under which Richhardy will have exclusive rights to operate and maintain a food and beverage business, fishing tackle and bait shop, and boat rental business. The County has the ability to review the rates Richhardy charges. A summary of the important details, capital assets, and the present value of installment payments pertaining to this SCA follows.

#### ***Cachuma Store and Marina***

On March 6, 2012, the County entered into a 10-year agreement with Pyramid Enterprises, Incorporated (Pyramid), under which Pyramid will operate the Cachuma store and marina and sell gas. Services are to be provided at reasonable rates. The structures and related equipment pertaining to the SCA have been fully depreciated. A summary of the important details of this SCA follows.

#### ***Santa Barbara County Bowl***

On June 1, 2011, the County entered into a 45-year agreement (having an option for a 25-year extension) with the Santa Barbara County Bowl Foundation (Foundation), under which the Foundation will operate the outdoor amphitheater, maximizing access for community programs, stage events, musical performances, and other performing art events. Prices for merchandise, food, and beverages are to be comparable to prices charged at similar establishments; however, the Foundation sets ticket pricing. A portion of each ticket goes to the Santa Barbara Arts Commission with the remaining revenue used to run operations and maintain and improve facilities. A summary of the important details and the capital assets pertaining to this SCA follows.

A summary of the important details for each SCA over the term of their agreements are as follows:

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Minimum Installment Payment (per month)	Revenue Sharing
Boathouse Restaurant	2/1/2008	10 yrs plus 10 yr extension	12/31/2027	\$ 16	10% gross sales; 1.47% on income over \$3.8 million
Jalama Beach Store	1/1/2008	10 yrs plus 5 yr extension	12/31/2022	3	8.5% of gross sales
Beachside Restaurant	3/25/1985	37 years	3/31/2022	2	6% of gross sales
Cachuma Store and Marina	3/6/2012	10 years	3/5/2022	--	10% of marina gross sales; 7% of store gross sales
Santa Barbara County Bowl	6/1/2011	45 years	5/31/2056	--	\$0.50 per ticket sold up to \$50,000 per concert season
				<u>\$ 21</u>	

Capital assets balances for each SCA for the year ended June 30, 2018 and over the term of the agreement are as follows:

	Balance July 1, 2017	Additions/ Restatements	Balance June 30, 2018
<b>Structures &amp; Structure Improvements</b>			
Santa Barbara County Bowl	\$ 36,973	\$ 374	\$ 37,347
Boathouse Restaurant	1,698	--	1,698
Beachside Restaurant	568	--	568
Jalama Beach Store	55	--	55
Sub-total Structures & Structure Improvements	<u>39,294</u>	<u>374</u>	<u>39,668</u>
<b>Land</b>			
Santa Barbara County Bowl	1,188	--	1,188
Sub-total Land Improvements	<u>1,188</u>	<u>--</u>	<u>1,188</u>
Total SCA Capital Asset Balance	<u>\$ 40,482</u>	<u>\$ 374</u>	<u>\$ 40,856</u>

The deferred inflows of resources activity for each SCA for year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions/ Restatements	Deletions/ Amortization (1)	Balance June 30, 2018
<b>SCA Capital Assets (1):</b>				
Santa Barbara County Bowl	\$ 33,482	\$ 374	\$ (872)	32,984
Boathouse Restaurant	130	--	(13)	117
Beachside Restaurant	273	--	(59)	214
Jalama Beach Store	4	--	(1)	3
Sub-total SCA capital assets	<u>33,889</u>	<u>374</u>	<u>(945)</u>	<u>33,318</u>
<b>Present Value of Installment Payments (2):</b>				
Boathouse Restaurant	92	1,730	(178)	1,644
Beachside Restaurant	83	--	(17)	66
Jalama Beach Store	17	172	(34)	155
Sub-total present value of installment payments	<u>192</u>	<u>1,902</u>	<u>(229)</u>	<u>1,865</u>
Total deferred inflows	<u>\$ 34,081</u>	<u>\$ 2,276</u>	<u>\$ (1,174)</u>	<u>\$ 35,183</u>

- (1) Amortization is calculated using straight-line method for the term of agreement for each SCA.
- (2) Installment payments present value is calculated using a discount rate of 2.1% for the term of agreement for each SCA.

## 8. Deferred Outflows of Resources

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the County recognized deferred outflows of resources in the Governmentwide, proprietary funds and governmental funds statements. These items are a consumption of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The County, including its discretely presented component unit, has three items that are reportable on the Governmentwide Statement of Net Position. Two of these items relate to outflows from changes in the net pension liability (Note 22) and net OPEB liability (Note 23). The third item relates to Social Services benefit payments that have met all requirements other than timing. The advanced funding related to the benefit payments are reported as Advances from Grantors and Third Parties (Note 9); any early issuance of benefit payments are reported as a deferred outflow of resources. In addition, deferred outflows of resources that are reported in the proprietary funds are included in the Governmentwide Statement of Net Position.

The County has one item that is reportable on the Governmental Funds Balance Sheet from Social Services benefit payments. These benefit payments are reported as deferred outflows of resources under the modified accrual basis of accounting that have met all eligibility requirements other than timing.

Deferred outflows of resources balances for the year ended June 30, 2018 were as follows:

Governmentwide Deferred Outflows of Resources	
Governmental Activities	
Social Services	\$ 584
Pensions	334,339
OPEB	12,453
Total Governmental Activities	<u>347,376</u>
Business-type Activities	
Pensions	6,126
OPEB	280
Total Business-type Activities	<u>6,406</u>
Total Governmentwide Deferred Outflows of Resources	<u><u>\$ 353,782</u></u>
Governmental Funds Deferred Outflows of Resources	
Social Services Fund	
Social Services	584
Total Governmental Fund Deferred Outflows of Resources	<u><u>\$ 584</u></u>
Component Unit Activities	
Pensions	824
OPEB	40
Total Component Unit Activities	<u><u>\$ 864</u></u>

## 9. Advances from Grantors and Third Parties

Under both the accrual and modified accrual bases of accounting, revenue may be recognized only when earned. The governmentwide Statement of Net Position as well as governmental and enterprise funds therefore defer revenue recognition in connection with resources that have been received as of year-end, but have not yet been earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

At June 30, 2018, the various components of advances from grantors and third parties reported are as follows:

	<u>Advances</u>
General Fund:	
Camping and day use fees	<u>\$ 1,261</u>
Roads Fund:	
Farmworker fare revenue	5,081
Advances from California Department of Transportation for road projects	<u>1,136</u>
Total Roads Fund	<u>6,217</u>
Social Services Fund:	
Grant drawdowns prior to meeting eligibility requirements	<u>9,428</u>
Behavioral Wellness Fund:	
Early, periodic, screening, diagnosis, and treatment	134
Mental Health Services Act capital/information technology	<u>93</u>
Total Behavioral Wellness Fund	<u>227</u>
Affordable Housing Fund:	
Advances on state & federal grants for Affordable Housing	<u>2,485</u>
Fire Protection District Fund:	
Developer mitigation fees	727
Fire district mitigation fees	<u>633</u>
Total Fire Protection District Fund	<u>1,360</u>
Capital Projects Fund:	
Developer mitigation fees	<u>6,921</u>
Nonmajor Governmental Funds:	
Advances on state & federal grants for Child Support Services	<u>260</u>
Total advances from grantors and third parties	<u><u>\$ 28,159</u></u>



## 10. Long-Term Liabilities

### Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017 *Restated	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 32,853	\$ 31,548	\$ (30,971)	\$ 33,430	\$ 30,386
Capital lease obligations	1,983	--	(347)	1,636	324
Certificates of participation (COP)	27,915	--	(935)	26,980	974
Unamortized premium on COP	5	--	(3)	2	--
Unamortized discount on COP	(122)	--	12	(110)	--
Other long-term liabilities	1,069	738	(569)	1,238	--
Bonds and notes payable	17,745	--	(3,015)	14,730	3,075
Liability for self-insurance claims	19,582	11,632	(11,561)	19,653	5,972
Estimated litigation liability	--	809	--	809	--
Rebatable arbitrage earnings	--	--	--	-	--
Net pension liability	764,194	93,906	--	858,100	--
Net OPEB liability	121,221	--	(2,009)	119,212	--
Sub-total governmental activities	<u>986,445</u>	<u>138,633</u>	<u>(49,398)</u>	<u>1,075,680</u>	<u>40,731</u>
<b>Business-type activities:</b>					
Compensated absences	701	689	(711)	679	679
Certificates of participation	4,528	--	(775)	3,753	806
Unamortized premium on COP	26	--	(13)	13	--
Bonds and notes payable	5,930	--	(791)	5,139	804
Landfill closure/postclosure care costs	29,245	3,143	(2,125)	30,263	1,018
Net pension liability	13,694	2,028	--	15,722	--
Net OPEB liability	2,727	--	(49)	2,678	--
Sub-total business-type activities	<u>56,851</u>	<u>5,860</u>	<u>(4,464)</u>	<u>58,247</u>	<u>3,307</u>
Total long-term liabilities	<u>\$ 1,043,296</u>	<u>\$ 144,493</u>	<u>\$ (53,862)</u>	<u>\$ 1,133,927</u>	<u>\$ 44,038</u>
<b>First 5 Santa Barbara County</b>					
<b>Component unit activities:</b>					
Compensated absences	\$ 94	\$ 92	\$ (100)	\$ 86	\$ 86
Net pension liability	2,146	-	(31)	2,115	--
Net OPEB liability	393	-	(7)	386	--
Total long-term liabilities	<u>\$ 2,633</u>	<u>\$ 92</u>	<u>\$ (138)</u>	<u>\$ 2,587</u>	<u>\$ 86</u>

\*The Net OPEB liability is a new long-term liability in FY 17-18 which replaced the OPEB obligation reported at June 30, 2017 as a result of the implementation of GASB Statement No. 75. The prior year balance is the result of a prior period adjustment (Note 26).

The long-term liability activity for each major enterprise fund for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017 *Restated	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Resource Recovery:</b>					
Certificates of participation	\$ 4,528	\$ --	\$ (775)	\$ 3,753	\$ 806
Unamortized premium on COP	26	--	(13)	13	--
Compensated absences	573	546	(561)	558	558
Landfill closure/postclosure care costs	29,245	3,143	(2,125)	30,263	1,018
Net pension liability	10,993	1,555	--	12,548	--
Net OPEB liability	2,228	--	(43)	2,185	--
Sub-total Resource Recovery	<u>47,593</u>	<u>5,244</u>	<u>(3,517)</u>	<u>49,320</u>	<u>2,382</u>
<b>Laguna Sanitation:</b>					
Bonds and notes payable	5,930	--	(791)	5,139	804
Compensated absences	128	143	(150)	121	121
Net pension liability	2,701	473	--	3,174	--
Net OPEB liability	499	--	(6)	493	--
Sub-total Laguna Sanitation	<u>9,258</u>	<u>616</u>	<u>(947)</u>	<u>8,927</u>	<u>925</u>
Total long-term liabilities - business-type activities	<u>\$ 56,851</u>	<u>\$ 5,860</u>	<u>\$ (4,464)</u>	<u>\$ 58,247</u>	<u>\$ 3,307</u>

\*The Net OPEB liability is a new long-term liability in FY 17-18 which replaced the OPEB obligation reported at June 30, 2017 as a result of the implementation of GASB Statement No. 75. The prior year balance is the result of a prior period adjustment (Note 26).

In governmental activities, the liability for the majority of employee compensated absences, litigation, net OPEB, and net pension are liquidated by the General Fund. The self-insurance claims liability is reported in the risk management and insurance internal service fund and will be liquidated by that 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, 2018 was as follows:

	Balance July 1, 2017 *Restated	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Internal Service Funds:</b>					
Compensated absences	\$ 749	\$ 589	\$ (596)	\$ 742	\$ 596
Bonds and notes payable	3,580	--	(345)	3,235	345
Liability for self-insurance claims	19,582	11,632	(11,561)	19,653	5,972
Net pension liability	11,506	1,259	--	12,765	--
Net OPEB liability	2,156	--	(26)	2,130	--
Total long-term liabilities - Internal Service Funds	<u>\$ 37,573</u>	<u>\$ 13,480</u>	<u>\$ (12,528)</u>	<u>\$ 38,525</u>	<u>\$ 6,913</u>

\*The Net OPEB liability is a new long-term liability in FY 17-18 which replaced the OPEB obligation reported at June 30, 2017 as a result of the implementation of GASB Statement No. 75. The prior year balance is the result of a prior period adjustment (Note 26).

**Rebateable 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, 2018.

**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, 2018, the conduit debt principal amount outstanding was \$8,788.

**11. Leases**

**Operating Leases as Lessee**

The following is a schedule of future minimum rental payments required under operating leases entered into by the Primary Government, and its discretely presented component unit, that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 282
2020	217
2021	115
Total minimum rental payments	<u>\$ 614</u>

The values in the table above reflect rent in the current year. There are 3 leases included in these amounts with scheduled annual rent increases. One lease is subject to cost of living adjustments (COLA) on January 1<sup>st</sup> of each year for the term of the lease. COLA adjustments for this lease will utilize the November Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers for Los Angeles-Riverside-Orange Counties. Two leases have future rental increases of 3% and 2%, on September 1<sup>st</sup> and July 1<sup>st</sup>, respectively, for the term of the lease.

Total rental expenditure/expense for the year ended June 30, 2018 was \$3,392, of which \$294 was recorded in the General Fund.

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, 2018, the building had a carrying amount of \$4,441, net of accumulated depreciation of \$1,727.

The County as lessor also leases sections of the Public Health building to the Veterans Affairs (VA) Clinic under an operating lease with a term of October 2007 through September 2018. The original cost of the VA Clinic was \$891. As of June 30, 2018, the building had a carrying amount of \$280, net of accumulated depreciation of \$611.

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, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 699
2020	636
2021	586
2022	586
2023	477
2024-2028	1,561
2029-2033	1,508
Total minimum rentals to be received	<u>\$ 6,053</u>

As of the year ended June 30, 2018, total rental income was \$830 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, 2018:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 324	\$ 84
2020	238	66
2021	143	56
2022	150	49
2023	158	40
2024-2028	623	70
Total present value of minimum lease payments	<u>\$ 1,636</u>	<u>\$ 365</u>

The following is a schedule of capital assets acquired through capital leases as of June 30, 2018:

	Governmental Activities
Land	\$ 1,283
Structures and improvements	3,611
Equipment	10
Total capital assets, gross	4,904
Less: accumulated amortization	(1,148)
Total capital assets, net, acquired through capital leases	<u>\$ 3,756</u>

The current year’s amortization related to capital assets under capital leases for governmental activities was \$121 and is included in the Governmental activities depreciation/amortization of \$25,369.

## 12. 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 (ARRA). Pursuant to the ARRA, 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 \$392 during the year ended June 30, 2018.

A summary of COP principal outstanding as of June 30, 2018 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2018
<b>Governmental activities:</b>					
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	\$ 17,000	\$ 11,825
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	884	220
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	14,935
Sub-total governmental activities				<u>32,819</u>	<u>26,980</u>
<b>Business-type activities:</b>					
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,600	3,045
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	2,821	708
Sub-total business-type activities				<u>9,421</u>	<u>3,753</u>
Total COP principal outstanding				<u>\$ 42,240</u>	<u>\$ 30,733</u>

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2018:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 974	\$ 1,454	\$ 806	\$ 145
2020	1,008	1,414	837	110
2021	1,430	1,358	495	81
2022	1,485	1,286	515	60
2023	1,545	1,209	540	37
2024-2028	8,763	4,757	560	13
2029-2033	4,815	2,766	--	--
2034-2038	4,125	1,548	--	--
2039-2043	2,835	270	--	--
Sub-total	<u>26,980</u>	<u>16,062</u>	<u>3,753</u>	<u>446</u>
Unamortized premium	2	--	13	--
Unamortized discount	(110)	--	--	--
Total COP debt, net	<u>\$ 26,872</u>	<u>\$ 16,062</u>	<u>\$ 3,766</u>	<u>\$ 446</u>

### 13. Bonds and Notes Payable

#### Governmental Activities (Excluding Internal Service Funds)

##### 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.

On December 17, 2014 the County issued \$9,925 of private placement bonds at an interest rate of 2.33% and used the proceeds to refund the County's 2005 COP debt.

The bonds payable outstanding at June 30, 2018 is \$11,495. The following is the repayment schedule as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,730	\$ 237	\$ 2,967
2020	2,790	177	2,967
2021	2,845	115	2,960
2022	1,020	73	1,093
2023	1,040	49	1,089
2024-2028	1,070	25	1,095
Total bonds payable	<u>\$ 11,495</u>	<u>\$ 676</u>	<u>\$ 12,171</u>

**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, 2018 is \$3,235. The following is the repayment schedule as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 345	\$ 125	\$ 470
2020	350	111	461
2021	355	96	451
2022	355	82	437
2023	360	67	427
2024-2028	1,470	120	1,590
Total bonds payable	<u>\$ 3,235</u>	<u>\$ 601</u>	<u>\$ 3,836</u>

**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 1<sup>st</sup> 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, 2018 is \$2,773. The following is the repayment schedule as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 529	\$ 67	\$ 596
2020	541	54	595
2021	554	41	595
2022	568	28	596
2023	581	14	595
Total note payable	<u>\$ 2,773</u>	<u>\$ 204</u>	<u>\$ 2,977</u>

**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 Laguna Sanitation \$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, 2018 is \$2,366. The following is the repayment schedule as of June 30, 2018:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 275	\$ 121	\$ 396
2020	280	106	386
2021	285	91	376
2022	295	76	371
2023	300	61	361
2024-2028	931	86	1,017
Total bonds payable	<u>\$ 2,366</u>	<u>\$ 541</u>	<u>\$ 2,907</u>

**14. 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 include 95% 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, 2018, was \$18,579. 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.

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:

<u>Type of Coverage</u>	<u>Self-Insurance Limit</u>	<u>Authority Limit</u>
General Liability	\$ 500	\$ 35,000
Medical Malpractice**	\$ --	\$ 25,000
Workers’ Compensation*	\$ --	Statutory

\*Effective July 1, 2010, the County obtained first dollar Workers’ Compensation coverage through the Authority’s Primary Workers’ Compensation program. Claims for injuries prior to that date are covered under the Authority’s Excess Insurance program.

\*\*Effective October 1, 2014, the County obtained first dollar Medical Malpractice coverage through the Authority’s Primary Medical Malpractice program. Claims for injuries prior to that date are covered under the Authority’s 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 \$600,000 for All Risk coverage, and up to \$540,000 for Flood and Earthquake coverages. 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.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

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 1%. 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:

	<u>Fiscal Year Ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Unpaid claims, beginning of year	\$ 21,352	\$ 19,582
Incurred claims	9,386	11,632
Claim payments	(11,156)	(11,561)
Unpaid claims, end of year	<u>\$ 19,582</u>	<u>\$ 19,653</u>

## 15. Commitments and Contingencies

### Litigation

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$809, representing County Counsel's best estimate of the ultimate loss, has been accrued in the governmentwide Statement of Net Position. The timing of the payment of these losses cannot presently be determined.

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 \$1,599. 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.

### 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 U.S. Office of Management and Budget Uniform Guidance 2 CFR Part 200, 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, with the exception of the Behavioral Wellness Fund.

### Behavioral Wellness Fund

Counties provide mental health services to Medi-Cal beneficiaries through a publicly or privately operated mental health managed care plan contracted with the State Department of Health Care Services (DHCS) and share in the financial risk. Each California County operates its own mental health plan for Medi-Cal beneficiaries. The County, through the mental health plan, provides mental health services to adults and children directly and through Community Based Organizations (CBO).

Mental Health Medi-Cal claiming is a reimbursement system in which counties are provided an interim cash flow of State and Federal funding pending a three step process of reimbursement that includes filing a cost report, settlement of valid units of service and a cost report audit. Funding is made available through the Federal Medicaid entitlement program and California provides matching State and County funds. Claims are reimbursed based upon the appropriate Federal Medical Assistance Percentage (FMAP). This percentage represents the percentage of a claim for which the Federal government will pay Federal Financial Participation (FFP). Any amounts not provided by FFP must be matched by State or County funds. The year-end reporting process is the culmination of the mental health financial and statistical data accumulation for the services provided within the relevant Fiscal Year. The County is required to submit a cost report to DHCS by December 31 for all services provided by County and CBO staff for a fiscal year ending June 30. The cost report serves as a basis for computing the year-end settlement of approved service units and a settlement payment between DHCS and the County and is also the basic standardized record subject to audit. All year-end settlements are considered interim settlements and are subject to audit by DHCS. The audit is required to be completed three years after the year-end cost report is submitted and reconciled. Generally the cycle, from cost report submittal to final settlement, is not complete until five years after the initial cost report is filed by the County.

