

County of Santa Barbara
State of California

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2016



Theodore A. Fallati, CPA, CPFO
Auditor-Controller

After some much needed rain over the winter, bright and colorful wildflowers bloomed all over Figueroa Mountain. The front cover features wild lupines and this picture is of poppies, California's delicate, yet bold state flower. Figueroa Mountain is in the Los Padres National Forest within Santa Barbara County. Adventure seekers will find several hiking trails on the mountain and are rewarded with stunning, unobstructed views of the valleys below.

The photographs were taken by and shared courtesy of Jeremy Sturz, avid hiker and Accountant-Auditor in the County of Santa Barbara Auditor-Controller's Office.



This CAFR is dedicated to Robert W. Geis, III, CPA, CPFO, for making its accurate and timely publication his passion and priority his entire 25 years in office as the elected Auditor-Controller. Under Bob's supervision, the CAFR was first awarded the GFOA award for the June 30, 1991 fiscal year. The CAFR has earned the GFOA award each subsequent fiscal year since then. Bob retired in March 2016 and is now enjoying his days fishing, traveling, and exercising.

County of Santa Barbara
State of California

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2016



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

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Introductory Section





COUNTY OF SANTA BARBARA



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Auditor-Controller

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OFFICE OF THE AUDITOR-CONTROLLER

August 26, 2016

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, 2016, 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, 2016. 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

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 446,717.

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



Salud Carbajal
First District Supervisor



Janet Wolf
Second District Supervisor



Doreen Farr
Third District Supervisor
Vice Chair



Peter Adam
Fourth District Supervisor
Chair



Steve Lavagnino
Fifth District Supervisor

Michael Ghizzoni
County Counsel

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

Public Safety

Joyce Dudley
District Attorney

Eric Peterson
Fire

Kenneth Clayman (Interim)
Public Defender

Guadalupe Rabago
Probation

Darrel E. Parker
Court Special Services

William F. Brown
Sheriff-Coroner

Health & Human Services

Alice Gleghorn
Behavioral Wellness

Carrie Topliffe, CPA
Child Support Services

Dr. Takashi Wada
Public Health Services

Daniel Nielson
Social Services

Community Resources & Public Facilities

Cathleen Fisher
Agriculture Commissioner /
Weights & Measures

George Chapjian
Community Services

Glenn Russell
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

Matthew Pontes
General Services

Lori Gentles
Human Resources

Component Units

The County, with an average of 4,196 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 (separately presented and not included in the County’s operations for the fiscal year ended June 30, 2016).

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 (with the exclusion of 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 County Executive Office.

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) 2015-16, the County continued to see positive trends in certain economic segments led by consumer spending and tourism. Additionally, the real estate housing market and the labor market continued to show indicators of a steady economy.

“County jobs surge in March”
Santa Barbara News-Press April 16, 2016

Employment

- The County’s average unemployment rate during FY 15-16 decreased from 5.7% to 5.0%.
- The June 2016 County unemployment rate of 4.9% was below the State unemployment rate of 5.7% and the national unemployment rate of 5.1%.

Income

- Average annual wages had a slight increase to \$51,390 in 2015 from \$50,130 in 2014.

Retail Sales

- Countywide retail sales increased 2.1% to \$6.9 billion for the 2015 calendar year, slightly up from \$6.7 billion in 2014.
- Local retail sales continue to grow with the improved economy from the December 2010 low point.
- California retail sales are following a similar pattern.

Real Estate

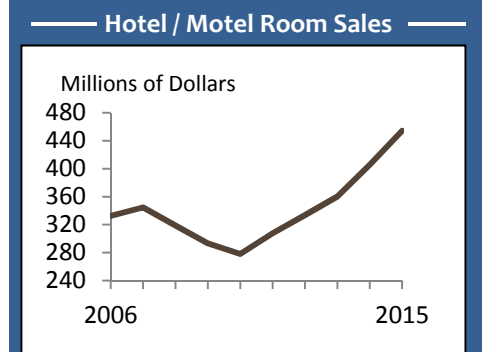
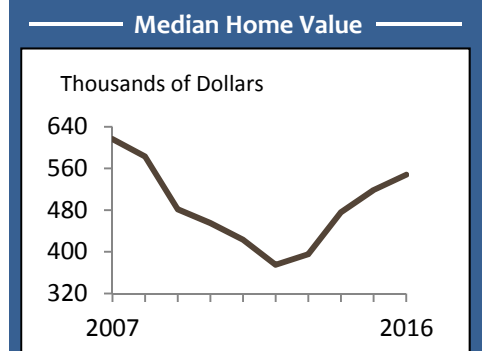
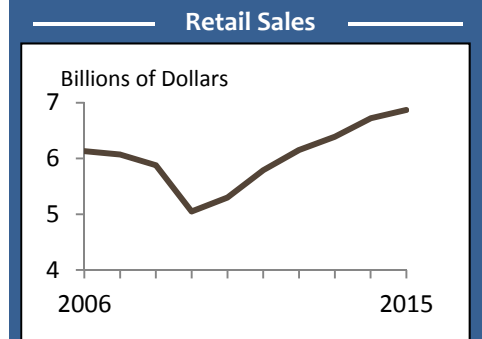
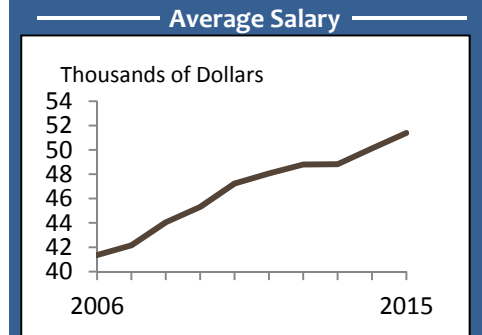
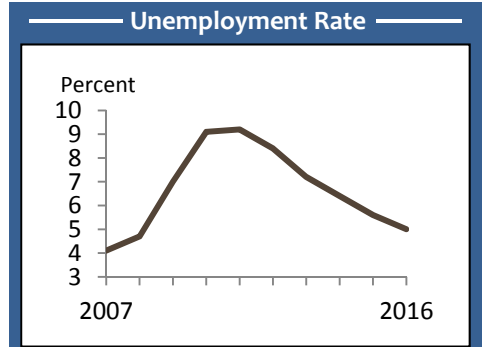
- The Countywide median home value increased 5.7% to \$547,750.
- The real estate market continued its upward trend with increased property sales, price appreciation, and new construction.

Tourism

- Countywide Transient Occupancy Tax (TOT) increased 6.1% in FY 15-16, driven by the robust tourism industry.
- The County’s wide array of resorts, hotels, motels, and vacation rentals all contributed to the increase in this tax source. The leisure and hospitality sector is the fastest growing sector over the last three years.

“County sees growth in sales, transient occupancy taxes”
Lompoc record February 29, 2016

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



Economic Indicators

The 2016 University of California Santa Barbara (UCSB) Economic Forecast Project stated, “the US economy, as well as California and Santa Barbara County, all continue to improve on most measures. The growth has been slow coming out the recession, but the recovery is now mature and will likely continue at the current pace over the next year.” The real median home value for Santa Barbara County grew at a significantly greater rate than the California average. Total County employment grew and the County unemployment rate fell and is below the California rate.

Financial Indicators

County tax revenues experienced steady growth due to increases in real property values, tourism and consumer spending. 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. Both of these indicators decreased slightly in fiscal year 15-16 suggesting that property tax growth in future years will not be as strong as prior years. Some supplemental billings have been delayed due to the implementation of a new property tax system. The secured property tax growth rate for FY 15-16 was 3.7% and for FY 16-17 is estimated at 4.7%. With property taxes overall showing modest positive growth, the County general discretionary revenues are expected to continue to grow annually in the 3% to 5% range for the foreseeable future.

Growth in transient occupancy tax (TOT) and local retail sales tax have been strong at 6.1% and 11.7%, respectively. The majority of the retail sales tax increase is due to the mid-year restoration of the .25% of the Bradley Burns 1% local sales tax. The .25% was previously shifted to the State during the 2004 Triple Flip to pay off State issued bonds. Statewide sales tax for Proposition 172 public safety, a ½ cent tax, decreased 1.6% to \$33.7 million. The County also had some improvement in State Realignment 2011, sales taxes and vehicle license fees that are distributed to the County for Public Safety and Health and Human Services. The implementation of the Affordable Care Act has significantly increased Medi-Cal reimbursements and Social Services reimbursements for Medi-Cal eligible programs.

On the expenditure side, the largest category of expenditures as a service organization is County salaries and benefits, which increased by \$22.4 million or 4.5% to \$517.0 million. This represents 62.5% of total County governmental fund expenditures. The majority of the increase is due to the addition of 91 Full-Time Equivalents (FTE), mainly in the Health and Human Services function. The remainder is due to increases in retirement, health insurance, workers’ compensation, and reimbursable overtime costs.

Major Initiatives

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

- Maintained organizational stability, customer service levels, and program efficiencies during the leadership changeover of the Public Defender and the 25-year veteran County Auditor-Controller. Additionally, the Human Resources Department was re-established as its own standalone department after four years of functioning as a division of the County Executive Office. A new Human Resources Director was hired in November 2015.
- Continued steps to build the new \$111 million Northern Branch Jail, slated to be in operation in fiscal year 2018-19. However, the almost \$40 million companion capital project known as the Sheriff’s Transition and Reentry (STAR) facility, was discontinued at the direction of the Board of Supervisors this fiscal year.
- Further incorporated aspects of the federal Affordable Care Act (ACA). The ACA has had dramatic program and revenue funding implications for the County. Across the Social Services, Public Health, and Behavioral Wellness departments, over 56 new positions were added. Additionally, there has been an increase of 52,000 new Medi-Cal eligible individuals, for a total of 132,000 Medi-Cal recipients.

- Proceeded with exploring the financing, governance, and operational structure options for the Tajiguas Landfill operation. This project is estimated to cost \$125 million. The primary goal for this project includes the automated identification and separation of commingled waste between recycling, organics, and buried waste through the addition of a Materials Recovery Facility (MRF) and Dry Fermentation Anaerobic Digestion (AD) Facility. The project will provide an additional 20 years of disposal capacity, reduce greenhouse gas, and generate green energy.
- Prepared for the Isla Vista Community Services District (CSD) Local Agency Formation Commission (LAFCO) process and ballot measure, which will be part of the November 2016 election. The intent of the Isla Vista CSD is to better address needed public services in a uniquely transient and densely populated area.
- Continued taking steps to recognize, address, and plan for County capital needs by incorporating policy which earmarks 18% of available discretionary General Fund revenue growth for deferred maintenance.
- Recovered \$1.9 million in cost reimbursements to-date from the oil spill that occurred on May 19, 2015. According to a report from the responsible party, the spill, which occurred on the Gaviota coast and is referred to as the “Refugio Oil Spill,” released an estimated 101,000 gallons of oil with a portion of the release migrating to the Pacific Ocean. This oil spill continues to impact the County financially.
- Made internal Countywide strategic and technological efficiencies a priority by:
 - Initiating a first ever “inward facing” strategic plan designed to focus on strengthening the County’s organizational culture, systems, and finances. The resulting plan will help set organizational priorities and goals, as well as focus efforts on key tasks that will address strategies identified in the plan.
 - Forming the Governance Board of Information Technology Systems (GBITS) to move the Countywide Information Technology Strategic Plan forward and guide prioritization of Countywide IT efforts.

Significant Capital Projects and Operating Impacts

The County completed \$23.7 million in capital projects in the current year, and has approved \$94.2 million in capital and capital maintenance projects, equipment, software, and information systems projects for FY 16-17, as described in Section E “Capital Budget Summary” of the County’s Proposed Operating Budget (available at www.countyofsb.org/ceo/index.asp). The largest of the ongoing projects relates to transportation improvements.

Long-term Financial Planning

Local assessed property values for FY 15-16 grew approximately 4.9%; this will increase secured property tax revenues by approximately an equal percentage. The FY 16-17 budget was adopted reflecting a 4.7% increase in secured property taxes when measured against FY 15-16 actual revenues.

The County is committed to building and maintaining a strategic reserve of \$30.6 million, equal to 8% of annual General Fund revenues, or approximately 30 days working capital. The County’s final budget resolution for FY 16-17 directs that any General Fund unassigned fund balance be added to the strategic reserve until the target is met. The General Fund ended FY 15-16 with a strategic reserve balance of \$29.9 million which requires an increase of \$1.1 million of unassigned fund balance to meet the target.

The County’s Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 16-17, the CIP includes \$94.2 million of funding for planned projects that are included in the budget.

FY 2016-17 significant projects include:

- \$29.7 million for the North Branch County Jail (total estimated project cost of \$111 million).
- \$5.0 million for flood channel improvements in North and South County (total estimated project cost of \$156 million).
- \$2.7 million for landfill improvement projects in North and South County (total estimated project cost of \$17 million).
- \$0.9 million for culvert improvements in Goleta (total estimated project cost of \$11.6 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.

Real Estate

The County is committed to building a strategic reserve as discussed previously in Long-Term Financial Planning.

Multiyear Financial Forecasting

The County's Recommended Operational Plan includes a five-year financial forecast 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 projection reviews of each department's year-to-date actual compared with 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 for twenty-five (25) consecutive years, and the Certificate of Achievement in Popular Annual Financial Reporting for the Financial Highlights for twenty-one (21) consecutive years.

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 Operational Plan 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.

Capital & 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 57.7% 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 for eighteen (18) consecutive years.

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 Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County’s CAFR for the fiscal year ended June 30, 2015. This was the twenty-fifth (25th) consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

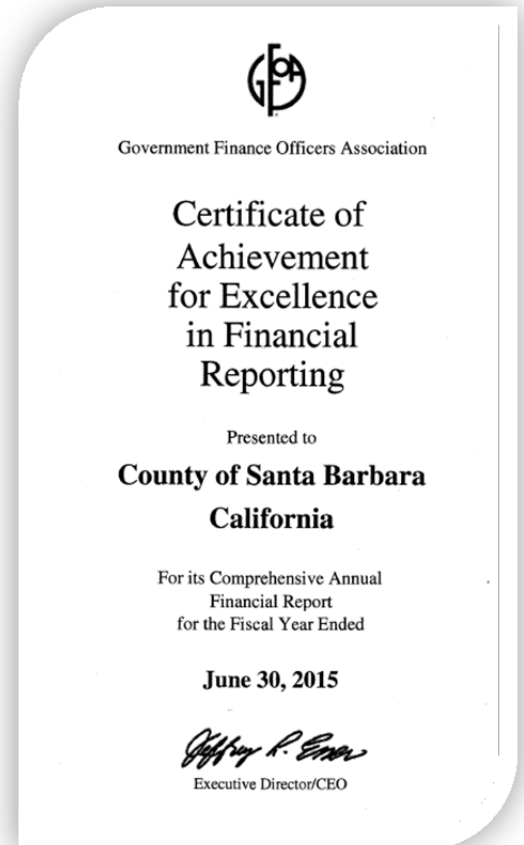
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2015, for the 18th consecutive year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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, 2015. This award is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.



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

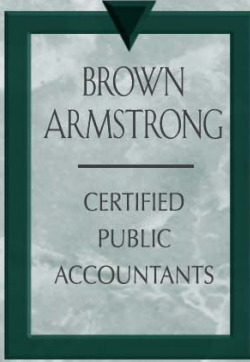
Theodore A. Fallati, CPA, CPFO
Auditor-Controller



Financial Section







BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on 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, as of and for the year ended June 30, 2016, 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 entity'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 entity'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 of Santa Barbara, as of June 30, 2016, 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 11–28, the Santa Barbara County Employees' Retirement System Schedule of the County's Proportionate Share of the Net Pension Liability and the Santa Barbara County Employees' Retirement System Schedule of the County's Contributions on page 108, the Schedule of Funding Progress for the County of Santa Barbara's Other Postemployment Benefit (OPEB) plan on page 108, and the respective budgetary comparison for the General and Major Special Revenue Funds on pages 111–118 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 of Santa Barbara's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 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 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 to the financial statements, the County of Santa Barbara implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, during fiscal year 2016. Our opinion is not modified with respect to the matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2016, on our consideration of the County of Santa Barbara's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Santa Barbara's internal control over financial reporting and compliance.

Bakersfield, California
August 26, 2016

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

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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 Comprehensive Annual Financial Report (CAFR).

As management of the County of Santa Barbara, California (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2016. 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 \$420,079 (*See Summary of Net Position and analysis on page 17*):

- \$683,853 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,
- \$245,979 is available for the County's ongoing obligations related to programs with external restrictions, and
- -\$509,753 is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) obligations.

The County's total net position increased by \$58,076 over the prior year:

- The \$20,876 increase in net position invested in capital assets represents the change in capital expenditures less depreciation, and amortization of related deferred inflows of resources,
- The \$9,427 increase in restricted net position represents the change in resources that are subject to external restrictions on their use, and
- The \$27,773 increase 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 \$299,432 was an increase of \$18,388 from the prior year ending fund balance of \$281,044. Amounts available for spending include Restricted, Committed, and Unassigned Fund Balances; these totaled \$285,806, or 95.4% of ending fund balance. Of this amount:

- \$191,183 is restricted by law or externally imposed requirements,
- \$86,939 is committed for specific purposes, and
- \$7,684 is unassigned fund balance.

Spendable fund balance for the General Fund increased \$14,839 to \$102,914, which equates to 31.5% 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 & Executive, Public Safety, Health & Public Assistance, Community Resources & Public Facilities, General Government & 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 30-31 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 32-35 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 36-38 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.

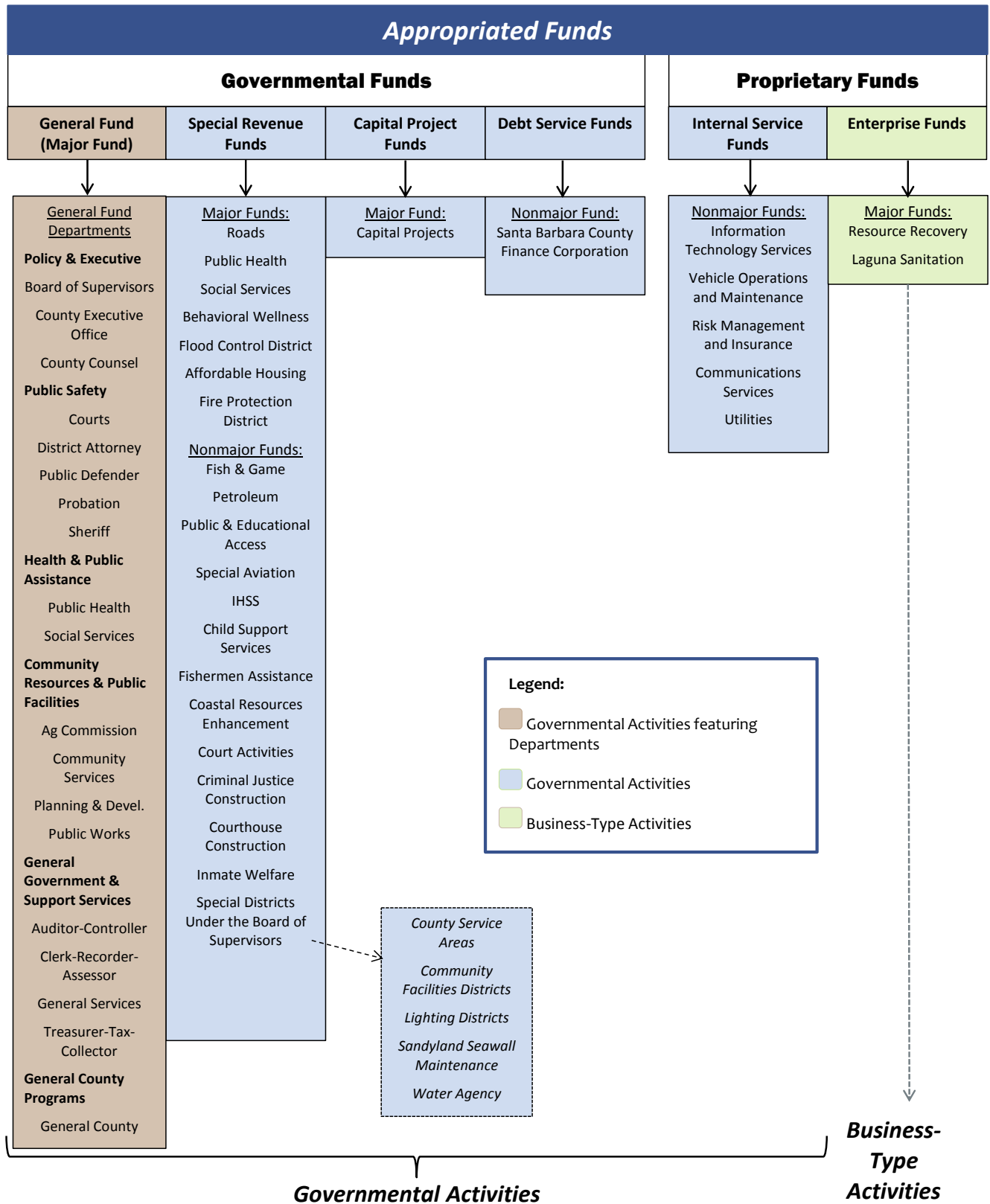
Pages 39-40 of this report display the Fiduciary Funds Financial Statements.

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.
- Notes 2 & 3 provide information on Budgetary and Legal Compliance and Reconciliation for Governmentwide and Fund Financial Statements.
- Notes 4 to 22 provide detailed notes on cash and investments, receivables, capital assets, service concession arrangements, deferred outflows of resources, advances from grantors and third parties, debt obligations, self-insurance, commitments and contingencies, landfill closure and postclosure, deferred inflows of resources, fund balances, restricted component of net position, retained deficit, and interfund transactions.
- Notes 23 to 27 provide detailed notes on pension plans, other postemployment benefits, deferred compensation plans, prior period adjustments, and subsequent events.

Pages 41-105 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	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 488,780	\$ 486,341	\$ 55,865	\$ 62,265	\$ 544,645	\$ 548,606	\$ 3,961	1%
Capital assets, net of depreciation	675,558	690,827	86,724	89,422	762,282	780,249	17,967	2%
Total assets	1,164,338	1,177,168	142,589	151,687	1,306,927	1,328,855	21,928	2%
Deferred outflows of resources:								
Deferred social services	514	511	-	-	514	511	(3)	(1%)
Deferred pensions	115,087	146,565	2,069	2,604	117,156	149,169	32,013	27%
Total deferred outflows of resources	115,601	147,076	2,069	2,604	117,670	149,680	32,010	27%
Liabilities:								
Current and other liabilities	88,925	73,739	1,737	1,859	90,662	75,598	(15,064)	(17%)
Long-term liabilities	759,933	869,443	52,712	53,996	812,645	923,439	110,794	14%
Total liabilities	848,858	943,182	54,449	55,855	903,307	999,037	95,730	11%
Deferred inflows of resources:								
Deferred SCAs	33,096	35,135	-	-	33,096	35,135	2,039	6%
Deferred housing loan payments	3,948	3,625	-	-	3,948	3,625	(323)	(8%)
Deferred pensions	120,084	20,299	2,159	360	122,243	20,659	(101,584)	(83%)
Total deferred inflows of resources	157,128	59,059	2,159	360	159,287	59,419	(99,868)	(63%)
Net position:								
Net investment in capital assets	588,989	605,665	73,988	78,188	662,977	683,853	20,876	3%
Restricted	236,552	245,979	-	-	236,552	245,979	9,427	4%
Unrestricted	(551,588)	(529,641)	14,062	19,888	(537,526)	(509,753)	27,773	(5%)
Total net position	\$ 273,953	\$ 322,003	\$ 88,050	\$ 98,076	\$ 362,003	\$ 420,079	\$ 58,076	16%

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 \$420,079 at the close of the current fiscal year.

Analysis of Net Position

The County’s total net position increased by \$58,076, or 16.0%, during the fiscal year. As described below, the County experienced a net increase mainly due to changes in unrestricted net position.

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 \$683,853 at year-end, and consisted of the following:

	2015	2016	Dollar Change	Percentage Change
Investment in Capital Assets (net of accumulated depreciation)	\$ 762,282	\$ 780,249	\$ 17,967	2%
Less:				
Related Debt	66,865	61,684	(5,181)	-8%
Related Deferred Inflows of Resources	32,440	34,712	2,272	7%
Net Investment in Capital Assets	<u>\$ 662,977</u>	<u>\$ 683,853</u>	<u>\$ 20,876</u>	<u>3%</u>

The \$20,876, or 3%, 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 infrastructure (roads & road improvements), building projects, and additions from the County’s Service Concession Arrangements (SCAs). The County recorded depreciation of \$27,317 against its assets.

Restricted net position

Restricted net position of \$245,979 represents resources that are subject to external restrictions on their use or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net position dollars than unrestricted net position dollars. Restricted net position is comprised of the following:

- \$111,480 (45%) for property taxes dedicated to specific services such as flood control and fire protection,
- \$61,684 (25%) for federal imposed restrictions for federally-qualified health centers and housing programs,
- \$29,498 (12%) for numerous State imposed restrictions,
- \$26,114 (11%) for federal and state allocations for roads and health services,
- \$10,408 (4%) for grant, land use, and permit agreements, and
- \$6,795 (3%) for various County imposed purposes.

Restricted net position increased \$9,427, or 4%. Significant changes to restricted net position, by function, include:

- The Community Resources and Public Facility function decreased \$3,071 as a result of the use of prior year carryover funding on Roads and the Water Agency’s projects.
- The Health and Public Assistance function increased \$3,155 as a result of unanticipated local Medi-Cal health plan incentives received in the Public Health department that will carryover to future years for use on capital improvement projects and service expansions.
- The Public Safety function increased \$10,287 due primarily to the Fire District’s incident reimbursements to the fire district for local disasters and the Probation department’s unspent Public Safety realignment funds (Assembly Bill (AB) 109).

Unrestricted net position

Negative unrestricted net position in the amount of \$509,753, a positive change of \$27,773, or 5%, from prior year, is the change in resources available to fund County programs to citizens and debt obligations to creditors. The majority of negative unrestricted net position is primarily the result of the County’s unfunded pension and OPEB obligations offset by positive unrestricted net position predominantly in the County’s General Fund.