In past years this cost report settlement and audit process resulted in significant settlements with the State Department of Mental Health and now its successor agency DHCS. The County currently estimates a potential liability exposure of up to \$1.2 million for outstanding issues with the State of California. The settlement and payment of these liabilities could span a five to ten year period. These liabilities have been recorded as other long-term liabilities payable in the Behavioral Wellness Fund.

### Santa Barbara County Redevelopment Successor Agency

In accordance with Assembly Bill (AB) 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. 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 (11 years).

### Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately \$290,385 will be payable upon future performance under these contracts, including \$86,945 in contracts for the Northern Branch Jail.

### Federal and State Disaster Assistance

On January 2, 2018, a presidential major disaster was declared for the areas affected by the Thomas Fire. On January 11, 2018, the declaration was expanded to include areas affected by the Montecito Debris Flows. The declaration made federal disaster assistance available to the State of California to supplement the County's local recovery efforts. During FY 17-18, the County incurred an estimated \$32,200 of emergency response and disaster recovery costs for these events. While a portion of these costs may be eligible for State and Federal assistance, no awards were obligated to the County as of June 30, 2018 or through the date these financial statements were issued. Due to uncertainty in the amount of State and Federal awards that will be realized, no amounts have been recognized as of June 30, 2018.

## 16. Landfill Closure and Postclosure Care

The County owns and operates three landfill sites: Tajiguas, Foxen Canyon, and New Cuyama. Two of the three sites are closed - New Cuyama closed in FY 95-96; Foxen Canyon was converted to a transfer station in FY 03-04 and subsequently closed in FY 08-09.

State and federal laws and regulations require the County to place a final cover on these landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the respective landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each Balance Sheet date.

The \$30,263 reported as landfill closure and postclosure care liability at June 30, 2018, represents the cumulative amount reported to date based on the estimated percentages of used capacity of the landfills as follows:

Landfill	Capacity Used	Remaining Years	Remaining Postclosure Years
Tajiguas	86%	8	Open
Foxen Canyon	95%	closed	21
New Cuyama	100%	closed	11

The County will recognize the remaining estimated cost of closure and postclosure care of \$4,349 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and postclosure care in 2018. The County expects to close the Tajiguas landfill in the year 2026. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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 care. The County is in compliance with these requirements, and, at June 30, 2018, restricted cash and investments of \$20,354 are held for these purposes. These are reported as restricted assets on the Balance Sheet (see Note 4).

Restricted cash for closure, postclosure care, and corrective action financial assurances costs at June 30, 2018 is comprised of the following:

Landfill	Closure Cost	Postclosure Care Cost	Corrective Action Cost	Total Restricted Cash
Tajiguas	\$ 14,623	\$ 3,040	\$ 1,010	\$ 18,673
Foxen Canyon	--	545	298	843
New Cuyama	--	119	719	838
Total	\$ 14,623	\$ 3,704	\$ 2,027	\$ 20,354

Additionally, the County has pledged revenues from future tipping fees generated at the Santa Barbara South Coast Transfer Station to fund a portion of the postclosure maintenance costs. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered through landfill tip fees and/or added program fees to the municipal refuse rates paid by county residents.

## 17. Deferred Inflows of Resources

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the County recognized deferred inflows of resources in the Governmentwide, proprietary funds and governmental funds statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The County, including its discretely presented component unit, has three items that are reportable on the Governmentwide Statement of Net Position: the first item relates to the assets and future installment payments of the Service Concession Arrangements (Note 7), the second item relates to the principal balance of the loans with a forgiveness clause included in the housing loan receivable amount (Note 5), and the last item relates to inflows from changes in the net pension liability (Note 22). Additionally, deferred inflows of resources that are reported in the proprietary funds are included in the Governmentwide Statement of Net Position.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include additional deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period. The County has two items that are reportable on the Governmental Funds Balance Sheet: the first of these items relates to the total housing loan principal and interest receivable amount (Note 5) and the second relates to miscellaneous earned but unavailable revenue due to prior year Medi-Cal Settlement payments (Note 5). Deferred inflows of resources balances for the year ended June 30, 2018 were as follows:

Governmentwide Deferred Inflows of Resources	
Governmental Activities	
Service Concession Arrangements	\$ 35,183
Housing Loan Payments	3,418
Pensions	57,932
Total Governmental Activities	<u>96,533</u>
Business-type Activities	
Pensions	1,061
Total Business-type Activities	<u>1,061</u>
Total Governmentwide Deferred Inflows of Resources	<u>\$ 97,594</u>
Governmental Funds Deferred Inflows of Resources	
Affordable Housing Fund	
Housing Loan Payments	47,108
Deferred miscellaneous unavailable revenue	788
Total Governmental Fund Deferred Inflows of Resources	<u>\$ 47,896</u>
Component Unit Activities	
Pensions	143
Total Component Unit Activities	<u>\$ 143</u>

## 18. 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, 2018 is as follows:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable in form:</b>											
Teeter Tax Losses	\$ 8,655	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1	\$ 8,656
Receivables	3,272	--	--	--	--	155	--	1,479	--	79	4,985
Prepays/Deposits	50	--	--	--	--	--	--	--	--	--	50
Total nonspendable fund balance	11,977	--	--	--	--	155	--	1,479	--	80	13,691
<b>Restricted for:</b>											
Purpose of Fund	1,994	17,795	868	3,430	7,445	51,547	5,848	12,566	--	20,494	121,987
Allocated for Capital Outlay	1	--	--	--	--	12,752	--	11,703	--	726	25,182
Health Care Programs	--	--	17,260	--	--	--	--	--	--	--	17,260
Local Realignment 2011	15,064	--	--	--	566	--	--	--	--	--	15,630
Public Safety Prop 172	3,425	--	--	--	--	--	--	--	--	--	3,425
Probation YOYG	2,667	--	--	--	--	--	--	--	--	--	2,667
Housing Trust Funds	--	--	--	--	--	--	2,167	--	--	--	2,167
MHSA Prudent Reserve	--	--	--	--	2,023	--	--	--	--	--	2,023
Recorder Modernization	1,969	--	--	--	--	--	--	--	--	--	1,969
Sheriff Categorical Grants	1,891	--	--	--	--	--	--	--	--	--	1,891
P&D Offsite Mitigation	1,792	--	--	--	--	--	--	--	--	--	1,792
DMV/Livescan	--	--	--	--	--	--	--	--	1,592	--	1,592
Donations	268	--	--	32	--	--	--	--	--	1,021	1,321
Debt Service	--	--	--	--	--	--	--	--	--	1,200	1,200
PHD Special Projects	287	--	875	--	--	--	--	--	--	--	1,162
Recorder Operations	1,108	--	--	--	--	--	--	--	--	--	1,108
Hollister Ranch Public Access	--	--	--	--	--	--	--	--	--	1,000	1,000
Alcoholism Programs	--	--	--	--	975	--	--	--	--	--	975
Probation LESF/COPS	962	--	--	--	--	--	--	--	--	--	962
GATV Infrastructure	706	--	--	--	--	--	--	--	--	--	706
Measure A Roads Funds	--	696	--	--	--	--	--	--	--	--	696
Maintenance-Casa Nueva Bldg	665	--	--	--	--	--	--	--	--	--	665
Los Prietos Donation	640	--	--	--	--	--	--	--	--	--	640
Public Arts Program	614	--	--	--	--	--	--	--	--	--	614
Forfeiture Penalty	534	--	--	--	--	--	--	--	--	--	534
Assessor AB818	504	--	--	--	--	--	--	--	--	--	504
Survey Monument	389	--	--	--	--	--	--	--	--	--	389
FY 12/13,13/14 Operating Plans	--	--	--	--	67	201	8	--	--	101	377
Gaviota Bikeway	326	--	--	--	--	--	--	--	--	--	326
District Attorney Programs	307	--	--	--	--	--	--	--	--	--	307
Recorder Micrographics	286	--	--	--	--	--	--	--	--	--	286
Recorder Redaction	235	--	--	--	--	--	--	--	--	--	235
Consumer/Environmental	234	--	--	--	--	--	--	--	--	--	234
Dispute Resolution	--	--	--	--	--	--	--	--	--	230	230
CalVet Subvention Program	203	--	--	--	--	--	--	--	--	--	203
Drug Abuse Programs	--	--	--	--	195	--	--	--	--	--	195
DSS Childrens Trust	--	--	--	167	--	--	--	--	--	--	167
Vital Records	156	--	--	--	--	--	--	--	--	--	156
Recorder ERDS	152	--	--	--	--	--	--	--	--	--	152
Weights and Measures	150	--	--	--	--	--	--	--	--	--	150
State Off Hwy Fee	147	--	--	--	--	--	--	--	--	--	147
Probation Programs	145	--	--	--	--	--	--	--	--	--	145
Parks Projects	--	--	--	--	--	--	--	--	24	61	85
Real Estate Fraud	66	--	--	--	--	--	--	--	--	--	66
Animal Control Programs	65	--	--	--	--	--	--	--	--	--	65
DARE	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	10	1	3	15	5	--	--	--	--	1	35
	38,002	18,492	19,006	3,644	11,276	64,500	8,023	24,269	1,616	24,834	213,662

A detailed schedule of fund balances at June 30, 2018 continued:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Committed to:</b>											
Strategic Reserve	23,717	--	--	--	--	--	--	--	--	--	23,717
Purpose of Fund	1,483	--	--	1,784	--	--	--	--	13,814	1,164	18,245
New Jail Operations	13,054	--	--	--	--	--	--	--	--	--	13,054
Health Care Programs	--	--	6,768	--	--	--	--	--	--	--	6,768
Litigation	4,439	--	--	--	--	--	--	--	--	--	4,439
General Services Projects	1,301	--	--	--	--	--	--	--	2,843	--	4,144
Parks Projects	1,353	--	--	--	--	--	--	--	2,193	--	3,546
Emerging Issues	3,276	--	--	--	--	--	--	--	--	--	3,276
Contingencies	2,005	--	--	--	--	--	--	--	--	--	2,005
Program Stabilization	1,875	--	--	--	--	--	--	--	--	--	1,875
Clerk Record Assessor Projects	1,795	--	--	--	--	--	--	--	--	--	1,795
Auditor Systems Maint/Develop	1,765	--	--	--	--	--	--	--	--	--	1,765
County Executive Programs	1,299	--	--	--	--	--	--	--	--	--	1,299
Planning/Development Projects	1,290	--	--	--	--	--	--	--	--	--	1,290
Sheriff Projects	431	--	--	--	--	--	--	--	808	--	1,239
Assr Prop Sys Maint/Develop	1,135	--	--	--	--	--	--	--	--	--	1,135
Mental Health	924	--	--	--	--	--	--	--	--	--	924
Elections Voting Equipment	916	--	--	--	--	--	--	--	--	--	916
P&D Land Use System	905	--	--	--	--	--	--	--	--	--	905
Treas Tax Collector Projects	809	--	--	--	--	--	--	--	--	--	809
Human Resources Programs	774	--	--	--	--	--	--	--	--	--	774
Assessment Appeals Support	715	--	--	--	--	--	--	--	--	--	715
Accumulated Capital Outlay	700	--	--	--	--	--	--	--	--	--	700
Tobacco Settlement	634	--	4	--	--	--	--	--	--	--	638
General County Programs	593	--	--	--	--	--	--	--	--	--	593
Facilities Maintenance	506	--	--	--	--	--	--	--	--	--	506
District Attorney Programs	492	--	--	--	--	--	--	--	--	--	492
North County Jail Contingency	302	--	--	--	--	--	--	--	--	--	302
Housing Programs	282	--	--	--	--	--	--	--	--	--	282
Public Defender Programs	220	--	--	--	--	--	--	--	--	--	220
Rental Maintenance	151	--	--	--	--	--	--	--	--	--	151
Probation Programs	94	--	--	--	--	--	--	--	--	--	94
Building & Safety Permitting	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	22	--	--	--	--	--	--	--	--	--	22
Maintenance Policy 18%	7	--	--	--	--	--	--	--	--	--	7
Ag Commissioner Projects	1	--	--	--	--	--	--	--	--	--	1
	<u>69,305</u>	<u>--</u>	<u>6,772</u>	<u>1,784</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>19,658</u>	<u>1,164</u>	<u>98,683</u>
<b>Unassigned fund balance:</b>	10,591	--	--	--	--	--	--	--	--	--	10,591
Total fund balances	<u>\$ 129,875</u>	<u>\$ 18,492</u>	<u>\$ 25,778</u>	<u>\$ 5,428</u>	<u>\$ 11,276</u>	<u>\$ 64,655</u>	<u>\$ 8,023</u>	<u>\$ 25,748</u>	<u>\$ 21,274</u>	<u>\$ 26,078</u>	<u>\$ 336,627</u>

## 19. Restricted Component of Net Position

The restricted component of net position are 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.

The restricted component of net position at June 30, 2018 for governmental activities is as follows:

Restricted for Policy and Executive:		
County Executive Office	<u>\$ 716</u>	\$ 716
Restricted for Public Safety:		
Fire Protection District	25,748	
Probation	19,487	
Sheriff	7,758	
District Attorney	1,370	
Public Defender	217	
Trial Courts	<u>230</u>	54,810
Restricted for Health & Public Assistance:		
Public Health	21,353	
Behavioral Wellness	11,276	
Social Services	3,750	
Child Support Services	<u>469</u>	36,848
Restricted for Community Resources & Public Facilities:		
Flood Control District	64,654	
Housing	51,713	
Roads	18,492	
Water Agency	8,109	
County Service Areas	3,644	
Other	2,304	
Planning and Development	3,464	
Parks	2,015	
Coastal Resources Enhancement	<u>453</u>	154,848
Restricted for General Government & Support Services:		
Clerk-Recorder-Assessor	4,410	
General Services	834	
Other	<u>203</u>	5,447
Restricted for General County Programs:		
Other	14,623	
Public and Educational Access	2,729	
Criminal Justice and Courthouse Construction	<u>1,021</u>	18,373
Total restricted component of net position - governmental activities	<u><u>\$ 271,042</u></u>	

Included in governmental activities restricted net position at June 30, 2018 is net position restricted by enabling legislation of \$864.



## 20. Interfund Transactions

### Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Court Operations	\$ 671
General Fund	Criminal Justice Construction	569
Court Activities	General Fund	518
Criminal Justice Construction	General Fund	499
General Fund	Behavioral Wellness	425
IHSS Public Authority	General Fund	300
General Fund	IHSS Public Authority	145
General Fund	Social Services	21
Capital Projects	General Fund	12
General Fund	Special Aviation	10
Total due to/from other funds		\$ 3,170

The balances above are due to be paid in the subsequent fiscal year and resulted from when funds overdraw their share of pooled cash; or the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

There were no advances to/from other funds at June 30, 2018.

### 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.

Transfers to/from other funds at June 30, 2018 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 10,434	General Fund Contribution
	Behavioral Wellness Fund	7,767	General Fund Contribution
	Public Health Fund	7,188	General Fund Contribution
	Social Services Fund	6,130	General Fund Contribution
	Roads Fund	4,541	General Fund Contribution
	Nonmajor Governmental Funds	2,634	Debt Service
	Roads Fund	1,750	Capital Projects
	Internal Service Funds	1,298	Other
	Capital Projects Fund	987	Capital Projects
	Capital Projects Fund	917	Other
	Nonmajor Governmental Funds	695	Other
	Affordable Housing Fund	475	Other
	Roads Fund	390	Other
	Fire Protection District Fund	271	General Fund Contribution
	Social Services Fund	263	Other
	Fire Protection District Fund	113	Other
	Capital Projects Fund	47	General Fund Contribution
	Nonmajor Governmental Funds	31	Capital Projects
	Internal Service Funds	30	Vehicles
			<u>45,961</u>
Public Health Fund	General Fund	3,702	Other
	General Fund	684	Debt Services
	Capital Projects Fund	471	Capital Projects
	Behavioral Wellness Fund	313	Other
	General Fund	191	Capital Projects
	Social Services Fund	10	Other
		<u>5,371</u>	
Social Services Fund	General Fund	<u>124</u>	Other
Behavioral Wellness Fund	Nonmajor Governmental Funds	503	Debt Service
	General Fund	173	Other
	Capital Projects Fund	55	Capital Projects
	Capital Projects Fund	51	Other
	Social Services Fund	19	Other
		<u>801</u>	
Affordable Housing Fund	General Fund	365	Other
	General Fund	283	Program Administration
	Roads Fund	227	Capital Projects
	General Fund	4	Capital Projects
		<u>879</u>	

Transfers to/from other funds at June 30, 2018 (continued):

Transfer From	Transfer To	Amount	Purpose
Fire Protection District	General Fund	\$ 1,791	Other
	Internal Service Funds	1,354	Vehicles
	Nonmajor Governmental Funds	241	Debt Service
	Public Health Fund	11	Other
		3,397	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,241	Debt Service
	General Fund	974	Other
	Capital Projects Fund	422	Capital Projects
	Roads Fund	156	Other
	Fire Protection District Fund	124	Other
	Capital Projects Fund	92	Other
	Fire Protection District Fund	42	Program Administration
	Capital Projects Fund	31	Program Administration
	Flood Control Districts Fund	29	Other
	General Fund	20	Program Administration
Flood Control Districts Fund	5	Program Administration	
		3,136	
Enterprise Funds	Capital Projects Fund	36	Capital Projects
Internal Service Funds	General Fund	43	Vehicles
	Nonmajor Governmental Funds	16	Vehicles
		59	
	Total transfers	\$ 59,764	

## 21. Tax Abatements

The County provides property tax abatements through the Agricultural Preserve Program. The program enrolls land in Williamson Act or Farmland Security Zone contracts whereby the land is enforceably restricted to agricultural, open space, or recreational uses in exchange for reduced property tax assessments. Participation in the program is voluntary. The Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones is the set of rules by which the County administers its Agricultural Preserve Program. The Agricultural Preserve Advisory Committee is responsible for administering the County's Agricultural Preserve Program.

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. The minimum contract term is ten years and automatically renews until a nonrenewal or cancellation process is initiated. Under the nonrenewal process, the annual tax assessment increases over a defined period of time until the assessment reflects the market value of the property. Under the cancellation process, a significant onetime cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2018, the Agricultural Preserve Program tax abatements were \$3,830.

## 22. Pensions

### General Information about the Pension Plan

#### ***Plan Descriptions***

The County, including the discretely presented component unit First 5 Children and Families Commission, provides pension benefits to eligible employees through cost sharing multiple-employer defined benefit pension plans (pension plans) administered by the Santa Barbara County Employees' Retirement System (SBCERS). Members of the pension plans 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. SBCERS issues its own Comprehensive Annual Financial Report (CAFR) that may be obtained by writing to SBCERS at 3916 State St. Suite 210, Santa Barbara, CA 93105 or on the SBCERS website at: <http://cosb.countyofsb.org/sbcers>.

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

SBCERS administers six County pension plans. With the passage of the Public Employees Pension Reform Act (PEPRA), the County established a new pension plan, Plan 8, with two rate tiers – one for safety and one for general members. As of January 1, 2013, Plan 8 is the only pension plan available to new employees. PEPRA made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including increasing minimum retirement ages, increasing the percentage required for member contributions, and excluding certain types of compensation as pensionable. PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base. The cumulative effect of these PEPRA changes will ultimately reduce the County's retirement costs.

**Summary of Plans and Eligible Participants**

Open for New Enrollment:

- General Plan 8 (PEPRA)      General members hired on or after January 1, 2013.\*
- Safety Plan 8 (PEPRA)      Safety members hired on or after January 1, 2013.\*

\*Employees who transfer from and are eligible for reciprocity with another public employer will not be PEPRA members if their service in the reciprocal system was under a pre-PEPRA tier.

Closed to New Enrollment:

- General Plan 2      Employees hired on or before June 30, 1999, who elected to join General Plan 2. Once vested, Plan 2 members have a one-time election to defer accrued Plan 2 benefits and enter a contributory plan in effect at the time of election. Contributions are based upon age at time of transfer.
- General Plan 5A      General employees hired before October 10, 1994, who did not elect to join General Plan 2.
- General Plan 5B      Members in certain bargaining units hired on or after October 10, 1994.
- General Plan 5C      Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 5B on March 10, 2008.
- General Plan 7      County General employees hired on or after June 25, 2012 and other new non-PEPRA General hires for employers that have adopted Plan 7.
- Safety Plan 4A      Some safety members hired before October 10, 1994.
- Safety Plan 4B      Employees in certain bargaining units hired on or after October 10, 1994. Some employees are in Safety Plan 4b without regard to hire date.
- Safety Plan 4C      Members in certain bargaining units hired on or after October 10, 1994. All members in certain bargaining units. Members in those bargaining units transferred from Plan 4B on July 3, 2006.
- Safety Plan 6A      Members in certain bargaining units hired prior to October 10, 1994. Members in those bargaining units transferred from Plan 4A on February 25, 2008.
- Safety Plan 6B      Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 4B on February 25, 2008.

**Benefits Provided**

All pension plans provide benefits, in accordance with CERL regulations, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing 5 years (or 10 years for Plan 2) of retirement service credit (5 or 10-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years (or 10 years for Plan 2) of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). General Plan 2 participants receive disability benefits through a long-term

insurance policy. Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans except General Plan 2. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the pension plans.

Detailed information about the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the separately issued SBCERS CAFR.

**Contributions**

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the County’s contractually required contribution rate for the year ended June 30, 2018, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plans from the County were \$122,369 for the year ended June 30, 2018. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

For the measurement date June 30, 2017, employer and employee contribution rates and active members for each plan are as follows:

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Active Members</u>
General Plan 2	22.46%	Non-contributory	8
General Plan 5A	33.32%	2.93 - 6.07%	402
General Plan 5B	33.74%	5.86 - 12.15%	214
General Plan 5C	35.02%	2.84 - 6.05%	1356
General Plan 7	33.39%	2.36 - 5.04%	101
General Plan 8	26.46%	8.25%	995
Safety Plan 4A	55.22%	5.41 - 9.58%	30
Safety Plan 4B	54.35%	10.83 - 19.15%	8
Safety Plan 4C	54.11%	5.23 - 9.45%	317
Safety Plan 6A	62.66%	5.41 - 9.58%	56
Safety Plan 6B	62.01%	5.23 - 9.45%	280
Safety Plan 8	43.01%	14.46%	232

As a result of employee/employer negotiations in FY 2017-18, members of certain plans and bargaining units will pay a portion of the employer contributions beginning in FY 18-19. No net change is expected for combined pension contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the County, including its discretely presented component unit, reported a liability of \$875,937 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, updated to June 30, 2017. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2017, the County’s proportion was 93.1085%, which was an increase of 0.3261% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County, including its discretely presented component unit, recognized pension expense of \$161,502. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2018, the County, including its discretely presented component unit, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 59,136
Changes in assumptions	160,771	--
Net difference between projected and actual earnings on retirement plan investments	55,060	--
Changes in proportion and differences between County contributions and proportionate share of contributions	3,089	--
County contributions subsequent to the measurement date	122,369	--
	<u>\$ 341,289</u>	<u>\$ 59,136</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$122,369 reported as deferred outflows of resources related to pensions resulting from County, and its discretely presented component unit, contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 36,308
2020	66,516
2021	40,186
2022	16,774
	<u>\$ 159,784</u>

**Actuarial Assumptions**

The total pension liability, measured as of June 30, 2017, was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Increases in pay	3.00% wage inflation component plus additional longevity and promotion component based on employee classification and years of service
Investment rate of return	7.0%, net of investment expense
Administrative expenses	Base of \$5.1 million for the FYE 6/30/17 with 3.00% wage inflation increases annually
Basic COLA	The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.
Post-Retirement COLA	Benefits are assumed to increase after retirement at the rate of 2.60% per year for General Plans 5A, 5B, and 5C, and Safety Plans 4A, 4B, 4C, 6, and 8 (PEPRA); 1.9% per year for General Plans 7 and Plan 8 (PEPRA), and 0% per year for General Plan 2.
Post-Retirement mortality	<u>Healthy Lives:</u> Mortality rates for retirees, beneficiaries, terminated vested, and reciprocals are based on the sex distinct 2014 California Public Employees' Retirement System (CalPERS) Healthy Annuitant Mortality Tables adjusted by 0.95 for males and 0.90 for females, with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

Non-duty related mortality rates for active members are based on the sex distinct 2014 CalPERS Pre-retirement Non-Industrial Mortality Table, with no adjustment, with Generational improvement using Projection Scale MP-2016 from a base year of 2009. Safety members are also subject to the CalPERS Pre-retirement Industrial Mortality Table for duty-related deaths, with the same Generational improvements applied.

Disabled Lives:

Mortality for disabled retirees are based on the CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2016 from a base

The actuarial assumptions used in the June 30, 2016, updated to June 30, 2017 valuation, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2016. As a result of the June 30, 2016 actuarial experience study, a decrease in the discount rate, decreases in COLA and wage inflation assumptions, and revised mortality assumptions were utilized in the June 30, 2016 actuarial valuation to more closely reflect actual experience.

The long-term expected rate of return, measured as of June 30, 2017, on pension plan investments (7.0 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad U.S. equity	19%	4.55%
Developed market non-U.S. equity	11%	5.75%
Emerging markets equity	7%	8.25%
Core fixed income	17%	1.00%
Custom non-core fixed income	11%	3.33%
Custom real return	15%	4.44%
Custom real estate	10%	5.02%
Private equity	10%	7.50%
Cash	0%	-0.25%
Total	100%	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund’s fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate:

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
County's proportionate share of the net pension plan liability	\$ 1,376,117	\$ 875,937	\$ 467,993

**Pension fund fiduciary net position**

Detailed information about the pension fund’s fiduciary net position is available in the separately issued SBCERS CAFR.

## 23. Other Postemployment Benefits (OPEB)

### General Information about the OPEB Plan

#### **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 (SBCERS). The OPEB plan is funded by the County and other plan sponsors, and is administered in accordance with §401(h) of the IRC. It was established on September 16, 2008, by the County Board of Supervisors who created a 401(h) Medical Trust. Also in 2008, an application for determination and a voluntary compliance plan was submitted to the Internal Revenue Service (IRS), and in October 2013, the IRS acted favorably on the application. SBCERS and its plan sponsors currently operate under the Voluntary Compliance Plan Statement and regulations adopted in 2013.

Other employer OPEB 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.

On June 26, 2012, the County closed the OPEB plan to new general employees, and on June 20, 2016, the OPEB plan was closed to new County Safety members.

SBCERS issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained by writing to the Santa Barbara County Employees' Retirement System at 3916 State St. Suite 210, Santa Barbara, CA 93105 or on the SBCERS website under the Comprehensive Annual Report Section <http://cosb.countyofsb.org/sbcers>.

#### **Benefits Provided**

The OPEB Plan offers healthcare, vision, and dental benefits to eligible County retirees and their dependents. Benefits are provided by third party providers. The County negotiates healthcare contracts with providers for both its active employees and the participating retired members of SBCERS. 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.

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to receive an explicit subsidy for medical premiums funded by the County and other plan sponsors. The monthly subsidy is \$15 per year of service. If the monthly premium for the health plan selected is less than \$15 times the member's years of service, the subsidy is limited to the entire premium. The health plans include coverage for eligible spouses and dependents. After the member's death, a beneficiary is eligible to continue health plan coverage. The subsidy benefit will be equal to \$15 per year of service times the survivor continuation percentage applicable for pension benefits.

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

Retirees who choose not to participate in the County-sponsored health insurance plan receive a monthly benefit of \$4 per year of service. This benefit, known as a Healthcare Reimbursement Arrangement, reimburses qualified health care expenses through a health savings account.

**Employees Covered By Benefit Terms**

At the OPEB liability measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3,873
Inactive employees entitled to but not yet receiving benefit payments	859
Active employees	2,808
	<u>7,540</u>

**Contributions**

On March 1, 2016, the County adopted a resolution approving an OPEB (401(h) Account) Funding Policy. This policy provides for funding the OPEB plan at 4% of Covered Payroll for the 401(a) Pension Plan (as opposed to the smaller covered payroll of the OPEB plan). This funding policy went into effect on July 1, 2016. Employees are not required to contribute to the plan.

**Net OPEB Liability**

At June 30, 2018, the County, including its discretely presented component unit, reported a net OPEB liability of \$122,276. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, updated to June 30, 2017.

**Actuarial Assumptions**

The total OPEB liability measured as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increase rate	3% plus an additional longevity and promotion increase compounded based on years of service
Investment rate of return	7.00%, net of investment expense
Healthcare cost trend rates	The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount.
Future retiree plan election	55% - monthly subsidy of \$15 per year of service; 45% - \$4 cash benefit option
Mortality rates	<p><u>Healthy Lives:</u> Mortality rates for retirees, beneficiaries, terminated vested, and reciprocals are based on the sex distinct CalPERS Healthy Annuitant Mortality Tables adjusted by 0.95 for males and 0.90 for females, with Generational improvement using Projection Scale MP-2016 from a base year of 2009. Non-duty related mortality rates for active members are based on the sex distinct CalPERS Preretirement Non-Industrial Mortality Table, with no adjustment, with Generational improvement using Projection Scale MP-2016 from a base year of 2009. Safety members are also subject to the CalPERS Preretirement Industrial Mortality Table for duty-related deaths, with the same Generational improvements applied.</p> <p><u>Disabled Lives:</u> Mortality rates for disabled retirees are based on CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2016 from a base year of 2009.</p>

The actuarial assumptions used in the valuation as of June 30, 2016, updated to June 30, 2017, were based on 1) the demographic assumptions determined in the actuarial experience study of July 1, 2013 – June 30, 2016 for the Pension Plan, 2) implementation of the OPEB Funding Policy, and 3) current experience for OPEB Plan election by retirees. As the benefit for the OPEB plan is a fixed payment per year of service that is currently lower than the premiums paid for coverage, and is expected to remain so into the future, no age related costs are required to be developed.

The OPEB assets are invested in the same commingled vehicles as the pension plan, but with a more simple asset allocation. It is expected that as the OPEB assets continue to grow, the asset allocation will shift to be more like that of the pension plan. Therefore, in the long run, we expect the OPEB plan to realize the same long-term rate of return as the pension plan. The long-term expected rate of return, measured as of June 30, 2017, on pension plan investments (7.0 %) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	60%	4.6%
Fixed income	40%	1.0%
Total	100%	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will continue based upon the current OPEB (401(h) Account) Funding Policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2017 for the County’s proportionate share, including its discretely presented component unit.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2017	\$ 131,214	\$ 6,877	\$ 124,337
Changes for the year:			
Service cost	1,856	-	1,856
Interest	8,962	-	8,962
Differences between expected and actual experience	-	-	-
Contributions - employer	-	12,642	(12,642)
Net investment income	-	589	(589)
Benefit payments	(8,342)	(8,342)	-
Administrative expense	-	(352)	352
Net changes	2,476	4,537	(2,061)
Balances at 6/30/2018	\$ 133,690	\$ 11,414	\$ 122,276

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current discount rate:

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Net OPEB liability (asset)	\$ 137,158	\$ 122,276	\$ 109,734

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued SBCERS financial report.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the County, including its discretely presented component unit, recognized OPEB expense of \$10,558. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2018, the County, including its discretely presented component unit, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirement plan investments	22	-
County contributions subsequent to the measurement date	12,751	-
	<u>\$ 12,773</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ 6
2020	6
2021	5
2022	5
	<u>\$ 22</u>

## 24. 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, Empower Retirement, 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:

<u>Fiscal Year Ended</u>	<u>Contributions</u>
6/30/2016	\$ 189
6/30/2017	195
6/30/2018	193

### 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 \$18,000 (in whole dollars) during 2017 (calendar year), and \$18,500 (in whole dollars) during 2018 (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 SBCERS pension plans 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:

<u>Fiscal Year Ended</u>	<u>Contributions</u>
6/30/2016	\$ 176
6/30/2017	165
6/30/2018	156

## 25. Voluntary Termination Benefits

On March 20th, 2018, the Board approved a voluntary early separation incentive program (VESIP) for certain employees. The plan was offered, on a limited basis, from March 21st to April 2nd, to employees in SEIU - Local 620 and Local 721, the Deputy Sheriff’s Association, the Engineers & Technicians Association, and unrepresented management and confidential employees below the department head level who met the following eligibility criteria:

- Full time regular employee
- Hired prior to January 2013
- Not working in a hard to fill position as determined by the Department Head
- Volunteered and signed release
- Agreed to work until May 25, 2018 (unless earlier separation was in the best interest of the County as determined by the Department Head)

The VESIP application was subject to approval from the employee’s Department Head and the County Executive Officer (CEO).

VESIP benefits were lump sum payments that were tiered based upon the years of consecutive service and type of position held with the County. Payments were as follows for non-management positions: \$20 for 5-10 years, \$26 for 11-15 years, and \$33 for service periods greater than 15 years. Management positions received \$39 for 5 or more years of service.

VESIP benefits were fully paid on June 14, 2018 and totaled \$306 for 10 participants.

## 26. Prior Period Adjustments

A prior period adjustment was made to the governmental, business-type, and component unit activities’ beginning net positions to reflect the prior period costs related to the implementation of GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” For governmental activities, an adjustment for \$1,270 was made due to prior year structure improvements that should have been capitalized in the prior year. The adjustment of \$1,240 was made for solar equipment that should have been capitalized in the prior period. For business-type activities, an adjustment for \$2,285 was made to increase net position for other operating revenues that should have been recognized in prior periods.



The restatement of beginning net position of the governmental activities is summarized as follows:

Governmental Activities	
Net position at July 1, 2017, as previously stated	\$ 380,071
Net OPEB liability adjustment	(7,666)
Structures and improvements adjustment	1,270
Equipment adjustment	1,240
Net position at July 1, 2017, as restated	<u><u>\$ 374,915</u></u>

The restatement of beginning net position of the business-type activities is summarized as follows:

Business-Type Activities	
Net position at July 1, 2017, as previously stated	\$ 102,178
Other operating revenues adjustment	2,285
Net OPEB Liability adjustment	(312)
Net position at July 1, 2017, as restated	<u><u>\$ 104,151</u></u>

The restatement of beginning net position of the component unit activities is summarized as follows:

Component Unit Activities	
Net position at July 1, 2017, as previously stated	\$ 3,099
Net OPEB Liability adjustment	18
Net position at July 1, 2017, as restated	<u><u>\$ 3,117</u></u>

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# Required Supplementary Information

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**Santa Barbara County Employees' Retirement System - Schedule of the County's Proportionate Share of the Net Pension Liability**

Last 10 Fiscal Years\*

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
County's proportion of the net pension liability (asset)	93.1085%	92.7824%	92.8017%	92.6470%	92.3325%
County's proportionate share of the net pension liability (asset)	\$ 875,937	\$ 780,034	\$ 675,252	\$ 565,460	\$ 721,772
County's covered-employee payroll	\$ 316,948	\$ 304,480	\$ 295,365	\$ 283,430	\$ 277,298
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.40%	256.20%	228.60%	199.50%	260.30%
Plan fiduciary net position as a percentage of the total pension liability	74.90%	75.20%	77.70%	80.46%	73.66%
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

**Santa Barbara County Employees' Retirement System - Schedule of the County's Contributions**

Last 10 Fiscal Years\*

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Actuarially determined contribution	\$ 113,544	\$ 113,889	\$ 114,714	\$ 110,461
Contributions in relation to the actuarially determined contribution	113,544	114,197	114,946	110,756
Contribution deficiency (excess)	\$ -	\$ (308)	\$ (232)	\$ (295)
County's covered-employee payroll	\$ 316,948	\$ 304,480	\$ 295,365	\$ 283,430
Contributions as a percentage of covered-employee payroll	35.82%	37.51%	38.92%	39.08%
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

The information presented above relates solely to the County and not Santa Barbara County Employees' Retirement System as a whole.

The Notes to Required Supplementary Information (RSI) are integral to the above schedules.

Other Postemployment Benefits (OPEB) Plan - Schedule of Changes in the County's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years\*

	<u>FY 2018</u>
Total OPEB liability	
Service cost	\$ 1,856
Interest	8,962
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(8,342)</u>
Net change in total OPEB liability	2,476
Total OPEB liability - beginning	<u>131,214</u>
Total OPEB liability - ending (a)	<u><u>\$ 133,690</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 12,642
Net investment income	589
Benefit payments	(8,342)
Administrative expense	<u>(352)</u>
Net change in plan fiduciary net position	4,537
Plan fiduciary net position - beginning	<u>6,877</u>
Plan fiduciary net position - ending (b)	<u>\$ 11,414</u>
County's net OPEB liability - ending (a) - (b)	<u><u>\$ 122,276</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.54%
Covered-employee payroll	\$ 316,948
County's net OPEB liability as a percentage of covered-employee payroll	38.58%
Measurement date	6/30/2017

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

The information presented above relates solely to the County and not Santa Barbara County Employees' Retirement System as a whole.

The Notes to RSI are integral to the above schedules.



# **Governmental Funds – General and Major Special Revenue**



COUNTY OF SANTA BARBARA, CALIFORNIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 230,951	\$ 230,951	\$ 231,993	\$ 1,042
Licenses, permits, and franchises	16,125	16,125	16,147	22
Fines, forfeitures, and penalties	4,349	5,010	7,548	2,538
Use of money and property	1,426	1,537	2,317	780
Intergovernmental	80,248	85,956	86,389	433
Charges for services	71,424	72,299	69,241	(3,058)
Other	2,611	4,227	4,112	(115)
Total revenues	<u>407,134</u>	<u>416,105</u>	<u>417,747</u>	<u>1,642</u>
<b>Expenditures</b>				
Current:				
Policy & executive	18,243	22,274	21,242	1,032
Public safety	228,704	236,954	232,611	4,343
Health & public assistance	11,827	12,054	11,682	372
Community resources & public facilities	50,594	51,053	45,089	5,964
General government & support services	58,323	58,740	51,216	7,524
General county programs	1,943	1,935	1,582	353
Debt service:				
Principal	--	--	2	(2)
Total expenditures	<u>369,634</u>	<u>383,010</u>	<u>363,424</u>	<u>19,586</u>
Excess of revenues over expenditures	<u>37,500</u>	<u>33,095</u>	<u>54,323</u>	<u>21,228</u>
<b>Other financing sources (uses)</b>				
Transfers in	7,342	8,825	8,354	(471)
Transfers out	(44,622)	(49,768)	(45,961)	3,807
Proceeds from sale of capital assets	5	80	89	9
Total other financing uses, net	<u>(37,275)</u>	<u>(40,863)</u>	<u>(37,518)</u>	<u>3,345</u>
Net change in fund balances	225	(7,768)	16,805	24,573
Fund balances - beginning	113,070	113,070	113,070	--
Fund balances - ending	<u>\$ 113,295</u>	<u>\$ 105,302</u>	<u>\$ 129,875</u>	<u>\$ 24,573</u>