Analysis of Governmental Activities

Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
Revenues								
Program revenues:								
Charges for services	\$ 184,591	\$ 199,632	\$ 34,253	\$ 36,994	\$ 218,844	\$ 236,626	\$ 17,782	8%
Operating grants and contributions	346,620	349,865	987	1,150	347,607	351,015	3,408	1%
Capital grants and contributions	44	85	--	--	44	85	41	93%
Total program revenues	531,255	549,582	35,240	38,144	566,495	587,726	21,231	4%
General revenues:								
Property taxes	244,139	254,166	--	--	244,139	254,166	10,027	4%
Motor vehicle in-lieu tax	150	147	--	--	150	147	(3)	(2%)
Sales taxes	15,306	16,332	--	--	15,306	16,332	1,026	7%
Transient occupancy tax	8,550	9,072	--	--	8,550	9,072	522	6%
Unrestricted investment earnings	1,661	854	254	416	1,915	1,270	(645)	(34%)
Gain (loss) on sale of capital assets	258	23	(38)	99	220	122	(98)	(45%)
Other	8,216	9,471	--	--	8,216	9,471	1,255	15%
Total general revenues	278,280	290,065	216	515	278,496	290,580	12,084	4%
Total revenues	809,535	839,647	35,456	38,659	844,991	878,306	33,315	4%
Expenses								
Policy & executive	10,721	13,056	--	--	10,721	13,056	2,335	22%
Public safety	276,688	275,809	--	--	276,688	275,809	(879)	0%
Health & public assistance	335,132	363,789	--	--	335,132	363,789	28,657	9%
Community resources & public facilities	88,788	94,254	--	--	88,788	94,254	5,466	6%
General government & support services	37,766	37,131	--	--	37,766	37,131	(635)	(2%)
General county programs	2,462	2,807	--	--	2,462	2,807	345	14%
Interest on long-term debt	2,651	2,275	--	--	2,651	2,275	(376)	(14%)
Resource recovery	--	--	26,250	23,017	26,250	23,017	(3,233)	(12%)
Laguna sanitation	--	--	6,270	5,631	6,270	5,631	(639)	(10%)
Total expenses	754,208	789,121	32,520	28,648	786,728	817,769	31,041	4%
Excess (deficiency) of revenues over (under) expenses	55,327	50,526	2,936	10,011	58,263	60,537	2,274	4%
Transfers	--	(15)	--	15	--	--	--	--
Change in net position	55,327	50,511	2,936	10,026	58,263	60,537	2,274	4%
Net position - beginning	819,967	273,953	95,753	88,050	915,720	362,003	(553,717)	(60%)
Prior period adjustment	(601,341)	(2,461)	(10,639)	--	(611,980)	(2,461)	609,519	(100%)
Net position - beginning, as restated	218,626	271,492	85,114	88,050	303,740	359,542	55,802	18%
Net position - ending	\$ 273,953	\$ 322,003	\$ 88,050	\$ 98,076	\$ 362,003	\$ 420,079	\$ 58,076	16%

Governmental activities increased the County’s net position by \$50,511 to \$322,003, accounting for 83.4% of the County’s total increase in net position. Governmental activities operating revenues exceeded operating expenditures by \$50,526. A prior period adjustment of -\$2,461 is mostly the result of reclassifying the First 5 Children and Families Commission fund from a blended component unit to a discrete component unit.

Revenues

Total revenues for the County’s Governmental Activities had an overall increase from the prior year of \$30,112, or 3.7%, to \$839,647. Revenues are divided into two categories: Program Revenues and General Revenues.

Program Revenues had an overall increase of \$18,327, or 3.4%, to \$549,582 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 \$15,041, or 8.1%, to \$199,632 primarily due to \$6,842 increase in health care fees, a \$2,573 increase in Behavioral Wellness State and Federal revenue, a \$4,748 increase in Fire incident reimbursements, and a \$1,177 increase in Fire contract reimbursements.
- *Operating grants and contributions (intergovernmental revenues)* increased \$3,245, or 0.9%, to \$349,865 primarily due to an increase of \$5,973 in realignment revenues, an increase in State grants received by Behavioral Wellness of \$3,233, and an increase of \$2,929 in State and Federal Grant revenue for Social Services which were offset by a \$6,025 decrease in Senate Bill (SB) 90 Mandated Costs reimbursement and a decrease of \$3,860 in First 5 revenues that were previously recorded in governmental activities but are now discretely presented as a component unit.
- *Capital grants and contributions (intergovernmental revenues)* increased \$41, or 93.2%, to \$85 due primarily to an increase in the number of donations to the County.

General Revenues and Transfers had an overall increase of \$11,770, or 4.2%, to \$290,050. 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, and district attorney consume most of these resources. The increase in general revenues is due primarily to the following changes:

- *Property Tax Revenue* increased \$10,027, or 4.1%, to \$254,166.
- *Sales Tax Revenue* increased \$1,026, or 6.7%, to \$16,332.
- *Transient Occupancy Tax* revenue increased \$522, or 6.1%, to \$9,072.

Expenses had an overall increase for governmental activities of \$34,913, or 4.6%, to \$789,121 from the prior year.

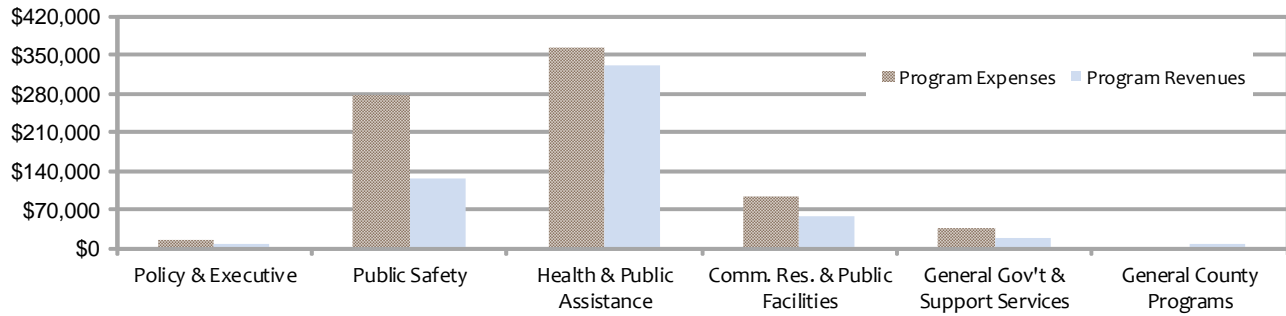
As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 62% of the total County expenses. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net increase of 91 FTEs from 4,105 in the prior year to 4,196 at June 30, 2016.

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

- Total salaries and benefits expense increased \$31,578, or 7%, to \$504,365 across all functions and is primarily made up of the following:
 - An increase in regular salary costs of \$9,438, or 3%, to \$293,428 primarily due additional positions, merit increases, and cost-of-living adjustments (COLAs).
 - An increase in retirement pension expense of \$15,564, or 18%, to \$103,670 mainly due to pension investment losses which adds to the normal annual pension expense.
 - An increase in health insurance costs of \$2,574, or 10%, to \$29,817 due to premium increases.
 - An increase in compensated absences costs of \$1,984, or 3,479%, to \$2,041 primarily due to less vacation time taken by employees attributable to 32 hours of paid time off that the Board of Supervisors approved for all employees (except those represented by the Sheriff Manger's Association) in the current year.
 - An increase in reimbursable overtime costs of \$2,325, or 76%, to \$5,376 for fire incident responses.
 - An increase in extra help costs of \$1,613, or 14%, to \$13,549 due to increases in the Public Defender of \$586 and Behavioral Wellness of \$459.
 - An increase in workers' compensation expense of \$3,604, or 28%, to \$16,389 due to increased claim settlement payments in an effort to reduce the workers' compensation actuarial liability.
 - A decrease in Other Postemployment Benefits (OPEB) expense of \$5,023, or 20%, to \$20,196 primarily due to a one time true-up in the prior year to align the OPEB estimated balance to the actuarial balance.

- Total services and supplies increased by \$5,899, or 3.8%, to \$163,319 across all functions and is primarily made up of the following:
 - An increase in Physician Fees of \$1,673, or 44%, to \$5,440.
 - An increase in payments to community based organizations of \$1,471, or 4.1%, to \$36,966.
 - An increase in pharmaceutical costs of \$1,227, or 20%, to \$7,237.

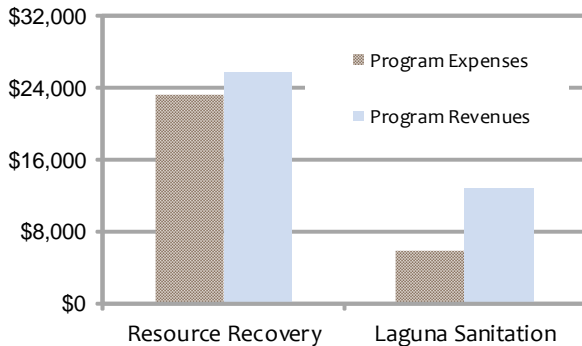
Program Expenses and Revenues - Governmental Activities



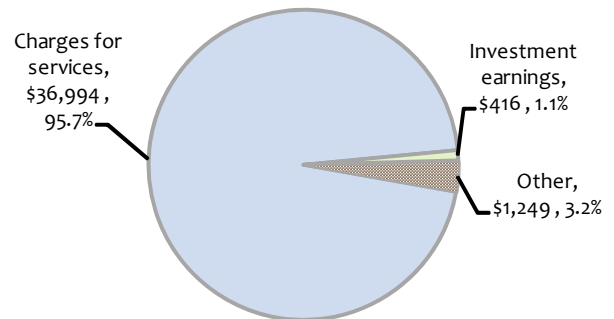
Analysis of Business-type Activities

The net position of business-type activities increased by 11.4%, or \$10,026, to \$98,076 which indicates these activities generated revenues sufficient to cover the costs of operations. (See discussion on Proprietary Funds in the next section.)

Program Expenses and Revenues Business-type Activities



Revenues by Source Business-type Activities



Financial Analysis of the County’s Fund Balances

Fund Balances (in thousands)

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total</u>
General Fund	\$ 12,130	\$ 27,527	\$ 67,703	\$ 7,684	\$ 115,044
Major Funds					
Roads	-	18,151	-	-	18,151
Public Health	-	23,731	6,864	-	30,595
Social Services	-	2,585	1,893	-	4,478
Alcohol Drug & Mental Health	-	7,965	-	-	7,965
Flood Control	55	66,065	-	-	66,120
Affordable Housing	-	6,843	22	-	6,865
Fire Projection	1,395	15,629	-	-	17,024
Capital Projects	-	1,977	8,527	-	10,504
Other Governmental Funds	46	20,710	1,930	-	22,686
Total Fund Balances	<u>\$ 13,626</u>	<u>\$ 191,183</u>	<u>\$ 86,939</u>	<u>\$ 7,684</u>	<u>\$ 299,432</u>

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, 2016, the County’s Governmental Funds reported total fund balance of \$299,432, an \$18,388 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 19 – Fund Balances):

- *Nonspendable Fund Balance*, \$13,626, 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 \$7,817, (2) long-term receivables of \$5,759, and (3) prepaid expenses and deposits of \$50.
- *Restricted Fund Balance*, \$191,183, 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*, \$86,939, consists of amounts for specific purposes determined by the Board of Supervisors, such as a Strategic Reserve account of \$29,865, a Northern Branch Jail Operations account of \$13,802, and a Contingencies account of \$3,317.
- *Unassigned Fund Balance*, \$7,684, represents the residual balance for the County’s General Fund.

Approximately 95.4%, or \$285,806, 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 of Supervisors, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund

The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 16.1%, or \$15,927, to \$115,044 at June 30, 2016.

The spendable portion of fund balance increased \$14,839 to \$102,914 due to an increase in property tax revenues and positive operating results. The nonspendable portion of fund balance increased \$1,088 to \$12,130 due to additional property tax impounds.

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 35.2% of total General Fund expenditures while spendable fund balance equates to 31.5% of total General Fund expenditures. Of the General Fund spendable fund balance, \$27,527, or 26.7%, is restricted, and \$67,703, or 65.8%, is committed.

Some significant committed fund balance amounts include:

- \$29,865 Strategic Reserve earmarked for severe economic downturns and emergencies,
- \$13,801 in New Jail Operations,
- \$3,317 for Contingencies,
- \$1,757 for General Services Projects, and
- \$1,663 for Program Restoration.

General Fund unassigned fund balance at year-end was \$7,684, or 7.5% of spendable fund balance, a 137.0%, or \$4,442, increase from the prior year.

Major Funds

As compared with the prior year, the total fund balances of the major funds increased 4.0%, or \$6,194, to \$161,702 with the following significant changes:

- The Roads Fund incurred expenditures of \$35,123 for operations, maintenance, and infrastructure and finished the year with a \$3,270 decrease in fund balance to \$18,151. The decrease was planned in order to complete infrastructure projects.
- The Public Health Fund incurred expenditures of \$73,620 for operations and increased fund balance in the amount of \$5,134 to \$30,595 due to higher revenues from unanticipated Medi-Cal eligible clients and local Medi-Cal health plan incentives.
- The Federal and State funded Social Services safety net programs are among the largest in the County with expenditures of \$157,764, a 4% increase over the prior year, mainly due to an increase in Federal and State funded programs. This year the department increased fund balances by a net of \$518 to \$4,478.
- The Behavioral Wellness Fund, with expenditures of \$92,807, finished the year with a decrease to fund balance of \$183 to \$7,965. The small change in fund balance was due to the General Fund subsidizing the Behavioral Wellness fund to cover high in-patient bed costs and lower than projected revenues.
- The Flood Control District, with expenditures of \$17,291, decreased its fund balance by \$1,668 to \$66,120 due to an increase in expenditures on providing flood protection and water conservation.
- The Affordable Housing Fund, with expenditures of \$3,572, increased its fund balance by \$810 to \$6,865. The fund balance increase is mainly due to carryover of project funds to future years and program cycles.
- The Fire Protection District Fund, with expenditures of \$63,361, finished positive with an increase to fund balance of \$5,891 to \$17,024 due to property tax revenues exceeding estimates, state fire contract reimbursements and other reimbursable incident revenue exceeding estimates, and salary and services and supply savings.
- The Capital Projects Fund decreased by \$1,038 to \$10,504 as accumulated contributions for planned capital projects were expended.

Other Governmental Funds

The fund balances of nonmajor governmental funds as a whole decreased by \$3,733 to \$22,686. The significant changes occurred in the following funds:

- The First 5 Children and Families Commission fund balance decreased by \$4,720 due to a reclassification of the fund as a discrete component unit.
- The In-Home Supportive Services' (IHSS) fund balance decreased by \$588 due to a planned draw down to fund a portion of annual IHSS operations.
- The Courthouse Construction fund balance increased by \$630 due to a refinancing of debt in the prior year that lowered the annual debt payments.
- The Water Agency fund balance increased by \$499 due to lower than expected professional service and contributions to other governments expenditures.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the Governmentwide Financial Statements, but in more detail.

Total enterprise funds net position, which at year-end was comprised of the Resource Recovery Fund and the Laguna Sanitation Fund, increased by \$10,170, or 11.5%, from the prior year. Resource Recovery Fund net position increased by \$2,927, and Laguna Sanitation Fund net position increased by \$7,243. Operating revenues increased \$2,741, or 8.0%, to \$36,994. Non-operating revenues (expenses) increased a net \$556. Operating revenue generated by the Resource Recovery Fund increased \$1,433, and Laguna Sanitation user fee revenue increased \$1,308. Resource Recovery Fund expenses decreased \$3,251 and Laguna Sanitation Fund expenses decreased \$644. The Laguna Sanitation Fund's increase in net position reflects an accumulation of resources for planned capital projects.

Total internal service funds net position increased by \$189, or 0.4%, to \$45,647. The Risk Management and Insurance Fund's net position decreased \$2,827, or 159.0%, to -\$1,049. This is due to an increase in current year claim payments that were made as part of a plan to close cases in order to reduce the risk fund liabilities.

The remaining internal service funds experienced the following changes: the Information Technology Services Fund increased net position by \$443, the Vehicle Operations and Maintenance Fund had an increase in net position of \$1,952, the Communications Services Fund had an increase in net position of \$620, and the Utilities Fund had an increase in net position of \$1.

Capital Assets & Debt

Capital Assets

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
	Land	\$ 54,699	\$ 54,846	\$ 13,176	\$ 15,654	\$ 67,875	\$ 70,500	\$ 2,625
Land easements	47,320	47,320	--	--	47,320	47,320	--	0%
SCA assets	36,550	40,057	--	--	36,550	40,057	3,507	10%
Work in progress	48,818	52,019	616	1,747	49,434	53,766	4,332	9%
Capital assets, not being depreciated	187,387	194,242	13,792	17,401	201,179	211,643	10,464	5%
Land improvements	17,001	21,269	293	282	17,294	21,551	4,257	25%
Structures and improvements	159,745	159,314	6,159	5,869	165,904	165,183	(721)	0%
Equipment and software	60,762	58,420	14,735	15,099	75,497	73,519	(1,978)	(3%)
Infrastructure	250,663	257,582	51,745	50,771	302,408	308,353	5,945	2%
Capital assets, net of accumulated depreciation	488,171	496,585	72,932	72,021	561,103	568,606	7,503	1%
Total	\$ 675,558	\$ 690,827	\$ 86,724	\$ 89,422	\$ 762,282	\$ 780,249	\$ 17,967	2%

During the fiscal year, the County’s investment in capital assets increased by \$17,967, or 2%, to \$780,249 (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. Capital additions were related primarily to infrastructure (roads & road improvements), building projects, and additions from the County’s SCAs.

The County both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related expenditures are recorded as 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 \$3,201 for governmental activities and an increase of \$1,131 for business-type activities, as WIP expenditures of \$30,035 were offset by project completions/disposals of \$26,834 for governmental funds.

The County completed and capitalized projects costing approximately \$23,337. Some major projects completed were as follows:

- Public Safety – Main Jail Kitchen Sewer Replacement (\$2,064);
- Community Resources & Public Facilities – New Cuyama Pool Restoration (\$2,425), Jalama Bridge (\$6,009), Cathedral Oaks Bridge (\$4,331), and Calle Real Pedestrian Path (\$1,095); and
- General Government & Support Services – Santa Barbara Court House Elevator (\$1,041), Santa Ynez Valley Airport Runway and Security Upgrades (\$1,159), and Santa Barbara Courthouse Geothermal Heating and Cooling System (\$829).

During the year, the County capitalized \$3,507 for improvements made to County owned property by operators of County SCAs bringing the capital balance for SCAs to \$40,057 at June 30, 2016. A related deferred inflow of resources was also recorded and is being amortized over the life of the existing SCA contracts. See Notes 8 and 18 of the Notes to the Financial Statements for more information on capital assets and deferred inflows of resources related to SCAs.

During the year, the County capitalized \$12,089 in equipment and software purchases, and also recorded depreciation/amortization of \$13,170 against its capital assets.

Capital asset disposals for the fiscal year totaled \$669, net of accumulated depreciation.

Additional capital asset information, including depreciation, amortization, and outstanding WIP by project as of June 30, 2016, can be found in Note 7 of the Notes to the Financial Statements.

Debt

Outstanding Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2015	2016	2015	2016	2015	2016	Dollar Change	Percent Change
	Capital lease obligations	\$ 2,686	\$ 2,351	\$ --	\$ --	\$ 2,686	\$ 2,351	\$ (335)
Certificates of participation	29,550	28,693	6,061	5,323	35,611	34,016	(1,595)	(4%)
Bonds and notes payable	23,580	20,690	7,462	6,704	31,042	27,394	(3,648)	(12%)
Total	\$ 55,816	\$ 51,734	\$ 13,523	\$ 12,027	\$ 69,339	\$ 63,761	\$ (5,578)	(8%)

At June 30, 2016, the County had total long-term debt outstanding of \$63,761. This amount was comprised of \$34,016 of certificates of participation (COP) issued by the County Finance Corporation, and secured by the County’s lease rental payments with a covenant to budget and appropriate lease payments. It also includes \$27,394 of bonds and notes payable and \$2,351 of capital lease obligations.

The County’s total long-term debt decreased by \$5,578, or 8.0%, during the fiscal year. The net decrease was due to the following: (1) \$335 of payments for capital lease obligations, (2) \$1,595 of payments for COP debt, and (3) \$3,648 of payments for bonds and notes payable.

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

Standard & Poor’s, in its most recent June 12, 2013 credit profile, affirmed its ‘AA+’ rating to the County’s appropriation debt.

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

- The long-term general creditworthiness of the County; and
- The County’s covenants to budget and appropriate lease payments.

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

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

Standard & Poor’s, in its most recent May 29, 2013 rating of the County’s fiscal year (FY) 13-14 \$35,000 Tax and Revenue Anticipation Notes (TRAN), states that the ‘SP-1+’ short-term rating “reflects the County’s very strong underlying general credit characteristics, as well as strong County-projected note repayment coverage of 1.78x at maturity; and very strong County-projected coverage of 3.21x at maturity if including additional borrowable liquidity of various other funds”.

Additional information on the County’s long-term debt can be found in Notes 11 through 14 in the Notes to the Financial Statements.

General Fund Budgetary Highlights

The County's final budget appropriations for expenditures for the General Fund differ from the original budget by supplemental appropriations of \$396, or 0.1%. The major changes in appropriations are as follows:

- Salaries and benefits decreased \$3,019 primarily due to an \$804 transfer of appropriations to the Capital Projects Fund for the New Jail Management system in the Sheriff's department, salary savings of \$680 in the General Services department that were transferred to facilities maintenance, a \$402 transfer of appropriations into fund balance for future use by the Clerk-Recorder-Assessor's department, and various departmental movement of appropriation savings into fund balance also for future use.
- Services, supplies and other charges increased \$2,800 made up primarily of \$1,112 of increased facility maintenance and emergency repair costs; \$526 for increased water, sewer and operational expenditures in the Sheriff's department; \$505 increase in Office of Emergency Management grant funded emergency equipment and supplies; and \$416 increase in District Attorney investigation and trial costs.
- Capital asset appropriations increased \$615. This increase is mostly due to additional appropriations for equipment and software in the Sheriff, Probation, and Clerk-Recorder-Assessor departments.

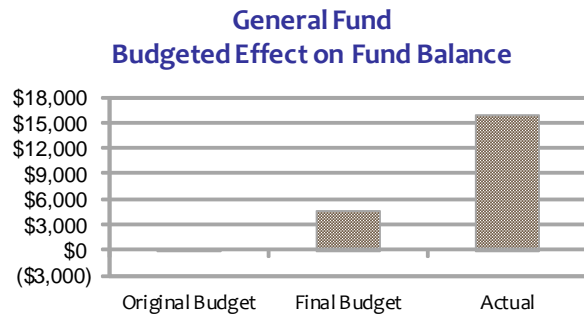
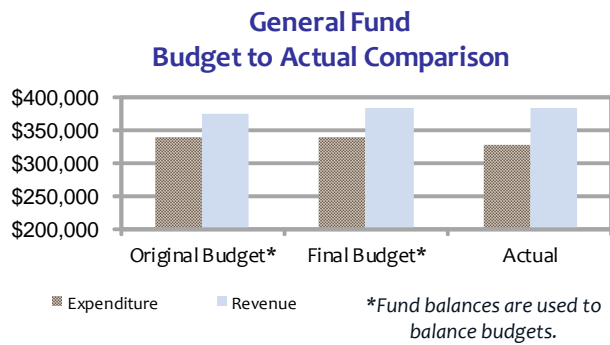
Revenues: General Fund revenues were \$23 less than total adjusted budgeted revenue estimates.

- Tax revenues outperformed revenue estimates by \$2,532, or 1.2%, primarily due to better than expected estimates for Property Tax and Transient Occupancy Tax.
- Licenses, permits, and franchise revenues had a negative \$823 variance from revenue estimates due less than anticipated revenue for land use and energy permits.
- Fines, forfeitures, and penalties revenue was \$1,020 more due to higher than estimated penalty collections associated with delinquent property tax payments.
- Use of money and property revenues were higher than budget estimates by \$420 due primarily due to increased rental income of County buildings.
- Intergovernmental revenues were less than budgeted estimates by \$963 due primarily to lower public safety Proposition 172 revenues.
- Charges for services were less than revenue estimates by \$2,648 primarily due to lower than expected environmental resource and planning services reimbursements in the Planning department.
- Other revenues were greater than revenue estimates by \$439 primarily due to greater than expected incident reimbursements to the Sheriff's department.

Expenditures: The variance between the final budget and actual expenditures resulted in \$11,068 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately \$5,228 resulting from unfilled positions; \$4,630 resulting from unspent appropriations for services, supplies, and other charges across all functions; and \$1,210 resulting from capital assets budgeted, but not procured in this fiscal cycle.

By year-end, the increase to fund balance was greater than the increase in the budget plan due to an increase in Local Realignment funds to be spent next fiscal year and Federal payments in lieu of taxes received late in the fiscal year. The General Fund's equity position increased \$15,927, versus the adjusted budget plan to increase fund equity by \$4,725.

The General Fund Budget to Actual schedule can be found on page 111 of this report.



Economic Factors and Next Year’s Budget and Rates

The following factors were considered in preparing the County’s operating budget for fiscal year (FY) 2016-17:

The budget is projecting a steady improvement in County revenues. For budget year FY 16-17, local Property Taxes, Transient Occupancy Taxes, and Retail Sales Taxes are estimated to grow in the 3-5% range. The adopted budget estimates are on the conservative side of the range.

Total Governmental Fund revenues showed an increase of 5.4%, or \$47,057, comparing FY 16-17 budget to FY 15-16 actual revenues. The FY 2016-17 budget shows an increase in General Fund total revenues of 1.0%, or \$3,720, compared to FY 15-16 actual revenues.

The budget appropriations for total Governmental Fund expenditures for FY 16-17 includes an 11.5% increase, or \$9,740, when compared to FY 15-16 actual and only 4.6%, or \$4,120, when compared to the prior year adjusted budget. The budget includes funding for a moderate amount of new positions, and moderate increases for salary COLA’s and employee benefits.

The State once again adopted an on-time budget and its financial condition continues to improve. The improving condition of State finances is helping the County’s own effort to sustain its local budget. The Affordable Care Act is also affecting State and Federal County Health and Human Services program funding.

As of June 30, 2016, the available spendable General Fund balance was \$102,914. Of this amount, \$27,527 was Restricted and \$67,703 was Committed but remains available for appropriation. The County’s General Fund ended with \$7,684 of Unassigned fund balance. The County’s Recommended performance-based FY 16-17 budget and the County’s Five Year Capital Improvement Program can be found at 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://cosb.countyofsb.org/auditor/default.aspx?id=1234>. 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, 1306 Santa Barbara Street, Santa Barbara, CA 93101.