COUNTY OF SANTA BARBARA, CALIFORNIA  
ROADS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,523	\$ 7,587	\$ 7,849	\$ 262
Licenses, permits, and franchises	335	335	447	112
Use of money and property	117	117	117	--
Intergovernmental	27,552	26,089	16,650	(9,439)
Charges for services	4,914	5,940	4,366	(1,574)
Other	95	217	259	42
Total revenues	<u>40,536</u>	<u>40,285</u>	<u>29,688</u>	<u>(10,597)</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	48,574	51,492	37,241	14,251
Total expenditures	<u>48,574</u>	<u>51,492</u>	<u>37,241</u>	<u>14,251</u>
Deficiency of revenues under expenditures	<u>(8,038)</u>	<u>(11,207)</u>	<u>(7,553)</u>	<u>3,654</u>
<b>Other financing sources (uses)</b>				
Transfers in	7,609	10,411	9,617	(794)
Transfers out	(1,112)	(2,930)	(2,553)	377
Proceeds from sale of capital assets	--	--	81	81
Total other financing sources, net	<u>6,497</u>	<u>7,481</u>	<u>7,145</u>	<u>(336)</u>
Net change in fund balances	(1,541)	(3,726)	(408)	3,318
Fund balances - beginning	18,900	18,900	18,900	--
Fund balances - ending	<u>\$ 17,359</u>	<u>\$ 15,174</u>	<u>\$ 18,492</u>	<u>\$ 3,318</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	\$ 29,688
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>(3,309)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 26,379</u>
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	\$ 37,241
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>(3,309)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,932</u>
Actual amounts (budgetary basis) Total Other Financing Sources, Net	\$ 7,145
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(2,553)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>2,553</u>
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,145</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 PUBLIC HEALTH SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses, permits, and franchises	\$ 57	\$ 57	\$ 56	\$ (1)
Fines, forfeitures, and penalties	530	530	463	(67)
Use of money and property	192	249	158	(91)
Intergovernmental	20,448	21,411	20,276	(1,135)
Charges for services	42,240	42,945	43,660	715
Other	3,735	4,602	4,585	(17)
Total revenues	<u>67,202</u>	<u>69,794</u>	<u>69,198</u>	<u>(596)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>77,023</u>	<u>79,333</u>	<u>76,227</u>	<u>3,106</u>
Total expenditures	<u>77,023</u>	<u>79,333</u>	<u>76,227</u>	<u>3,106</u>
Deficiency of revenues under expenditures	<u>(9,821)</u>	<u>(9,539)</u>	<u>(7,029)</u>	<u>2,510</u>
<b>Other financing sources (uses)</b>				
Transfers in	10,153	10,053	9,361	(692)
Transfers out	(7,929)	(8,745)	(7,533)	1,212
Proceeds from sale of capital assets	--	--	2	2
Total other financing sources, net	<u>2,224</u>	<u>1,308</u>	<u>1,830</u>	<u>522</u>
Net change in fund balances	(7,597)	(8,231)	(5,199)	3,032
Fund balances - beginning	30,977	30,977	30,977	--
Fund balances - ending	<u>\$ 23,380</u>	<u>\$ 22,746</u>	<u>\$ 25,778</u>	<u>\$ 3,032</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	\$ 69,198
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(15)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 69,183</u>
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	\$ 76,227
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(15)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 76,212</u>
Actual amounts (budgetary basis) Total Other Financing Sources, Net	\$ 1,830
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(2,162)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	2,162
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,830</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 SOCIAL SERVICES SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses, permits, and franchises	\$ 66	\$ 66	\$ 80	\$ 14
Fines, forfeitures, and penalties	13	13	11	(2)
Use of money and property	271	272	266	(6)
Intergovernmental	149,101	149,216	143,107	(6,109)
Charges for services	--	--	123	123
Other	478	500	911	411
Total revenues	<u>149,929</u>	<u>150,067</u>	<u>144,498</u>	<u>(5,569)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>160,546</u>	<u>159,736</u>	<u>149,499</u>	<u>10,237</u>
Total expenditures	<u>160,546</u>	<u>159,736</u>	<u>149,499</u>	<u>10,237</u>
Deficiency of revenues under expenditures	<u>(10,617)</u>	<u>(9,669)</u>	<u>(5,001)</u>	<u>4,668</u>
<b>Other financing sources (uses)</b>				
Transfers in	8,482	8,507	6,425	(2,082)
Transfers out	<u>(92)</u>	<u>(143)</u>	<u>(127)</u>	<u>16</u>
Total other financing sources, net	<u>8,390</u>	<u>8,364</u>	<u>6,298</u>	<u>(2,066)</u>
Net change in fund balances	(2,227)	(1,305)	1,297	2,602
Fund balances - beginning	4,131	4,131	4,131	--
Fund balances - ending	<u>\$ 1,904</u>	<u>\$ 2,826</u>	<u>\$ 5,428</u>	<u>\$ 2,602</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Other Financing Sources, Net	\$ 6,298
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(3)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>3</u>
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,298</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 BEHAVIORAL WELLNESS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 4	\$ 22	\$ 32	\$ 10
Use of money and property	219	219	217	(2)
Intergovernmental	49,975	53,630	54,628	998
Charges for services	55,661	56,119	47,507	(8,612)
Other	106	115	1,038	923
Total revenues	<u>105,965</u>	<u>110,105</u>	<u>103,422</u>	<u>(6,683)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>114,510</u>	<u>116,744</u>	<u>108,541</u>	<u>8,203</u>
Total expenditures	<u>114,510</u>	<u>116,744</u>	<u>108,541</u>	<u>8,203</u>
Deficiency of revenues under expenditures	<u>(8,545)</u>	<u>(6,639)</u>	<u>(5,119)</u>	<u>1,520</u>
<b>Other financing sources (uses)</b>				
Transfers in	9,186	10,186	10,331	145
Transfers out	<u>(2,541)</u>	<u>(3,541)</u>	<u>(3,052)</u>	<u>489</u>
Total other financing sources, net	<u>6,645</u>	<u>6,645</u>	<u>7,279</u>	<u>634</u>
Net change in fund balances	(1,900)	6	2,160	2,154
Fund balances - beginning	9,116	9,116	9,116	--
Fund balances - ending	<u>\$ 7,216</u>	<u>\$ 9,122</u>	<u>\$ 11,276</u>	<u>\$ 2,154</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	\$ 103,422
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>(10,705)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 92,717</u>
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	\$ 108,541
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>(10,705)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 97,836</u>
Actual amounts (budgetary basis) Total Other Financing Sources, Net	\$ 7,279
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>(2,251)</u>
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	<u>2,251</u>
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,279</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,093	\$ 10,093	\$ 11,584	\$ 1,491
Fines, forfeitures, and penalties	--	--	76	76
Use of money and property	252	252	426	174
Intergovernmental	5,872	5,872	5,728	(144)
Charges for services	3,543	3,543	3,788	245
Other	2	2	8	6
Total revenues	<u>19,762</u>	<u>19,762</u>	<u>21,610</u>	<u>1,848</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	31,396	37,553	25,232	12,321
Total expenditures	<u>31,396</u>	<u>37,553</u>	<u>25,232</u>	<u>12,321</u>
Deficiency of revenues under expenditures	<u>(11,634)</u>	<u>(17,791)</u>	<u>(3,622)</u>	<u>14,169</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,940	1,940	1,934	(6)
Transfers out	(1,900)	(1,900)	(1,900)	--
Proceeds from sale of capital assets	--	--	20	20
Total other financing sources, net	<u>40</u>	<u>40</u>	<u>54</u>	<u>14</u>
Net change in fund balances	(11,594)	(17,751)	(3,568)	14,183
Fund balances - beginning	68,223	68,223	68,223	--
Fund balances - ending	<u>\$ 56,629</u>	<u>\$ 50,472</u>	<u>\$ 64,655</u>	<u>\$ 14,183</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	\$ 21,610
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(4,638)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 16,972</u>
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	\$ 25,232
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(4,638)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 20,594</u>
Actual amounts (budgetary basis) Total Other Financing Sources, Net	\$ 54
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(1,900)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	1,900
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 54</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 35	\$ 35	\$ 47	\$ 12
Intergovernmental	3,228	3,568	1,718	(1,850)
Charges for services	50	50	665	615
Other	2,065	2,671	2,004	(667)
Total revenues	<u>5,378</u>	<u>6,324</u>	<u>4,434</u>	<u>(1,890)</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	6,069	6,319	3,373	2,946
Total expenditures	<u>6,069</u>	<u>6,319</u>	<u>3,373</u>	<u>2,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(691)</u>	<u>5</u>	<u>1,061</u>	<u>1,056</u>
<b>Other financing sources (uses)</b>				
Transfers in	--	475	475	--
Transfers out	(693)	(1,033)	(879)	154
Total other financing uses, net	<u>(693)</u>	<u>(558)</u>	<u>(404)</u>	<u>154</u>
Net change in fund balances	(1,384)	(553)	657	1,210
Fund balances - beginning	7,366	7,366	7,366	--
Fund balances - ending	<u>\$ 5,982</u>	<u>\$ 6,813</u>	<u>\$ 8,023</u>	<u>\$ 1,210</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 51,108	\$ 51,108	\$ 52,928	\$ 1,820
Licenses, permits, and franchises	20	20	20	--
Fines, forfeitures, and penalties	--	--	337	337
Use of money and property	--	46	123	77
Intergovernmental	1,329	1,329	1,524	195
Charges for services	21,020	28,817	29,197	380
Other	74	671	503	(168)
Total revenues	<u>73,551</u>	<u>81,991</u>	<u>84,632</u>	<u>2,641</u>
<b>Expenditures</b>				
Current:				
Public safety	72,256	82,117	80,506	1,611
Total expenditures	<u>72,256</u>	<u>82,117</u>	<u>80,506</u>	<u>1,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,295</u>	<u>(126)</u>	<u>4,126</u>	<u>4,252</u>
<b>Other financing sources (uses)</b>				
Transfers in	550	550	550	--
Transfers out	(6,437)	(7,659)	(3,397)	4,262
Proceeds from sale of capital assets	--	--	50	50
Total other financing uses, net	<u>(5,887)</u>	<u>(7,109)</u>	<u>(2,797)</u>	<u>4,312</u>
Net change in fund balances	(4,592)	(7,235)	1,329	8,564
Fund balances - beginning	24,419	24,419	24,419	--
Fund balances - ending	<u>\$ 19,827</u>	<u>\$ 17,184</u>	<u>\$ 25,748</u>	<u>\$ 8,564</u>

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	\$ 80,506
Expenditures related to a capital purchase were adjusted for financial reporting purposes	32
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 80,538</u>
Actual amounts (budgetary basis) Total Other Financing Uses, Net from the budgetary comparison schedule	\$ (2,797)
Proceeds from sale of capital assets were adjusted for financial reporting purposes	32
Total other financing uses, net as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (2,765)</u>

## Notes to Required Supplementary Information

### **Santa Barbara County's Retirement System**

*Changes of assumptions.* Amounts reported in FY 2017 reflect a decrease in the discount rate, decreases in cost of living adjustment (COLA) and wage inflation assumptions, and revised mortality assumptions to more closely reflect actual experience.

### **Other Postemployment Benefits (OPEB) Plan**

Beginning in FY 2014, the County adopted an OPEB funding rate based upon pensionable payroll. The funding rates were 3.5% for FY 2015 and 3.75% for FY 2016. Effective July 1, 2016, the County OPEB (401(h) Account) Funding Policy adopted an ongoing rate of 4% of covered payroll for the 401(a) Pension Plan.

### **Budgetary 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 generally accepted accounting principles (GAAP). The Board annually conducts a public hearing for the discussion of a recommended budget. At the conclusion of the hearings, statutorily no later than October 2, the Board of Supervisors (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 controlled at the line item level. Except for payroll, the County's financial system does not process payments and disbursements when over-expenditure of object levels would result. For capital asset and fund balance transactions, payments are not processed if over-expenditure at the line item would result. 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 year ended June 30, 2018, 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 Chief Executive Officer (CEO) approves amendments or transfers of appropriations between object levels within the same department, unless related to capital or fund balance in which case Board approval is required. 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.





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# Other Supplementary Information

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## **Other Major Governmental Fund**

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 5	\$ 22	\$ 21	\$ (1)
Intergovernmental	64,728	35,670	35,943	273
Charges for services	10	1,026	132	(894)
Other	155	155	186	31
Total revenues	<u>64,898</u>	<u>36,873</u>	<u>36,282</u>	<u>(591)</u>
<b>Expenditures</b>				
Capital outlay	81,449	49,783	39,756	10,027
Total expenditures	<u>81,449</u>	<u>49,783</u>	<u>39,756</u>	<u>10,027</u>
Deficiency of revenues under expenditures	<u>(16,551)</u>	<u>(12,910)</u>	<u>(3,474)</u>	<u>9,436</u>
<b>Other financing sources (uses)</b>				
Transfers in	6,062	9,798	3,109	(6,689)
Transfers out	--	(362)	--	362
Total other financing sources, net	<u>6,062</u>	<u>9,436</u>	<u>3,109</u>	<u>(6,327)</u>
Net change in fund balances	(10,489)	(3,474)	(365)	3,109
Fund balances - beginning	21,639	21,639	21,639	--
Fund balances - ending	<u>\$ 11,150</u>	<u>\$ 18,165</u>	<u>\$ 21,274</u>	<u>\$ 3,109</u>

# Nonmajor Governmental Funds

Nonmajor governmental funds are funds that do not meet the definition of a major fund, as described in the glossary. The following funds are presented as nonmajor funds in the CAFR:

## **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:

### **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 (IHSS) Public Authority**

The In-Home Supportive Services Public Authority Fund was established by the Board of Supervisors 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**

This column combines the following individual County funds:

#### ***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 of Supervisors 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.

### **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 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.

## **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)**

This column combines the following individual County funds:

#### ***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)**

This column combines the following individual County funds:

***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.

**Lighting Districts**

This column combines the following individual County funds:

***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 CSA #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 District**

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.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2018 (in thousands)

	Special Revenue						
	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	Fishermen Assistance
<b>Assets</b>							
Assets:							
Cash and investments	\$ 79	\$ 167	\$ 1,017	\$ --	\$ 1	\$ 728	\$ 414
Accounts receivable, net:							
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	--	1	4	--	(1)	5	2
Intergovernmental	--	--	--	282	532	293	--
Charges for services	--	147	--	--	--	--	--
Due from other funds	--	--	--	--	300	--	--
Other receivables	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--
Total assets	<u>\$ 79</u>	<u>\$ 315</u>	<u>\$ 1,021</u>	<u>\$ 282</u>	<u>\$ 832</u>	<u>\$ 1,026</u>	<u>\$ 416</u>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable	\$ --	\$ --	\$ --	\$ 10	\$ --	\$ 5	\$ --
Salaries and benefits payable	--	16	--	--	25	292	--
Other payables	--	--	--	94	--	--	--
Advances from grantors and third parties	--	--	--	--	--	260	--
Due to other funds	--	--	--	10	145	--	--
Customer deposits payable	--	--	--	--	--	--	--
Total liabilities	<u>--</u>	<u>16</u>	<u>--</u>	<u>114</u>	<u>170</u>	<u>557</u>	<u>--</u>
Fund balances:							
Nonspendable	--	--	--	--	--	--	--
Restricted	79	299	1,021	168	106	469	416
Committed	--	--	--	--	556	--	--
Total fund balances	<u>79</u>	<u>299</u>	<u>1,021</u>	<u>168</u>	<u>662</u>	<u>469</u>	<u>416</u>
Total liabilities and fund balances	<u>\$ 79</u>	<u>\$ 315</u>	<u>\$ 1,021</u>	<u>\$ 282</u>	<u>\$ 832</u>	<u>\$ 1,026</u>	<u>\$ 416</u>

Special Revenue							
Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	Community Facilities Districts	
\$ 2,007	\$ 318	\$ --	\$ 2,646	\$ 2,323	\$ 4,041	\$ 744	<b>Assets</b>
							Assets:
							Cash and investments
							Accounts receivable, net:
							Fines, forfeitures, and penalties
							Use of money and property
							Intergovernmental
							Charges for services
							Due from other funds
							Other receivables
							Restricted cash and investments
\$ 2,015	\$ 1,214	\$ 569	\$ 2,729	\$ 2,331	\$ 4,070	\$ 747	Total assets
							<b>Liabilities and fund balances</b>
							Liabilities:
							Accounts payable
							Salaries and benefits payable
							Other payables
							Advances from grantors and third parties
							Due to other funds
							Customer deposits payable
							Total liabilities
							Fund balances:
							Nonspendable
							Restricted
							Committed
							Total fund balances
\$ 2,015	\$ 1,214	\$ 569	\$ 2,729	\$ 2,331	\$ 4,070	\$ 747	Total liabilities and fund balances

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COMBINING BALANCE SHEET (Continued)  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2018 (in thousands)

	Special Revenue			Special Revenue Total	Debt Service	Total Nonmajor Governmental Funds
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency		Santa Barbara County Finance Corporation	
<b>Assets</b>						
Assets:						
Cash and investments	\$ 438	\$ 763	\$ 8,731	\$ 24,417	\$ 128	\$ 24,545
Accounts receivable, net:						
Fines, forfeitures, and penalties	--	--	--	291	--	291
Use of money and property	2	3	32	87	--	87
Intergovernmental	--	--	35	1,142	--	1,142
Charges for services	--	--	6	389	--	389
Due from other funds	--	--	--	1,317	--	1,317
Other receivables	6	--	61	80	--	80
Restricted cash and investments	--	--	--	--	1,174	1,174
Total assets	<u>\$ 446</u>	<u>\$ 766</u>	<u>\$ 8,865</u>	<u>\$ 27,723</u>	<u>\$ 1,302</u>	<u>\$ 29,025</u>
<b>Liabilities and fund balances</b>						
Liabilities:						
Accounts payable	\$ 44	\$ --	\$ 176	\$ 806	\$ --	\$ 806
Salaries and benefits payable	--	--	45	394	--	394
Other payables	--	--	--	94	--	94
Advances from grantors and third parties	--	--	--	260	--	260
Due to other funds	--	--	--	1,395	--	1,395
Customer deposits payable	--	--	(2)	(2)	--	(2)
Total liabilities	<u>44</u>	<u>--</u>	<u>219</u>	<u>2,947</u>	<u>--</u>	<u>2,947</u>
Fund balances:						
Nonspendable	6	--	61	80	--	80
Restricted	396	766	8,048	23,532	1,302	24,834
Committed	--	--	537	1,164	--	1,164
Total fund balances	<u>402</u>	<u>766</u>	<u>8,646</u>	<u>24,776</u>	<u>1,302</u>	<u>26,078</u>
Total liabilities and fund balances	<u>\$ 446</u>	<u>\$ 766</u>	<u>\$ 8,865</u>	<u>\$ 27,723</u>	<u>\$ 1,302</u>	<u>\$ 29,025</u>



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, 2018 (in thousands)

	Special Revenue						
	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	
<b>Revenues</b>							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, permits, and franchises	--	8	--	--	--	--	--
Fines, forfeitures, and penalties	9	--	--	--	--	--	--
Use of money and property	1	2	5	1	(4)	9	2
Intergovernmental	--	--	--	2,209	7,252	9,806	--
Charges for services	--	556	--	--	--	32	--
Other	--	--	--	--	--	8	11
Total revenues	<u>10</u>	<u>566</u>	<u>5</u>	<u>2,210</u>	<u>7,248</u>	<u>9,855</u>	<u>13</u>
<b>Expenditures</b>							
Current:							
Public safety	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	8,561	9,451	--
Community resources & public facilities	23	513	--	--	--	--	14
General government & support services	--	--	--	2,347	--	--	--
General county programs	--	--	--	--	--	--	--
Debt service:							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total expenditures	<u>23</u>	<u>513</u>	<u>--</u>	<u>2,347</u>	<u>8,561</u>	<u>9,451</u>	<u>14</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13)</u>	<u>53</u>	<u>5</u>	<u>(137)</u>	<u>(1,313)</u>	<u>404</u>	<u>(1)</u>
<b>Other financing sources (uses)</b>							
Transfers in	--	--	--	--	1,201	66	--
Transfers out	--	--	--	--	--	(423)	--
Proceeds from sale of capital assets	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,201</u>	<u>(357)</u>	<u>--</u>
Net change in fund balances	<u>(13)</u>	<u>53</u>	<u>5</u>	<u>(137)</u>	<u>(112)</u>	<u>47</u>	<u>(1)</u>
Fund balances - beginning	92	246	1,016	305	774	422	417
Fund balances - ending	<u>\$ 79</u>	<u>\$ 299</u>	<u>\$ 1,021</u>	<u>\$ 168</u>	<u>\$ 662</u>	<u>\$ 469</u>	<u>\$ 416</u>

Special Revenue							
Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	Community Facilities Districts	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,455	\$ 635	<b>Revenues</b>
--	--	--	--	--	--	--	Taxes
--	1,412	680	680	--	8	--	Licenses, permits, and franchises
10	16	(8)	13	500	26	4	Fines, forfeitures, and penalties
--	--	--	--	--	6	--	Use of money and property
--	2,979	--	--	--	513	--	Intergovernmental
449	990	--	--	1,132	--	--	Charges for services
459	5,397	672	693	1,632	2,008	639	Other
							Total revenues
							<b>Expenditures</b>
							Current:
--	14,552	--	--	1,471	--	--	Public safety
	--	--	--	--	--	--	Health & public assistance
67	--	--	--	--	755	192	Community resources & public facilities
--	--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	--	General county programs
							Debt service:
--	--	--	--	--	--	--	Principal
--	--	--	--	--	--	--	Interest
67	14,552	--	--	1,471	755	192	Total expenditures
							Excess (deficiency) of revenues over (under) expenditures
392	(9,155)	672	693	161	1,253	447	
							<b>Other financing sources (uses)</b>
--	9,136	346	--	--	--	--	Transfers in
--	--	(1,018)	(223)	--	(1,053)	(372)	Transfers out
--	--	--	--	--	--	--	Proceeds from sale of capital assets
--	9,136	(672)	(223)	--	(1,053)	(372)	Total other financing sources (uses)
392	(19)	--	470	161	200	75	Net change in fund balances
1,623	320	--	2,259	2,036	3,659	672	Fund balances - beginning
\$ 2,015	\$ 301	\$ --	\$ 2,729	\$ 2,197	\$ 3,859	\$ 747	Fund balances - ending