Basic Financial Statements

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
GOVERNMENTWIDE
June 30, 2016 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Children and Families Commission
Assets				
Cash and investments (Note 4)	\$ 302,214	\$ 42,879	\$ 345,093	\$ 4,647
Accounts receivable, net:				
Taxes	22,582	--	22,582	--
Licenses, permits, and franchises	594	297	891	--
Fines, forfeitures, and penalties	268	--	268	--
Use of money and property	569	151	720	7
Intergovernmental	51,157	36	51,193	998
Charges for services	20,289	1,848	22,137	--
Other	1,252	62	1,314	--
Internal balances	2,371	(2,371)	--	--
Inventories	239	253	492	--
Prepaid items	50	--	50	--
Notes receivable (Note 6)	13,455	--	13,455	--
Other receivables	6,662	20	6,682	6
Restricted cash and investments (Note 5)	19,845	19,090	38,935	--
Housing loans receivable (Note 6)	37,722	--	37,722	--
Housing loans interest receivable (Note 6)	7,072	--	7,072	--
Capital assets, not being depreciated/amortized (Note 7)	194,242	17,401	211,643	--
Capital assets, net of accumulated depreciation/amortization (Note 7)	496,585	72,021	568,606	8
Total assets	1,177,168	151,687	1,328,855	5,666
Deferred outflows of resources (Note 9)				
Deferred social services	511	--	511	--
Deferred pensions	146,565	2,604	149,169	401
Total deferred outflows of resources	147,076	2,604	149,680	401
Liabilities				
Accounts payable	15,756	1,213	16,969	540
Salaries and benefits payable	17,718	338	18,056	52
Interest payable	222	43	265	--
Other payables	6,327	37	6,364	--
Advances from grantors and third parties (Note 10)	24,038	--	24,038	--
Unearned revenue	1,582	--	1,582	--
Customer deposits payable	8,096	228	8,324	--
Long-term liabilities (Note 11):				
Portion due within one year:				
Compensated absences (Note 11)	26,920	609	27,529	74
Capital lease obligations (Note 12)	368	--	368	--
Certificates of participation, net (Note 13)	903	752	1,655	--
Bonds and notes payable (Note 14)	2,945	774	3,719	--
Liability for self-insurance claims (Note 15)	6,027	--	6,027	--
Landfill closure/postclosure care costs (Note 17)	--	602	602	--
Portion due in more than one year:				
Compensated absences (Note 11)	6,583	105	6,688	--
Capital lease obligations (Note 12)	1,983	--	1,983	--
Certificates of participation, net (Note 13)	27,790	4,571	32,361	--
Other long-term obligations (Note 12)	2,266	--	2,266	--
Bonds and notes payable (Note 14)	17,745	5,930	23,675	--
Liability for self-insurance claims (Note 15)	15,325	--	15,325	--
Estimated litigation liability (Note 16)	160	--	160	--
Landfill closure/postclosure care costs (Note 17)	--	26,794	26,794	--
Other postemployment benefits (OPEB) obligation (Note 24)	98,742	2,101	100,843	367
Net pension liability (Note 23)	661,686	11,758	673,444	1,808
Total liabilities	943,182	55,855	999,037	2,841
Deferred inflows of resources (Note 18)				
Deferred service concession arrangements (Note 8)	35,135	--	35,135	--
Deferred housing loan payments	3,625	--	3,625	--
Deferred pensions	20,299	360	20,659	55
Total deferred inflows of resources	59,059	360	59,419	55
Net position				
Net investment in capital assets	605,665	78,188	683,853	8
Restricted for (Note 20):				
Public safety	38,927	--	38,927	--
Health & public assistance	35,910	--	35,910	--
Community resources & public facilities	149,668	--	149,668	--
General government & support services	5,242	--	5,242	--
General county programs	16,232	--	16,232	--
First 5	--	--	--	3,163
Unrestricted	(529,641)	19,888	(509,753)	--
Total net position	\$ 322,003	\$ 98,076	\$ 420,079	\$ 3,171

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, 2016 (in thousands)

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position			Component Unit First 5 Children and Families Commission
	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
							Governmental Activities	Business-type Activities		
Governmental activities:										
Policy & executive	\$ 17,647	\$ (4,591)	\$ 13,056	\$ 4,457	\$ 1,307	\$ --	\$ (7,292)	\$ --	\$ (7,292)	
Public safety	267,650	8,159	275,809	51,704	74,959	--	(149,146)	--	(149,146)	
Health & public assistance	357,328	6,461	363,789	93,580	237,752	--	(32,457)	--	(32,457)	
Community resources & public facilities	89,489	4,765	94,254	27,666	30,892	85	(35,611)	--	(35,611)	
General government & support services	52,324	(15,193)	37,131	14,752	3,549	--	(18,830)	--	(18,830)	
General county programs	2,879	(72)	2,807	7,473	1,406	--	6,072	--	6,072	
Interest on long-term debt	2,275	--	2,275	--	--	--	(2,275)	--	(2,275)	
Total governmental activities	789,592	(471)	789,121	199,632	349,865	85	(239,539)	--	(239,539)	
Business-type activities:										
Resource Recovery	22,700	317	23,017	24,617	890	--	--	2,490	2,490	
Laguna Sanitation	5,477	154	5,631	12,377	260	--	--	7,006	7,006	
Total business-type activities	28,177	471	28,648	36,994	1,150	--	--	9,496	9,496	
Total primary government	\$ 817,769	\$ --	\$ 817,769	\$ 236,626	\$ 351,015	\$ 85	\$ (239,539)	\$ 9,496	\$ (230,043)	
Component unit: First 5 Children and Families Comm.	\$ 4,157	\$ --	\$ 4,157	\$ --	\$ 4,819	\$ --				\$ 662
General Revenues:										
Taxes:										
Property							186,809	--	186,809	--
Sales							9,550	--	9,550	--
Transient occupancy							9,072	--	9,072	--
Payments in lieu of taxes							4,542	--	4,542	--
Motor vehicle in-lieu tax							147	--	147	--
Franchise fees							3,191	--	3,191	--
Other general revenues							1,738	--	1,738	32
Restricted for community resources and public facilities:										--
Sales tax, allocated to roads							6,782	--	6,782	--
Property tax, levied for flood control districts							9,824	--	9,824	--
Property tax, levied for county service areas							1,260	--	1,260	--
Property tax, levied for water agency							2,590	--	2,590	--
Property tax, levied for lighting districts							454	--	454	--
Property tax, levied for community facilities districts							517	--	517	--
Property tax, residual distribution from the redevelopment property tax trust fund							7,647	--	7,647	--
Restricted for public safety:										--
Property tax, levied for fire district							45,065	--	45,065	--
Unrestricted investment earnings							854	416	1,270	--
Gain on sale of capital assets							23	99	122	--
Transfers							(15)	15	--	--
Total general revenues and transfers							290,050	530	290,580	32
Change in net position							50,511	10,026	60,537	694
Net position - beginning							273,953	88,050	362,003	--
Prior period adjustment (Note 24)							(2,461)	--	(2,461)	2,477
Net position - beginning, as restated							271,492	88,050	359,542	2,477
Net position - ending							\$ 322,003	\$ 98,076	\$ 420,079	\$ 3,171

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

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Assets and deferred outflows of resources					
Assets:					
Cash and investments (Note 4)	\$ 72,131	\$ 22,920	\$ 27,872	\$ 292	\$ 6,957
Accounts receivable, net:					
Taxes	22,482	--	--	--	--
Licenses, permits, and franchises	576	18	--	--	--
Fines, forfeitures, and penalties	14	--	--	--	--
Use of money and property	202	30	37	25	29
Intergovernmental	12,254	1,397	5,011	17,875	10,846
Charges for services	1,317	392	508	--	9,318
Other	543	--	--	37	--
Due from other funds (Note 22)	6,327	--	--	--	--
Prepaid items	50	--	--	--	--
Other receivables	4,308	--	--	--	8
Advances to other funds (Note 22)	1,759	--	--	--	--
Restricted cash and investments (Note 5)	15,816	--	--	--	--
Housing loans receivable	--	--	--	--	--
Housing loans interest receivable	--	--	--	--	--
Total assets	<u>137,779</u>	<u>24,757</u>	<u>33,428</u>	<u>18,229</u>	<u>27,158</u>
Deferred outflows of resources:					
Deferred social services	--	--	--	511	--
Total assets and deferred outflows of resources	<u>\$ 137,779</u>	<u>\$ 24,757</u>	<u>\$ 33,428</u>	<u>\$ 18,740</u>	<u>\$ 27,158</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable	\$ 3,022	\$ 935	\$ 926	\$ 194	\$ 7,058
Salaries and benefits payable	8,714	427	1,731	2,718	1,437
Other payables	59	223	176	6	7,626
Advances from grantors and third parties (Note 10)	1,186	4,980	--	8,213	227
Unearned revenue	1,582	--	--	--	--
Due to other funds (Note 22)	128	--	--	3,131	2,845
Customer deposits payable	8,009	41	--	--	--
Total liabilities	<u>22,700</u>	<u>6,606</u>	<u>2,833</u>	<u>14,262</u>	<u>19,193</u>
Deferred inflows of resources:					
Deferred housing loan payments (Note 18)	--	--	--	--	--
Deferred debt subsidy	35	--	--	--	--
Total deferred inflows of resources	<u>35</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances (Note 19):					
Nonspendable	12,130	--	--	--	--
Restricted	27,527	18,151	23,731	2,585	7,965
Committed	67,703	--	6,864	1,893	--
Unassigned	7,684	--	--	--	--
Total fund balances	<u>115,044</u>	<u>18,151</u>	<u>30,595</u>	<u>4,478</u>	<u>7,965</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 137,779</u>	<u>\$ 24,757</u>	<u>\$ 33,428</u>	<u>\$ 18,740</u>	<u>\$ 27,158</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	
\$ 66,364	\$ 6,429	\$ 10,231	\$ 15,712	\$ 21,162	\$ 250,070	Assets and deferred outflows of resources
						Assets:
						Cash and investments (Note 4)
						Accounts receivable, net:
		100	--	--	22,582	Taxes
		--	--	--	594	Licenses, permits, and franchises
		--	--	254	268	Fines, forfeitures, and penalties
96	10	22	15	30	496	Use of money and property
--	449	700	1,027	1,598	51,157	Intergovernmental
--	--	7,767	--	296	19,598	Charges for services
--	385	--	287	--	1,252	Other
--	--	--	--	123	6,450	Due from other funds (Note 22)
--	--	--	--	--	50	Prepaid items
51	--	1,395	--	46	5,808	Other receivables
--	--	--	--	--	1,759	Advances to other funds (Note 22)
--	2,594	--	203	1,222	19,835	Restricted cash and investments (Note 5)
--	37,722	--	--	--	37,722	Housing loans receivable
--	7,072	--	--	--	7,072	Housing loans interest receivable
<u>66,511</u>	<u>54,661</u>	<u>20,215</u>	<u>17,244</u>	<u>24,731</u>	<u>424,713</u>	Total assets
						Deferred outflows of resources:
					511	Deferred social services
\$ <u>66,511</u>	\$ <u>54,661</u>	\$ <u>20,215</u>	\$ <u>17,244</u>	\$ <u>24,731</u>	\$ <u>425,224</u>	Total assets and deferred outflows of resources
						Liabilities, deferred inflows of resources, and fund balances
						Liabilities:
\$ 155	\$ 499	\$ 438	\$ 157	\$ 1,398	\$ 14,782	Accounts payable
145	19	1,858	--	374	17,423	Salaries and benefits payable
91	--	--	369	37	8,587	Other payables
--	2,484	870	6,047	31	24,038	Advances from grantors and third parties (Note 10)
--	--	--	--	--	1,582	Unearned revenue
--	--	--	167	184	6,455	Due to other funds (Note 22)
--	--	25	--	21	8,096	Customer deposits payable
<u>391</u>	<u>3,002</u>	<u>3,191</u>	<u>6,740</u>	<u>2,045</u>	<u>80,963</u>	Total liabilities
						Deferred inflows of resources:
--	44,794	--	--	--	44,794	Deferred housing loan payments (Note 18)
--	--	--	--	--	35	Deferred debt subsidy
--	<u>44,794</u>	--	--	--	<u>44,829</u>	Total deferred inflows of resources
						Fund balances (Note 19):
55	--	1,395	--	46	13,626	Nonspendable
66,065	6,843	15,629	1,977	20,710	191,183	Restricted
--	22	--	8,527	1,930	86,939	Committed
--	--	--	--	--	7,684	Unassigned
<u>66,120</u>	<u>6,865</u>	<u>17,024</u>	<u>10,504</u>	<u>22,686</u>	<u>299,432</u>	Total fund balances
\$ <u>66,511</u>	\$ <u>54,661</u>	\$ <u>20,215</u>	\$ <u>17,244</u>	\$ <u>24,731</u>	\$ <u>425,224</u>	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	\$ 299,432
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.	661,552
Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.	13,455
Other receivable not due in the current period is not a current financial resource, therefore, it is not reported in the balance sheet.	422
Deferred outflows of resources reported in the Statement of Net Position.	144,349
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet.	(829,321)
Accrued interest on long-term debt.	(222)
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.	44,829
Deferred inflows of resources reported in the Statement of Net Position.	(58,752)
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.	45,647
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.	612
Net position of governmental activities	\$ <u>322,003</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED June 30, 2016 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Revenues					
Taxes	\$ 212,808	\$ 7,621	\$ --	\$ --	\$ --
Licenses, permits, and franchises	13,595	525	57	83	--
Fines, forfeitures, and penalties	5,119	--	568	11	4
Use of money and property	2,481	159	185	206	216
Intergovernmental	77,351	18,216	20,320	149,298	50,142
Charges for services	66,547	477	48,115	47	34,315
Other	4,446	309	4,139	747	409
Total revenues	382,347	27,307	73,384	150,392	85,086
Expenditures					
Current:					
Policy & executive	16,484	--	--	--	--
Public safety	207,579	--	--	--	--
Health & public assistance	10,616	--	73,620	157,764	92,807
Community resources & public facilities	40,830	35,123	--	--	--
General government & support services	48,947	--	--	--	--
General county programs	2,656	--	--	--	--
Debt service:					
Principal	1	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total expenditures	327,113	35,123	73,620	157,764	92,807
Excess (deficiency) of revenues over (under) expenditures	55,234	(7,816)	(236)	(7,372)	(7,721)
Other financing sources (uses)					
Transfers in (Note 22)	5,100	4,482	7,146	7,969	9,866
Transfers out (Note 22)	(44,441)	(4)	(1,776)	(79)	(2,330)
Proceeds from sale of capital assets	24	68	--	--	2
Long-term debt issued	10	--	--	--	--
Total other financing sources (uses)	(39,307)	4,546	5,370	7,890	7,538
Net change in fund balances	15,927	(3,270)	5,134	518	(183)
Fund balances - beginning	99,117	21,421	25,461	3,960	8,148
Prior period adjustment	--	--	--	--	--
Fund balances - beginning, as restated	99,117	21,421	25,461	3,960	8,148
Fund balances - ending	\$ 115,044	\$ 18,151	\$ 30,595	\$ 4,478	\$ 7,965

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	
\$ 10,178	\$ --	\$ 45,750	\$ --	\$ 4,922	\$ 281,279	Revenues
--	--	22	--	--	14,282	Taxes
--	--	--	--	3,458	9,160	Licenses, permits, and franchises
475	50	68	32	937	4,809	Fines, forfeitures, and penalties
1,347	1,832	3,881	1,410	21,631	345,428	Use of money and property
3,444	607	22,444	384	4,642	181,022	Intergovernmental
166	2,431	16	1,182	2,304	16,149	Charges for services
15,610	4,920	72,181	3,008	37,894	852,129	Other
						Total revenues
						Expenditures
						Current:
--	--	--	--	--	16,484	Policy & executive
--	--	63,361	1,136	16,098	288,174	Public safety
--	--	--	--	17,104	351,911	Health & public assistance
17,291	3,572	--	1,153	8,411	106,380	Community resources & public facilities
--	--	--	117	1,040	50,104	General government & support services
--	--	--	--	23	2,679	General county programs
						Debt service:
--	--	--	--	3,763	3,764	Principal
--	--	--	--	2,111	2,111	Interest
--	--	--	6,229	--	6,229	Capital outlay
17,291	3,572	63,361	8,635	48,550	827,836	Total expenditures
(1,681)	1,348	8,820	(5,627)	(10,656)	24,293	Excess (deficiency) of revenues over (under) expenditures
						Other financing sources (uses)
15	--	1,363	4,772	13,822	54,535	Transfers in (Note 22)
(55)	(538)	(4,350)	(183)	(2,179)	(55,935)	Transfers out (Note 22)
53	--	58	--	--	205	Proceeds from sale of capital assets
--	--	--	--	--	10	Long-term debt issued
13	(538)	(2,929)	4,589	11,643	(1,185)	Total other financing sources (uses)
(1,668)	810	5,891	(1,038)	987	23,108	Net change in fund balances
67,788	6,055	11,133	11,542	26,419	281,044	Fund balances - beginning
--	--	--	--	(4,720)	(4,720)	Prior period adjustment
67,788	6,055	11,133	11,542	21,699	276,324	Fund balances - beginning, as restated
\$ 66,120	\$ 6,865	\$ 17,024	\$ 10,504	\$ 22,686	\$ 299,432	Fund balances - ending

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

Net change in fund balances - governmental funds	\$ 23,108
Capital assets:	
The acquisition of capital assets uses current financial resources but has no effect on net position.	29,239
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the statement of activities.	(18,552)
Proceeds from the sale of capital assets provide current financial resources but have no effect on net position.	(205)
Net gain on the disposal of capital assets does not affect current financial resources but increases net position.	205
Long-term debt:	
The issuance of long-term debt provides current financial resources but has no effect on net position.	(10)
Principal payments on long-term debt use current financial resources but have no effect on net position.	3,764
Measurement focus:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	149
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	16
Change in compensated absences liability	(2,041)
Change in estimated litigation liability	43
Change in accrued other postemployment benefits (OPEB) liability	(9,141)
Change in accrued net pension liability	23,611
Amortization of bond premiums/discounts and issuance costs	(8)
Internal service funds:	
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.	333
Change in net position of governmental activities	\$ 50,511

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Assets				
Current assets:				
Cash and investments (Note 4)	\$ 16,814	\$ 26,065	\$ 42,879	\$ 52,144
Accounts receivable, net:				
Licenses, permits, and franchises	297	--	297	--
Use of money and property	105	46	151	73
Intergovernmental	36	--	36	--
Charges for services	1,537	311	1,848	691
Other	62	--	62	--
Due from other funds	--	--	--	7
Inventories	230	23	253	239
Total current assets	<u>19,081</u>	<u>26,445</u>	<u>45,526</u>	<u>53,154</u>
Noncurrent assets:				
Other receivables	--	20	20	432
Restricted cash and investments (Note 5)	18,965	125	19,090	10
Capital assets, not being depreciated/amortized (Note 7)	11,965	5,436	17,401	--
Capital assets, net of accumulated depreciation/amortization (Note 7)	<u>45,464</u>	<u>26,557</u>	<u>72,021</u>	<u>29,275</u>
Total noncurrent assets	<u>76,394</u>	<u>32,138</u>	<u>108,532</u>	<u>29,717</u>
Total assets	<u>95,475</u>	<u>58,583</u>	<u>154,058</u>	<u>82,871</u>
Deferred outflows of resources				
Deferred pensions	2,124	480	2,604	2,216
Total deferred outflows of resources	<u>2,124</u>	<u>480</u>	<u>2,604</u>	<u>2,216</u>
Liabilities				
Current liabilities:				
Accounts payable	1,035	178	1,213	974
Salaries and benefits payable	273	65	338	295
Interest payable	18	25	43	--
Other payables	37	--	37	8
Customer deposits payable	103	125	228	--
Due to other funds	--	--	--	2
Compensated absences (Note 11)	489	120	609	483
Certificates of participation payable (Note 13)	752	--	752	--
Bonds and notes payable (Note 14)	--	774	774	340
Liability for self-insurance claims (Note 15)	--	--	--	6,027
Landfill closure/postclosure care costs (Note 17)	602	--	602	--
Total current liabilities	<u>3,309</u>	<u>1,287</u>	<u>4,596</u>	<u>8,129</u>
Noncurrent liabilities:				
Compensated absences (Note 11)	105	--	105	296
Certificates of participation payable, net (Note 13)	4,571	--	4,571	--
Bonds and notes payable (Note 14)	--	5,930	5,930	3,580
Liability for self-insurance claims (Note 15)	--	--	--	15,325
Landfill closure/postclosure care costs (Note 17)	26,794	--	26,794	--
Advances payable (Note 22)	1,759	--	1,759	--
OPEB obligation (Note 24)	1,706	395	2,101	1,798
Net pension liability (Note 23)	9,590	2,168	11,758	10,005
Total noncurrent liabilities	<u>44,525</u>	<u>8,493</u>	<u>53,018</u>	<u>31,004</u>
Total liabilities	<u>47,834</u>	<u>9,780</u>	<u>57,614</u>	<u>39,133</u>
Deferred inflows of resources				
Deferred pensions	294	66	360	307
Total deferred inflows of resources	<u>294</u>	<u>66</u>	<u>360</u>	<u>307</u>
Net position				
Net investment in capital assets	52,899	25,289	78,188	25,355
Unrestricted	(3,428)	23,928	20,500	20,292
Total net position	<u>\$ 49,471</u>	<u>\$ 49,217</u>	<u>98,688</u>	<u>\$ 45,647</u>
Adjustment to reflect the allocation of the internal service funds' cumulative net loss			(612)	
Net position of business-type activities			<u>\$ 98,076</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, 2016 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Operating revenues				
Charges for services	\$ 19,154	\$ 12,328	\$ 31,482	\$ 52,313
Sale of scrap and recyclables	2,009	--	2,009	--
Self-insurance recovery	--	--	--	1,864
Other operating revenues	3,454	49	3,503	146
Total operating revenues	<u>24,617</u>	<u>12,377</u>	<u>36,994</u>	<u>54,323</u>
Operating expenses				
Salaries and benefits	8,537	1,640	10,177	8,872
Services and supplies	4,216	1,975	6,191	31,074
Self-insurance claims	--	--	--	10,407
Contractual services	6,429	314	6,743	505
Depreciation and amortization	2,438	1,220	3,658	5,107
County overhead allocation	317	154	471	887
Closure/postclosure costs	725	--	725	--
Total operating expenses	<u>22,662</u>	<u>5,303</u>	<u>27,965</u>	<u>56,852</u>
Operating income (loss)	<u>1,955</u>	<u>7,074</u>	<u>9,029</u>	<u>(2,529)</u>
Non-operating revenues (expenses)				
Use of money and property	606	225	831	413
Interest expense	(219)	(265)	(484)	(167)
Gain on sale of assets	92	7	99	175
Settlements and damages	(55)	--	(55)	--
State and federal aid	57	--	57	--
Other non-operating revenues	476	202	678	912
Total non-operating revenues, net	<u>957</u>	<u>169</u>	<u>1,126</u>	<u>1,333</u>
Income (loss) before transfers	<u>2,912</u>	<u>7,243</u>	<u>10,155</u>	<u>(1,196)</u>
Transfers in (Note 22)	15	--	15	1,400
Transfers out (Note 22)	--	--	--	(15)
Transfers in (out), net	<u>15</u>	<u>--</u>	<u>15</u>	<u>1,385</u>
Change in net position	<u>2,927</u>	<u>7,243</u>	<u>10,170</u>	<u>189</u>
Total net position - beginning	<u>46,544</u>	<u>41,974</u>	<u>88,518</u>	<u>45,458</u>
Total net position - ending	<u>\$ 49,471</u>	<u>\$ 49,217</u>	<u>\$ 98,688</u>	<u>\$ 45,647</u>
Change in net position - total enterprise funds			\$ 10,170	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(144)	
Change in net position of business-type activities			<u>\$ 10,026</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, 2016 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Cash flows from operating activities				
Receipts from interfund services provided	\$ --	\$ --	\$ --	\$ 52,641
Receipts from self-insurance recovery	--	--	--	1,864
Receipts from customers and users	24,964	12,713	37,677	--
Payments to employees	(8,757)	(1,884)	(10,641)	(8,738)
Payments to suppliers	(10,280)	(2,249)	(12,529)	(31,219)
Payments for self-insurance claims	--	--	--	(13,297)
Payments for landfill closure/postclosure costs	(123)	--	(123)	--
County overhead allocation payments to the General Fund	(317)	(154)	(471)	(887)
Other receipts	476	103	579	912
Net cash provided by operating activities	<u>5,963</u>	<u>8,529</u>	<u>14,492</u>	<u>1,276</u>
Cash flows from noncapital financing activities				
Transfers from other funds	15	--	15	1,400
Transfers to other funds	--	--	--	(15)
Payment on landfill settlement	(55)	--	(55)	--
State and federal aid	57	--	57	--
Net cash provided by noncapital financing activities	<u>17</u>	<u>--</u>	<u>17</u>	<u>1,385</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(4,999)	(1,458)	(6,457)	(6,732)
Proceeds from sale of capital assets	215	15	230	355
Principal paid on certificates of participation	(717)	--	(717)	--
Interest and fees paid on certificates of participation	(231)	--	(231)	--
Principal paid on bonds and notes payable	--	(757)	(757)	(335)
Interest and fees paid on bonds and notes payable	--	(268)	(268)	(167)
Federal interest subsidy on bonds payable	--	99	99	--
Net cash used by capital and related financing activities	<u>(5,732)</u>	<u>(2,369)</u>	<u>(8,101)</u>	<u>(6,879)</u>
Cash flows from investing activities				
Use of money and property received	590	207	797	394
Net cash provided by investing activities	<u>590</u>	<u>207</u>	<u>797</u>	<u>394</u>
Net change in cash and cash equivalents	838	6,367	7,205	(3,824)
Cash and cash equivalents - beginning	34,941	19,823	54,764	55,978
Cash and cash equivalents - ending	<u>\$ 35,779</u>	<u>\$ 26,190</u>	<u>\$ 61,969</u>	<u>\$ 52,154</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 16,814	\$ 26,065	\$ 42,879	\$ 52,144
Restricted cash and investments per Statement of Net Position	18,965	125	19,090	10
Total cash and cash equivalents per Statement of Net Position	<u>\$ 35,779</u>	<u>\$ 26,190</u>	<u>\$ 61,969</u>	<u>\$ 52,154</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,955	\$ 7,074	\$ 9,029	\$ (2,529)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,438	1,220	3,658	5,107
Other non-operating revenue	476	103	579	912
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:				
Accounts and other receivables	342	337	679	182
Inventories	4	5	9	19
Accounts payable	361	35	396	341
Salaries and benefits payable	(220)	(244)	(464)	134
Customer deposits	5	(1)	4	--
Liability for self-insurance claims	--	--	--	(2,890)
Landfill closure cost liability	602	--	602	--
Net cash provided by operating activities	<u>\$ 5,963</u>	<u>\$ 8,529</u>	<u>\$ 14,492</u>	<u>\$ 1,276</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, 2016 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund	Agency Funds
Assets			
Cash and investments (Note 4)	\$ 794,033	\$ 1,255	\$ 82,709
Interest receivable	1,183	1	194
Restricted cash and investments (Note 5)	--	1,430	--
Total assets	<u>795,216</u>	<u>2,686</u>	<u>\$ 82,903</u>
Liabilities			
Accounts payable	--	--	\$ 7,880
Funds held as agent for others	--	--	75,023
Note payable	--	13,455	--
Total liabilities	<u>--</u>	<u>13,455</u>	<u>\$ 82,903</u>
Net position			
Held in trust for:			
External pool participants	795,216	--	
Redevelopment agency dissolution	--	(10,769)	
Net position held in trust	<u>\$ 795,216</u>	<u>\$ (10,769)</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, 2016 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund
Additions		
Contributions:		
Contributions to pooled investments	\$ 4,492,988	\$ --
Redevelopment Agency Property Tax Trust Fund	--	1,431
Total contributions	<u>4,492,988</u>	<u>1,431</u>
Interest and investment revenue:		
Use of money and property	3,359	15
Total interest and investment revenue	<u>3,359</u>	<u>15</u>
Total additions	<u>4,496,347</u>	<u>1,446</u>
Deductions		
Benefits paid:		
Distributions from pooled investments	4,397,012	--
Affected taxing entities	--	--
Total benefits paid	<u>4,397,012</u>	<u>--</u>
Obligation retirements:		
Interest on note payable	--	612
Total obligation retirements	<u>--</u>	<u>612</u>
Administrative expenses:		
County administrative expenses	--	31
Total administrative expenses	<u>--</u>	<u>31</u>
Total deductions	<u>4,397,012</u>	<u>643</u>
Change in net position	99,335	803
Net position held in trust - beginning	695,881	(11,572)
Net position held in trust - ending	<u>\$ 795,216</u>	<u>\$ (10,769)</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 Commission, 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://www.first5santabarbaracounty.org> or by writing to: First 5 Children and Families Commission, 1306 Santa Barbara Street, Santa Barbara, CA 93101.