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, 2018 (in thousands)

	Special Revenue			Special Revenue Total	Debt Service	Total Nonmajor Governmental Funds
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency		Santa Barbara County Finance Corporation	
<b>Revenues</b>						
Taxes	\$ 517	\$ --	\$ 3,022	\$ 5,629	\$ --	\$ 5,629
Licenses, permits, and franchises	--	--	--	8	--	8
Fines, forfeitures, and penalties	5	--	20	2,814	--	2,814
Use of money and property	3	--	47	627	5	632
Intergovernmental	2	--	631	19,906	1,381	21,287
Charges for services	--	751	153	4,984	--	4,984
Other	19	--	40	2,649	--	2,649
Total revenues	546	751	3,913	36,617	1,386	38,003
<b>Expenditures</b>						
Current:						
Public safety	--	--	--	16,023	--	16,023
Health & public assistance	--	--	--	18,012	--	18,012
Community resources & public facilities	537	1	3,471	5,573	--	5,573
General government & support services	--	--	--	2,347	--	2,347
General county programs	--	--	--	--	8	8
Debt service:						
Principal	--	--	--	--	3,949	3,949
Interest	--	--	--	--	1,889	1,889
Total expenditures	537	1	3,471	41,955	5,846	47,801
Excess (deficiency) of revenues over (under) expenditures	9	750	442	(5,338)	(4,460)	(9,798)
<b>Other financing sources (uses)</b>						
Transfers in	--	--	596	11,345	4,450	15,795
Transfers out	--	--	(47)	(3,136)	--	(3,136)
Proceeds from sale of capital assets	--	--	9	9	--	9
Total other financing sources (uses)	--	--	558	8,218	4,450	12,668
Net change in fund balances	9	750	1,000	2,880	(10)	2,870
Fund balances - beginning	393	16	7,646	21,896	1,312	23,208
Fund balances - ending	\$ 402	\$ 766	\$ 8,646	\$ 24,776	\$ 1,302	\$ 26,078



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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 11	\$ 11	\$ 9	\$ (2)
Use of money and property	--	--	1	1
Total revenues	<u>11</u>	<u>11</u>	<u>10</u>	<u>(1)</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	27	27	23	4
Total expenditures	<u>27</u>	<u>27</u>	<u>23</u>	<u>4</u>
Deficiency of revenues under expenditures	<u>(16)</u>	<u>(16)</u>	<u>(13)</u>	<u>3</u>
Net change in fund balances	(16)	(16)	(13)	3
Fund balances - beginning	92	92	92	--
Fund balances - ending	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ 79</u>	<u>\$ 3</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses, permits, and franchises	\$ 50	\$ 50	\$ 8	\$ (42)
Use of money and property	2	2	2	--
Charges for services	605	605	556	(49)
Total revenues	<u>657</u>	<u>657</u>	<u>566</u>	<u>(91)</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	656	646	513	133
Total expenditures	<u>656</u>	<u>646</u>	<u>513</u>	<u>133</u>
Excess of revenues over expenditures	<u>1</u>	<u>11</u>	<u>53</u>	<u>42</u>
Net change in fund balances	1	11	53	42
Fund balances - beginning	246	246	246	--
Fund balances - ending	<u>\$ 247</u>	<u>\$ 257</u>	<u>\$ 299</u>	<u>\$ 42</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 3	\$ 9	\$ 5	\$ (4)
Total revenues	<u>3</u>	<u>9</u>	<u>5</u>	<u>(4)</u>
<b>Expenditures</b>				
Current:				
General county programs	8	4	--	4
Total expenditures	<u>8</u>	<u>4</u>	<u>--</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5)</u>	<u>5</u>	<u>5</u>	<u>--</u>
Net change in fund balances	(5)	5	5	--
Fund balances - beginning	1,016	1,016	1,016	--
Fund balances - ending	<u>\$ 1,011</u>	<u>\$ 1,021</u>	<u>\$ 1,021</u>	<u>\$ --</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Intergovernmental	1,153	2,405	2,209	(196)
Total revenues	<u>1,153</u>	<u>2,405</u>	<u>2,210</u>	<u>(195)</u>
<b>Expenditures</b>				
Current:				
General government & support services	1,220	2,618	2,347	271
Total expenditures	<u>1,220</u>	<u>2,618</u>	<u>2,347</u>	<u>271</u>
Deficiency of revenues under expenditures	<u>(67)</u>	<u>(213)</u>	<u>(137)</u>	<u>76</u>
Net change in fund balances	(67)	(213)	(137)	76
Fund balances - beginning	305	305	305	--
Fund balances - ending	<u>\$ 238</u>	<u>\$ 92</u>	<u>\$ 168</u>	<u>\$ 76</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ --	\$ --	\$ (4)	\$ (4)
Intergovernmental	6,322	6,648	7,252	604
Total revenues	<u>6,322</u>	<u>6,648</u>	<u>7,248</u>	<u>600</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	8,286	8,613	8,561	52
Total expenditures	<u>8,286</u>	<u>8,613</u>	<u>8,561</u>	<u>52</u>
Deficiency of revenues under expenditures	<u>(1,964)</u>	<u>(1,965)</u>	<u>(1,313)</u>	<u>652</u>
<b>Other financing sources</b>				
Transfers in	1,201	1,201	1,201	--
Total other financing sources	<u>1,201</u>	<u>1,201</u>	<u>1,201</u>	<u>--</u>
Net change in fund balances	(763)	(764)	(112)	652
Fund balances - beginning	774	774	774	--
Fund balances - ending	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 662</u>	<u>\$ 652</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 3	\$ 3	\$ 9	\$ 6
Intergovernmental	9,531	9,825	9,806	(19)
Charges for services	--	--	32	32
Other	--	--	8	8
Total revenues	<u>9,534</u>	<u>9,828</u>	<u>9,855</u>	<u>27</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>9,584</u>	<u>9,540</u>	<u>9,451</u>	<u>89</u>
Total expenditures	<u>9,584</u>	<u>9,540</u>	<u>9,451</u>	<u>89</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50)</u>	<u>288</u>	<u>404</u>	<u>116</u>
<b>Other financing sources (uses)</b>				
Transfers in	50	66	66	--
Transfers out	--	(450)	(423)	27
Total other financing sources (uses)	<u>50</u>	<u>(384)</u>	<u>(357)</u>	<u>27</u>
Net change in fund balances	--	(96)	47	143
Fund balances - beginning	422	422	422	--
Fund balances - ending	<u>\$ 422</u>	<u>\$ 326</u>	<u>\$ 469</u>	<u>\$ 143</u>



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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 2	\$ 2	\$ 2	\$ --
Other	10	10	11	1
Total revenues	<u>12</u>	<u>12</u>	<u>13</u>	<u>1</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	30	30	14	16
Total expenditures	<u>30</u>	<u>30</u>	<u>14</u>	<u>16</u>
Deficiency of revenues under expenditures	<u>(18)</u>	<u>(18)</u>	<u>(1)</u>	<u>17</u>
Net change in fund balances	(18)	(18)	(1)	17
Fund balances - beginning	417	417	417	--
Fund balances - ending	<u>\$ 399</u>	<u>\$ 399</u>	<u>\$ 416</u>	<u>\$ 17</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 5	\$ 5	\$ 10	\$ 5
Other	415	415	449	34
Total revenues	<u>420</u>	<u>420</u>	<u>459</u>	<u>39</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	868	688	67	621
Total expenditures	<u>868</u>	<u>688</u>	<u>67</u>	<u>621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(448)</u>	<u>(268)</u>	<u>392</u>	<u>660</u>
Net change in fund balances	(448)	(268)	392	660
Fund balances - beginning	1,623	1,623	1,623	--
Fund balances - ending	<u>\$ 1,175</u>	<u>\$ 1,355</u>	<u>\$ 2,015</u>	<u>\$ 660</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 1,699	\$ 1,699	\$ 1,412	\$ (287)
Use of money and property	2	3	16	13
Charges for services	3,546	3,546	2,979	(567)
Other	1,410	1,410	990	(420)
Total revenues	<u>6,657</u>	<u>6,658</u>	<u>5,397</u>	<u>(1,261)</u>
<b>Expenditures</b>				
Current:				
Public safety	15,257	16,271	14,552	1,719
Total expenditures	<u>15,257</u>	<u>16,271</u>	<u>14,552</u>	<u>1,719</u>
Deficiency of revenues under expenditures	<u>(8,600)</u>	<u>(9,613)</u>	<u>(9,155)</u>	<u>458</u>
<b>Other financing sources</b>				
Transfers in	8,587	9,601	9,136	(465)
Total other financing sources	<u>8,587</u>	<u>9,601</u>	<u>9,136</u>	<u>(465)</u>
Net change in fund balances	(13)	(12)	(19)	(7)
Fund balances - beginning	320	320	320	--
Fund balances - ending	<u>\$ 307</u>	<u>\$ 308</u>	<u>\$ 301</u>	<u>\$ (7)</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 850	\$ 850	\$ 680	\$ (170)
Use of money and property	--	--	(8)	(8)
Total revenues	<u>850</u>	<u>850</u>	<u>672</u>	<u>(178)</u>
<b>Expenditures</b>				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>850</u>	<u>850</u>	<u>672</u>	<u>(178)</u>
<b>Other financing sources (uses)</b>				
Transfers in	169	346	346	--
Transfers out	(1,019)	(1,019)	(1,018)	1
Total other financing uses, net	<u>(850)</u>	<u>(673)</u>	<u>(672)</u>	<u>1</u>
Net change in fund balances	--	177	--	(177)
Fund balances - beginning	--	--	--	--
Fund balances - ending	<u>\$ --</u>	<u>\$ 177</u>	<u>\$ --</u>	<u>\$ (177)</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 850	\$ 850	\$ 680	\$ (170)
Use of money and property	6	6	13	7
Total revenues	<u>856</u>	<u>856</u>	<u>693</u>	<u>(163)</u>
<b>Expenditures</b>				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>856</u>	<u>856</u>	<u>693</u>	<u>(163)</u>
<b>Other financing uses</b>				
Transfers out	(223)	(223)	(223)	--
Total other financing uses	<u>(223)</u>	<u>(223)</u>	<u>(223)</u>	<u>--</u>
Net change in fund balances	633	633	470	(163)
Fund balances - beginning	2,259	2,259	2,259	--
Fund balances - ending	<u>\$ 2,892</u>	<u>\$ 2,892</u>	<u>\$ 2,729</u>	<u>\$ (163)</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 528	\$ 528	\$ 500	\$ (28)
Other	1,290	1,290	1,132	(158)
Total revenues	<u>1,818</u>	<u>1,818</u>	<u>1,632</u>	<u>(186)</u>
<b>Expenditures</b>				
Current:				
Public safety	1,909	1,917	1,471	446
Total expenditures	<u>1,909</u>	<u>1,917</u>	<u>1,471</u>	<u>446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91)</u>	<u>(99)</u>	<u>161</u>	<u>260</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	--	1	--	(1)
Total other financing sources	<u>--</u>	<u>1</u>	<u>--</u>	<u>(1)</u>
Net change in fund balances	(91)	(98)	161	259
Fund balances - beginning	2,036	2,036	2,036	--
Fund balances - ending	<u>\$ 1,945</u>	<u>\$ 1,938</u>	<u>\$ 2,197</u>	<u>\$ 259</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,405	\$ 1,405	\$ 1,455	\$ 50
Fines, forfeitures, and penalties	--	--	8	8
Use of money and property	13	13	26	13
Intergovernmental	6	6	6	--
Charges for services	513	513	513	--
Total revenues	<u>1,937</u>	<u>1,937</u>	<u>2,008</u>	<u>71</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	1,006	981	755	226
Total expenditures	<u>1,006</u>	<u>981</u>	<u>755</u>	<u>226</u>
Excess of revenues over expenditures	<u>931</u>	<u>956</u>	<u>1,253</u>	<u>297</u>
<b>Other financing uses</b>				
Transfers out	(741)	(1,665)	(1,053)	612
Total other financing uses	<u>(741)</u>	<u>(1,665)</u>	<u>(1,053)</u>	<u>612</u>
Net change in fund balances	190	(709)	200	909
Fund balances - beginning	3,659	3,659	3,659	--
Fund balances - ending	<u>\$ 3,849</u>	<u>\$ 2,950</u>	<u>\$ 3,859</u>	<u>\$ 909</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 560	\$ 635	\$ 635	\$ --
Use of money and property	2	2	4	2
Total revenues	<u>562</u>	<u>637</u>	<u>639</u>	<u>2</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	205	205	192	13
Total expenditures	<u>205</u>	<u>205</u>	<u>192</u>	<u>13</u>
Excess of revenues over expenditures	<u>357</u>	<u>432</u>	<u>447</u>	<u>15</u>
<b>Other financing uses</b>				
Transfers out	(377)	(377)	(372)	5
Total other financing uses	<u>(377)</u>	<u>(377)</u>	<u>(372)</u>	<u>5</u>
Net change in fund balances	(20)	55	75	20
Fund balances - beginning	672	672	672	--
Fund balances - ending	<u>\$ 652</u>	<u>\$ 727</u>	<u>\$ 747</u>	<u>\$ 20</u>



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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 492	\$ 492	\$ 517	\$ 25
Fines, forfeitures, and penalties	--	--	5	5
Use of money and property	2	2	3	1
Intergovernmental	2	2	2	--
Other	--	--	19	19
Total revenues	<u>496</u>	<u>496</u>	<u>546</u>	<u>50</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	<u>530</u>	<u>562</u>	<u>537</u>	<u>25</u>
Total expenditures	<u>530</u>	<u>562</u>	<u>537</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34)</u>	<u>(66)</u>	<u>9</u>	<u>75</u>
Net change in fund balances	(34)	(66)	9	75
Fund balances - beginning	393	393	393	--
Fund balances - ending	<u>\$ 359</u>	<u>\$ 327</u>	<u>\$ 402</u>	<u>\$ 75</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 SANDYLAND SEAWALL MAINTENANCE DISTRICT SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 2	\$ 2	\$ --	\$ (2)
Charges for services	301	751	751	--
Total revenues	<u>303</u>	<u>753</u>	<u>751</u>	<u>(2)</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	450	175	1	174
Total expenditures	<u>450</u>	<u>175</u>	<u>1</u>	<u>174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(147)</u>	<u>578</u>	<u>750</u>	<u>172</u>
Net change in fund balances	(147)	578	750	172
Fund balances - beginning	16	16	16	--
Fund balances - ending	<u>\$ (131)</u>	<u>\$ 594</u>	<u>\$ 766</u>	<u>\$ 172</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,726	\$ 2,726	\$ 3,022	\$ 296
Fines, forfeitures, and penalties	--	--	20	20
Use of money and property	41	41	47	6
Intergovernmental	767	767	631	(136)
Charges for services	112	112	153	41
Other	--	--	40	40
Total revenues	<u>3,646</u>	<u>3,646</u>	<u>3,913</u>	<u>267</u>
<b>Expenditures</b>				
Current:				
Community resources & public facilities	<u>5,268</u>	<u>5,270</u>	<u>3,471</u>	<u>1,799</u>
Total expenditures	<u>5,268</u>	<u>5,270</u>	<u>3,471</u>	<u>1,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,622)</u>	<u>(1,624)</u>	<u>442</u>	<u>2,066</u>
<b>Other financing sources (uses)</b>				
Transfers in	596	596	596	--
Transfers out	(71)	(71)	(47)	24
Proceeds from sale of capital assets	--	--	9	9
Total other financing sources, net	<u>525</u>	<u>525</u>	<u>558</u>	<u>33</u>
Net change in fund balances	(1,097)	(1,099)	1,000	2,099
Fund balances - beginning	7,646	7,646	7,646	--
Fund balances - ending	<u>\$ 6,549</u>	<u>\$ 6,547</u>	<u>\$ 8,646</u>	<u>\$ 2,099</u>

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, 2018 (in thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 30	\$ 19	\$ 5	\$ (14)
Intergovernmental	1,382	1,382	1,381	(1)
Total revenues	<u>1,412</u>	<u>1,401</u>	<u>1,386</u>	<u>(15)</u>
<b>Expenditures</b>				
Current:				
General county programs	14	14	8	6
Debt service:				
Principal	3,949	3,949	3,949	--
Interest	1,889	1,889	1,889	--
Total expenditures	<u>5,852</u>	<u>5,852</u>	<u>5,846</u>	<u>6</u>
Deficiency of revenues under expenditures	<u>(4,440)</u>	<u>(4,451)</u>	<u>(4,460)</u>	<u>(9)</u>
<b>Other financing sources</b>				
Transfers in	4,469	4,469	4,450	(19)
Total other financing sources	<u>4,469</u>	<u>4,469</u>	<u>4,450</u>	<u>(19)</u>
Net change in fund balances	29	18	(10)	(28)
Fund balances - beginning	1,312	1,312	1,312	--
Fund balances - ending	<u>\$ 1,341</u>	<u>\$ 1,330</u>	<u>\$ 1,302</u>	<u>\$ (28)</u>



# Internal Service Funds

## Internal Service Funds

Internal Service 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.