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.

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

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

Component Unit	Included in the Reporting Entity Because:	Separate Financial Statements
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 (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 Agency provides technical assistance to County departments, water districts, and the public relative to ground water availability and water-well locations and design. The Agency also administers the Cachuma Project and Twitchell Project contracts with the U.S. Bureau of Reclamation.</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 & 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. 72	<i>"Fair Value Measurement and Application"</i>	The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. (FY 2015/16)
Statement No. 73	<i>"Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68"</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. (FY 2015/16)
Statement No. 76	<i>"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2015. (FY 2015/16)

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. As a general rule, the effect of interfund intra-function activity has been eliminated from the governmentwide financial statements. 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.

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 among 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 379 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, Deposit Funds, Other Agency Funds, State and City Revenue Funds, and Tax Collection Funds) account for assets held by the County in an agency capacity for individuals or other government units. The County reports on 180 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 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 \$1 per \$100 of full cash value. Taxes levied to service voter-approved debt are excluded from this limitation.

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

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 entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining 5% in June of each year. This method also provides that all of the delinquent penalties and redemption penalties of the participating entity flow to the County's General Fund. All County entities receiving property taxes were required by statute to participate. All delinquent taxes are recorded as accounts receivable in the General Fund. At June 30, 2016, property taxes receivable of \$22,482 and \$100 are recorded in the General and Fire Protection District Funds, respectively. 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 19).

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 and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the County that is applicable to a future reporting period. The County has two items which qualify for reporting in this category; refer to Note 9 for a detailed listing of the deferred outflows of resources the County has recognized.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the County that is applicable to a future reporting period. The County has four items which qualify for reporting in this category; refer to Note 18 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). They are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements, at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization thresholds are \$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	20 to 100 years
	Building improvements	5 to 50 years
Equipment:	Automobiles and light trucks	5 to 10 years
	Construction and maintenance vehicles	5 to 20 years
	General machinery and office equipment	3 to 25 years
Infrastructure:	Pavement and traffic signals	15 to 30 years
	Bridges	40 to 75 years
	All other	20 to 99 years
Intangible assets:	Computer software	2 to 10 years

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 23 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.

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. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board 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 93101.

Strategic Reserve Policy

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 8% of operating revenue (approximately 30 days working capital) for the General Fund. Funding for the Strategic Reserve is appropriated annually by the Board 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, 2016, the County's Strategic Reserve fund balance was \$29,865.

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

GASB Statement Numbers 74, 75, 77-82 listed below will be implemented in future financial statements:

Statement No. 74	<i>"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2016. (FY 2016/17)
Statement No. 75	<i>"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 2017/18)
Statement No. 77	<i>"Tax Abatement Disclosures"</i>	The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. (FY 2016/17)
Statement No. 78	<i>"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"</i>	The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. (FY 2016/17)
Statement No. 79	<i>"Certain External Investment Pools and Pool Participants"</i>	The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. (FY 2016/17)
Statement No. 80	<i>"Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14"</i>	The requirements of this Statement are effective for reporting periods beginning after June, 15, 2016. (FY 2016/17)
Statement No. 81	<i>"Irrevocable Split-Interest Agreements"</i>	The requirements of this Statement are effective for periods beginning after December 15, 2016. (FY 2017/18)
Statement No. 82	<i>"Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73"</i>	The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. (FY 2016/17)

2. Budgetary and Legal Compliance

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

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance accounts which are 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, 2016, 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 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.

3. 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 42)	Adjustments (3)	Total Governmental Activities (Page 30)
Assets & deferred outflows of resources:					
Assets					
Cash and investments	\$ 250,070	\$ --	\$ 52,144	\$ --	\$ 302,214
Accounts receivable, net:					
Taxes	22,582	--	--	--	22,582
Licenses, permits, and franchises	594	--	--	--	594
Fines, forfeitures, and penalties	268	--	--	--	268
Use of money and property	496	--	73	--	569
Intergovernmental	51,157	--	--	--	51,157
Charges for services	19,598	--	691	--	20,289
Other	1,252	--	--	--	1,252
Due from other funds	6,450	--	7	(6,457)	--
Internal balances	--	--	--	2,371	2,371
Inventories	--	--	239	--	239
Prepaid items	50	--	--	--	50
Note receivable	--	13,455	--	--	13,455
Other receivables	5,808	422	432	--	6,662
Advances to other funds	1,759	--	--	(1,759)	--
Restricted cash and investments	19,835	--	10	--	19,845
Housing loans receivable	37,722	--	--	--	37,722
Housing loans interest receivable	7,072	--	--	--	7,072
Capital assets	--	661,552	29,275	--	690,827
Total assets	<u>424,713</u>	<u>675,429</u>	<u>82,871</u>	<u>(5,845)</u>	<u>1,177,168</u>
Deferred outflows of resources					
Deferred social services	511	--	--	--	511
Deferred pensions	--	144,349	2,216	--	146,565
Total deferred outflows of resources	<u>511</u>	<u>144,349</u>	<u>2,216</u>	<u>--</u>	<u>147,076</u>
Total assets & deferred outflows of resources	\$ 425,224	\$ 819,778	\$ 85,087	\$ (5,845)	\$ 1,324,244
Liabilities, deferred inflows of resources, & fund balances/net position:					
Liabilities					
Accounts payable	\$ 14,782	\$ --	\$ 974	\$ --	\$ 15,756
Salaries and benefits payable	17,423	--	295	--	17,718
Interest payable	--	222	--	--	222
Other payables and long-term obligations	8,587	(2)	8	--	8,593
Advances from grantors and third parties	24,038	--	--	--	24,038
Unearned revenue	1,582	--	--	--	1,582
Due to other funds	6,455	--	2	(6,457)	--
Customer deposits payable	8,096	--	--	--	8,096
Compensated absences	--	32,724	779	--	33,503
Capital lease obligations	--	2,351	--	--	2,351
Certificates of participation (COP)	--	28,818	--	--	28,818
Unamortized premium on COP	--	9	--	--	9
Unamortized discount on COP	--	(134)	--	--	(134)
Bonds and notes payable	--	16,770	3,920	--	20,690
Liability for self-insurance claims	--	--	21,352	--	21,352
Estimated litigation liability	--	160	--	--	160
Other Postemployment Benefits obligation	--	96,944	1,798	--	98,742
Net pension liability	--	651,681	10,005	--	661,686
Total liabilities	<u>80,963</u>	<u>829,543</u>	<u>39,133</u>	<u>(6,457)</u>	<u>943,182</u>
Deferred inflows of resources					
Deferred service concession arrangements	--	35,135	--	--	35,135
Deferred housing loan payments	44,794	(41,169)	--	--	3,625
Deferred pensions	--	19,992	307	--	20,299
Deferred debt subsidy	35	(35)	--	--	--
Total deferred inflows of resources	<u>44,829</u>	<u>13,923</u>	<u>307</u>	<u>--</u>	<u>59,059</u>
Fund balances/net position:					
Total fund balances/net position	<u>299,432</u>	<u>(23,688)</u>	<u>45,647</u>	<u>612</u>	<u>322,003</u>
Total liabilities, deferred inflows of resources, & fund balances/net position	\$ 425,224	\$ 819,778	\$ 85,087	\$ (5,845)	\$ 1,324,244

(1) Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.	\$ 13,455
Other receivables	422
Capital assets used in governmental activities (excluding Internal Service Funds) are not current financial resources and, therefore, are not reported in the balance sheet (Note 7).	661,552
Deferred outflows of resources reported in the Statement of Net Position (Note 9).	144,349
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet (Note 11):	
Other payables and long-term obligations	\$ 2
Compensated absences (excluding Internal Service Funds)	(32,724)
Capital lease obligations (excluding Internal Service Funds)	(2,351)
Certificates of participation	(28,818)
Unamortized premium on certificates of participation	(9)
Unamortized discount on certificates of participation	134
Bonds and notes payable (excluding Internal Service Funds)	(16,770)
Estimated liability for litigation	(160)
OPEB obligation (excluding Internal Service Funds)	(96,944)
Net pension liability (excluding Internal Service Funds)	<u>(651,681)</u>
Total long-term liabilities	(829,321)
Accrued interest on long-term debt	(222)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred and in the funds are recognized as revenue in the Statement of Activities (Note 18).	44,829
Deferred inflows of resources (excluding Internal Service Funds) reported in the Statement of Net Position (Note 18).	(58,752)
	<u>\$ (23,688)</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>\$ 45,647</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>\$ 612</u>

4. Cash and Investments

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

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the County's total bank balance, \$250 is insured by the Federal Depository Insurance Corporation. The remaining \$113,907 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, 2016, the carrying amount of the Pool's deposits was \$116,981 and the corresponding bank balance was \$114,157. The difference of \$2,824 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 and presents it to the Treasury Oversight Committee (TOC) for review and to the Board 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, 2016, 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 Advisory Board and a seven member Board of Trustees, respectively.

The California State Treasurer's Office operates the Local Agency Investment Fund (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 Advisory Board 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, 2016:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>% of Portfolio</u>
Treasurer's Pooled Investments:				
CAMP	NR*	AAAm	NR	4.37%
LAIF	NR	NR	NR	5.68%
Government Agency Bonds and Notes	Aaa	AA+	AAA	46.58%
Government Agency Bonds and Notes	Aaa	AA+	NR	23.00%
US Treasuries	Aaa	AA+	AAA	20.37%
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, 2016 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	\$ 233,904	20.44%
Federal Home Loan Bank	Government Sponsored	\$ 263,408	23.00%
Federal Farm Credit Bank	Government Sponsored	\$ 174,093	15.22%
Federal National Mortgage Association	Government Sponsored	\$ 124,995	10.92%

Custodial Credit Risk

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

Interest Rate Risk

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

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

At June 30, 2016, \$37,762, or 3.30%, of the Pool was held in U.S. agency step-up notes. These securities grant the issuer the option to call the note on a certain specified date(s). On a certain date, or dates, the coupon rate of the note increases (steps up) by an amount specified at the inception of the note.

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

Investment income consisted of the following for the year ended June 30, 2016:

Investment earnings	\$ 6,064
Net increase in fair value of investments	2,775
Administrative expenses	<u>(1,767)</u>
Net investment income	<u>\$ 7,072</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, 2016:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments:					
CAMP	\$ 50,000	\$ 50,000	0.51%	On Demand	On Demand
LAIF	65,000	65,000	0.55%	On Demand	On Demand
US Treasuries	232,500	233,200	.50%-1.25%	11/16-9/19	475 days
Government agency bonds	195,500	196,008	.36%-1.50%	7/16-10/19	387 days
Government agency discount notes	305,600	305,058	Discount	7/16-6/17	142 days
Government agency bonds - callable	<u>294,963</u>	<u>295,334</u>	.625%-1.793%	9/16-6/21	1010 days
Total pooled and directed investments	<u>\$ 1,143,563</u>	1,144,600			
Investments held with fiscal agents:		6,446			
Cash in banks:					
Non-interest bearing deposits		117,000			
Cash on hand:					
		<u>56</u>			
Total cash and investments		<u>\$ 1,268,102</u>			
Total unrestricted cash and investments		\$ 1,227,737			
Total restricted cash and investments (Note 5)		<u>40,365</u>			
Total cash and investments		<u>\$ 1,268,102</u>			
Total cash and investments summary:					
Total governmental activities		\$ 322,059			
Total business-type activities		61,969			
Total component unit activities		4,647			
Total fiduciary funds		<u>879,427</u>			
Total cash and investments		<u>\$ 1,268,102</u>			

The following is a reconciliation between cash and investments and the Net Position of the Treasurer's investment pool as of June 30, 2016:

Total cash and investments	\$ 1,268,102
Less: investments held with fiscal agents	(6,446)
Less: cash on hand	(56)
Add: cash and investment interest receivable	<u>1,574</u>
	<u>\$ 1,263,174</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, 2016:

Statement of Net Position	
Net position held in trust	<u>\$ 1,263,174</u>
Equity of internal pool	\$ 469,141
Equity of external pool participants (voluntary and involuntary)	<u>794,033</u>
Total equity	<u>\$ 1,263,174</u>
Statement of Changes in Net Position	
Net position held for pool participants, July 1, 2015	\$ 1,138,194
Net change in investments by pool	<u>124,980</u>
Net position held for pool participants, June 30, 2016	<u>\$ 1,263,174</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, 2016:

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	\$ 233,200	\$ 233,200	\$ --	\$ --
Government agency bonds	196,008	196,008	--	--
Government agency discount notes	305,058	305,058	--	--
Government agency bonds - callable	<u>295,334</u>	<u>295,334</u>	--	--
Total investments measured at fair value	1,029,600	<u>\$ 1,029,600</u>	<u>\$ --</u>	<u>\$ --</u>
Investments measured at amortized cost				
CAMP	50,000			
LAIF	<u>65,000</u>			
Total pooled and directed investments	<u>\$ 1,144,600</u>			

5. Restricted Cash and Investments

Cash and investments at June 30, 2016 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities

General Fund		
Property tax loss reserve	\$ 7,817	
Deposits by various developers	7,627	
Court ordered restitution funds	222	
Funds for disaster recovery	<u>150</u>	
Total General Fund		\$ 15,816
Major Governmental Funds		
Energy efficiency loan loss reserve	2,594	
Capital projects funds	<u>203</u>	
Total major governmental funds		2,797
Nonmajor Governmental Funds		
Debt service reserves	1,201	
Clean water plan check trust	<u>21</u>	
Total nonmajor governmental funds		1,222
Internal Service Funds		
Funds for underground tank clean-up	<u>10</u>	
Total internal service funds		<u>10</u>
Total governmental activities		<u>19,845</u>

Business-type Activities

Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 17)	16,518	
Financial assurance for landfill corrective action (see Note 17)	1,659	
Debt service reserves (see Note 16)	<u>788</u>	
Total Resource Recovery Fund		18,965
Laguna Sanitation Fund		
Financial assurance for landfill corrective action	<u>125</u>	
Total Laguna Sanitation Fund		<u>125</u>
Total business-type activities		<u>19,090</u>
Total restricted cash and investments		<u>\$ 38,935</u>

6. Receivables

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

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, 2016 is \$13,455 and the amount not expected to be collected within the next fiscal year is \$12,655.

Housing Loans Receivable and Housing Loans Interest Receivable

A total of \$37,722 was recorded as housing loans receivable and a total of \$7,072 was recorded as housing loans interest receivable at June 30, 2016. 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 \$3,311 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 \$44,794 have been established in the Governmental Funds Balance Sheet for the housing loan principal and interest payments. Additionally, offsetting deferred inflows of resources of \$3,625 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 financial statements, and are not expected to be received within the next fiscal year:

- \$3,996 for impounded disputed property taxes; and
- \$200 deposit with the County’s workers’ compensation claims administrator.

7. Capital Assets

Capital asset activity for the year ended June 30, 2016 includes the following adjusted amounts:

	Balance July 1, 2015 Restated*	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2016
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 54,699	\$ 147	\$ --	\$ --	\$ 54,846
Land easements	47,320	--	--	--	47,320
Service concession arrangements	36,550	3,507	--	--	40,057
Work in progress	48,818	30,036	(26,835)	--	52,019
Total capital assets, non-depreciable	187,387	33,690	(26,835)	--	194,242
Capital assets, depreciable/amortizable:					
Land improvements	24,036	4,938	--	--	28,974
Structures and improvements	264,014	5,913	(444)	--	269,483
Equipment and software	136,704	9,884	(7,155)	(579)	138,854
Infrastructure	352,191	11,885	--	579	364,655
Total capital assets, depreciable/amortizable	776,945	32,620	(7,599)	--	801,966
Less accumulated depreciation/amortization for:					
Land improvements	(7,035)	(670)	--	--	(7,705)
Structures and improvements	(104,269)	(6,091)	191	--	(110,169)
Equipment and software	(75,955)	(11,464)	6,874	111	(80,434)
Infrastructure	(101,528)	(5,434)	--	(111)	(107,073)
Total accumulated depreciation/amortization	(288,787)	(23,659)	7,065	--	(305,381)
Total capital assets, depreciable/amortizable, net	488,158	8,961	(534)	--	496,585
Sub-total governmental activities	675,545	42,651	(27,369)	--	690,827
Business-type activities:					
Capital assets, non-depreciable:					
Land	13,176	2,478	--	--	15,654
Work in progress	616	1,156	(25)	--	1,747
Total capital assets, non-depreciable	13,792	3,634	(25)	--	17,401
Capital assets, depreciable/amortizable:					
Land improvements	483	--	--	--	483
Structures and improvements	10,474	--	--	--	10,474
Equipment and software	29,762	2,205	(1,851)	--	30,116
Infrastructure	73,043	677	--	--	73,720
Total capital assets, depreciable/amortizable	113,762	2,882	(1,851)	--	114,793
Less accumulated depreciation/amortization for:					
Land improvements	(190)	(11)	--	--	(201)
Structures and improvements	(4,315)	(290)	--	--	(4,605)
Equipment and software	(15,027)	(1,706)	1,716	--	(15,017)
Infrastructure	(21,298)	(1,651)	--	--	(22,949)
Total accumulated depreciation/amortization	(40,830)	(3,658)	1,716	--	(42,772)
Total capital assets, depreciable/amortizable, net	72,932	(776)	(135)	--	72,021
Sub-total business-type activities	86,724	2,858	(160)	--	89,422
Total capital assets, net	\$ 762,269	\$ 45,509	\$ (27,529)	\$ --	\$ 780,249
First 5 Santa Barbara County Component unit activities:					
Capital assets, depreciable/amortizable:					
Equipment and software	\$ 51	\$ --	\$ --	\$ --	\$ 51
Less accumulated depreciation/amortization	(38)	(5)	--	--	(43)
Total capital assets, net	\$ 13	\$ (5)	\$ --	\$ --	\$ 8

*As restated for First 5 component unit presentation (Note 26)

Capital assets activity for each major enterprise fund for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2016
Resource Recovery:					
Capital assets, non-depreciable:					
Land	\$ 9,487	\$ 2,478	\$ --	\$ --	\$ 11,965
Work in progress	25	--	(25)	--	--
Total capital assets, non-depreciable	9,512	2,478	(25)	--	11,965
Capital assets, depreciable/amortizable:					
Structures and improvements	3,175	--	--	--	3,175
Equipment and software	20,755	1,903	(985)	--	21,673
Infrastructure	46,320	677	--	--	46,997
Total capital assets, depreciable/amortizable	70,250	2,580	(985)	--	71,845
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,768)	(81)	--	--	(1,849)
Equipment and software	(10,631)	(1,298)	861	--	(11,068)
Infrastructure	(12,405)	(1,059)	--	--	(13,464)
Total accumulated depreciation/amortization	(24,804)	(2,438)	861	--	(26,381)
Total capital assets, depreciable/amortizable, net	45,446	142	(124)	--	45,464
Sub-total Resource Recovery	54,958	2,620	(149)	--	57,429
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	3,689	--	--	--	3,689
Work in progress	591	1,156	--	--	1,747
Total capital assets, non-depreciable	4,280	1,156	--	--	5,436
Capital assets, depreciable/amortizable:					
Land improvements	483	--	--	--	483
Structures and improvements	7,299	--	--	--	7,299
Equipment and software	9,007	302	(866)	--	8,443
Infrastructure	26,723	--	--	--	26,723
Total capital assets, depreciable/amortizable	43,512	302	(866)	--	42,948
Less accumulated depreciation/amortization for:					
Land improvements	(190)	(11)	--	--	(201)
Structures and improvements	(2,547)	(209)	--	--	(2,756)
Equipment and software	(4,396)	(408)	855	--	(3,949)
Infrastructure	(8,893)	(592)	--	--	(9,485)
Total accumulated depreciation/amortization	(16,026)	(1,220)	855	--	(16,391)
Total capital assets, depreciable/amortizable, net	27,486	(918)	(11)	--	26,557
Sub-total Laguna Sanitation	31,766	238	(11)	--	31,993
Total capital assets, net - business-type activities	\$ 86,724	\$ 2,858	\$ (160)	\$ --	\$ 89,422

During the year ended June 30, 2016, the County received insurance recovery proceeds of \$1,143 for an asset that was impaired in a previous fiscal year. The insurance proceeds are recorded as program revenue in the governmental funds and governmentwide statements.

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, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2016
Internal Service Funds:					
Capital assets, depreciable/amortizable:					
Structures and improvements	\$ 2,606	\$ --	\$ --	\$ --	\$ 2,606
Equipment and software	57,499	6,729	(5,076)	--	59,152
Total capital assets, depreciable/amortizable	60,105	6,729	(5,076)	--	61,758
Less accumulated depreciation/amortization for:					
Structures and improvements	(920)	(95)	--	--	(1,015)
Equipment and software	(31,352)	(5,012)	4,896	--	(31,468)
Total accumulated depreciation/amortization	(32,272)	(5,107)	4,896	--	(32,483)
Total capital assets, net - internal service funds	\$ 27,833	\$ 1,622	\$ (180)	\$ --	\$ 29,275

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

	Depreciation/ Amortization (excluding ISF)	ISF Depreciation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	\$ 546	\$ 96	\$ 642
Public safety	5,071	2,456	7,527
Health & public assistance	2,748	1,311	4,059
Community resources & public facilities	7,351	835	8,186
General government & support services	2,769	409	3,178
General county programs	67	--	67
Sub-total governmental activities	18,552	5,107	23,659
Business-type activities:			
Resource Recovery	2,438	--	2,438
Laguna Sanitation	1,220	--	1,220
Sub-total business-type activities	3,658	--	3,658
Total depreciation expense	\$ 22,210	\$ 5,107	\$ 27,317

(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, 2016 consists of the following projects for the primary government:

Governmental activities:

Capital Outlay projects:			
North County jail	\$	8,599	
Live Oak Camp Improvements		1,133	
Lake Cachuma Marina Café		592	
Other projects (individually less than \$500)		<u>1,045</u>	
			\$ 11,369
Roads projects:			
Sandspit Road bridge		1,431	
Jalama Road Bridge		1,170	
Floridale Avenue bridge		1,106	
Foothill Road Low Water Crossing replacement		952	
Fernald Point bridge		731	
Bonita School Road Bridge		611	
Other projects (individually less than \$500)		<u>1,747</u>	
			7,748
Flood Control projects:			
Mission Creek Corps project		18,279	
Las Vegas Creek/Encina drain		9,816	
Unit II Channel Improvements		1,035	
Other projects (individually less than \$500)		<u>844</u>	
			29,974
General Fund projects			2,592
Social Services projects			336
			<u>52,019</u>
Sub-total governmental activities			
Business-type activities:			
Laguna Sanitation projects			1,747
Resource Recovery projects			--
			<u>1,747</u>
Sub-total business-type activities			<u>1,747</u>
			<u>\$ 53,766</u>
Total work in progress			

8. 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. 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.

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.

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.

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. 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.