#### ***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.



COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2018 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
<b>Assets</b>						
Current assets:						
Cash and investments (Note 3)	\$ 6,613	\$ 19,111	\$ 22,581	\$ 9,069	\$ 1,557	\$ 58,931
Accounts receivable, net:						
Use of money and property	29	68	75	29	6	207
Intergovernmental	31	14	3	13	--	61
Charges for services	2	4	36	1	14	57
Inventories	--	180	--	110	--	290
Total current assets	<u>6,675</u>	<u>19,377</u>	<u>22,695</u>	<u>9,222</u>	<u>1,577</u>	<u>59,546</u>
Noncurrent assets:						
Other receivables	--	--	210	--	--	210
Restricted cash and investments (Note 4)	--	10	--	--	--	10
Capital assets, net of accumulated depreciation/amortization (Note 6)	3,403	21,264	3	3,802	3,697	32,169
Total noncurrent assets	<u>3,403</u>	<u>21,274</u>	<u>213</u>	<u>3,802</u>	<u>3,697</u>	<u>32,389</u>
Total assets	<u>10,078</u>	<u>40,651</u>	<u>22,908</u>	<u>13,024</u>	<u>5,274</u>	<u>91,935</u>
<b>Deferred outflows of resources</b>						
Deferred pensions	2,374	1,161	530	711	199	4,975
Deferred OPEB	106	47	23	35	11	222
Total deferred outflows of resources	<u>2,480</u>	<u>1,208</u>	<u>553</u>	<u>746</u>	<u>210</u>	<u>5,197</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	57	213	717	45	19	1,051
Salaries and benefits payable	157	80	36	52	13	338
Compensated absences (Note 10)	315	143	44	78	16	596
Notes payable (Note 13)	--	--	--	--	345	345
Liability for self-insurance claims	--	--	5,972	--	--	5,972
Total current liabilities	<u>529</u>	<u>436</u>	<u>6,769</u>	<u>175</u>	<u>393</u>	<u>8,302</u>
Noncurrent liabilities:						
Compensated absences (Note 10)	10	31	63	20	22	146
Notes payable (Note 13)	--	--	--	--	2,890	2,890
Liability for self-insurance claims	--	--	13,681	--	--	13,681
Net pension liability (Note 22)	6,093	2,980	1,359	1,824	509	12,765
Net OPEB liability (Note 23)	1,014	449	221	337	109	2,130
Total noncurrent liabilities	<u>7,117</u>	<u>3,460</u>	<u>15,324</u>	<u>2,181</u>	<u>3,530</u>	<u>31,612</u>
Total liabilities	<u>7,646</u>	<u>3,896</u>	<u>22,093</u>	<u>2,356</u>	<u>3,923</u>	<u>39,914</u>
<b>Deferred inflows of resources</b>						
Deferred pensions (Note 17)	411	201	92	123	34	861
Total deferred inflows of resources	<u>411</u>	<u>201</u>	<u>92</u>	<u>123</u>	<u>34</u>	<u>861</u>
<b>Net position</b>						
Net investment in capital assets	3,403	21,264	4	3,802	463	28,936
Unrestricted	1,098	16,498	1,272	7,489	1,064	27,421
Total net position	<u>\$ 4,501</u>	<u>\$ 37,762</u>	<u>\$ 1,276</u>	<u>\$ 11,291</u>	<u>\$ 1,527</u>	<u>\$ 56,357</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
<b>Operating revenues</b>						
Charges for services	\$ 8,314	\$ 12,504	\$ 29,416	\$ 4,077	\$ 5,712	\$ 60,023
Self-insurance recovery	--	--	2,398	--	--	2,398
Other operating revenues	132	69	57	16	34	308
Total operating revenues	<u>8,446</u>	<u>12,573</u>	<u>31,871</u>	<u>4,093</u>	<u>5,746</u>	<u>62,729</u>
<b>Operating expenses</b>						
Salaries and benefits	4,399	2,073	1,049	1,453	373	9,347
Services and supplies	2,291	5,192	19,079	2,052	5,509	34,123
Self-insurance claims	--	--	11,632	--	--	11,632
Contractual services	16	32	214	296	23	581
Depreciation and amortization	1,298	3,690	1	667	373	6,029
County overhead allocation	242	103	(297)	84	10	142
Total operating expenses	<u>8,246</u>	<u>11,090</u>	<u>31,678</u>	<u>4,552</u>	<u>6,288</u>	<u>61,854</u>
Operating income (loss)	<u>200</u>	<u>1,483</u>	<u>193</u>	<u>(459)</u>	<u>(542)</u>	<u>875</u>
<b>Non-operating revenues (expenses)</b>						
Use of money and property	44	92	36	172	9	353
Interest expense	--	--	--	--	(139)	(139)
Gain on sale of capital assets	--	75	--	4	--	79
State and federal aid	31	14	3	13	--	61
Other non-operating revenues	5	10	48	18	574	655
Total non-operating revenues (expenses)	<u>80</u>	<u>191</u>	<u>87</u>	<u>207</u>	<u>444</u>	<u>1,009</u>
Income (loss) before transfers	<u>280</u>	<u>1,674</u>	<u>280</u>	<u>(252)</u>	<u>(98)</u>	<u>1,884</u>
Transfers in	--	1,384	--	1,298	--	2,682
Transfers out	--	(59)	--	--	--	(59)
Total transfers in, net	<u>--</u>	<u>1,325</u>	<u>--</u>	<u>1,298</u>	<u>--</u>	<u>2,623</u>
Change in net position	<u>280</u>	<u>2,999</u>	<u>280</u>	<u>1,046</u>	<u>(98)</u>	<u>4,507</u>
Total net position - beginning	4,306	34,728	952	10,286	450	50,722
Prior period adjustment (Note 26)	(85)	35	44	(41)	1,175	1,128
Total net position - beginning, as restated	<u>4,221</u>	<u>34,763</u>	<u>996</u>	<u>10,245</u>	<u>1,625</u>	<u>51,850</u>
Total net position - ending	<u>\$ 4,501</u>	<u>\$ 37,762</u>	<u>\$ 1,276</u>	<u>\$ 11,291</u>	<u>\$ 1,527</u>	<u>\$ 56,357</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED June 30, 2018 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
<b>Cash flows from operating activities</b>						
Receipts from interfund services provided	\$ 8,412	\$ 12,558	\$ 29,493	\$ 4,082	\$ 5,783	\$ 60,328
Receipts from self-insurance recovery	--	--	2,398	--	--	2,398
Payments to employees	(4,295)	(2,058)	(940)	(1,270)	(324)	(8,887)
Payments to suppliers	(2,314)	(5,173)	(19,232)	(2,348)	(5,511)	(34,578)
Payments for self-insurance claims	--	--	(11,561)	--	--	(11,561)
County overhead allocation						
payments (to) from the General Fund	(242)	(103)	297	(84)	(10)	(142)
Other receipts	5	10	51	18	574	658
Net cash provided by operating activities	1,566	5,234	506	398	512	8,216
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	--	1,384	--	1,298	--	2,682
Transfers to other funds	--	(59)	--	--	--	(59)
State and federal aid	31	14	3	13	--	61
Net cash provided by noncapital financing activities	31	1,339	3	1,311	--	2,684
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(1,589)	(3,598)	--	(777)	--	(5,964)
Proceeds from sales of capital assets	--	253	--	5	--	258
Principal paid on bonds and notes payable	--	--	--	--	(345)	(345)
Interest paid on bonds and notes payable	--	--	--	--	(139)	(139)
Net cash used by capital and related financing activities	(1,589)	(3,345)	--	(772)	(484)	(6,190)
<b>Cash flows from investing activities</b>						
Use of money and property received	29	56	4	159	4	252
Net cash provided by investing activities	29	56	4	159	4	252
Net change in cash and cash equivalents	37	3,284	513	1,096	32	4,962
Cash and cash equivalents - beginning	6,576	15,837	22,068	7,973	1,525	53,979
Cash and cash equivalents - ending	\$ 6,613	\$ 19,121	\$ 22,581	\$ 9,069	\$ 1,557	\$ 58,941
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position</b>						
Cash and investments per Statement of Net Position	\$ 6,613	\$ 19,111	\$ 22,581	\$ 9,069	\$ 1,557	58,931
Restricted cash and investments per Statement of Net Position	--	10	--	--	--	10
Total cash and cash equivalents per Statement of Net Position	\$ 6,613	\$ 19,121	\$ 22,581	\$ 9,069	\$ 1,557	\$ 58,941
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 200	\$ 1,483	\$ 193	\$ (459)	\$ (542)	\$ 875
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,298	3,690	1	667	373	6,029
Other non-operating revenue	5	10	51	18	574	658
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:						
Accounts and other receivables	(33)	(16)	20	(14)	36	(7)
Inventories	--	(55)	--	--	--	(55)
Accounts payable	(7)	106	61	--	21	181
Salaries and benefits payable	103	16	109	183	50	461
Liability for self-insurance claims	--	--	71	3	--	74
Net cash provided by operating activities	\$ 1,566	\$ 5,234	\$ 506	\$ 398	\$ 512	\$ 8,216
<b>Noncash investing, capital, and financing activities</b>	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

# Agency Funds

## 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, 2018 (in thousands)

	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Clearing and revolving funds</b>				
Assets:				
Cash and investments	\$ 12,843	\$ 1,259,623	\$ 1,254,840	\$ 17,626
Interest receivable	3	25	20	8
Total assets	<u>\$ 12,846</u>	<u>\$ 1,259,648</u>	<u>\$ 1,254,860</u>	<u>\$ 17,634</u>
Liabilities:				
Accounts payable	\$ 7,237	\$ 313,864	\$ 310,320	\$ 10,781
Funds held as agent for others	5,609	1,569,968	1,568,724	6,853
Total liabilities	<u>\$ 12,846</u>	<u>\$ 1,883,832</u>	<u>\$ 1,879,044</u>	<u>\$ 17,634</u>
<b>Deposits funds</b>				
Assets:				
Cash and investments	\$ 1,628	\$ 14,855	\$ 14,171	\$ 2,312
Interest receivable	--	3	1	2
Total assets	<u>\$ 1,628</u>	<u>\$ 14,858</u>	<u>\$ 14,172</u>	<u>\$ 2,314</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,053	\$ 1,020	\$ 33
Funds held as agent for others	1,628	15,878	15,225	2,281
Total liabilities	<u>\$ 1,628</u>	<u>\$ 16,931</u>	<u>\$ 16,245</u>	<u>\$ 2,314</u>
<b>Other agency funds</b>				
Assets:				
Cash and investments	\$ 5,023	\$ 180,181	\$ 176,470	\$ 8,734
Interest receivable	7	63	47	23
Total assets	<u>\$ 5,030</u>	<u>\$ 180,244</u>	<u>\$ 176,517</u>	<u>\$ 8,757</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,668	\$ 2,668	\$ -
Funds held as agent for others	5,030	182,912	179,185	8,757
Total liabilities	<u>\$ 5,030</u>	<u>\$ 185,580</u>	<u>\$ 181,853</u>	<u>\$ 8,757</u>
<b>State and city revenue funds</b>				
Assets:				
Cash and investments	\$ 23,110	\$ 214,594	\$ 213,396	\$ 24,308
Interest receivable	71	338	279	130
Total assets	<u>\$ 23,181</u>	<u>\$ 214,932</u>	<u>\$ 213,675</u>	<u>\$ 24,438</u>
Liabilities:				
Accounts payable	\$ 37	\$ 102,311	\$ 102,312	\$ 36
Funds held as agent for others	23,144	317,244	315,986	24,402
Total liabilities	<u>\$ 23,181</u>	<u>\$ 419,555</u>	<u>\$ 418,298</u>	<u>\$ 24,438</u>
<b>Tax collection funds</b>				
Assets:				
Cash and investments	\$ 56,265	\$ 2,964,853	\$ 2,992,087	\$ 29,031
Interest receivable	248	1,441	1,278	411
Total assets	<u>\$ 56,513</u>	<u>\$ 2,966,294</u>	<u>\$ 2,993,365</u>	<u>\$ 29,442</u>
Liabilities:				
Accounts payable	\$ -	\$ 25,652	\$ 25,652	\$ -
Funds held as agent for others	56,513	2,991,946	3,019,017	29,442
Total liabilities	<u>\$ 56,513</u>	<u>\$ 3,017,598</u>	<u>\$ 3,044,669</u>	<u>\$ 29,442</u>
<b>Total - all agency funds</b>				
Assets:				
Cash and investments	\$ 98,869	\$ 4,634,106	\$ 4,650,964	\$ 82,011
Interest receivable	329	1,870	1,625	574
Total assets	<u>\$ 99,198</u>	<u>\$ 4,635,976</u>	<u>\$ 4,652,589</u>	<u>\$ 82,585</u>
Liabilities:				
Accounts payable	\$ 7,274	\$ 445,548	\$ 441,972	\$ 10,850
Funds held as agent for others	91,924	5,077,948	5,098,137	71,735
Total liabilities	<u>\$ 99,198</u>	<u>\$ 5,523,496</u>	<u>\$ 5,540,109</u>	<u>\$ 82,585</u>

See accompanying independent auditor's report.



# Statistical Section

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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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**Financial Trends** 174

These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

**Revenue Capacity** 178

These schedules contain trend information to help the reader assess the County’s most significant local revenue source, the property tax.

**Debt Capacity** 182

These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

**Demographic and Economic Information** 185

These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the County’s financial activities take place.

**Operating Information** 187

These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

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 POSITION BY CATEGORY (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Governmental activities</b>										
Net investment in capital assets	\$ 451,648	\$ 466,916	\$ 480,240	\$ 493,753	\$ 511,144	\$ 578,314	\$ 588,989	\$ 612,548	\$ 648,420	\$ 692,549
Restricted for:										
Policy & executive	--	--	--	--	--	--	--	--	436	716
Public safety	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927	49,093	54,810
Health & public assistance	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910	36,411	36,848
Community resources & public facilities	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668	154,523	154,848
General government & support services	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242	5,804	5,447
General county programs	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232	18,352	18,373
Debt service	--	--	--	--	--	--	--	--	--	--
Unrestricted	54,439	32,215	16,708	37,170	30,976	62,497	(551,588)	(529,641)	(532,968)	(562,947)
Total governmental activities net position	<u>\$ 653,032</u>	<u>\$ 666,346</u>	<u>\$ 675,478</u>	<u>\$ 696,077</u>	<u>\$ 712,003</u>	<u>\$ 819,967</u>	<u>\$ 273,953</u>	<u>\$ 328,886</u>	<u>\$ 380,071</u>	<u>\$ 400,644</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 57,338	\$ 59,750	\$ 60,029	\$ 64,943	\$ 65,806	\$ 70,562	\$ 73,988	\$ 78,188	\$ 80,852	\$ 83,764
Restricted for:										
Debt service	--	--	--	--	--	--	--	--	--	--
Unrestricted	9,560	10,851	12,353	16,606	21,648	25,191	14,062	19,888	21,326	34,638
Total business-type activities net position	<u>\$ 66,898</u>	<u>\$ 70,601</u>	<u>\$ 72,382</u>	<u>\$ 81,549</u>	<u>\$ 87,454</u>	<u>\$ 95,753</u>	<u>\$ 88,050</u>	<u>\$ 98,076</u>	<u>\$ 102,178</u>	<u>\$ 118,402</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 508,986	\$ 526,666	\$ 540,269	\$ 558,696	\$ 576,950	\$ 648,876	\$ 662,977	\$ 690,736	\$ 729,272	\$ 776,313
Restricted for:										
Policy & executive	--	--	--	--	--	--	--	--	436	716
Public safety	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927	49,093	54,810
Health & public assistance	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910	36,411	36,848
Community resources & public facilities	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668	154,523	154,848
General government & support services	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242	5,804	5,447
General county programs	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232	18,352	18,373
Debt service	--	--	--	--	--	--	--	--	--	--
Unrestricted	63,999	43,066	29,061	53,776	52,624	87,688	(537,526)	(509,753)	(511,642)	(528,309)
Total primary government net position	<u>\$ 719,930</u>	<u>\$ 736,947</u>	<u>\$ 747,860</u>	<u>\$ 777,626</u>	<u>\$ 799,457</u>	<u>\$ 915,720</u>	<u>\$ 362,003</u>	<u>\$ 426,962</u>	<u>\$ 482,249</u>	<u>\$ 519,046</u>

COUNTY OF SANTA BARBARA, CALIFORNIA  
 CHANGES IN NET POSITION (UNAUDITED)  
 LAST TEN FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Expenses</b>										
Governmental activities:										
Policy & executive	\$ 8,596	\$ 7,356	\$ 11,074	\$ 11,635	\$ 14,455	\$ 14,057	\$ 10,721	\$ 13,056	\$ 14,315	\$ 18,938
Public safety	251,027	247,228	263,133	270,541	271,326	282,251	276,688	275,809	314,026	361,703
Health & public assistance	287,178	297,590	308,149	304,747	307,239	319,565	335,132	363,789	364,675	360,185
Community resources & public facilities	84,585	85,914	83,770	88,871	89,382	92,377	88,788	94,254	94,387	110,529
General government & support services	32,115	31,750	31,123	28,965	29,585	33,931	37,766	37,131	37,716	39,023
General county programs	23,167	19,494	20,694	15,077	5,664	3,980	2,462	2,807	2,206	2,514
Interest on long-term debt	3,321	4,645	4,926	4,146	3,712	3,505	2,651	2,275	2,152	2,024
Subtotal governmental activities expenses	689,989	693,977	722,869	723,982	721,363	749,666	754,208	789,121	829,477	894,916
Business-type activities:										
Resource Recovery	23,226	21,659	21,258	20,601	20,529	20,300	26,250	23,017	29,196	24,507
Laguna Sanitation	5,609	5,633	5,946	5,793	6,181	6,176	6,270	5,631	6,822	6,564
Other	682	10	--	--	--	--	--	--	--	--
Subtotal business-type activities expenses	29,517	27,302	27,204	26,394	26,710	26,476	32,520	28,648	36,018	31,071
Total expenses	\$ 719,506	\$ 721,279	\$ 750,073	\$ 750,376	\$ 748,073	\$ 776,142	\$ 786,728	\$ 817,769	\$ 865,495	\$ 925,987
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
Health & public assistance	79,095	79,048	77,085	73,695	67,170	75,536	86,215	93,580	97,921	94,589
Public safety	37,999	36,479	36,345	29,979	41,323	43,635	44,118	51,704	55,405	59,746
Other	63,089	59,476	62,719	59,028	46,958	54,704	54,258	54,348	57,559	61,750
Operating grants & contributions	291,171	293,672	306,564	308,610	325,138	332,533	346,620	349,865	364,316	386,829
Capital grants & contributions	259	85	209	57	50	52,352	44	85	3,201	200
Subtotal governmental activities	471,613	468,760	482,922	471,369	480,639	558,760	531,255	549,582	578,402	603,114
Business-type activities:										
Charges for services										
Resource Recovery	20,854	20,157	21,151	21,370	22,381	23,439	23,184	24,617	26,053	30,721
Laguna Sanitation	6,464	6,827	7,304	7,688	8,662	9,907	11,069	12,377	12,644	13,183
Other	34	--	--	--	--	--	--	--	--	--
Operating grants & contributions	2,678	2,778	1,245	6,202	1,732	1,038	987	1,150	1,155	1,049
Capital grants & contributions	1,169	--	--	--	--	--	--	--	--	--
Subtotal business-type activities	31,199	29,762	29,700	35,260	32,775	34,384	35,240	38,144	39,852	44,953
Total program revenues	\$ 502,812	\$ 498,522	\$ 512,622	\$ 506,629	\$ 513,414	\$ 593,144	\$ 566,495	\$ 587,726	\$ 618,254	\$ 648,067
<b>Net (expense) / revenue</b>										
Governmental activities	\$ (218,376)	\$ (225,217)	\$ (239,947)	\$ (252,613)	\$ (240,724)	\$ (190,906)	\$ (222,953)	\$ (239,539)	\$ (251,075)	\$ (291,802)
Business-type activities	1,682	2,460	2,496	8,866	6,065	7,908	2,720	9,496	3,834	13,882
Total net expense	\$ (216,694)	\$ (222,757)	\$ (237,451)	\$ (243,747)	\$ (234,659)	\$ (182,998)	\$ (220,233)	\$ (230,043)	\$ (247,241)	\$ (277,920)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 205,583	\$ 207,169	\$ 208,595	\$ 186,047	\$ 227,452	\$ 231,247	\$ 244,139	\$ 254,166	\$ 267,613	\$ 284,284
Motor vehicle in-lieu tax	--	--	--	931	187	155	150	147	167	198
Sales taxes	15,643	13,444	12,756	14,700	13,527	14,039	15,306	16,332	18,172	18,118
Transient occupancy tax	6,431	5,950	6,977	7,570	6,993	7,539	8,550	9,072	10,068	8,364
Unrestricted investment earnings	1,610	2,404	1,372	1,048	453	1,407	1,661	854	335	753
Extraordinary item and special item	--	--	--	--	--	--	--	--	--	--
Transfers	661	(995)	1,002	6	2	(34)	--	(15)	--	36
Other	12,212	10,559	11,877	39,268	8,419	8,100	8,474	9,494	5,905	5,778
Subtotal governmental activities	242,140	238,531	242,579	249,570	257,033	262,453	278,280	290,050	302,260	317,531
Business-type activities:										
Unrestricted investment earnings	1,248	374	286	290	(95)	344	254	416	265	405
Transfers	(661)	995	(1,002)	(6)	(2)	13	--	15	--	(36)
Other	397	(126)	1	17	38	34	(38)	99	3	--
Subtotal business-type activities	984	1,243	(715)	301	(59)	391	216	530	268	369
Total primary government	\$ 243,124	\$ 239,774	\$ 241,864	\$ 249,871	\$ 256,974	\$ 262,844	\$ 278,496	\$ 290,580	\$ 302,528	\$ 317,900
<b>Extraordinary Items</b>										
RDA dissolution transactions	\$ --	\$ --	\$ --	\$ 16,345	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Changes in net position</b>										
Governmental activities	\$ 23,764	\$ 13,314	\$ 2,632	\$ 13,302	\$ 16,309	\$ 71,547	\$ 55,327	\$ 50,511	\$ 51,185	\$ 25,729
Business-type activities	2,666	3,703	1,781	9,167	6,006	8,299	2,936	10,026	4,102	14,251
Total primary government	\$ 26,430	\$ 17,017	\$ 4,413	\$ 22,469	\$ 22,315	\$ 79,846	\$ 58,263	\$ 60,537	\$ 55,287	\$ 39,980

COUNTY OF SANTA BARBARA, CALIFORNIA  
**FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**  
*(modified accrual basis of accounting)*