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 years	12/31/2017	\$ 16	10% gross sales; 1.47% on income over \$3.8M
Jalama Beach Store	1/1/2008	10 years	12/31/2017	\$ 3	8% 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	\$ -	\$0.25 per ticket sold up to \$50,000 per concert
				<u>\$ 21</u>	

Capital assets balances for each SCA for the year ended June 30, 2016 and over the term of the agreement are as follows:

	Balance July 1, 2015	Additions/ Restatements	Balance June 30, 2016
Structures & Structure Improvements			
Santa Barbara County Bowl	\$ 33,041	\$ 3,507	\$ 36,548
Boathouse Restaurant	1,698	-	1,698
Beachside Restaurant	568	-	568
Jalama Beach Store	55	-	55
Sub-total Structures & Structure Improvements	<u>\$ 35,362</u>	<u>\$ 3,507</u>	<u>\$ 38,869</u>
Land			
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>\$ 36,550</u>	<u>\$ 3,507</u>	<u>\$ 40,057</u>

The deferred inflows of resources activity for each SCA for year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions/ Restatements	Deletions/ Amortization (1)	Balance June 30, 2016
SCA Capital Assets (1):				
Santa Barbara County Bowl	\$ 31,264	\$ 3,507	\$ (852)	33,919
Boathouse Restaurant	758	--	(314)	444
Beachside Restaurant	391	--	(59)	332
Jalama Beach Store	28	--	(12)	16
Sub-total SCA capital assets	<u>32,441</u>	<u>3,507</u>	<u>(1,237)</u>	<u>34,711</u>
Present Value of Installment Payments (2):				
Boathouse Restaurant	453	--	(180)	273
Beachside Restaurant	117	--	(17)	100
Jalama Beach Store	85	--	(34)	51
Sub-total present value of installment payments	<u>655</u>	<u>--</u>	<u>(231)</u>	<u>424</u>
Total deferred inflows	<u>\$ 33,096</u>	<u>\$ 3,507</u>	<u>\$ (1,468)</u>	<u>\$ 35,135</u>

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

9. 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 and proprietary fund 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 has two items that are reportable on the Governmentwide Statement of Net Position. The first item relates to outflows from changes in the net pension liability (Note 23). The second 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 10), 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 Fund 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, 2016 were as follows:

Governmentwide Deferred Outflows of Resources	
Governmental Activities	
Social Services	\$ 511
Pensions	146,565
Total Governmental Activities	<u>147,076</u>
Business-type Activities	
Pensions	2,604
Total Business-type Activities	<u>2,604</u>
Total Governmentwide Deferred Outflows of Resources	<u><u>\$ 149,680</u></u>
Governmental Funds Deferred Outflows of Resources	
Social Services Fund	
Social Services	\$ 511
Total Governmental Fund Deferred Outflows of Resources	<u><u>\$ 511</u></u>

10. Advances from Grantors and Third Parties

Under both the accrual and modified accrual basis 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, 2016, the various components of advances from grantors and third parties reported are as follows:

	<u>Advances</u>
General Fund:	
Camping and day use fees	\$ 1,186
Roads Fund:	
Farmworker fare revenue	3,693
Advances from California Department of Transportation for road projects	<u>1,287</u>
Total Roads Fund	<u>4,980</u>
Social Services Fund:	
Grant drawdowns prior to meeting eligibility requirements	<u>8,213</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>2,484</u>
Fire Protection District Fund:	
Fire district mitigation fees	590
Advances for fire protection services	<u>280</u>
Total Fire Protection District Fund	<u>870</u>
Capital Projects Fund:	
Developer mitigation fees	<u>6,047</u>
Nonmajor Governmental Funds:	
Advances on state & federal grants for Child Support Services	<u>31</u>
Total advances from grantors and third parties	<u>\$ 24,038</u>

11. Long-Term Liabilities

Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015 Restated*	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Capital lease obligations	\$ 2,686	\$ 10	\$ (345)	\$ 2,351	\$ 368
Certificates of participation (COP)	29,683	--	(865)	28,818	903
Unamortized premium on COP	14	--	(5)	9	--
Unamortized discount on COP	(147)	--	13	(134)	--
Bonds and notes payable	23,580	--	(2,890)	20,690	2,945
Compensated absences	31,415	29,163	(27,075)	33,503	26,920
Liability for self-insurance claims	24,242	10,407	(13,297)	21,352	6,027
Estimated litigation liability	203	--	(43)	160	--
OPEB obligation	89,440	9,302	--	98,742	--
Net pension liability	553,902	107,784	--	661,686	--
Other long-term liabilities	2,740	334	(808)	2,266	--
Sub-total governmental activities	<u>757,758</u>	<u>157,000</u>	<u>(45,315)</u>	<u>869,443</u>	<u>37,163</u>
Business-type activities:					
Certificates of participation	5,997	--	(717)	5,280	752
Unamortized premium on COP	64	--	(21)	43	--
Bonds and notes payable	7,462	--	(758)	6,704	774
Compensated absences	672	651	(609)	714	609
Landfill closure/postclosure care costs	26,794	1,369	(767)	27,396	602
OPEB obligation	1,915	186	--	2,101	--
Net pension liability	9,808	1,950	--	11,758	--
Sub-total business-type activities	<u>52,712</u>	<u>4,156</u>	<u>(2,872)</u>	<u>53,996</u>	<u>2,737</u>
Total long-term liabilities	<u>\$ 810,470</u>	<u>\$ 161,156</u>	<u>\$ (48,187)</u>	<u>\$ 923,439</u>	<u>\$ 39,900</u>
First 5 Santa Barbara County					
Component unit activities:					
Compensated absences	\$ 87	\$ 87	\$ (101)	\$ 73	\$ 73
OPEB obligation	338	29	--	367	--
Net pension liability	1,750	58	--	1,808	--
Total long-term liabilities	<u>\$ 2,175</u>	<u>\$ 174</u>	<u>\$ (101)</u>	<u>\$ 2,248</u>	<u>\$ 73</u>

*As restated for First 5 component unit presentation (Note 26)

The long-term liability activity for each major enterprise fund for the year ended June 30, 2016 was as follows:

	Balance			Balance	
	July 1, 2015	Additions	Deletions	June 30, 2016	Due Within One Year
Resource Recovery:					
Certificates of participation	\$ 5,997	\$ --	\$ (717)	\$ 5,280	\$ 752
Unamortized premium on COP	64	--	(21)	43	--
Compensated absences	565	518	(489)	594	489
Landfill closure/postclosure care costs	26,794	1,369	(767)	27,396	602
OPEB obligation	1,554	152	--	1,706	--
Net pension liability	7,846	1,744	--	9,590	--
Sub-total Resource Recovery	<u>42,820</u>	<u>3,783</u>	<u>(1,994)</u>	<u>44,609</u>	<u>1,843</u>
Laguna Sanitation:					
Bonds and notes payable	7,462	--	(758)	6,704	774
Compensated absences	107	133	(120)	120	120
OPEB obligation	361	34	--	395	--
Net pension liability	1,962	206	--	2,168	--
Sub-total Laguna Sanitation	<u>9,892</u>	<u>373</u>	<u>(878)</u>	<u>9,387</u>	<u>894</u>
Total long-term liabilities - business-type activities	<u>\$ 52,712</u>	<u>\$ 4,156</u>	<u>\$ (2,872)</u>	<u>\$ 53,996</u>	<u>\$ 2,737</u>

In governmental activities, the liability for the majority of employee compensated absences, litigation, other postemployment benefit obligations, 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, 2016 was as follows:

	Balance			Balance	
	July 1, 2015	Additions	Deletions	June 30, 2016	Due Within One Year
Internal Service Funds:					
Compensated absences	\$ 732	\$ 530	\$ (483)	\$ 779	\$ 483
Bonds and notes payable	4,255	--	(335)	3,920	340
Liability for self-insurance claims	24,242	10,407	(13,297)	21,352	6,027
OPEB obligation	1,635	163	--	1,798	--
Net pension liability	7,877	2,128	--	10,005	--
Total long-term liabilities - Internal Service Funds	<u>\$ 38,741</u>	<u>\$ 13,228</u>	<u>\$ (14,115)</u>	<u>\$ 37,854</u>	<u>\$ 6,850</u>

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, 2016.

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, 2016, the conduit debt principal amount outstanding was \$9,748.

12. Leases

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 133
2018	133
2019	65
Total minimum rental payments	<u>\$ 331</u>

The values in the table above reflect rent in the current year. One lease included in these amounts has future rent that is subject to cost of living adjustments (COLA) on January 1st 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.

Total rental expenditure/expense for the year ended June 30, 2016 was \$3,227, of which \$352 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, 2016, the building had a carrying amount of \$4,688, net of accumulated depreciation of \$1,480.

The County as lessor also leases sections of the Public Health building known as the Veterans (VA) Clinic to the Veterans Administration under an operating lease with a term of October 2007 through September 2017. The original cost of the VA Clinic was \$891. As of June 30, 2016, the building had a carrying amount of \$304, net of accumulated depreciation of \$587.

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, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 615
2018	403
2019	322
2020	312
2021	312
2022-2026	1,561
2027-2031	1,561
2032-2034	572
Total minimum rentals to be received	<u>\$ 5,658</u>

As of the year ended June 30, 2016, total rental income was \$642 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, 2016:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 368	\$ 122
2018	346	101
2019	324	84
2020	238	66
2021	143	56
2022-2026	835	156
2027-2031	97	3
Total present value of minimum lease payments	<u>\$ 2,351</u>	<u>\$ 588</u>

The following is a schedule of capital assets acquired through capital leases as of June 30, 2016:

	<u>Governmental Activities</u>
Land	\$ 1,283
Structures and improvements	3,611
Total capital assets, gross	4,894
Less: accumulated amortization	(906)
Total capital assets, net, acquired through capital leases	<u>\$ 3,988</u>

The current year’s amortization related to capital assets under capital leases for governmental activities was \$120 and is included in the Governmental activities depreciation/amortization of \$23,659.

13. 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 \$354 during the current fiscal year.

A summary of COP principal outstanding as of June 30, 2016 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2016
Governmental activities:					
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	\$ 17,000	\$ 13,455
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	884	428
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>28,818</u>
Business-type activities:					
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,625	3,910
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	2,821	1,370
Sub-total business-type activities				<u>9,446</u>	<u>5,280</u>
Total COP principal outstanding				<u>\$ 42,265</u>	<u>\$ 34,098</u>

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2016:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 903	\$ 1,528	\$ 752	\$ 203
2018	934	1,492	775	175
2019	974	1,454	806	145
2020	1,008	1,414	837	110
2021	1,430	1,358	495	81
2022-2026	8,069	5,624	1,615	110
2027-2031	7,075	3,431	--	--
2032-2036	3,855	2,047	--	--
2037-2041	4,570	733	--	--
Sub-total	28,818	19,081	5,280	824
Unamortized premium	9	--	43	--
Unamortized discount	(134)	--	--	--
Total COP debt, net	\$ 28,693	\$ 19,081	\$ 5,323	\$ 824

14. 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, 2016 is \$16,770. The following is the repayment schedule as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,605	\$ 353	\$ 2,958
2018	2,670	296	2,966
2019	2,730	237	2,967
2020	2,790	177	2,967
2021	2,845	115	2,960
2022-2026	3,130	147	3,277
Total bonds payable	\$ 16,770	\$ 1,325	\$ 18,095

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, 2016 is \$3,920. The following is the repayment schedule as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 340	\$ 153	\$ 493
2018	345	139	484
2019	345	125	470
2020	350	111	461
2021	355	96	451
2022-2026	1,815	262	2,077
2027-2031	370	8	378
Total bonds payable	<u>\$ 3,920</u>	<u>\$ 894</u>	<u>\$ 4,814</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 1st of each year; as such, these payments are regularly made in June of the prior fiscal year. The interest rate on the note is 2.40% per annum.

The note payable outstanding at June 30, 2016 is \$3,793. The following is the repayment schedule as of June 30, 2016:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 504	\$ 91	\$ 595
2018	516	79	595
2019	529	67	596
2020	541	54	595
2021	554	41	595
2022-2026	1,149	42	1,191
Total note payable	<u>\$ 3,793</u>	<u>\$ 374</u>	<u>\$ 4,167</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, 2016 is \$2,911. The following is the repayment schedule as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 270	\$ 149	\$ 419
2018	275	135	410
2019	275	121	396
2020	280	106	386
2021	285	91	376
2022-2026	1,526	223	1,749
Total bonds payable	\$ 2,911	\$ 825	\$ 3,736

15. 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 93% of the counties in California and nearly 60% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. A Board of Directors consisting of representatives from its members governs the Authority. The County's aggregate annual premium, including property insurance, paid to the Authority for the year ended June 30, 2016, was \$17,533. 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:

Type of Coverage	Self-Insurance Limit	Authority Limit
General Liability	\$ 500	\$ 35,000
Medical Malpractice**	\$ -	\$ 21,500
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 \$490,000 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:

	Fiscal Year Ended	
	June 30, 2015	June 30, 2016
Unpaid claims, beginning of year	\$ 28,417	\$ 24,242
Incurred claims	4,765	10,407
Claim payments	(8,940)	(13,297)
Unpaid claims, end of year	<u>\$ 24,242</u>	<u>\$ 21,352</u>

16. 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. In the aggregate, these claims seek monetary damages in significant amounts. 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 \$160, 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 \$10,732. 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. As reported to the County Board in March of 2016, the County currently estimates a potential liability exposure of up to \$2.2 million for outstanding issues with the State of California. The settlement and payment of these liabilities could span a five to ten year period. The County has identified sources to pay these liabilities that include a General Fund audit exception committed fund balance and the Behavioral Wellness other long-term liabilities payable.

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 (16 years).

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately \$197,485 will be payable upon future performance under these contracts, including \$86,000 in contracts for the Northern Branch Jail.

17. Landfill Closure and Postclosure

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 \$27,396 reported as landfill closure and postclosure care liability at June 30, 2016, 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	84%	11	Open
Foxen Canyon	95%	closed	25
New Cuyama	100%	closed	15

The County will recognize the remaining estimated cost of closure and postclosure care of \$4,853 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 2016. 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, 2016, restricted cash and investments of \$18,177 are held for these purposes. These are reported as restricted assets on the balance sheet (see Note 5). During FY 15-16 the County of Santa Barbara was authorized by the California Department of Resources Recycling and Recovery to release excess restricted funds related to postclosure costs for New Cuyama and Foxen Canyon in the amount of \$644.

Restricted cash for closure, postclosure, and corrective action financial assurances costs at June 30, 2016 is comprised of the following:

Landfill	Closure Cost	Postclosure Cost	Corrective Action Cost	Total Restricted Cash
Tajiguas	\$ 14,809	\$ 1,065	\$ 673	\$ 16,547
Foxen Canyon	--	529	289	818
New Cuyama	--	115	697	812
Total	<u>\$ 14,809</u>	<u>\$ 1,709</u>	<u>\$ 1,659</u>	<u>\$ 18,177</u>

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.

18. 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, governmental fund, and proprietary fund 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 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 8), the second item relates to the principal balance of the loans with a forgiveness clause included in the housing loan receivable amount (Note 6), and the last item relates to inflows from changes in the net pension liability (Note 23). 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 Fund Balance Sheet: the first of these items relates to the total housing loan principal and interest receivable amount (Note 6) and the second relates to miscellaneous earned but unavailable revenue due to prior year Medi-Cal Settlement payments (Note 6).

Deferred inflows of resources balances for the year ended June 30, 2016 were as follows:

Governmentwide Deferred Inflows of Resources	
Governmental Activities	
Service Concession Arrangements	\$ 35,135
Housing Loan Payments	3,625
Pensions	<u>20,299</u>
Total Governmental Activities	<u>59,059</u>
Business-type Activities	
Pensions	<u>360</u>
Total Business-type Activities	<u>360</u>
Total Governmentwide Deferred Inflows of Resources	<u>\$ 59,419</u>
Governmental Funds Deferred Inflows of Resources	
Affordable Housing Fund	
Housing Loan Payments	44,794
Debt Subsidy	<u>35</u>
Total Governmental Fund Deferred Inflows of Resources	<u>\$ 44,829</u>

19. 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, 2016 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
Nonspendable in form:											
Teeter Tax Losses	\$ 7,817	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,817
Receivables	4,263	--	--	--	--	55	--	1,395	--	46	5,759
Prepays/Deposits	50	--	--	--	--	--	--	--	--	--	50
Total nonspendable fund balance	12,130	--	--	--	--	55	--	1,395	--	46	13,626
Restricted for:											
Purpose of Fund	832	14,927	978	2,429	3,026	52,481	4,894	12,965	12	17,275	109,819
Health Care Programs	--	--	20,922	--	--	--	--	--	--	--	20,922
Allocated for Capital Outlay	1	2,875	--	--	--	13,206	--	2,645	--	726	19,453
Local Realignment 2011	9,503	--	--	--	1,033	--	--	--	--	--	10,536
P&D Offsite Mitigation	2,157	--	--	--	--	--	--	--	--	--	2,157
MHSA Prudent Reserve	--	--	--	--	2,023	--	--	--	--	--	2,023
Public Safety Prop 172	1,881	--	--	--	--	--	--	--	--	--	1,881
Sheriff Categorical Grants	1,795	--	--	--	--	--	--	--	--	--	1,795
DMV/Livescan	--	--	--	--	--	--	--	--	1,781	--	1,781
Recorder Modernization	1,561	--	--	--	--	--	--	--	--	--	1,561
Probation YOBG	1,535	--	--	--	--	--	--	--	--	--	1,535
Housing Trust Funds	--	--	--	--	--	--	1,399	--	--	--	1,399
PHD Special Projects	266	--	1,010	--	--	--	--	--	--	--	1,276
Debt Service	--	--	--	--	--	--	--	--	--	1,200	1,200
Donations	137	--	--	32	--	--	--	--	--	1,015	1,184
Recorder Operations	1,180	--	--	--	--	--	--	--	--	--	1,180
FY 12/13,13/14 Operating Plans	--	--	767	--	67	201	12	--	--	101	1,148
Probation LESF/COPS	957	--	--	--	--	--	--	--	--	--	957
Alcoholism Programs	--	--	--	--	825	--	--	--	--	--	825
ADP SAPT Block Grant Set-Aside	--	--	--	--	821	--	--	--	--	--	821
Forfeiture Penalty	681	--	--	--	--	--	--	--	--	--	681
Los Prietos Donation	640	--	--	--	--	--	--	--	--	--	640
Maintenance-Casa Nueva Bldg	601	--	--	--	--	--	--	--	--	--	601
State - CDBG	--	--	--	--	--	--	521	--	--	--	521
Assessor AB818	504	--	--	--	--	--	--	--	--	--	504
Public Arts Program	429	--	--	--	--	--	--	--	--	--	429
Unrealized Gains	--	51	51	4	2	177	17	19	7	50	378
Survey Monument	363	--	--	--	--	--	--	--	--	--	363
Gaviota Bikeway	322	--	--	--	--	--	--	--	--	--	322
Recorder Micrographics	319	--	--	--	--	--	--	--	--	--	319
District Attorney Programs	307	--	--	--	--	--	--	--	--	--	307
Measure A Roads Funds	--	297	--	--	--	--	--	--	--	--	297
Dispute Resolution	--	--	--	--	--	--	--	--	--	270	270
Recorder Redaction	244	--	--	--	--	--	--	--	--	--	244
Weights and Measures	218	--	--	--	--	--	--	--	--	--	218
Consumer/Environmental	201	--	--	--	--	--	--	--	--	--	201
Drug Abuse Programs	--	--	--	--	163	--	--	--	--	--	163
COP Proceeds	--	--	--	--	--	--	--	--	153	4	157
Probation Programs	152	--	--	--	--	--	--	--	--	--	152
State Off Hwy Fee	147	--	--	--	--	--	--	--	--	--	147
Vital Records	139	--	--	--	--	--	--	--	--	--	139
CalVet Subvention Program	135	--	--	--	--	--	--	--	--	--	135
Recorder ERDS	122	--	--	--	--	--	--	--	--	--	122
DSS Childrens Trust	--	--	--	105	--	--	--	--	--	--	105
Parks Projects	--	--	--	--	--	--	--	--	24	68	92
Animal Control Programs	80	--	--	--	--	--	--	--	--	--	80
Real Estate Fraud	78	--	--	--	--	--	--	--	--	--	78
DARE	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	--	1	3	15	5	--	--	--	--	1	25
	27,527	18,151	23,731	2,585	7,965	66,065	6,843	15,629	1,977	20,710	191,183

A detailed schedule of fund balances at June 30, 2016 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
Committed to:											
Strategic Reserve	29,865	--	--	--	--	--	--	--	--	--	29,865
New Jail Operations	13,801	--	--	--	--	--	--	--	1	--	13,802
Purpose of Fund	1,373	--	--	1,893	--	--	22	--	2,114	1,926	7,328
Health Care Programs	--	--	6,841	--	--	--	--	--	--	--	6,841
General Services Projects	1,757	--	--	--	--	--	--	--	2,760	--	4,517
Contingencies	3,317	--	--	--	--	--	--	--	--	--	3,317
SB 1022 Match	--	--	--	--	--	--	--	--	1,977	--	1,977
Program Restoration	1,663	--	--	--	--	--	--	--	--	--	1,663
Auditor Systems Maint/Develop	1,556	--	--	--	--	--	--	--	--	--	1,556
Parks Projects	742	--	--	--	--	--	--	--	720	--	1,462
Clerk Record Assessor Projects	1,437	--	--	--	--	--	--	--	--	--	1,437
Sheriff Projects	468	--	--	--	--	--	--	--	955	--	1,423
Salary & Retirement Offset	1,238	--	--	--	--	--	--	--	--	--	1,238
Planning/Development Projects	1,210	--	--	--	--	--	--	--	--	--	1,210
Audit Exceptions	982	--	--	--	--	--	--	--	--	--	982
Treas Tax Collector Projects	959	--	--	--	--	--	--	--	--	--	959
Elections Voting Equipment	916	--	--	--	--	--	--	--	--	--	916
Litigation	915	--	--	--	--	--	--	--	--	--	915
Human Resources Programs	909	--	--	--	--	--	--	--	--	--	909
County Executive Programs	851	--	--	--	--	--	--	--	--	--	851
P&D Land Use System	844	--	--	--	--	--	--	--	--	--	844
North County Jail Contingency	802	--	--	--	--	--	--	--	--	--	802
General County Programs	674	--	--	--	--	--	--	--	--	--	674
Unrealized Gains	402	--	19	--	--	--	--	--	--	4	425
Public Defender Programs	221	--	--	--	--	--	--	--	--	--	221
FY 12/13,13/14 Operating Plans	203	--	--	--	--	--	--	--	--	--	203
District Attorney Programs	150	--	--	--	--	--	--	--	--	--	150
Rental Maintenance	136	--	--	--	--	--	--	--	--	--	136
Probation Programs	94	--	--	--	--	--	--	--	--	--	94
Ag Commissioner Projects	68	--	--	--	--	--	--	--	--	--	68
Maintenance-Montecito Com Hall	60	--	--	--	--	--	--	--	--	--	60
Building & Safety Permitting	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	23	--	--	--	--	--	--	--	--	--	23
Housing Programs	21	--	--	--	--	--	--	--	--	--	21
Facilities Maintenance	6	--	--	--	--	--	--	--	--	--	6
Tobacco Settlement	--	--	4	--	--	--	--	--	--	--	4
	<u>67,703</u>	<u>--</u>	<u>6,864</u>	<u>1,893</u>	<u>--</u>	<u>--</u>	<u>22</u>	<u>--</u>	<u>8,527</u>	<u>1,930</u>	<u>86,939</u>
Unassigned fund balance:	<u>7,684</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,684</u>
Total fund balances	<u>\$ 115,044</u>	<u>\$ 18,151</u>	<u>\$ 30,595</u>	<u>\$ 4,478</u>	<u>\$ 7,965</u>	<u>\$ 66,120</u>	<u>\$ 6,865</u>	<u>\$ 17,024</u>	<u>\$ 10,504</u>	<u>\$ 22,686</u>	<u>\$ 299,432</u>

20. 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, 2016 for governmental activities is as follows:

Restricted for Public Safety:		
Fire Protection District	\$ 17,025	
Probation	13,299	
Sheriff	6,854	
District Attorney	1,207	
Public Defender	272	
Trial Courts	<u>270</u>	
		\$ 38,927
Restricted for Health & Public Assistance:		
Public Health	24,827	
Behavioral Wellness	7,965	
Social Services	2,953	
Child Support Services	<u>165</u>	
		35,910
Restricted for Community Resources & Public Facilities:		
Flood Control District	66,118	
Housing	48,012	
Roads	18,151	
Water Agency	7,114	
County Service Areas	3,477	
Other	2,546	
Planning and Development	2,666	
Parks	366	
Coastal Resources Enhancement	<u>1,218</u>	
		149,668
Restricted for General Government & Support Services:		
Clerk-Recorder-Assessor	4,070	
General Services	1,037	
Other	<u>135</u>	
		5,242
Restricted for General County Programs:		
Other	13,597	
Public and Educational Access	1,018	
Criminal Justice and Courthouse Construction	<u>1,617</u>	
		16,232
Total restricted component of net position - governmental activities		<u><u>\$ 245,979</u></u>

Included in governmental activities restricted net position at June 30, 2016 is net position restricted by enabling legislation of \$963.

21. Retained Deficit

Internal Service Funds

The County’s Risk Management and Insurance Funds have retained deficit of \$1,049 at June 30, 2016, due to a negative retained deficit of \$3,321 in the Workers Compensation Self Insurance Fund. In FY 12-13 the County implemented a seven-year payback plan in an effort to eliminate the deficit through future premium rate increases. Currently the County is in year four of the seven-year plan and has reduced deficit from \$7,898 to \$3,321 as of June 30, 2016. The County has continued to concentrate its efforts on efficient and focused review and implementation of loss prevention and control measures to minimize costs, as well as to make necessary adjustments to the future premium rate structure in order to eliminate the retained deficit in the future.

	<u>Balance at July 1, 2015</u>	<u>Balance at June 30, 2016</u>
Medical Malpractice Self Insurance	\$ 170	\$ 605
Workers' Compensation Self Insurance	(3,030)	(3,321)
County Liability Self Insurance	2,458	411
County Unemployment Self Insurance	864	513
Dental Self Insurance	1,316	743
	<u>\$ 1,778</u>	<u>\$ (1,049)</u>

22. Interfund Transactions

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Social Services	\$ 3,131
General Fund	Behavioral Wellness	2,845
General Fund	Criminal Justice Construction	184
General Fund	Capital Projects	167
Criminal Justice Construction	General Fund	123
Risk Management	General Fund	5
Risk Management	Data Processing ISF	2
Total due to/from other funds		<u>\$ 6,457</u>

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.

Advances to/from other funds at June 30, 2016 are as follows:

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

Transfers

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

Transfers to/from other funds at June 30, 2016 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 8,289	General Fund Contribution
	Social Services Fund	7,253	General Fund Contribution
	Public Health Fund	6,539	General Fund Contribution
	Behavioral Wellness Fund	5,806	Other
	Roads Fund	4,194	General Fund Contribution
	Behavioral Wellness Fund	3,782	General Fund Contribution
	Nonmajor Governmental Funds	2,463	Debt Service
	Capital Projects Fund	2,241	Capital Projects
	Fire Protection District Fund	1,205	Other
	Nonmajor Governmental Funds	1,045	Other
	Social Services Fund	671	Other
	Public Health Fund	595	Other
	Roads Fund	154	Other
	Internal Service Funds	144	Vehicles
	Fire Protection District Fund	23	Reimbursements
	Internal Service Funds	22	Other
	Social Services Fund	15	Debt Service
		<u>44,441</u>	
Roads Fund	Capital Projects Fund	4	Capital Projects
	General Fund	1,208	Other
Public Health Fund	Capital Projects Fund	280	Capital Projects
	Behavioral Wellness Fund	278	Other
	Social Services Fund	10	Debt Service
		<u>1,776</u>	
Social Services Fund	General Fund	79	Other

Transfers to/from other funds at June 30, 2016 (continued):

Transfer From	Transfer To	Amount	Purpose
	Capital Projects Fund	1,443	Capital Projects
	Nonmajor Governmental Funds	546	Debt Service
	General Fund	273	Other
Behavioral Wellness Fund	Internal Service Funds	48	Vehicles
	Social Services Fund	11	Other
	Social Services Fund	9	Debt Service
		2,330	
Flood Control District Fund	Internal Service Funds	55	Vehicles
	General Fund	329	Other
Affordable Housing Fund	Roads Fund	134	Capital Projects
	General Fund	73	Program Administration
	General Fund	2	Capital Projects
		538	
	General Fund	2,276	Other
	Internal Service Funds	724	Vehicles
	Capital Projects Fund	691	Capital Projects
	Internal Service Funds	293	Capital Projects
Fire Protection District	Nonmajor Governmental Funds	240	Debt Service
	Internal Service Funds	114	Other
	Public Health Fund	12	Other
		4,350	
Capital Projects Fund	General Fund	183	Other
Nonmajor	Nonmajor Governmental Funds	1,237	Debt Service
	General Fund	355	Reimbursements
	General Fund	312	Other
	Fire Protection District Fund	135	Other
	Capital Projects Fund	113	Capital Projects
	Flood Control Districts Fund	15	Other
	General Fund	10	Program Administration
Governmental Funds	Nonmajor Governmental Funds	2	Other
		2,179	
Internal Service Funds	Enterprise Funds	15	Vehicles
	Total transfers	\$ 55,950	

23. Pensions

General Information about the Pension Plan

Plan Description

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 a publicly available financial report that may be obtained at <http://cosb.countyofsb.org/sbcers/default.aspx?id=19040>.

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 General members hired on or after January 1, 2013 may continue in plan.
- Safety Plan 8 Safety members hired on or after January 1, 2013 may continue in plan.

Closed to New Enrollment:

- General Plan 2 Employees hired before January 11, 1999 may continue in plan.
- General Plan 5A General members hired before October 10, 1994 may continue in plan.
- General Plan 5B General members hired on or after October 10, 1994 & in Bargaining Units 10, 11, 14, 15, 17, 35, 36, 40-43 may continue in plan.
- General Plan 5C General members hired on or after October 10, 1994 & in Bargaining Units 21-29, 32 may continue in plan.
- General Plan 7 General members hired on or after June 25, 2012 may continue in plan.
- Safety Plan 4A Firefighters hired before October 10, 1994 may continue in plan.
- Safety Plan 4B (a) Probation safety managers, and (b) Fire Chief hired on or after October 10, 1994 may continue in plan.
- Safety Plan 4C (a) Non-management Probation safety employees, and (b) Firefighters hired on or after October 10, 1994 (except Fire Chief) may continue in plan.
- Safety Plan 6A Sheriff/District Attorney safety members hired before October 10, 1994 may continue in plan.
- Safety Plan 6B Sheriff/District Attorney safety members hired on or after October 10, 1994 may continue in plan.

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 or 10 years 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.

Specific details for the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the SBCERS' Comprehensive Annual Financial Report (CAFR). The SBCERS' CAFR is available online at <http://cosb.countyofsb.org/sbcers/default.aspx?id=19040>.

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 (formerly known as the actuarially required contribution (ARC)) rate for the year ended June 30, 2016, 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 \$114,197 for the year ended June 30, 2016. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

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	20.40%	Non-contributory	9
General Plan 5A	31.64%	2.77 – 5.72%	515
General Plan 5B	32.08%	5.54 – 11.44%	240
General Plan 5C	33.23%	2.67 – 5.69%	1,565
General Plan 7	30.16%	2.22 – 4.74%	95
General Plan 8	25.35%	7.70%	620
Safety Plan 4A	52.00%	5.13 – 9.04%	40
Safety Plan 4B	49.95%	10.26 – 18.09%	13
Safety Plan 4C	51.44%	4.93 – 8.92%	339
Safety Plan 6A	58.29%	5.13 – 9.04%	89
Safety Plan 6B	58.41%	4.93 – 8.92%	309
Safety Plan 8	40.67%	14.27%	112

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

At June 30, 2016, the County reported a liability of \$675,252 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, updated to June 30, 2015. 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, 2015, the County’s proportion was 92.80170%, which was an increase of 0.1547% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$90,046. 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, 2016, the County 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	\$ -	\$ 20,714
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirement plan investments	32,601	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,771	-
County contributions subsequent to the measurement date	114,198	-
	<u>\$ 149,570</u>	<u>\$ 20,714</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.

\$114,197 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (3,862)
2017	(3,862)
2018	(3,862)
2019	26,245
2020	--
Thereafter	--
	<u>\$ 14,659</u>

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2015 is provided below, including any assumptions that differ from those used in the June 30, 2014 actuarial valuation. There were no changes in assumptions during the year. 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.

Inflation	3.00%
Amortization growth rate	3.50%
Salary increases	3.50% plus merit component based on employee classification and years of service
Basic COLA	The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 3.00% per year.
Post Retirement COLA	Benefits are assumed to increase after retirement at the rate of 2.75% per year for General Plans 5, Safety Plans 4, 6 and 8 (PEPRA), and APCD Plans 1 and 2; 2.0% per year for General Plans 7 and APCD Plan 8 (PEPRA), and 0% per year for General Plan 2.
Investment rate of return	7.50%, net of investment expense
Post-Retirement mortality	Sex distinct RP-2000 Combined Mortality, projected with generational improvements using Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013. Based upon the results of the 2013 actuarial experience study, there were no changes to the assumptions from the prior valuation.

The long-term expected rate of return as of June 30, 2015 on pension plan investments (7.5 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
Domestic equity	23%	5.4%
Investment grade bonds	10%	0.7%
Emerging market non-U.S. equity	10%	8.8%
Developed market non-U.S. equity	9%	6.0%
Private equity	7%	7.2%
Tips	7%	0.4%
Private real estate	6%	4.0%
High yield bonds	4%	3.6%
Foreign bonds	4%	-0.3%
Emerging market bonds	3%	3.5%
Natural resources (private)	3%	6.4%
Commodities	3%	2.2%
Bank loans	2%	2.4%
Infrastructure (private)	2%	4.5%
Infrastructure (public)	2%	5.6%
Natural resources (public)	2%	6.1%
Real Estate Investment Trusts	2%	4.0%
Frontier market equity	1%	7.6%
Cash	0%	-0.2%
Small cap	0%	0.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net pension plan liability	\$ 1,098,784	\$ 675,252	\$ 328,389

Pension fund fiduciary net position

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

24. Other Postemployment Benefits (OPEB)

Plan Description

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

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

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 online at <http://cosb.countyofsb.org/sbcers/default.aspx?id=19040>.

Plan Benefits

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.

Pursuant to the OPEB Plan, the Board has determined to provide a monthly insurance premium subsidy of \$15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in a

County-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by SBCERS to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any amount in excess of the premium is forfeited. If an Eligible Retired Participant does not participate in the County-sponsored health insurance plan, then SBCERS reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

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

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

Funding Policy

The County and other participating employer plan sponsors individually determine their separate contributions to SBCERS to fund the OPEB Plan. The County has adopted an employer contribution rate of 3.50% of covered retiree payroll.

Annual OPEB Cost and Net OPEB Obligation

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

For the year ended June 30, 2016, the OPEB ARC was \$29,424 or 11.13% of the County’s estimated annual covered payroll. This includes the normal cost of \$4,400 for the year for current active employees, and \$25,024 for UAAL amortization. The County’s contribution to the OPEB Plan for the year ended June 30, 2016 was \$9,875.

The following are the components of the County’s annual OPEB cost for the year ended June 30, 2016:

Annual required contribution (ARC)	\$ 29,424
Interest on net OPEB obligation	3,970
Adjustment to ARC	<u>(12,545)</u>
Annual OPEB cost (expense)	20,849
Contributions made	<u>(11,332)</u>
Increase in net OPEB obligation	9,517
Net OPEB obligation - beginning of year	<u>91,693</u>
Net OPEB obligation - end of year	<u>\$ 101,210</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 20,078	42%	74,692
6/30/2015	26,081	35%	91,693
6/30/2016	20,849	54%	101,210

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

Funded Status and Funding Progress

Using the most recent actuarial valuation dated June 30, 2014, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	\$ 178,462
Actuarial value of plan assets	<u>(3,155)</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 175,307</u>
Funded ratio (actuarial value of plan assets/AAL)	1.8%
Covered payroll (active plan members)	\$ 264,376
UAAL as percentage of covered payroll	66.3%

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

Actuarial Methods and Assumptions

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

In the County’s June 30, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.33% investment rate of return (net of investment expenses), and an inflation assumption of 3.50%. Healthcare trend rate assumptions are not applicable as they are not included in the actuarial calculations for liabilities and ARC in the actuarial report as the dollar amounts of the benefits are not expected to increase and are below the current premiums for health benefits. The actuarial value of assets was determined using the market value of the assets as of the valuation date. The OPEB Plan’s UAAL is being amortized as a level percentage of projected payroll on a closed basis. A closed amortization period of 15 years was established as of January 1, 2007. The remaining amortization period at June 30, 2016 was 6.5 years.

25. Deferred Compensation Plans

Santa Barbara County Supplemental Retirement Plan

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

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

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

<u>Fiscal Year Ended</u>	<u>Contributions</u>
6/30/2014	\$ 169
6/30/2015	181
6/30/2016	189

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) per calendar year, so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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

County of Santa Barbara Social Security Compliance Deferred Compensation Plan

The Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the County in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular 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>
6/30/2014	\$ 109
6/30/2015	149
6/30/2016	176

26. Prior Period Adjustment

A prior period adjustment of -\$2,540 was made to decrease the governmental activities’ beginning net position. The adjustment was made to reflect First 5 as a Discrete Component Unit.

A prior period adjustment of \$79 was made to increase the governmental activities’ beginning net position. The adjustment was made to reflect Housing loan activity that was not recorded in the prior year. This adjustment brings related balances to their correct amount as of June 30, 2016.

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

Governmentwide activities	
Net position at July 1, 2015, as previously stated	\$ 273,953
First 5 prior period adjustment	(2,540)
HCD Housing loans prior period adjustment	79
Net position at July 1, 2015, as restated	<u>\$ 271,492</u>

A prior period adjustment of \$2,476 was made to increase the Component Unit activities’ beginning net position. The adjustment was made to reflect First 5 as a Discrete Component Unit. The net position amount of \$2,476 is from First 5’s audited financial statements as of June 30, 2015. There is an immaterial variance between the net position removed from governmental activities and the net position added to Component Unit activities.

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

Component Unit activities	
Net position at July 1, 2015, as previously stated	\$ -
First 5 prior period adjustment	2,476
Net position at July 1, 2015, as restated	<u>\$ 2,476</u>

A prior period adjustment of \$4,720 was made to decrease the Other Governmental funds beginning fund balance. The adjustment was made to reflect First 5 as a Discrete Component Unit.

The restatement of beginning Fund balances is summarized as follows:

Governmental funds	
Fund Balance at July 1, 2015, as previously stated	\$ 281,044
First 5 prior period adjustment	(4,720)
Fund Balance at July 1, 2015, as restated	<u>\$ 276,324</u>

27. Subsequent Events

The County evaluated subsequent events from July 1, 2016 through August 26, 2016, the date the financial statements were available to be issued. The following subsequent event was noted:

Tajiguas Resource Recovery Project:

On July 12, 2016, the Board approved modifying the operation of the existing Tajiguas Landfill to construct and operate a state of the art resource recovery facility that would extend the life of the landfill by approximately ten years. The cost of the project is approximately \$122,000 and would be funded with Solid Waste Revenue Certificates of Participation. The project is expected to begin construction in FY 16-17.



Required Supplementary Information

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

Last 10 Fiscal Years*

	FY 2015	FY 2014	FY 2013
County's proportion of the net pension liability (asset)	92.8017%	92.6470%	92.3325%
County's proportionate share of the net pension liability (asset)	\$ 675,252	\$ 565,460	\$ 721,772
County's covered-employee payroll	\$ 295,365	\$ 283,430	\$ 277,298
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.60%	199.50%	260.30%
Plan fiduciary net position as a percentage of the total pension liability	77.70%	80.46%	73.66%

*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*

	FY 2015	FY 2014
Actuarially determined contribution	\$ 114,714	\$ 110,461
Contributions in relation to the actuarially determined contribution	114,946	110,756
Contribution deficiency (excess)	\$ (232)	\$ (295)
County's covered-employee payroll	\$ 295,365	\$ 283,430
Contributions as a percentage of covered-employee payroll	38.92%	39.08%

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2006	\$ -	\$ 132,082	\$ 132,082	0.0%	\$ 235,810	56.0%
6/30/2009	1,041	161,999	160,958	0.6%	279,494	57.6%
6/30/2010	1,875	173,944	172,069	1.1%	280,040	61.4%
6/30/2012	2,478	176,405	173,927	1.4%	276,879	62.8%
6/30/2014	3,155	178,462	175,307	1.8%	264,376	66.3%

See accompanying independent auditor's report.

Notes to Required Supplementary Information

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

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 210,718	\$ 210,276	\$ 212,808	\$ 2,532
Licenses, permits, and franchises	14,358	14,418	13,595	(823)
Fines, forfeitures, and penalties	3,624	4,099	5,119	1,020
Use of money and property	1,677	2,061	2,481	420
Intergovernmental	72,650	78,314	77,351	(963)
Charges for services	67,664	69,195	66,547	(2,648)
Other	2,793	4,007	4,446	439
Total revenues	<u>373,484</u>	<u>382,370</u>	<u>382,347</u>	<u>(23)</u>
Expenditures				
Current:				
Policy & executive	16,553	16,839	16,484	355
Public safety	208,990	209,339	207,579	1,760
Health & public assistance	11,142	11,377	10,616	761
Community resources & public facilities	45,856	45,982	40,830	5,152
General government & support services	52,498	51,975	48,947	3,028
General county programs	2,746	2,669	2,656	13
Debt service:				
Principal	--	--	1	(1)
Total expenditures	<u>337,785</u>	<u>338,181</u>	<u>327,113</u>	<u>11,068</u>
Excess of revenues over expenditures	<u>35,699</u>	<u>44,189</u>	<u>55,234</u>	<u>11,045</u>
Other financing sources (uses)				
Transfers in	4,594	5,925	5,100	(825)
Transfers out	(40,131)	(45,389)	(44,441)	948
Proceeds from sale of capital assets	--	--	24	24
Long-term debt issued	--	--	10	10
Total other financing uses	<u>(35,537)</u>	<u>(39,464)</u>	<u>(39,307)</u>	<u>157</u>
Net change in fund balances	162	4,725	15,927	11,202
Fund balances - beginning	99,117	99,117	99,117	--
Fund balances - ending	<u>\$ 99,279</u>	<u>\$ 103,842</u>	<u>\$ 115,044</u>	<u>\$ 11,202</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,235	\$ 8,213	\$ 7,621	\$ (592)
Licenses, permits, and franchises	328	328	525	197
Use of money and property	55	96	159	63
Intergovernmental	19,826	19,774	18,216	(1,558)
Charges for services	5,448	1,680	477	(1,203)
Other	72	72	309	237
Total revenues	<u>33,964</u>	<u>30,163</u>	<u>27,307</u>	<u>(2,856)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>46,273</u>	<u>43,380</u>	<u>35,123</u>	<u>8,257</u>
Total expenditures	<u>46,273</u>	<u>43,380</u>	<u>35,123</u>	<u>8,257</u>
Deficiency of revenues under expenditures	<u>(12,309)</u>	<u>(13,217)</u>	<u>(7,816)</u>	<u>5,401</u>
Other financing sources (uses)				
Transfers in	7,115	5,116	4,482	(634)
Transfers out	(2,767)	(635)	(4)	631
Proceeds from sale of capital assets	--	--	68	68
Total other financing sources	<u>4,348</u>	<u>4,481</u>	<u>4,546</u>	<u>65</u>
Net change in fund balances	(7,961)	(8,736)	(3,270)	5,466
Fund balances - beginning	21,421	21,421	21,421	--
Fund balances - ending	<u>\$ 13,460</u>	<u>\$ 12,685</u>	<u>\$ 18,151</u>	<u>\$ 5,466</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses, permits, and franchises	\$ 46	\$ 46	\$ 57	\$ 11
Fines, forfeitures, and penalties	685	685	568	(117)
Use of money and property	86	150	185	35
Intergovernmental	19,028	19,553	20,320	767
Charges for services	40,572	47,615	48,115	500
Other	3,868	3,868	4,139	271
Total revenues	<u>64,285</u>	<u>71,917</u>	<u>73,384</u>	<u>1,467</u>
Expenditures				
Current:				
Health & public assistance	<u>71,496</u>	<u>75,022</u>	<u>73,620</u>	<u>1,402</u>
Total expenditures	<u>71,496</u>	<u>75,022</u>	<u>73,620</u>	<u>1,402</u>
Deficiency of revenues under expenditures	<u>(7,211)</u>	<u>(3,105)</u>	<u>(236)</u>	<u>2,869</u>
Other financing sources (uses)				
Transfers in	10,143	9,337	7,146	(2,191)
Transfers out	<u>(3,808)</u>	<u>(4,233)</u>	<u>(1,776)</u>	<u>2,457</u>
Total other financing sources	<u>6,335</u>	<u>5,104</u>	<u>5,370</u>	<u>266</u>
Net change in fund balances	(876)	1,999	5,134	3,135
Fund balances - beginning	25,461	25,461	25,461	--
Fund balances - ending	<u>\$ 24,585</u>	<u>\$ 27,460</u>	<u>\$ 30,595</u>	<u>\$ 3,135</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses, permits, and franchises	\$ 66	\$ 66	\$ 83	\$ 17
Fines, forfeitures, and penalties	13	13	11	(2)
Use of money and property	264	267	206	(61)
Intergovernmental	155,566	155,867	149,298	(6,569)
Charges for services	--	28	47	19
Other	526	529	747	218
Total revenues	<u>156,435</u>	<u>156,770</u>	<u>150,392</u>	<u>(6,378)</u>
Expenditures				
Current:				
Health & public assistance	<u>165,818</u>	<u>166,983</u>	<u>157,764</u>	<u>9,219</u>
Total expenditures	<u>165,818</u>	<u>166,983</u>	<u>157,764</u>	<u>9,219</u>
Deficiency of revenues under expenditures	<u>(9,383)</u>	<u>(10,213)</u>	<u>(7,372)</u>	<u>2,841</u>
Other financing sources (uses)				
Transfers in	7,370	7,969	7,969	--
Transfers out	<u>(111)</u>	<u>(111)</u>	<u>(79)</u>	<u>32</u>
Total other financing sources	<u>7,259</u>	<u>7,858</u>	<u>7,890</u>	<u>32</u>
Net change in fund balances	(2,124)	(2,355)	518	2,873
Fund balances - beginning	3,960	3,960	3,960	--
Fund balances - ending	<u>\$ 1,836</u>	<u>\$ 1,605</u>	<u>\$ 4,478</u>	<u>\$ 2,873</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 3	\$ 3	\$ 4	\$ 1
Use of money and property	231	228	216	(12)
Intergovernmental	47,703	49,054	50,142	1,088
Charges for services	48,619	39,312	34,315	(4,997)
Other	343	303	409	106
Total revenues	<u>96,899</u>	<u>88,900</u>	<u>85,086</u>	<u>(3,814)</u>
Expenditures				
Current:				
Health & public assistance	<u>106,036</u>	<u>98,236</u>	<u>92,807</u>	<u>5,429</u>
Total expenditures	<u>106,036</u>	<u>98,236</u>	<u>92,807</u>	<u>5,429</u>
Deficiency of revenues under expenditures	<u>(9,137)</u>	<u>(9,336)</u>	<u>(7,721)</u>	<u>1,615</u>
Other financing sources (uses)				
Transfers in	8,390	11,595	9,866	(1,729)
Transfers out	(2,217)	(3,715)	(2,330)	1,385
Proceeds from sale of capital assets	<u>--</u>	<u>--</u>	<u>2</u>	<u>2</u>
Total other financing sources	<u>6,173</u>	<u>7,880</u>	<u>7,538</u>	<u>(342)</u>
Net change in fund balances	(2,964)	(1,456)	(183)	1,273
Fund balances - beginning	8,148	8,148	8,148	--
Fund balances - ending	<u>\$ 5,184</u>	<u>\$ 6,692</u>	<u>\$ 7,965</u>	<u>\$ 1,273</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,802	\$ 9,780	\$ 10,178	\$ 398
Use of money and property	124	261	475	214
Intergovernmental	4,693	1,751	1,347	(404)
Charges for services	3,460	3,460	3,444	(16)
Other	38	38	166	128
Total revenues	<u>18,117</u>	<u>15,290</u>	<u>15,610</u>	<u>320</u>
Expenditures				
Current:				
Community resources & public facilities	<u>25,775</u>	<u>22,933</u>	<u>17,291</u>	<u>5,642</u>
Total expenditures	<u>25,775</u>	<u>22,933</u>	<u>17,291</u>	<u>5,642</u>
Deficiency of revenues under expenditures	<u>(7,658)</u>	<u>(7,643)</u>	<u>(1,681)</u>	<u>5,962</u>
Other financing sources (uses)				
Transfers in	1,106	1,106	15	(1,091)
Transfers out	(1,070)	(1,125)	(55)	1,070
Proceeds from sale of capital assets	<u>100</u>	<u>100</u>	<u>53</u>	<u>(47)</u>
Total other financing sources	<u>136</u>	<u>81</u>	<u>13</u>	<u>(68)</u>
Net change in fund balances	(7,522)	(7,562)	(1,668)	5,894
Fund balances - beginning	<u>67,788</u>	<u>67,788</u>	<u>67,788</u>	<u>--</u>
Fund balances - ending	<u>\$ 60,266</u>	<u>\$ 60,226</u>	<u>\$ 66,120</u>	<u>\$ 5,894</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 8	\$ 21	\$ 50	\$ 29
Intergovernmental	3,621	3,696	1,832	(1,864)
Charges for services	53	658	607	(51)
Other	2,306	2,678	2,431	(247)
Total revenues	<u>5,988</u>	<u>7,053</u>	<u>4,920</u>	<u>(2,133)</u>
Expenditures				
Current:				
Community resources & public facilities	5,282	5,406	3,572	1,834
Total expenditures	<u>5,282</u>	<u>5,406</u>	<u>3,572</u>	<u>1,834</u>
Excess of revenues over expenditures	<u>706</u>	<u>1,647</u>	<u>1,348</u>	<u>(299)</u>
Other financing sources (uses)				
Transfers in	--	25	--	(25)
Transfers out	(511)	(692)	(538)	154
Total other financing uses	<u>(511)</u>	<u>(667)</u>	<u>(538)</u>	<u>129</u>
Net change in fund balances	195	980	810	(170)
Fund balances - beginning	6,055	6,055	6,055	--
Fund balances - ending	<u>\$ 6,250</u>	<u>\$ 7,035</u>	<u>\$ 6,865</u>	<u>\$ (170)</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 45,592	\$ 45,328	\$ 45,750	\$ 422
Licenses, permits, and franchises	20	20	22	2
Use of money and property	--	28	68	40
Intergovernmental	3,204	3,204	3,881	677
Charges for services	16,510	19,510	22,444	2,934
Other	23	23	16	(7)
Total revenues	<u>65,349</u>	<u>68,113</u>	<u>72,181</u>	<u>4,068</u>
Expenditures				
Current:				
Public safety	<u>62,823</u>	<u>66,123</u>	<u>63,361</u>	<u>2,762</u>
Total expenditures	<u>62,823</u>	<u>66,123</u>	<u>63,361</u>	<u>2,762</u>
Excess of revenues over expenditures	<u>2,526</u>	<u>1,990</u>	<u>8,820</u>	<u>6,830</u>
Other financing sources (uses)				
Transfers in	1,363	1,363	1,363	--
Transfers out	(8,172)	(7,872)	(4,350)	3,522
Proceeds from sale of capital assets	--	--	58	58
Total other financing uses	<u>(6,809)</u>	<u>(6,509)</u>	<u>(2,929)</u>	<u>3,580</u>
Net change in fund balances	(4,283)	(4,519)	5,891	10,410
Fund balances - beginning	11,133	11,133	11,133	--
Fund balances - ending	<u>\$ 6,850</u>	<u>\$ 6,614</u>	<u>\$ 17,024</u>	<u>\$ 10,410</u>

Budgets are prepared on the modified accrual basis of accounting consistent with GAAP.