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>General Fund (1)</b>										
Reserved for:										
Receivables and prepaids	\$ 20,309	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Imprest cash	15	--	--	--	--	--	--	--	--	--
Property tax loss reserve	6,373	--	--	--	--	--	--	--	--	--
Unreserved:										
Designated	55,741	--	--	--	--	--	--	--	--	--
Undesignated	2,150	--	--	--	--	--	--	--	--	--
Nonspendable	--	26,704	25,570	8,780	9,618	10,138	11,042	12,130	13,619	11,977
Restricted	--	8,271	7,844	17,536	19,800	21,245	22,946	27,527	31,529	38,002
Committed	--	53,444	46,096	52,002	50,298	58,018	61,887	67,703	60,161	69,305
Assigned	--	--	--	--	--	--	--	--	--	--
Unassigned	--	736	4,330	7,591	8,092	3,405	3,242	7,684	7,761	10,591
Subtotal General Fund	<u>84,588</u>	<u>89,155</u>	<u>83,840</u>	<u>85,909</u>	<u>87,808</u>	<u>92,806</u>	<u>99,117</u>	<u>115,044</u>	<u>113,070</u>	<u>129,875</u>
<b>All Other Governmental Funds (2)</b>										
Reserved for:										
Receivables and prepaids	482	--	--	--	--	--	--	--	--	--
Imprest cash	25	--	--	--	--	--	--	--	--	--
Debt service	9,062	--	--	--	--	--	--	--	--	--
MHSA prudent reserve	1,900	--	--	--	--	--	--	--	--	--
Property held for resale	6,039	--	--	--	--	--	--	--	--	--
Unreserved:										
Designated, reported in:										
Special revenue funds	52,557	--	--	--	--	--	--	--	--	--
Capital projects fund	13,038	--	--	--	--	--	--	--	--	--
Debt service fund	422	--	--	--	--	--	--	--	--	--
Undesignated, reported in:										
Special revenue funds	85,181	--	--	--	--	--	--	--	--	--
Capital projects fund	5,339	--	--	--	--	--	--	--	--	--
Debt service fund	(15,724)	--	--	--	--	--	--	--	--	--
Nonspendable	--	507	681	586	1,084	791	1,129	1,496	1,942	1,714
Restricted	--	180,115	182,036	149,010	145,842	151,021	162,156	163,656	175,173	175,660
Committed	--	16,590	13,623	9,604	18,930	18,630	18,642	19,236	30,864	29,378
Assigned	--	932	883	1,817	1,287	--	--	--	--	--
Unassigned	--	22,860	(26,600)	(2,822)	(2,850)	--	--	--	--	--
Subtotal all other governmental funds	<u>158,321</u>	<u>221,004</u>	<u>170,623</u>	<u>158,195</u>	<u>164,293</u>	<u>170,442</u>	<u>181,927</u>	<u>184,388</u>	<u>207,979</u>	<u>206,752</u>
Total governmental fund balance	<u>\$ 242,909</u>	<u>\$ 310,159</u>	<u>\$ 254,463</u>	<u>\$ 244,104</u>	<u>\$ 252,101</u>	<u>\$ 263,248</u>	<u>\$ 281,044</u>	<u>\$ 299,432</u>	<u>\$ 321,049</u>	<u>\$ 336,627</u>

**Notes:**

- (1) In FY 10-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 09-10 fund balances have been recharacterized to comply with GASB Statement No. 54.
- (2) Substantial increases or decreases in fund balance components are 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)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenues (by source)</b>										
Taxes	\$ 232,781	\$ 231,648	\$ 234,354	\$ 241,142	\$ 249,414	\$ 254,177	\$ 269,412	\$ 281,279	\$ 295,066	\$ 309,983
Licenses, permits, and franchises	13,643	13,223	12,639	12,966	14,011	14,030	13,660	14,282	14,221	16,758
Fines, forfeitures, and penalties	13,218	13,527	13,299	10,990	9,582	10,883	9,581	9,160	9,141	11,281
Use of money and property	8,739	6,121	4,582	4,307	2,321	4,995	4,902	4,809	3,332	4,324
Intergovernmental	286,846	290,440	304,347	306,609	321,765	380,785	340,807	345,428	361,392	382,633
Charges for services	163,332	162,525	164,630	139,685	135,625	141,839	161,637	181,022	189,834	189,613
Other	16,614	17,046	22,872	25,920	19,582	20,804	19,033	16,149	16,177	16,255
Total revenues	735,173	734,530	756,723	741,619	752,300	827,513	819,032	852,129	889,163	930,847
<b>Expenditures (by function)</b>										
Policy & executive	13,971	13,266	15,661	15,172	15,349	15,408	15,563	16,484	16,585	21,242
Public safety	237,160	233,156	248,359	250,145	259,968	270,605	281,211	288,174	303,151	329,172
Health & public assistance	287,110	298,239	307,900	300,536	304,982	317,322	343,584	351,911	361,796	353,241
Community resources & public facilities	106,471	100,047	97,672	97,130	100,838	145,572	93,443	106,380	99,463	108,561
General government & support services	50,736	48,818	47,073	42,643	43,691	44,194	47,357	50,104	52,597	53,563
General county programs	22,822	18,449	18,957	12,287	5,091	8,199	3,190	2,679	2,167	1,590
Debt service										
Principal	6,230	7,506	5,621	23,749	4,133	4,502	15,318	3,764	3,874	3,951
Interest	3,324	4,637	4,918	4,183	3,518	3,308	2,516	2,111	2,002	1,889
Capital outlay	7,017	8,639	18,094	15,795	7,290	7,079	8,353	6,229	24,983	39,756
Total expenditures	734,841	732,757	764,255	761,640	744,860	816,189	810,535	827,836	866,618	912,965
Excess (deficiency) of revenues over (under) expenditures	332	1,773	(7,532)	(20,021)	7,440	11,324	8,497	24,293	22,545	17,882
<b>Other financing sources (uses)</b>										
Transfers in	139,021	146,179	88,586	96,986	86,395	49,715	60,305	54,535	68,603	57,082
Transfers out	(138,722)	(146,991)	(91,204)	(96,912)	(86,338)	(49,965)	(61,278)	(55,935)	(69,673)	(59,669)
Proceeds from sale of capital assets	147	52	174	220	500	73	347	205	142	283
Long-term debt issued	--	20,387	--	16,957	--	--	9,925	10	--	--
Long-term receivable collected	--	--	--	356	--	--	--	--	--	--
Issuance discount on long-term debt	--	(148)	--	--	--	--	--	--	--	--
Issuance premium on long-term debt	--	278	--	--	--	--	--	--	--	--
Total other financing sources (uses)	446	19,757	(2,444)	17,607	557	(177)	9,299	(1,185)	(928)	(2,304)
<b>Extraordinary Items</b>										
RDA dissolution transactions	--	--	--	(13,092)	--	--	--	--	--	--
Net change in fund balance	\$ 778	\$ 21,530	\$ (9,976)	\$ (2,414)	\$ 7,997	\$ 11,147	\$ 17,796	\$ 23,108	\$ 21,617	\$ 15,578
Debt service as a percentage of noncapital expenditures (1):	1.35%	1.71%	1.44%	3.84%	1.07%	1.06%	2.27%	0.74%	0.71%	0.68%
<b>Expenditures (2)</b>										
General government	\$ 64,020	\$ 62,761	\$ 64,450	\$ 48,395	\$ 64,886	\$ 65,289	\$ 64,462	\$ 68,216	\$ 74,054	\$ 74,874
Public protection	299,802	288,599	296,982	303,442	302,982	316,926	328,238	336,139	353,536	386,355
Public ways and facilities	32,301	32,111	32,489	35,540	29,814	28,226	25,750	30,620	23,720	29,672
Health and sanitation	155,148	157,155	157,961	157,298	155,560	157,460	171,631	173,590	180,615	180,185
Public assistance	130,962	138,166	145,085	138,397	139,800	148,702	159,753	165,569	166,155	158,593
Education	3,223	3,289	3,410	2,734	3,199	3,128	3,132	3,568	3,800	4,097
Recreational and cultural services	11,232	12,899	11,089	10,866	10,504	11,422	12,811	14,237	14,022	16,306
Debt service	9,555	12,144	10,539	27,933	7,651	7,809	17,834	5,875	5,876	5,840
Capital outlay	28,598	25,633	42,250	37,035	30,464	77,227	26,924	30,021	44,840	57,043
Total expenditures	\$ 734,841	\$ 732,757	\$ 764,255	\$ 761,640	\$ 744,860	\$ 816,189	\$ 810,535	\$ 827,835	\$ 866,618	\$ 912,965

**Notes:**

- (1) In FY 16-17 the calculation for debt service as a percentage of noncapital expenditures was revised to include the appropriate amounts. This change impacted all years reported.  
 (2) By State Controller function.

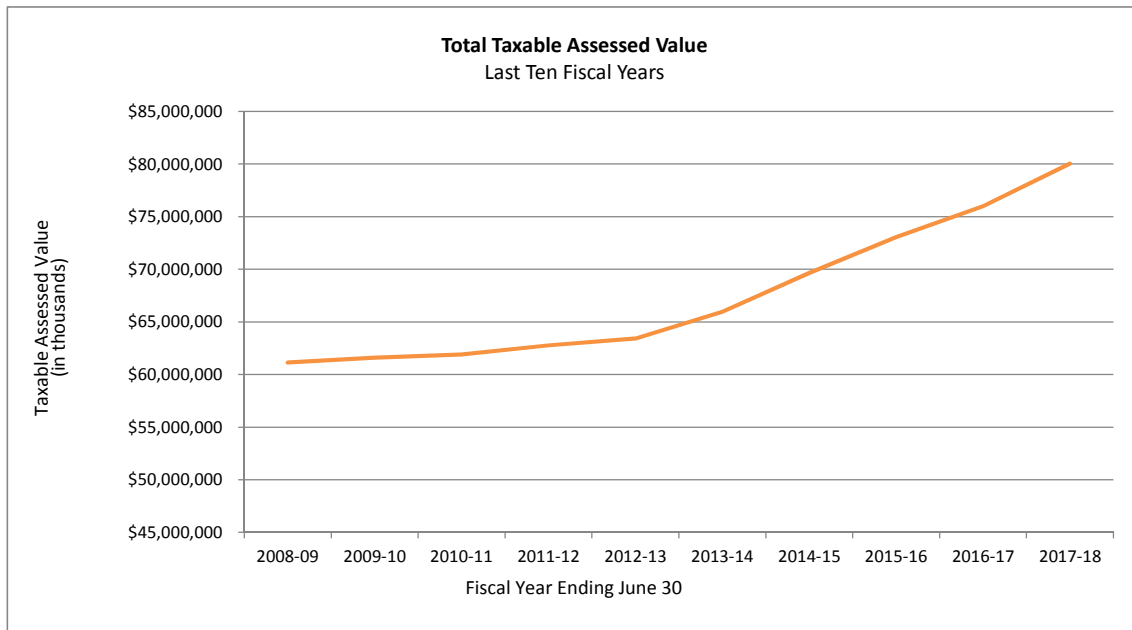
**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**

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 consumer price index (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.

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
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
2012 - 2013	62,696,346	2,896,396	883,587	(3,074,291)	63,402,038	1.00000
2013 - 2014	65,478,241	2,897,317	897,504	(3,308,629)	65,964,433	1.00000
2014 - 2015	68,635,212	3,441,635	925,196	(3,353,701)	69,648,342	1.00000
2015 - 2016	71,941,255	3,619,135	1,004,561	(3,505,586)	73,059,365	1.00000
2016 - 2017	75,131,736	3,603,348	1,064,198	(3,807,072)	75,992,210	1.00000
2017 - 2018	79,372,934	3,798,374	1,001,291	(4,123,907)	80,048,692	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.



**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

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Fiscal Year	County Direct Rates	Overlapping Rates		
	Santa Barbara County General	Cities (1)	Schools (2)	Total
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%
2012 - 2013	1.00000%	0.00012%	0.01352%	1.01364%
2013 - 2014	1.00000%	0.00013%	0.01462%	1.01475%
2014 - 2015	1.00000%	0.00012%	0.01473%	1.01485%
2015 - 2016	1.00000%	0.00011%	0.01979%	1.01990%
2016 - 2017	1.00000%	0.00010%	0.01875%	1.01885%
2017 - 2018	1.00000%	0.00010%	0.01816%	1.01826%

**Notes:**

- (1) Rates shown represent a weighted average of the eight incorporated cities within the County.
- (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, 2018 AND June 30, 2009 (in thousands)**

In accordance with GASB Statement No. 44, the following tables present information for the County's principal property taxpayers as of June 30, 2018 and June 30, 2009

**June 30, 2018:**

<b>Taxpayers</b>	<b>Type of Business</b>	<b>(1) Net Assessed Secured Property Value</b>	<b>Percentage of Total Net Assessed Value</b>	<b>(2) Total Secured Tax Levy Fiscal Year 2017-18</b>	<b>Percentage of Total Secured Tax Levy Fiscal Year 2017-18</b>
Southern California Edison Co.	Utility	\$ 293,372	0.37%	\$ 3,619	0.48%
United Launch Alliance LLC	Aerospace	292,098	0.36%	3,427	0.45%
1260 BB Property, LLC (Biltmore)	Hotel	219,475	0.27%	2,874	0.38%
Southern California Gas Company	Utility	217,778	0.27%	2,689	0.35%
BRS Investment Properties, LLC (Bacara)	Hotel	207,279	0.26%	2,306	0.30%
Pacific Gas & Electric Co.	Utility	179,582	0.22%	2,216	0.29%
Windset Farms California, Inc	Agriculture	170,705	0.21%	1,932	0.25%
Space Exploration Technologies Corp	Aerospace	166,632	0.21%	1,955	0.26%
Fairway BB Property, LLC	Residential Estate	157,513	0.20%	1,633	0.22%
Regency Tropicana LLC	Residential Units	148,355	0.19%	1,668	0.22%
Ten largest taxpayers		2,052,789	2.56%	24,319	3.20%
All other taxpayers		77,995,903	97.44%	735,033	96.80%
Total		\$ 80,048,692	100.00%	\$ 759,352	100.00%

**June 30, 2009:**

<b>Taxpayers</b>	<b>Type of Business</b>	<b>(1) Net Assessed Secured Property Value</b>	<b>Percentage of Total Net Assessed Value</b>	<b>(2) Total Secured Tax Levy Fiscal Year 2007-08</b>	<b>Percentage of Total Secured Tax Levy Fiscal Year 2007-08</b>
Exxon Corporation	Petroleum & Gas	\$ 351,592	0.58%	\$ 3,609	0.62%
Verizon California Inc.	Utility	211,803	0.35%	2,417	0.42%
Southern California Gas Company	Utility	134,386	0.22%	1,531	0.26%
Pacific Offshore Pipeline Co.	Petroleum & Gas	116,709	0.19%	1,196	0.21%
Tara li Llc	Residential Estates	89,138	0.15%	914	0.16%
Essex Portfolio Lp	Residential Estates	59,402	0.10%	695	0.12%
Raytheon Company	Manufacturing	51,643	0.08%	598	0.10%
Pini Dario	Residential Units	47,055	0.08%	499	0.09%
Venoco Inc	Petroleum & Gas	43,642	0.07%	453	0.08%
Colombo Paul	Residential Estates	39,179	0.06%	407	0.07%
Ten largest taxpayers		1,144,549	1.88%	12,319	2.13%
All other taxpayers		59,985,289	98.12%	565,530	97.87%
Total		\$ 61,129,838	100.00%	\$ 577,849	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
2008 - 2009	\$ 577,849	\$ 561,907	97.24%	\$ 15,842	\$ 577,749	99.98%
2009 - 2010	580,532	566,808	97.64%	13,536	580,344	99.97%
2010 - 2011	579,901	573,537	98.90%	6,094	579,631	99.95%
2011 - 2012	590,345	583,214	98.79%	6,847	590,061	99.95%
2012 - 2013	599,416	593,841	99.07%	5,170	599,011	99.93%
2013 - 2014	626,258	621,794	99.29%	3,853	625,647	99.90%
2014 - 2015	658,542	653,778	99.28%	1,474	655,252	99.50%
2015 - 2016	690,326	684,131	99.10%	--	684,131	99.10%
2016 - 2017	720,855	714,505	99.12%	--	714,505	99.12%
2017 - 2018	759,352	751,947	99.02%	--	751,947	99.02%

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)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
	Certificates of Participation (1)	Capital Leases	Long-Term Loans	Long-Term Settlement	Bonds and Notes Payable	Certificates of Participation (1)	Capital Leases	Long-Term Settlement	Bonds and Notes Payable				
2008 - 2009	\$ 65,069	\$ 3,707	\$ -	\$ -	\$ -	\$ 8,846	\$ 15	\$ -	\$ 7,009	\$ 84,646	0.44%	\$ 195	
2009 - 2010	76,824	4,782	--	--	--	6,933	8	--	6,581	95,128	0.49%	218	
2010 - 2011	68,759	4,017	--	--	--	9,532	--	--	10,314	92,622	0.49%	216	
2011 - 2012	44,840	3,735	--	--	22,195	8,144	--	--	9,637	88,551	0.47%	207	
2012 - 2013	43,161	3,418	--	--	19,740	7,473	--	--	8,928	82,720	0.43%	193	
2013 - 2014	41,414	3,013	--	--	17,070	6,781	--	--	8,203	76,481	0.37%	177	
2014 - 2015	29,550	2,686	--	--	23,580	6,061	--	--	7,462	69,339	0.32%	159	
2015 - 2016	28,693	2,351	--	--	20,690	5,323	--	--	6,704	63,761	0.29%	143	
2016 - 2017	27,798	1,983	--	--	17,745	4,554	--	--	5,930	58,010	0.24%	129	
2017 - 2018	26,872	1,636	--	--	14,730	3,766	--	--	5,139	52,143	0.21%	115	

- Notes:**
- (1) Beginning in fiscal year 2013-14, the Certificates of Participation totals in this schedule were updated to include unamortized premiums and discounts.
  - (2) See the "Demographics 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.
  - (3) 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)**

<b>Fiscal Year</b>	<b>(1) Assessed Value</b>	<b>(2) Legal Debt Limit</b>	<b>Total Net Applicable Debt</b>	<b>(3) Legal Debt Margin</b>	<b>Legal Debt Margin / Debt Limit</b>
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%
2012 - 2013	63,402,039	792,525	--	792,525	100%
2013 - 2014	65,964,432	824,555	--	824,555	100%
2014 - 2015	69,453,967	868,175	--	868,175	100%
2015 - 2016	73,059,365	913,242	--	913,242	100%
2016 - 2017	75,992,210	949,903	--	949,903	100%
2017 - 2018	80,048,692	1,000,609	--	1,000,609	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, 2018

2017-2018 Assessed Valuation: \$ 80,048,692

	<u>Percent Applicable (1)</u>	<u>Debt</u>
<b>Overlapping Tax and Assessment Debt:</b>		
Allan Hancock Joint Community College District	99.676%	127,395
Santa Barbara Community College District	100%	60,930
Santa Maria Jt. Union High School District	99.997%	125,630
Santa Ynez Valley Union High School District	100%	7,500
Carpinteria Unified School District	100%	23,515
Cuyama Jt. Unified School District	70.938%	1,419
Lompoc Unified School District	100%	20,241
Santa Barbara Unified School District & High School District	100%	164,085
Santa Barbara Unified School District SFID#1 & Elementary School District	100%	71,564
Buellton Union School District	100%	7,486
Cold Spring School District	100%	4,079
College School District	100%	6,679
Goleta Union School District	100%	13,785
Guadalupe Union School District	100%	2,775
Hope Elementary School District	100%	10,280
Los Olivos School District	100%	3,733
Montecito Union School District	100%	2,285
Orcutt Union School District	100%	10,425
Santa Maria-Bonita Joint School District	99.995%	29,999
Solvang School District	100%	6,739
City of Guadalupe	100%	16
Lompoc Healthcare District	100%	69,675
City and Special District 1915 Act Bonds	62.113 - 100%	4,346
Total Overlapping Tax and Assessment Debt		<u>774,581</u>
<b>Overlapping General Fund Obligation Debt:</b>		
Santa Maria-Bonita School District Certificates of Participation	99.995%	34,722
Cuyama Joint Unified School District Certificates of Participation	70.938%	1,127
Santa Ynez Valley Union High School District Certificates of Participation	100%	2,205
Santa Maria Joint Union High School District Certificates of Participation	99.997%	2,696
Buellton School District Certificates of Participation	100%	138
College School District Certificates of Participation	100%	2,229
Guadalupe Union School District Certificates of Participation	100%	3,175
City of Santa Barbara Certificates of Participation	100%	41,515
Carpinteria Sanitary District General Fund Obligations	98.486%	7,913
Total Gross Overlapping General Fund Obligation Debt		95,720
Less: Santa Barbara County utility supported obligations		(3,235)
Less: City of Santa Barbara revenue bonds supported by airport revenues		(41,515)
Less: Carpinteria Sanitary District revenue bonds supported by wastewater system revenues		(7,914)
Total Net Overlapping General Fund Obligation Debt		<u>43,056</u>
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		<u>817,637</u>
<b>Overlapping Tax Increment Debt:</b>		<u>40,005</u>
<b>Direct General Fund Obligation Debt:</b>		
Santa Barbara County Certificates of Participation		45,465
Total Direct General Fund Obligation Debt		<u>45,465</u>
Total Net Combined Overlapping and Direct Debt		<u>\$ 903,107</u>
Total Gross Combined Overlapping and Direct Debt		<u>\$ 955,771 (2)</u>
<b>Ratio to 2016-17 Assessed Valuation:</b>		
Total Overlapping Tax and Assessment Debt	0.97%	
<b>Ratios to Adjusted Assessed Valuation:</b>		
Total Gross Direct Debt	0.06%	
Total Net Direct Debt	0.05%	
Gross Combined Total Debt	1.19%	
Net Combined Total Debt	1.13%	