Other Supplementary Information



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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ 25	\$ 32	\$ 7
Intergovernmental	20,586	1,643	1,410	(233)
Charges for services	193	745	384	(361)
Other	535	1,323	1,182	(141)
Total revenues	<u>21,314</u>	<u>3,736</u>	<u>3,008</u>	<u>(728)</u>
Expenditures				
Current:				
Public safety	24,071	1,694	1,136	558
Community resources & public facilities	--	1,153	1,153	--
General government & support services	--	117	117	--
Capital outlay	5,604	10,146	6,229	3,917
Total expenditures	<u>29,675</u>	<u>13,110</u>	<u>8,635</u>	<u>4,475</u>
Deficiency of revenues under expenditures	<u>(8,361)</u>	<u>(9,374)</u>	<u>(5,627)</u>	<u>3,747</u>
Other financing sources (uses)				
Transfers in	3,493	6,299	4,772	(1,527)
Transfers out	--	(183)	(183)	--
Total other financing sources	<u>3,493</u>	<u>6,116</u>	<u>4,589</u>	<u>(1,527)</u>
Net change in fund balances	(4,868)	(3,258)	(1,038)	2,220
Fund balances - beginning	11,542	11,542	11,542	--
Fund balances - ending	<u>\$ 6,674</u>	<u>\$ 8,284</u>	<u>\$ 10,504</u>	<u>\$ 2,220</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 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-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, 2016 (in thousands)

	Special Revenue						
	First 5 Children and Families Commission	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	Child Support Services
Assets							
Assets:							
Cash and investments	\$ --	\$ 86	\$ 223	\$ 1,017	\$ 182	\$ 76	\$ 402
Accounts receivable, net:							
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	--	--	--	1	--	--	1
Intergovernmental	--	--	--	--	285	1,256	57
Charges for services	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--
Other receivables	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--
Total assets	<u>\$ --</u>	<u>\$ 86</u>	<u>\$ 223</u>	<u>\$ 1,018</u>	<u>\$ 467</u>	<u>\$ 1,332</u>	<u>\$ 460</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 157	\$ 9	\$ --
Salaries and benefits payable	--	--	13	--	--	42	264
Other payables	--	--	--	--	34	--	--
Advances from grantors and third parties	--	--	--	--	--	--	31
Due to other funds	--	--	--	--	--	--	--
Customer deposits payable	--	--	--	--	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>13</u>	<u>--</u>	<u>191</u>	<u>51</u>	<u>295</u>
Fund balances:							
Nonspendable	--	--	--	--	--	--	--
Restricted	--	86	210	1,018	276	368	165
Committed	--	--	--	--	--	913	--
Total fund balances	<u>--</u>	<u>86</u>	<u>210</u>	<u>1,018</u>	<u>276</u>	<u>1,281</u>	<u>165</u>
Total liabilities and fund balances	<u>\$ --</u>	<u>\$ 86</u>	<u>\$ 223</u>	<u>\$ 1,018</u>	<u>\$ 467</u>	<u>\$ 1,332</u>	<u>\$ 460</u>

Special Revenue							
Fishermen Assistance	Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	
\$ 417	\$ 1,216	\$ 1,065	\$ 1	\$ 1,709	\$ 1,901	\$ 3,810	Assets
							Assets:
							Cash and investments
							Accounts receivable, net:
		130	62	62	--	--	Fines, forfeitures, and penalties
1	2	1	--	2	3	6	Use of money and property
--	--	--	--	--	--	--	Intergovernmental
--	--	296	--	--	--	--	Charges for services
--	--	--	123	--	--	--	Due from other funds
--	--	--	--	--	--	1	Other receivables
--	--	--	--	--	--	--	Restricted cash and investments
<u>\$ 418</u>	<u>\$ 1,218</u>	<u>\$ 1,492</u>	<u>\$ 186</u>	<u>\$ 1,773</u>	<u>\$ 1,904</u>	<u>\$ 3,817</u>	Total assets
							Liabilities and fund balances
\$ --	\$ --	\$ 852	\$ --	\$ --	\$ --	\$ 226	Liabilities:
--	--	--	--	--	25	--	Accounts payable
--	--	--	2	1	--	--	Salaries and benefits payable
--	--	--	--	--	--	--	Other payables
--	--	--	--	--	--	--	Advances from grantors and third parties
--	--	--	184	--	--	--	Due to other funds
--	--	--	--	--	--	--	Customer deposits payable
--	--	852	186	1	25	226	Total liabilities
							Fund balances:
--	--	--	--	--	--	1	Nonspendable
418	1,218	270	--	1,617	1,879	3,590	Restricted
--	--	370	--	155	--	--	Committed
<u>418</u>	<u>1,218</u>	<u>640</u>	<u>--</u>	<u>1,772</u>	<u>1,879</u>	<u>3,591</u>	Total fund balances
<u>\$ 418</u>	<u>\$ 1,218</u>	<u>\$ 1,492</u>	<u>\$ 186</u>	<u>\$ 1,773</u>	<u>\$ 1,904</u>	<u>\$ 3,817</u>	Total liabilities and fund balances

COUNTY OF SANTA BARBARA, CALIFORNIA
 COMBINING BALANCE SHEET (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016 (in thousands)

	Community Facilities Districts		Special Revenue Sandyland Seawall Maintenance District		Water Agency	Special Revenue Total	Debt Service Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Assets								
Assets:								
Cash and investments	\$ 643	\$ 581	\$ 19	\$ 7,695	\$ 21,043	\$ 119	\$ 21,162	
Accounts receivable, net:								
Fines, forfeitures, and penalties	--	--	--	--	254	--	254	
Use of money and property	1	1	--	11	30	--	30	
Intergovernmental	--	--	--	--	1,598	--	1,598	
Charges for services	--	--	--	--	296	--	296	
Due from other funds	--	--	--	--	123	--	123	
Other receivables	--	1	--	44	46	--	46	
Restricted cash and investments	--	--	--	21	21	1,201	1,222	
Total assets	<u>\$ 644</u>	<u>\$ 583</u>	<u>\$ 19</u>	<u>\$ 7,771</u>	<u>\$ 23,411</u>	<u>\$ 1,320</u>	<u>\$ 24,731</u>	
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ --	\$ 40	\$ --	\$ 114	\$ 1,398	\$ --	\$ 1,398	
Salaries and benefits payable	--	--	--	30	374	--	374	
Other payables	--	--	--	--	37	--	37	
Advances from grantors and third parties	--	--	--	--	31	--	31	
Due to other funds	--	--	--	--	184	--	184	
Customer deposits payable	--	--	--	21	21	--	21	
Total liabilities	<u>--</u>	<u>40</u>	<u>--</u>	<u>165</u>	<u>2,045</u>	<u>--</u>	<u>2,045</u>	
Fund balances:								
Nonspendable	--	1	--	44	46	--	46	
Restricted	644	542	19	7,070	19,390	1,320	20,710	
Committed	--	--	--	492	1,930	--	1,930	
Total fund balances	<u>644</u>	<u>543</u>	<u>19</u>	<u>7,606</u>	<u>21,366</u>	<u>1,320</u>	<u>22,686</u>	
Total liabilities and fund balances	<u>\$ 644</u>	<u>\$ 583</u>	<u>\$ 19</u>	<u>\$ 7,771</u>	<u>\$ 23,411</u>	<u>\$ 1,320</u>	<u>\$ 24,731</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, 2016 (in thousands)

	Special Revenue						
	First 5 Children and Families Comission	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures, and penalties	--	13	--	--	--	--	--
Use of money and property	--	1	3	7	1	1	5
Intergovernmental	--	--	--	--	1,106	7,098	9,383
Charges for services	--	--	248	--	--	--	--
Other	--	--	--	--	--	1	5
Total revenues	<u>--</u>	<u>14</u>	<u>251</u>	<u>7</u>	<u>1,107</u>	<u>7,100</u>	<u>9,393</u>
Expenditures							
Current:							
Public safety	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	--	7,688	9,416
Community resources & public facilities	--	8	488	--	--	--	--
General government & support services	--	--	--	--	1,040	--	--
General county programs	--	--	--	14	--	--	--
Debt service:							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total expenditures	<u>--</u>	<u>8</u>	<u>488</u>	<u>14</u>	<u>1,040</u>	<u>7,688</u>	<u>9,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>6</u>	<u>(237)</u>	<u>(7)</u>	<u>67</u>	<u>(588)</u>	<u>(23)</u>
Other financing sources (uses)							
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<u>--</u>	<u>6</u>	<u>(237)</u>	<u>(7)</u>	<u>67</u>	<u>(588)</u>	<u>(23)</u>
Fund balances - beginning	4,720	80	447	1,025	209	1,869	188
Prior period adjustment	(4,720)	--	--	--	--	--	--
Fund balances - beginning, as restated	--	80	447	1,025	209	1,869	188
Fund balances - ending	<u>\$ --</u>	<u>\$ 86</u>	<u>\$ 210</u>	<u>\$ 1,018</u>	<u>\$ 276</u>	<u>\$ 1,281</u>	<u>\$ 165</u>

Special Revenue							
Fishermen Assistance	Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,284	Revenues
--	--	1,768	838	839	--	--	Taxes
3	9	12	--	10	786	25	Fines, forfeitures, and penalties
--	--	--	--	--	--	6	Use of money and property
--	--	3,716	--	--	--	489	Intergovernmental
10	511	1,169	--	--	597	9	Charges for services
13	520	6,665	838	849	1,383	1,813	Other
							Total revenues
							Expenditures
							Current:
--	--	15,002	--	--	1,096	--	Public safety
--	--	--	--	--	--	--	Health & public assistance
9	511	--	--	--	--	1,094	Community resources & public facilities
--	--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	--	General county programs
							Debt service:
--	--	--	--	--	--	--	Principal
--	--	--	--	--	--	--	Interest
9	511	15,002	--	--	1,096	1,094	Total expenditures
							Excess (deficiency) of revenues over (under) expenditures
4	9	(8,337)	838	849	287	719	
							Other financing sources (uses)
--	--	8,557	150	--	--	10	Transfers in
--	--	--	(1,019)	(219)	--	(599)	Transfers out
--	--	8,557	(869)	(219)	--	(589)	Total other financing sources (uses)
4	9	220	(31)	630	287	130	Net change in fund balances
414	1,209	420	31	1,142	1,592	3,461	Fund balances - beginning
--	--	--	--	--	--	--	Prior period adjustment
414	1,209	420	31	1,142	1,592	3,461	Fund balances - beginning, as restated
\$ 418	\$ 1,218	\$ 640	\$ --	\$ 1,772	\$ 1,879	\$ 3,591	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, 2016 (in thousands)

	Community Facilities Districts		Special Revenue Sandyland Seawall Maintenance District		Water Agency	Special Revenue Total	Debt Service Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Revenues								
Taxes	\$ 517	\$ 451	\$ --	\$ 2,670	\$ 4,922	\$ --	\$ 4,922	
Fines, forfeitures, and penalties	--	--	--	--	3,458	--	3,458	
Use of money and property	4	4	--	52	923	14	937	
Intergovernmental	--	2	--	2,656	20,251	1,380	21,631	
Charges for services	--	--	--	189	4,642	--	4,642	
Other	--	--	--	2	2,304	--	2,304	
Total revenues	<u>521</u>	<u>457</u>	<u>--</u>	<u>5,569</u>	<u>36,500</u>	<u>1,394</u>	<u>37,894</u>	
Expenditures								
Current:								
Public safety	--	--	--	--	16,098	--	16,098	
Health & public assistance	--	--	--	--	17,104	--	17,104	
Community resources & public facilities	198	447	10	5,646	8,411	--	8,411	
General government & support services	--	--	--	--	1,040	--	1,040	
General county programs	--	--	--	--	14	9	23	
Debt service:								
Principal	--	--	--	--	--	3,763	3,763	
Interest	--	--	--	--	--	2,111	2,111	
Total expenditures	<u>198</u>	<u>447</u>	<u>10</u>	<u>5,646</u>	<u>42,667</u>	<u>5,883</u>	<u>48,550</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>323</u>	<u>10</u>	<u>(10)</u>	<u>(77)</u>	<u>(6,167)</u>	<u>(4,489)</u>	<u>(10,656)</u>	
Other financing sources (uses)								
Transfers in	--	--	--	615	9,332	4,490	13,822	
Transfers out	(303)	--	--	(39)	(2,179)	--	(2,179)	
Total other financing sources (uses)	<u>(303)</u>	<u>--</u>	<u>--</u>	<u>576</u>	<u>7,153</u>	<u>4,490</u>	<u>11,643</u>	
Net change in fund balances	20	10	(10)	499	986	1	987	
Fund balances - beginning	624	533	29	7,107	25,100	1,319	26,419	
Prior period adjustment	--	--	--	--	(4,720)	--	(4,720)	
Fund balances - beginning, as restated	624	533	29	7,107	20,380	1,319	21,699	
Fund balances - ending	<u>\$ 644</u>	<u>\$ 543</u>	<u>\$ 19</u>	<u>\$ 7,606</u>	<u>\$ 21,366</u>	<u>\$ 1,320</u>	<u>\$ 22,686</u>	



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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 6	\$ 6	\$ 13	\$ 7
Use of money and property	--	--	1	1
Total revenues	<u>6</u>	<u>6</u>	<u>14</u>	<u>8</u>
Expenditures				
Current:				
Community resources & public facilities	<u>20</u>	<u>20</u>	<u>8</u>	<u>12</u>
Total expenditures	<u>20</u>	<u>20</u>	<u>8</u>	<u>12</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14)</u>	<u>(14)</u>	<u>6</u>	<u>20</u>
Net change in fund balances	(14)	(14)	6	20
Fund balances - beginning	<u>80</u>	<u>80</u>	<u>80</u>	<u>--</u>
Fund balances - ending	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 86</u>	<u>\$ 20</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses, permits, and franchises	\$ 57	\$ 57	\$ --	\$ (57)
Use of money and property	3	3	3	--
Charges for services	400	400	248	(152)
Total revenues	<u>460</u>	<u>460</u>	<u>251</u>	<u>(209)</u>
Expenditures				
Current:				
Community resources & public facilities	538	538	488	50
Total expenditures	<u>538</u>	<u>538</u>	<u>488</u>	<u>50</u>
Deficiency of revenues under expenditures	<u>(78)</u>	<u>(78)</u>	<u>(237)</u>	<u>(159)</u>
Net change in fund balances	(78)	(78)	(237)	(159)
Fund balances - beginning	447	447	447	--
Fund balances - ending	<u>\$ 369</u>	<u>\$ 369</u>	<u>\$ 210</u>	<u>\$ (159)</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ 7	\$ 7	\$ --
Total revenues	<u>--</u>	<u>7</u>	<u>7</u>	<u>--</u>
Expenditures				
Current:				
General county programs	14	14	14	--
Total expenditures	<u>14</u>	<u>14</u>	<u>14</u>	<u>--</u>
Deficiency of revenues under expenditures	(14)	(7)	(7)	--
Net change in fund balances	(14)	(7)	(7)	--
Fund balances - beginning	1,025	1,025	1,025	--
Fund balances - ending	<u>\$ 1,011</u>	<u>\$ 1,018</u>	<u>\$ 1,018</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ 1	\$ 1	\$ --
Intergovernmental	87	1,274	1,106	(168)
Total revenues	<u>87</u>	<u>1,275</u>	<u>1,107</u>	<u>(168)</u>
Expenditures				
Current:				
General government & support services	92	1,282	1,040	242
Total expenditures	<u>92</u>	<u>1,282</u>	<u>1,040</u>	<u>242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5)</u>	<u>(7)</u>	<u>67</u>	<u>74</u>
Net change in fund balances	(5)	(7)	67	74
Fund balances - beginning	209	209	209	--
Fund balances - ending	<u>\$ 204</u>	<u>\$ 202</u>	<u>\$ 276</u>	<u>\$ 74</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Intergovernmental	6,476	6,476	7,098	622
Other	--	--	1	1
Total revenues	<u>6,476</u>	<u>6,476</u>	<u>7,100</u>	<u>624</u>
Expenditures				
Current:				
Health & public assistance	<u>7,804</u>	<u>7,804</u>	<u>7,688</u>	<u>116</u>
Total expenditures	<u>7,804</u>	<u>7,804</u>	<u>7,688</u>	<u>116</u>
Deficiency of revenues under expenditures	<u>(1,328)</u>	<u>(1,328)</u>	<u>(588)</u>	<u>740</u>
Other financing sources				
Transfers in	<u>14</u>	<u>14</u>	<u>--</u>	<u>(14)</u>
Total other financing sources	<u>14</u>	<u>14</u>	<u>--</u>	<u>(14)</u>
Net change in fund balances	(1,314)	(1,314)	(588)	726
Fund balances - beginning	<u>1,869</u>	<u>1,869</u>	<u>1,869</u>	<u>--</u>
Fund balances - ending	<u>\$ 555</u>	<u>\$ 555</u>	<u>\$ 1,281</u>	<u>\$ 726</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 3	\$ 4	\$ 5	\$ 1
Intergovernmental	9,434	9,464	9,383	(81)
Other	--	--	5	5
Total revenues	<u>9,437</u>	<u>9,468</u>	<u>9,393</u>	<u>(75)</u>
Expenditures				
Current:				
Health & public assistance	<u>9,437</u>	<u>9,468</u>	<u>9,416</u>	<u>52</u>
Total expenditures	<u>9,437</u>	<u>9,468</u>	<u>9,416</u>	<u>52</u>
Deficiency of revenues under expenditures	--	--	(23)	(23)
Net change in fund balances	--	--	(23)	(23)
Fund balances - beginning	188	188	188	--
Fund balances - ending	<u>\$ 188</u>	<u>\$ 188</u>	<u>\$ 165</u>	<u>\$ (23)</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 2	\$ 2	\$ 3	\$ 1
Other	10	10	10	--
Total revenues	<u>12</u>	<u>12</u>	<u>13</u>	<u>1</u>
Expenditures				
Current:				
Community resources & public facilities	31	31	9	22
Total expenditures	<u>31</u>	<u>31</u>	<u>9</u>	<u>22</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19)</u>	<u>(19)</u>	<u>4</u>	<u>23</u>
Net change in fund balances	(19)	(19)	4	23
Fund balances - beginning	414	414	414	--
Fund balances - ending	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 418</u>	<u>\$ 23</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 5	\$ 8	\$ 9	\$ 1
Other	676	676	511	(165)
Total revenues	<u>681</u>	<u>684</u>	<u>520</u>	<u>(164)</u>
Expenditures				
Current:				
Community resources & public facilities	1,121	1,121	511	610
Total expenditures	<u>1,121</u>	<u>1,121</u>	<u>511</u>	<u>610</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(440)</u>	<u>(437)</u>	<u>9</u>	<u>446</u>
Net change in fund balances	(440)	(437)	9	446
Fund balances - beginning	1,209	1,209	1,209	--
Fund balances - ending	<u>\$ 769</u>	<u>\$ 772</u>	<u>\$ 1,218</u>	<u>\$ 446</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 1,830	\$ 2,000	\$ 1,768	\$ (232)
Use of money and property	3	7	12	5
Charges for services	3,600	3,600	3,716	116
Other	1,176	1,176	1,169	(7)
Total revenues	<u>6,609</u>	<u>6,783</u>	<u>6,665</u>	<u>(118)</u>
Expenditures				
Current:				
Public safety	15,390	15,428	15,002	426
Total expenditures	<u>15,390</u>	<u>15,428</u>	<u>15,002</u>	<u>426</u>
Deficiency of revenues under expenditures	<u>(8,781)</u>	<u>(8,645)</u>	<u>(8,337)</u>	<u>308</u>
Other financing sources				
Transfers in	8,537	8,557	8,557	--
Total other financing sources	<u>8,537</u>	<u>8,557</u>	<u>8,557</u>	<u>--</u>
Net change in fund balances	(244)	(88)	220	308
Fund balances - beginning	420	420	420	--
Fund balances - ending	<u>\$ 176</u>	<u>\$ 332</u>	<u>\$ 640</u>	<u>\$ 308</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 900	\$ 838	\$ 838	\$ --
Total revenues	<u>900</u>	<u>838</u>	<u>838</u>	<u>--</u>
Expenditures				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>900</u>	<u>838</u>	<u>838</u>	<u>--</u>
Other financing sources (uses)				
Transfers in	27	150	150	--
Transfers out	(1,019)	(1,019)	(1,019)	--
Total other financing uses	<u>(992)</u>	<u>(869)</u>	<u>(869)</u>	<u>--</u>
Net change in fund balances	(92)	(31)	(31)	--
Fund balances - beginning	31	31	31	--
Fund balances - ending	<u>\$ (61)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 900	\$ 900	\$ 839	\$ (61)
Use of money and property	4	8	10	2
Total revenues	<u>904</u>	<u>908</u>	<u>849</u>	<u>(59)</u>
Expenditures				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>904</u>	<u>908</u>	<u>849</u>	<u>(59)</u>
Other financing uses				
Transfers out	(219)	(219)	(219)	--
Total other financing uses	<u>(219)</u>	<u>(219)</u>	<u>(219)</u>	<u>--</u>
Net change in fund balances	685	689	630	(59)
Fund balances - beginning	1,142	1,142	1,142	--
Fund balances - ending	<u>\$ 1,827</u>	<u>\$ 1,831</u>	<u>\$ 1,772</u>	<u>\$ (59)</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 630	\$ 634	\$ 786	\$ 152
Other	557	557	597	40
Total revenues	<u>1,187</u>	<u>1,191</u>	<u>1,383</u>	<u>192</u>
Expenditures				
Current:				
Public safety	1,187	1,212	1,096	116
Total expenditures	<u>1,187</u>	<u>1,212</u>	<u>1,096</u>	<u>116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>(21)</u>	<u>287</u>	<u>308</u>
Net change in fund balances	--	(21)	287	308
Fund balances - beginning	1,592	1,592	1,592	--
Fund balances - ending	<u>\$ 1,592</u>	<u>\$ 1,571</u>	<u>\$ 1,879</u>	<u>\$ 308</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,285	\$ 1,285	\$ 1,284	\$ (1)
Use of money and property	14	22	25	3
Intergovernmental	6	6	6	--
Charges for services	924	674	489	(185)
Other	--	--	9	9
Total revenues	<u>2,229</u>	<u>1,987</u>	<u>1,813</u>	<u>(174)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>1,367</u>	<u>1,367</u>	<u>1,094</u>	<u>273</u>
Total expenditures	<u>1,367</u>	<u>1,367</u>	<u>1,094</u>	<u>273</u>
Excess of revenues over expenditures	<u>862</u>	<u>620</u>	<u>719</u>	<u>99</u>
Other financing sources (uses)				
Transfers in	--	10	10	--
Transfers out	<u>(739)</u>	<u>(951)</u>	<u>(599)</u>	<u>352</u>
Total other financing uses	<u>(739)</u>	<u>(941)</u>	<u>(589)</u>	<u>352</u>
Net change in fund balances	123	(321)	130	451
Fund balances - beginning	<u>3,461</u>	<u>3,461</u>	<u>3,461</u>	<u>--</u>
Fund balances - ending	<u>\$ 3,584</u>	<u>\$ 3,140</u>	<u>\$ 3,591</u>	<u>\$ 451</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 488	\$ 528	\$ 517	\$ (11)
Use of money and property	2	3	4	1
Total revenues	<u>490</u>	<u>531</u>	<u>521</u>	<u>(10)</u>
Expenditures				
Current:				
Community resources & public facilities	200	200	198	2
Total expenditures	<u>200</u>	<u>200</u>	<u>198</u>	<u>2</u>
Excess of revenues over expenditures	<u>290</u>	<u>331</u>	<u>323</u>	<u>(8)</u>
Other financing uses				
Transfers out	(312)	(312)	(303)	9
Total other financing uses	<u>(312)</u>	<u>(312)</u>	<u>(303)</u>	<u>9</u>
Net change in fund balances	(22)	19	20	1
Fund balances - beginning	624	624	624	--
Fund balances - ending	<u>\$ 602</u>	<u>\$ 643</u>	<u>\$ 644</u>	<u>\$ 1</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 449	\$ 449	\$ 451	\$ 2
Use of money and property	2	3	4	1
Intergovernmental	2	2	2	--
Total revenues	<u>453</u>	<u>454</u>	<u>457</u>	<u>3</u>
Expenditures				
Current:				
Community resources & public facilities	436	451	447	4
Total expenditures	<u>436</u>	<u>451</u>	<u>447</u>	<u>4</u>
Excess of revenues over expenditures	<u>17</u>	<u>3</u>	<u>10</u>	<u>7</u>
Net change in fund balances	17	3	10	7
Fund balances - beginning	533	533	533	--
Fund balances - ending	<u>\$ 550</u>	<u>\$ 536</u>	<u>\$ 543</u>	<u>\$ 7</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Total revenues	\$ --	\$ --	\$ --	\$ --
Expenditures				
Current:				
Community resources & public facilities	5	29	10	19
Total expenditures	5	29	10	19
Deficiency of revenues under expenditures	(5)	(29)	(10)	19
Net change in fund balances	(5)	(29)	(10)	19
Fund balances - beginning	29	29	29	--
Fund balances - ending	\$ 24	\$ --	\$ 19	\$ 19