**Notes:**

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the County.  
(2) 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.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**DEMOGRAPHICS AND ECONOMIC STATISTICS (UNAUDITED)**  
**LAST FISCAL TEN YEARS (in thousands)**

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(1) Year	(2) Population	(3),(4) Personal Income	Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
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	44.6	66	8.9%
2012	427	19,000,000	44.5	66	7.9%
2013	429	19,300,000	45.0	66	6.3%
2014	433	20,600,000	47.6	67	5.4%
2015	437	21,700,000	49.7	68	4.7%
2016	447	22,300,000	49.9	69	4.9%
2017	451	24,200,000	53.7	69	4.3%
2018	453	25,000,000	55.2	70	3.9%

**Detail of estimated population, as of January 1, 2018 (whole numbers):**

<b>(2) Incorporated Cities</b>	
Buellton	5,291
Carpinteria	13,704
Goleta	31,949
Guadalupe	7,604
Lompoc	43,599
Santa Barbara	94,807
Santa Maria	108,470
Solvang	5,771
Total of Incorporated Cities	<u>311,195</u>
Total of Unincorporated Areas	<u>142,262</u>
Total Population	<u><u>453,457</u></u>

**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, 2018 AND June 30, 2009**

**June 30, 2018**

<b>Company or Organization</b>	<b>Type of Business</b>	<b>Jobs (1)</b>	<b>Percent of Total County Employment</b>
University of California, Santa Barbara	Education	4,325	2.10%
County of Santa Barbara	Government	4,213	2.05%
Cottage Health Organization	Health	3,606	1.75%
Vandenberg Air Force Base	Defense	2,500	1.22%
Santa Maria-Bonita School District	Education	2,120	1.03%
Chumash Casino Resort	Recreation/Hospitality	2,000	0.97%
Allan Hancock College	Education	1,480	0.72%
Santa Barbara Unified School District	Education	1,400	0.68%
Zodiac Aerospace	Manufacturer	1,200	0.59%
Santa Barbara City College	Education	1,193	0.58%
Total ten largest		24,037	11.69%
Total all other		181,645	88.31%
Total companies or organizations		205,682	100.00%

**June 30, 2009**

<b>Company or Organization</b>	<b>Type of Business</b>	<b>Jobs (2)</b>	<b>Percent of Total County Employment</b>
Vandenberg Air Force Base	Defense	6,386	3.37%
University of California, Santa Barbara	Education	5,161	2.72%
County of Santa Barbara	Government	4,026	2.12%
Santa Barbara Cottage Hospital	Health	2,900	1.53%
Santa Barbara School District Admin.	Education	2,588	1.36%
Santa Barbara City College	Education	2,444	1.29%
Santa Maria-Bonita School District	Education	1,686	0.89%
City of Santa Barbara	Government	1,687	0.89%
Chumash Casino Resort	Recreation/Hospitality	1,622	0.85%
Raytheon Electronic Systems	Defense Contractor	1,500	0.79%
Total ten largest		30,000	15.81%
Total all other		159,700	84.19%
Total companies or organizations		189,700	100.00%

**Sources:**

(1) Pacific Coast Business Times "Book of Lists." - Beginning in FY 17-18, this is a new source for this information.

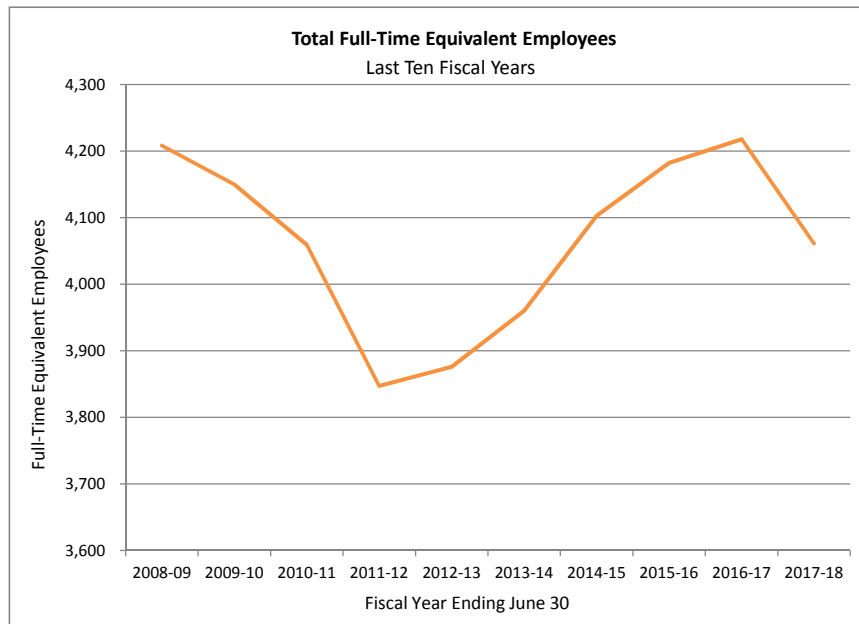
(2) County of Santa Barbara CAFR FY 08-09

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
<b>Paid employees (1)</b>										
Policy & executive	91	85	93	92	94	96	99	105	103	106
Public safety	1,617	1,556	1,524	1,455	1,467	1,478	1,498	1,521	1,540	1,540
Health & public assistance	1,654	1,765	1,779	1,634	1,732	1,799	1,926	1,973	1,961	1,806
Community resources & public facilities	476	451	432	416	419	424	419	424	443	442
General government & support services	437	410	385	343	334	334	350	359	361	348
General county programs	31	30	15	17	6	5	3	6	6	5
Resource Recovery	91	85	83	81	79	83	81	77	80	77
Laguna Sanitation	16	16	16	16	16	16	16	15	16	17
<b>Total County employees</b>	<b><u>4,413</u></b>	<b><u>4,398</u></b>	<b><u>4,327</u></b>	<b><u>4,054</u></b>	<b><u>4,147</u></b>	<b><u>4,235</u></b>	<b><u>4,392</u></b>	<b><u>4,480</u></b>	<b><u>4,510</u></b>	<b><u>4,341</u></b>
<b>Actual full-time equivalent employees (2)</b>										
Policy & executive	83	79	86	85	88	88	91	94	93	93
Public safety	1,561	1,500	1,455	1,390	1,386	1,394	1,415	1,433	1,448	1,452
Health & public assistance	1,573	1,633	1,637	1,548	1,608	1,679	1,796	1,841	1,842	1,697
Community resources & public facilities	445	421	404	391	389	392	382	389	402	402
General government & support services	414	392	369	328	315	313	326	335	339	325
General county programs	30	29	14	13	--	--	1	1	1	1
Resource Recovery	86	80	78	76	74	78	77	74	77	74
Laguna Sanitation	16	16	16	16	16	16	15	15	16	17
<b>Total County employees</b>	<b><u>4,208</u></b>	<b><u>4,150</u></b>	<b><u>4,059</u></b>	<b><u>3,847</u></b>	<b><u>3,876</u></b>	<b><u>3,960</u></b>	<b><u>4,103</u></b>	<b><u>4,182</u></b>	<b><u>4,218</u></b>	<b><u>4,061</u></b>

**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.



**Source:**

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	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public safety										
Other:										
Filed felonies-District Attorney	2,610	2,482	2,462	2,741	2,979	3,176	2,499	2,898	2,835	2,659
Filed misdemeanors-District Attorney	14,608	14,633	13,264	10,983	10,022	9,838	11,347	12,355	12,404	11,124
Public Defender's total new caseload	21,859	23,056	23,563	21,642	18,963	20,973	23,391	24,024	23,414	24,014
Fire emergency responses	11,392	11,278	11,512	12,714	13,989	13,842	13,927	14,307	15,123	15,763
Sheriff:										
Total miles patrolled	1,563,910	1,530,054	1,519,651	1,447,978	1,230,191	1,477,038	1,413,902	1,439,005	1,413,060	1,454,032
Processed and booked adult offenders	17,992	18,319	17,552	15,763	16,677	16,780	17,117	17,744	15,623	14,130
Probation:										
Juvenile referrals processed	5,880	5,431	4,978	4,122	3,449	3,070	3,313	3,371	3,150	2,964
Adult and Juvenile cases supervised	10,509	10,808	9,480	8,364	8,321	8,331	8,196	8,114	8,112	7,358
Institutional care for minors	68,286	67,861	65,313	58,923	52,268	38,763	34,894	37,372	34,214	26,695
Submit written reports to courts on Adults	5,832	4,941	5,544	5,146	6,582	6,628	6,838	6,856	7,337	6,763
Health & public assistance										
ADMHS clients served	13,637	14,785	12,063	11,825	12,313	12,647	13,936	14,653	15,344	13,004
Established orders for child support	14,630	14,800	13,648	12,963	12,565	11,922	11,544	11,452	11,317	11,270
Assistance claims paid to eligible recipients	71,249	77,966	80,025	76,762	72,678	70,924	99,513	99,597	97,127	91,623
Patient encounters at Public Health clinics	134,450	136,867	131,489	120,540	120,700	114,000	111,000	107,000	115,000	111,000
Community resources & public facilities										
Building inspections	21,523	19,159	19,450	19,736	20,689	23,752	22,431	22,583	21,804	24,230
Enhanced or maintained road lanes (miles)	100	195	96	81	67	82	73	24	23	21
Flood control work requests (1)	180	195	90	95	--	--	--	--	--	--
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	107,073	108,178	117,932	119,522	135,053	103,060	102,694	110,846	110,089	95,912
Resource Recovery										
Waste recycled (tons per month)	7,074	6,576	7,312	7,824	7,043	7,244	6,792	5,084	5,241	5,825
Landfill waste disposal (tons per month)	17,099	15,626	14,614	13,891	14,607	14,894	15,163	16,690	17,172	19,050

**Note:**

(1) Beginning in FY 12-13 Public Works no longer tracks flood control work requests.

**Sources:**

Various Department Personnel, County of Santa Barbara

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Policy & executive Buildings	Occupied with general government and support services									
Public safety										
Court buildings	7	7	7	7	7	7	7	7	7	7
Other buildings	5	5	5	5	5	5	5	5	5	5
Fire stations	16	16	16	16	16	16	16	16	16	16
Fire trucks	43	42	42	42	42	42	42	41	41	43
Ambulances	4	4	4	6	6	6	6	6	6	6
Sheriff sub stations	3	3	4	4	4	4	4	4	4	4
Patrol units	49	49	49	49	49	49	52	52	60	60
Aircrafts	5	6	6	6	6	6	6	6	6	6
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Administration buildings	9	9	9	9	9	9	9	9	9	9
Health & public assistance										
Clinics	7	7	7	7	7	7	7	9	9	9
Administration buildings	5	5	5	5	5	5	5	5	5	5
Community resources & public facilities										
Public parks & open space acreage	2,469	2,469	1,798	2,027	2,122	2,122	2,122	2,122	2,122	2,122
Day use & camping parks	22	23	25	26	26	26	26	26	26	26
Open space areas (County developed)	17	18	42	43	45	45	45	45	45	45
Outdoor events center	1	1	1	1	1	1	1	1	1	1
Veterans buildings	3	3	3	3	3	3	3	3	3	3
Seawalls	2	2	2	2	2	2	2	2	2	2
Road lane miles	1,685	1,685	1,685	1,670	1,671	1,671	1,671	1,671	1,651	1,650
Bridges	112	112	113	113	115	115	115	115	115	118
Traffic signals	26	26	26	43	44	44	44	44	44	43
Roads heavy equipment	49	51	51	51	43	43	43	43	43	48
Sanitary sewers (miles of collection)	121	121	121	121	129	129	129	129	129	129
Treatment capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	82	84	73	78	72	69	57	58	59	71
General government & support services										
Buildings	5	5	5	7	7	7	7	7	7	7

**Notes:**

Buildings include those that are capitalized but exclude real property that is leased.

**Sources:**

Various Department Personnel, County of Santa Barbara



# Glossary

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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 OF ACCOUNTING** - 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.

**ACTIVE EMPLOYEES** - Individuals employed at the end of the reporting or measurement period, as applicable.

**ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS** - Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

**ACTUARIAL VALUATION** - The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability or total OPEB liability, and related actuarial present value of projected benefit payments for pensions or OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

**ACTUARIAL VALUATION DATE** - The date as of which an actuarial valuation is performed.

**ACTUARIALLY DETERMINED CONTRIBUTION** - A target or recommended contribution to either a defined benefit pension plan or a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**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** - A multiple-employer defined benefit OPEB plan that is administered through a trust that meets the criteria of GASB Statement No. 75 and in which OPEB plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

**AMORTIZATION** - The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. 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 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 authority, 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: governmentwide 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.

**BENEFICIAL INTEREST** - The right to a portion of the benefits from donated resources pursuant to a split-interest agreement in which the donor enters into a trust or other legally enforceable agreement with characteristics that are equivalent to a split-interest agreement and transfers the resources to an intermediary.

**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 governmentwide 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 OF ACCOUNTING** - 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/Component Unit Financial Reports (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.

**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.

**COLLECTIVE DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS AND OPEB** - Deferred outflows of resources and deferred inflows of resources related to pensions or OPEB arising from certain changes in the collective net pension liability or the collective net OPEB liability.

**COLLECTIVE NET PENSION OR OPEB LIABILITY** - The net pension or OPEB liability for benefits provided through (1) a cost-sharing pension or OPEB plan or (2) a single-employer or agent pension or OPEB plan in circumstances in which there is a special funding situation.

**COLLECTIVE PENSION OR OPEB EXPENSE** - Pension or OPEB expense arising from certain changes in the collective net pension or OPEB liability.

**COLLECTIVE TOTAL PENSION LIABILITY** - The total pension liability for benefits provided through (a) a pension or plan that is used to provide pensions to the employees of a primary government and its component units or (b) a pension plan in circumstances in which there is a special funding situation.

**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.

**CONTRIBUTIONS** - Additions to a pension or OPEB plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension or OPEB plan or from recognition by the pension or OPEB plan of a receivable from one of these sources.

**COST-OF-LIVING ADJUSTMENTS** - Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

**COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (COST-SHARING PENSION PLAN)** - A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

**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.

**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** - OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums.

**DEFINED BENEFIT OPEB PLAN** – OPEB plans that are used to provide defined benefit OPEB.

**DEFINED BENEFIT PENSION PLAN** - Pension plans that are used to provide defined benefit pensions.

**DEFINED BENEFIT PENSIONS** - Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on 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.

**DISCOUNT RATE** - A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

**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 position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for governmentwide financial reporting. It is also used by business enterprises in the private sector.

**EMPLOYER'S CONTRIBUTIONS** - Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

**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.

**ENTRY AGE ACTUARIAL COST METHOD** - A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability*.

**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 sponsor's 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 *governmentwide 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.

**FUNDING POLICY** - The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.



**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.

**GOVERNMENTWIDE 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 governmentwide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

**HEALTHCARE COST TREND RATES** - The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

**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.

**INACTIVE EMPLOYEES** - Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

**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.

**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.

**INTERMEDIARY** - The trustee, fiscal agent, government, or any other legal or natural person that is holding and administering donated resources pursuant to a split-interest agreement. An intermediary is not required to be a third party.

**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.

**IRREVOCABLE SPLIT-INTEREST AGREEMENT** - A split-interest agreement in which the donor has not reserved, or conferred to another person, the right to terminate the agreement at will and have the assets returned to the donor or a third party.

**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.

**LEAD INTEREST** - A type of beneficial interest that confers the right to receive all or a portion of the benefits of resources during the term of a split-interest agreement.

**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.

**LIFE-CONTINGENT TERM** - A term specifying that the termination of a split-interest agreement is contingent upon the occurrence of a specified event, commonly the death of either the donor or other lead interest beneficiary.

**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 governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental 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 governmentwide 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.

**MEASUREMENT PERIOD** - The period between the prior and the current measurement dates.

**MODIFIED ACCRUAL BASIS OF ACCOUNTING** - 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.

**MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN** - A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

**NET INVESTMENT IN CAPITAL ASSETS** - One of three components of net position that must be reported in both governmentwide 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.

**NET OPEB LIABILITY** - The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria of GASB Statement No. 75.

**NET PENSION LIABILITY** - The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

**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)** - Benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as postemployment healthcare benefits paid in the period after employment (if any), regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits or termination payments for sick leave.

**OPEB PLANS** - Arrangements through which OPEB is determined, assets dedicated for OPEB (if any) are accumulated and managed, and benefits are paid as they come due.

**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.

**PENSION PLANS** - Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

**PENSIONS** - Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

**PERIOD-CERTAIN TERM** - A term specifying that the termination of a split-interest agreement occurs after a specified period. (For example, a number of years.)

**PLAN MEMBERS** - Individuals that are covered under the terms of a pension or OPEB plan. Plan members generally include (a) employees in active service (active plan members) and (b) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

**POSTEMPLOYMENT** - The period after employment.

**POSTEMPLOYMENT BENEFIT CHANGES** - Adjustments to the pension or OPEB of an inactive employee.

**POSTEMPLOYMENT HEALTHCARE BENEFITS** - Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

**PROJECTED BENEFIT PAYMENTS** - All benefits estimated to be payable through the pension or OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

**PROGRAM REVENUES** - Term used in connection with the governmentwide 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.

**PROJECTED BENEFIT PAYMENTS** - All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

**PROPRIETARY FUNDS** - Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

**REAL RATE OF RETURN** - The rate of return on an investment after adjustment to eliminate inflation.

**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.

**REMAINDER INTEREST** - A type of beneficial interest that confers the right to receive all or a portion of the resources remaining at the end of a split-interest agreement's term.

**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 POSITION** - A component of net position 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.

**SERVICE COSTS** - The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

**SERVICE LIFE** - The average remaining years of service of all members of the retirement plan (both current employees and retirees).

**SINGLE AUDIT** - An audit performed in accordance with *Title 2 U.S. Code of Federal Regulations*. The Single Audit 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.

**SPLIT-INTEREST AGREEMENT** - An agreement in which the donor enters into a trust or other legally enforceable agreement (with characteristics that are equivalent to a split-interest agreement) under which the donor transfers resources to an intermediary to administer for the benefit of at least two beneficiaries, one of which could be a government.

**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 retireable only from tax collections, and frequently only from the proceeds of the tax and revenue levy whose collection they anticipate.

**TERMINATION BENEFITS** - Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

**TOTAL PENSION LIABILITY** - The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

**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.

**UNCONDITIONAL BENEFIT** - A right belonging to the government that cannot be taken away without the government's consent, such as an unconditional beneficial interest.

**UNEARNED REVENUES** - Resource inflows that do not yet meet the criteria for revenue recognition. In governmental funds, earned amounts also are reported as unearned revenue until they are available to liquidate liabilities of the current period.

**UNMODIFIED OPINION** - An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**UNRESTRICTED NET POSITION** - That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

**VARIANCE POWER** - The unilateral power to redirect the benefit of the transferred resources to another beneficiary, overriding the donor's instructions. This transfer would occur without the approval of the donor, specified beneficiaries, or any other interested party.