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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,579	\$ 2,571	\$ 2,670	\$ 99
Use of money and property	20	36	52	16
Intergovernmental	4,465	4,465	2,656	(1,809)
Charges for services	144	142	189	47
Other	--	--	2	2
Total revenues	<u>7,208</u>	<u>7,214</u>	<u>5,569</u>	<u>(1,645)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>9,336</u>	<u>9,334</u>	<u>5,646</u>	<u>3,688</u>
Total expenditures	<u>9,336</u>	<u>9,334</u>	<u>5,646</u>	<u>3,688</u>
Deficiency of revenues under expenditures	<u>(2,128)</u>	<u>(2,120)</u>	<u>(77)</u>	<u>2,043</u>
Other financing sources (uses)				
Transfers in	615	615	615	--
Transfers out	<u>(111)</u>	<u>(111)</u>	<u>(39)</u>	<u>72</u>
Total other financing sources	<u>504</u>	<u>504</u>	<u>576</u>	<u>72</u>
Net change in fund balances	(1,624)	(1,616)	499	2,115
Fund balances - beginning	<u>7,107</u>	<u>7,107</u>	<u>7,107</u>	<u>--</u>
Fund balances - ending	<u>\$ 5,483</u>	<u>\$ 5,491</u>	<u>\$ 7,606</u>	<u>\$ 2,115</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, 2016 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 30	\$ 31	\$ 14	\$ (17)
Intergovernmental	1,381	1,381	1,380	(1)
Total revenues	<u>1,411</u>	<u>1,412</u>	<u>1,394</u>	<u>(18)</u>
Expenditures				
Current:				
General county programs	17	17	9	8
Debt service:				
Principal	3,763	3,763	3,763	--
Interest	2,111	2,111	2,111	--
Total expenditures	<u>5,891</u>	<u>5,891</u>	<u>5,883</u>	<u>8</u>
Deficiency of revenues under expenditures	<u>(4,480)</u>	<u>(4,479)</u>	<u>(4,489)</u>	<u>(10)</u>
Other financing sources				
Transfers in	4,510	4,510	4,490	(20)
Total other financing sources	<u>4,510</u>	<u>4,510</u>	<u>4,490</u>	<u>(20)</u>
Net change in fund balances	30	31	1	(30)
Fund balances - beginning	1,319	1,319	1,319	--
Fund balances - ending	<u>\$ 1,349</u>	<u>\$ 1,350</u>	<u>\$ 1,320</u>	<u>\$ (30)</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, 2016 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
Assets						
Current assets:						
Cash and investments (Note 4)	\$ 5,595	\$ 16,437	\$ 21,236	\$ 7,499	\$ 1,377	\$ 52,144
Accounts receivable, net:						
Use of money and property	8	24	29	10	2	73
Charges for services	--	36	641	--	14	691
Due from other funds	--	--	7	--	--	7
Inventories	--	129	--	110	--	239
Total current assets	<u>5,603</u>	<u>16,626</u>	<u>21,913</u>	<u>7,619</u>	<u>1,393</u>	<u>53,154</u>
Noncurrent assets:						
Other receivables	--	--	216	--	216	432
Restricted cash and investments (Note 5)	--	10	--	--	--	10
Capital assets, net of accumulated depreciation/amortization (Note 7)	3,443	18,908	5	3,828	3,091	29,275
Total noncurrent assets	<u>3,443</u>	<u>18,918</u>	<u>221</u>	<u>3,828</u>	<u>3,307</u>	<u>29,717</u>
Total assets	<u>9,046</u>	<u>35,544</u>	<u>22,134</u>	<u>11,447</u>	<u>4,700</u>	<u>82,871</u>
Deferred outflows of resources						
Deferred pensions	1,051	542	238	309	76	2,216
Total deferred outflows of resources	<u>1,051</u>	<u>542</u>	<u>238</u>	<u>309</u>	<u>76</u>	<u>2,216</u>
Liabilities						
Current liabilities:						
Accounts payable	25	127	599	222	1	974
Salaries and benefits payable	137	76	31	41	10	295
Other payables	--	--	--	--	8	8
Due to other funds	2	--	--	--	--	2
Compensated absences (Note 11)	256	103	42	60	22	483
Notes payable (Note 14)	--	--	--	--	340	340
Liability for self-insurance claims	--	--	6,027	--	--	6,027
Total current liabilities	<u>420</u>	<u>306</u>	<u>6,699</u>	<u>323</u>	<u>381</u>	<u>8,129</u>
Noncurrent liabilities:						
Compensated absences (Note 11)	146	78	43	29	--	296
Notes payable (Note 14)	--	--	--	--	3,580	3,580
Liability for self-insurance claims	--	--	15,325	--	--	15,325
OPEB obligation (Note 11)	825	444	244	251	34	1,798
Net pension liability (Note 23)	4,746	2,446	1,077	1,395	341	10,005
Total noncurrent liabilities	<u>5,717</u>	<u>2,968</u>	<u>16,689</u>	<u>1,675</u>	<u>3,955</u>	<u>31,004</u>
Total liabilities	<u>6,137</u>	<u>3,274</u>	<u>23,388</u>	<u>1,998</u>	<u>4,336</u>	<u>39,133</u>
Deferred inflows of resources						
Deferred pensions (Note 18)	146	75	33	43	10	307
Total deferred inflows of resources	<u>146</u>	<u>75</u>	<u>33</u>	<u>43</u>	<u>10</u>	<u>307</u>
Net position						
Net investment in capital assets	3,443	18,908	5	3,828	(829)	25,355
Unrestricted	371	13,829	(1,054)	5,887	1,259	20,292
Total net position	<u>\$ 3,814</u>	<u>\$ 32,737</u>	<u>\$ (1,049)</u>	<u>\$ 9,715</u>	<u>\$ 430</u>	<u>\$ 45,647</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, 2016 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
Operating revenues						
Charges for services	\$ 7,527	\$ 10,903	\$ 24,762	\$ 3,779	\$ 5,342	\$ 52,313
Self-insurance recovery	--	--	1,864	--	--	1,864
Other operating revenues	10	24	60	52	--	146
Total operating revenues	<u>7,537</u>	<u>10,927</u>	<u>26,686</u>	<u>3,831</u>	<u>5,342</u>	<u>54,323</u>
Operating expenses						
Salaries and benefits	4,139	2,228	1,003	1,203	299	8,872
Services and supplies	1,677	4,575	17,896	1,765	5,161	31,074
Self-insurance claims	--	--	10,407	--	--	10,407
Contractual services	2	66	206	227	4	505
Depreciation and amortization	1,141	3,182	1	523	260	5,107
County overhead allocation	245	211	376	45	10	887
Total operating expenses	<u>7,204</u>	<u>10,262</u>	<u>29,889</u>	<u>3,763</u>	<u>5,734</u>	<u>56,852</u>
Operating income (loss)	<u>333</u>	<u>665</u>	<u>(3,203)</u>	<u>68</u>	<u>(392)</u>	<u>(2,529)</u>
Non-operating revenues (expenses)						
Use of money and property	36	111	120	139	7	413
Interest expense	--	--	--	--	(167)	(167)
Gain on sale of capital assets	--	175	--	--	--	175
Other non-operating revenues	74	4	256	25	553	912
Total non-operating revenues (expenses)	<u>110</u>	<u>290</u>	<u>376</u>	<u>164</u>	<u>393</u>	<u>1,333</u>
Income (loss) before transfers	<u>443</u>	<u>955</u>	<u>(2,827)</u>	<u>232</u>	<u>1</u>	<u>(1,196)</u>
Transfers in	--	1,012	--	388	--	1,400
Transfers out	--	(15)	--	--	--	(15)
Transfers in (out), net	<u>--</u>	<u>997</u>	<u>--</u>	<u>388</u>	<u>--</u>	<u>1,385</u>
Change in net position	<u>443</u>	<u>1,952</u>	<u>(2,827)</u>	<u>620</u>	<u>1</u>	<u>189</u>
Total net position - beginning	<u>3,371</u>	<u>30,785</u>	<u>1,778</u>	<u>9,095</u>	<u>429</u>	<u>45,458</u>
Total net position - ending	<u>\$ 3,814</u>	<u>\$ 32,737</u>	<u>\$ (1,049)</u>	<u>\$ 9,715</u>	<u>\$ 430</u>	<u>\$ 45,647</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2016 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Total
Cash flows from operating activities						
Receipts from interfund services provided	\$ 7,537	\$ 10,891	\$ 24,658	\$ 3,831	\$ 5,724	\$ 52,641
Receipts from self-insurance recovery	--	--	1,864	--	--	1,864
Payments to employees	(4,083)	(2,191)	(990)	(1,202)	(272)	(8,738)
Payments to suppliers	(1,663)	(4,624)	(17,871)	(1,874)	(5,187)	(31,219)
Payments for self-insurance claims	--	--	(13,297)	--	--	(13,297)
County overhead allocation payments to the General Fund	(245)	(211)	(376)	(45)	(10)	(887)
Other receipts	74	4	256	25	553	912
Net cash provided (used) by operating activities	<u>1,620</u>	<u>3,869</u>	<u>(5,756)</u>	<u>735</u>	<u>808</u>	<u>1,276</u>
Cash flows from noncapital financing activities						
Transfers from other funds	--	1,012	--	388	--	1,400
Transfers to other funds	--	(15)	--	--	--	(15)
Net cash provided by noncapital financing activities	<u>--</u>	<u>997</u>	<u>--</u>	<u>388</u>	<u>--</u>	<u>1,385</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,321)	(4,649)	--	(762)	--	(6,732)
Proceeds from sales of capital assets	--	355	--	--	--	355
Principal paid on bonds and notes payable	--	--	--	--	(335)	(335)
Interest paid on bonds and notes payable	--	--	--	--	(167)	(167)
Net cash used by capital and related financing activities	<u>(1,321)</u>	<u>(4,294)</u>	<u>--</u>	<u>(762)</u>	<u>(502)</u>	<u>(6,879)</u>
Cash flows from investing activities						
Use of money and property received	31	105	117	135	6	394
Net cash provided by investing activities	<u>31</u>	<u>105</u>	<u>117</u>	<u>135</u>	<u>6</u>	<u>394</u>
Net change in cash and cash equivalents	330	677	(5,639)	496	312	(3,824)
Cash and cash equivalents - beginning	5,265	15,770	26,875	7,003	1,065	55,978
Cash and cash equivalents - ending	<u>\$ 5,595</u>	<u>\$ 16,447</u>	<u>\$ 21,236</u>	<u>\$ 7,499</u>	<u>\$ 1,377</u>	<u>\$ 52,154</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	\$ 5,595	\$ 16,437	\$ 21,236	\$ 7,499	\$ 1,377	52,144
Restricted cash and investments per Statement of Net Position	--	10	--	--	--	10
Total cash and cash equivalents per Statement of Net Position	<u>\$ 5,595</u>	<u>\$ 16,447</u>	<u>\$ 21,236</u>	<u>\$ 7,499</u>	<u>\$ 1,377</u>	<u>\$ 52,154</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 333	\$ 665	\$ (3,203)	\$ 68	\$ (392)	\$ (2,529)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	1,141	3,182	1	523	260	5,107
Other non-operating revenue	74	4	256	25	553	912
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:						
Accounts and other receivables	--	(36)	(164)	--	382	182
Inventories	--	19	--	--	--	19
Accounts payable	16	(2)	231	118	(22)	341
Salaries and benefits payable	56	37	13	1	27	134
Liability for self-insurance claims	--	--	(2,890)	--	--	(2,890)
Net cash provided (used) by operating activities	<u>\$ 1,620</u>	<u>\$ 3,869</u>	<u>\$ (5,756)</u>	<u>\$ 735</u>	<u>\$ 808</u>	<u>\$ 1,276</u>
Noncash investing, capital, and financing activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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, 2016 (in thousands)

	July 1, 2015	Additions	Deductions	June 30, 2016
Clearing and revolving funds				
Assets:				
Cash and investments	\$ 10,115	\$ 1,193,611	\$ 1,185,978	\$ 17,748
Interest receivable	--	9	7	2
Total assets	<u>\$ 10,115</u>	<u>\$ 1,193,620</u>	<u>\$ 1,185,985</u>	<u>\$ 17,750</u>
Liabilities:				
Accounts payable	\$ 8,275	\$ 299,165	\$ 299,656	\$ 7,784
Funds held for others	1,840	1,493,276	1,485,150	9,966
Total liabilities	<u>\$ 10,115</u>	<u>\$ 1,792,441</u>	<u>\$ 1,784,806</u>	<u>\$ 17,750</u>
Deposits funds				
Assets:				
Cash and investments	\$ 3,488	\$ 16,547	\$ 17,775	\$ 2,260
Interest receivable	--	--	--	--
Total assets	<u>\$ 3,488</u>	<u>\$ 16,547</u>	<u>\$ 17,775</u>	<u>\$ 2,260</u>
Liabilities:				
Accounts payable	\$ 2	\$ 1,763	\$ 1,758	\$ 7
Funds held for others	3,486	18,305	19,538	2,253
Total liabilities	<u>\$ 3,488</u>	<u>\$ 20,068</u>	<u>\$ 21,296</u>	<u>\$ 2,260</u>
Other agency funds				
Assets:				
Cash and investments	\$ 4,846	\$ 163,810	\$ 163,711	\$ 4,945
Interest receivable	3	12	11	4
Total assets	<u>\$ 4,849</u>	<u>\$ 163,822</u>	<u>\$ 163,722</u>	<u>\$ 4,949</u>
Liabilities:				
Accounts payable	\$ -	\$ 3,546	\$ 3,546	\$ -
Funds held for others	4,849	167,368	167,268	4,949
Total liabilities	<u>\$ 4,849</u>	<u>\$ 170,914</u>	<u>\$ 170,814</u>	<u>\$ 4,949</u>
State and city revenue funds				
Assets:				
Cash and investments	\$ 17,213	\$ 199,025	\$ 196,814	\$ 19,424
Interest receivable	27	107	90	44
Total assets	<u>\$ 17,240</u>	<u>\$ 199,132</u>	<u>\$ 196,904</u>	<u>\$ 19,468</u>
Liabilities:				
Accounts payable	\$ 71	\$ 97,450	\$ 97,432	\$ 89
Funds held for others	17,169	296,564	294,354	19,379
Total liabilities	<u>\$ 17,240</u>	<u>\$ 394,014</u>	<u>\$ 391,786</u>	<u>\$ 19,468</u>
Tax collection funds				
Assets:				
Cash and investments	\$ 28,491	\$ 2,628,495	\$ 2,618,654	\$ 38,332
Interest receivable	82	383	321	144
Total assets	<u>\$ 28,573</u>	<u>\$ 2,628,878</u>	<u>\$ 2,618,975</u>	<u>\$ 38,476</u>
Liabilities:				
Accounts payable	\$ -	\$ 23,136	\$ 23,136	\$ -
Funds held for others	28,573	2,652,014	2,642,111	38,476
Total liabilities	<u>\$ 28,573</u>	<u>\$ 2,675,150</u>	<u>\$ 2,665,247</u>	<u>\$ 38,476</u>
Total - all agency funds				
Assets:				
Cash and investments	\$ 64,153	\$ 4,201,488	\$ 4,182,932	\$ 82,709
Interest receivable	112	511	429	194
Total assets	<u>\$ 64,265</u>	<u>\$ 4,201,999</u>	<u>\$ 4,183,361</u>	<u>\$ 82,903</u>
Liabilities:				
Accounts payable	\$ 8,348	\$ 425,060	\$ 425,528	\$ 7,880
Funds held for others	55,917	4,627,527	4,608,421	75,023
Total liabilities	<u>\$ 64,265</u>	<u>\$ 5,052,587</u>	<u>\$ 5,033,949</u>	<u>\$ 82,903</u>

See accompanying independent auditor's report.



Statistical Section





The information in this section is not covered by the Independent Auditor’s Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County’s economic condition.

Table of Contents - Statistical Section	Page
<u>Financial Trends</u>	166
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	170
These schedules contain trend information to help the reader assess the County’s most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	174
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.	
<u>Demographic and Economic Information</u>	177
These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the County’s financial activities take place.	
<u>Operating Information</u>	179
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)

	2006-07	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Governmental activities										
Net investment in capital assets	\$ 399,800	\$ 408,831	\$ 451,648	\$ 466,916	\$ 480,240	\$ 493,753	\$ 511,144	\$ 578,314	\$ 588,989	\$ 605,665
Restricted for:										
Public safety	12,990	13,695	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927
Health & public assistance	19,237	12,987	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910
Community resources & public facilities	60,486	87,145	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668
General government & support services	9,913	8,082	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242
General county programs	12,469	17,496	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232
Debt service	8,484	10,088	--	--	--	--	--	--	--	--
Unrestricted	93,424	65,462	54,439	32,215	16,708	37,170	30,976	62,497	(551,588)	(529,641)
Total governmental activities net position	<u>\$ 616,803</u>	<u>\$ 623,786</u>	<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>\$ 322,003</u>
Business-type activities										
Net investment in capital assets	\$ 47,611	\$ 47,604	\$ 57,338	\$ 59,750	\$ 60,029	\$ 64,943	\$ 65,806	\$ 70,562	\$ 73,988	\$ 78,188
Restricted for:										
Debt service	717	1,307	--	--	--	--	--	--	--	--
Unrestricted	10,922	15,321	9,560	10,851	12,353	16,606	21,648	25,191	14,062	19,888
Total business-type activities net position	<u>\$ 59,250</u>	<u>\$ 64,232</u>	<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>
Primary government										
Net investment in capital assets	\$ 447,411	\$ 456,435	\$ 508,986	\$ 526,666	\$ 540,269	\$ 558,696	\$ 576,950	\$ 648,876	\$ 662,977	\$ 683,853
Restricted for:										
Public safety	12,990	13,695	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927
Health & public assistance	19,237	12,987	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910
Community resources & public facilities	60,486	87,145	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668
General government & support services	9,913	8,082	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242
General county programs	12,469	17,496	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232
Debt service	9,201	11,395	--	--	--	--	--	--	--	--
Unrestricted	104,346	80,783	63,999	43,066	29,061	53,776	52,624	87,688	(537,526)	(509,753)
Total primary government net position	<u>\$ 676,053</u>	<u>\$ 688,018</u>	<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>\$ 420,079</u>

Notes:

- FY 2007-08 net position 'restricted for general county programs' was restated from \$21,878 to \$17,496 in FY 2008-09. As a result, 'unrestricted' net position was restated from \$61,080 to \$65,462.
- FY 2008-09 net position 'net investment in capital assets' was restated in FY 2009-10 from \$486,969 to \$508,986, and 'restricted' net position was restated from \$163,264 to \$146,945. As a result, 'unrestricted' net position was restated from \$69,697 to \$63,999.
- FY 2009-10 'restricted' governmental activities net position was restated from \$157,052 to \$167,215 in FY 2010-11. As a result, 'unrestricted' governmental activities net position decreased from \$53,229 to \$43,066.
- Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Expenses										
Governmental activities:										
Policy & executive	\$ 8,569	\$ 9,069	\$ 8,596	\$ 7,356	\$ 11,074	\$ 11,635	\$ 14,455	\$ 14,057	\$ 10,721	\$ 13,056
Public safety	222,752	246,097	251,027	247,228	263,133	270,541	271,326	282,251	276,688	275,809
Health & public assistance	271,806	292,094	287,178	297,590	308,149	304,747	307,239	319,565	335,132	363,789
Community resources & public facilities	84,785	83,293	84,585	85,914	83,770	88,871	89,382	92,377	88,788	94,254
General government & support services	36,771	35,743	32,115	31,750	31,123	28,965	29,585	33,931	37,766	37,131
General county programs	14,734	14,461	23,167	19,494	20,694	15,077	5,664	3,980	2,462	2,807
Interest on long-term debt	2,889	2,626	3,321	4,645	4,926	4,146	3,712	3,505	2,651	2,275
Subtotal governmental activities expenses	642,306	683,383	689,989	693,977	722,869	723,982	721,363	749,666	754,208	789,121
Business-type activities:										
Resource Recovery	21,857	22,042	23,226	21,659	21,258	20,601	20,529	20,300	26,250	23,017
Laguna Sanitation	5,066	5,113	5,609	5,633	5,946	5,793	6,181	6,176	6,270	5,631
Other	62	384	682	10	--	--	--	--	--	--
Subtotal business-type activities expenses	26,985	27,539	29,517	27,302	27,204	26,394	26,710	26,476	32,520	28,648
Total expenses	\$ 669,291	\$ 710,922	\$ 719,506	\$ 721,279	\$ 750,073	\$ 750,376	\$ 748,073	\$ 776,142	\$ 786,728	\$ 817,769
Program revenues										
Governmental activities:										
Charges for services	\$ 174,263	\$ 182,574	\$ 180,183	\$ 175,003	\$ 176,149	\$ 162,702	\$ 155,451	\$ 173,875	\$ 184,591	\$ 199,632
Operating grants & contributions	274,169	281,421	291,171	293,672	306,564	308,610	325,138	332,533	346,620	349,865
Capital grants & contributions	476	229	259	85	209	57	50	52,352	44	85
Subtotal governmental activities	448,908	464,224	471,613	468,760	482,922	471,369	480,639	558,760	531,255	549,582
Business-type activities:										
Charges for services										
Resource Recovery	21,511	22,454	20,854	20,157	21,151	21,370	22,381	23,439	23,184	24,617
Laguna Sanitation	5,950	6,276	6,464	6,827	7,304	7,688	8,662	9,907	11,069	12,377
Other	9	52	34	--	--	--	--	--	--	--
Operating grants & contributions	854	1,745	2,678	2,778	1,245	6,202	1,732	1,038	987	1,150
Capital grants & contributions	--	--	1,169	--	--	--	--	--	--	--
Subtotal business-type activities	28,324	30,527	31,199	29,762	29,700	35,260	32,775	34,384	35,240	38,144
Total program revenues	\$ 477,232	\$ 494,751	\$ 502,812	\$ 498,522	\$ 512,622	\$ 506,629	\$ 513,414	\$ 593,144	\$ 566,495	\$ 587,726
Net (expense) / revenue										
Governmental activities	\$ (193,398)	\$ (219,159)	\$ (218,376)	\$ (225,217)	\$ (239,947)	\$ (252,613)	\$ (240,724)	\$ (190,906)	\$ (222,953)	\$ (239,539)
Business-type activities	1,339	2,988	1,682	2,460	2,496	8,866	6,065	7,908	2,720	9,496
Total net expense	\$ (192,059)	\$ (216,171)	\$ (216,694)	\$ (222,757)	\$ (237,451)	\$ (243,747)	\$ (234,659)	\$ (182,998)	\$ (220,233)	\$ (230,043)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 195,001	\$ 205,822	\$ 205,583	\$ 207,169	\$ 208,595	\$ 186,047	\$ 227,452	\$ 231,247	\$ 244,139	\$ 254,166
Motor vehicle in-lieu tax	271	--	--	--	--	931	187	155	150	147
Sales taxes	17,286	16,362	15,643	13,444	12,756	14,700	13,527	14,039	15,306	16,332
Transient occupancy tax	6,591	7,174	6,431	5,950	6,977	7,570	6,993	7,539	8,550	9,072
Unrestricted investment earnings	2,867	2,926	1,610	2,404	1,372	1,048	453	1,407	1,661	854
Extraordinary item and special item	--	--	--	--	--	--	--	--	--	--
Transfers	3	(5)	661	(995)	1,002	6	2	(34)	--	(15)
Other	8,842	8,066	12,212	10,559	11,877	39,268	8,419	8,100	8,474	9,494
Subtotal governmental activities	230,861	240,345	242,140	238,531	242,579	249,570	257,033	262,453	278,280	290,050
Business-type activities:										
Unrestricted investment earnings	2,089	1,796	1,248	374	286	290	(95)	344	254	416
Transfers	(3)	5	(661)	995	(1,002)	(6)	(2)	13	--	15
Other	1,046	193	397	(126)	1	17	38	34	(38)	99
Subtotal business-type activities	3,132	1,994	984	1,243	(715)	301	(59)	391	216	530
Total primary government	\$ 233,993	\$ 242,339	\$ 243,124	\$ 239,774	\$ 241,864	\$ 249,871	\$ 256,974	\$ 262,844	\$ 278,496	\$ 290,580
Extraordinary Items										
RDA dissolution transactions	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 16,345	\$ --	\$ --	\$ --	\$ --
Changes in net position										
Governmental activities	\$ 37,463	\$ 21,186	\$ 23,764	\$ 13,314	\$ 2,632	\$ 13,302	\$ 16,309	\$ 71,547	\$ 55,327	\$ 50,511
Business-type activities	4,471	4,982	2,666	3,703	1,781	9,167	6,006	8,299	2,936	10,026
Total primary government	\$ 41,934	\$ 26,168	\$ 26,430	\$ 17,017	\$ 4,413	\$ 22,469	\$ 22,315	\$ 79,846	\$ 58,263	\$ 60,537

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Fund (1)										
Reserved for:										
Receivables and prepaids	\$ 3,309	\$ 20,309	\$ 20,309	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Imprest cash	15	15	15	--	--	--	--	--	--	--
Property tax loss reserve	5,632	6,057	6,373	--	--	--	--	--	--	--
Unreserved:										
Designated	58,488	56,447	55,741	--	--	--	--	--	--	--
Undesignated	11,484	5,311	2,150	--	--	--	--	--	--	--
Nonspendable	--	--	--	26,704	25,570	8,780	9,618	10,138	11,042	12,130
Restricted	--	--	--	8,271	7,844	17,536	19,800	21,245	22,946	27,527
Committed	--	--	--	53,444	46,096	52,002	50,298	58,018	61,887	67,703
Assigned	--	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	736	4,330	7,591	8,092	3,405	3,242	7,684
Subtotal General Fund	<u>78,928</u>	<u>88,139</u>	<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>
All Other Governmental Funds (2)										
Reserved for:										
Receivables and prepaids	390	503	482	--	--	--	--	--	--	--
Imprest cash	22	23	25	--	--	--	--	--	--	--
Debt service	7,601	9,333	9,062	--	--	--	--	--	--	--
MHSA prudent reserve	--	--	1,900	--	--	--	--	--	--	--
Property held for resale	--	2,600	6,039	--	--	--	--	--	--	--
Unreserved:										
Designated, reported in:										
Special revenue funds	54,569	51,745	52,557	--	--	--	--	--	--	--
Capital projects fund	22,854	15,985	13,038	--	--	--	--	--	--	--
Debt service fund	315	230	422	--	--	--	--	--	--	--
Undesignated, reported in:										
Special revenue funds	70,799	80,838	85,181	--	--	--	--	--	--	--
Capital projects fund	6,411	4,988	5,339	--	--	--	--	--	--	--
Debt service fund	--	(15,134)	(15,724)	--	--	--	--	--	--	--
Nonspendable	--	--	--	507	681	586	1,084	791	1,129	1,496
Restricted	--	--	--	180,115	182,036	149,010	145,842	151,021	162,156	163,656
Committed	--	--	--	16,590	13,623	9,604	18,930	18,630	18,642	19,236
Assigned	--	--	--	932	883	1,817	1,287	--	--	--
Unassigned	--	--	--	22,860	(26,600)	(2,822)	(2,850)	--	--	--
Subtotal all other governmental funds	<u>162,961</u>	<u>151,111</u>	<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>
Total governmental fund balance	<u>\$ 241,889</u>	<u>\$ 239,250</u>	<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>

Notes:

- (1) In FY 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons
- (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)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (restated)	2012-13	2013-14	2014-15	2015-16
Revenues (by source)										
Taxes	\$ 220,583	\$ 231,955	\$ 232,781	\$ 231,648	\$ 234,354	\$ 241,142	\$ 249,414	\$ 254,177	\$ 269,412	\$ 281,279
Licenses, permits, and franchises	14,336	14,294	13,643	13,223	12,639	12,966	14,011	14,030	13,660	14,282
Fines, forfeitures, and penalties	11,020	12,333	13,218	13,527	13,299	10,990	9,582	10,883	9,581	9,160
Use of money and property	13,025	12,173	8,739	6,121	4,582	4,307	2,321	4,995	4,902	4,809
Intergovernmental	266,953	271,211	286,846	290,440	304,347	306,609	321,765	380,785	340,807	345,428
Charges for services	148,311	156,648	163,332	162,525	164,630	139,685	135,625	141,839	161,637	181,022
Other	13,414	13,637	16,614	17,046	22,872	25,920	19,582	20,804	19,033	16,149
Total revenues	687,642	712,251	735,173	734,530	756,723	741,619	752,300	827,513	819,032	852,129
Expenditures (by function)										
Policy & executive	11,846	13,290	13,971	13,266	15,661	15,172	15,349	15,408	15,563	16,484
Public safety	214,747	231,239	237,160	233,156	248,359	250,145	259,968	270,605	281,211	288,174
Health & public assistance	273,314	287,957	287,110	298,239	307,900	300,536	304,982	317,322	343,584	351,911
Community resources & public facilities	90,994	89,859	106,471	100,047	97,672	97,130	100,838	145,572	93,443	106,380
General government & support services	47,380	48,356	50,736	48,818	47,073	42,643	43,691	44,194	47,357	50,104
General county programs	14,552	18,452	22,822	18,449	18,957	12,287	5,091	8,199	3,190	2,679
Debt service										
Principal	7,876	6,595	6,230	7,506	5,621	23,749	4,133	4,502	15,318	3,764
Interest	2,930	2,642	3,324	4,637	4,918	4,183	3,518	3,308	2,516	2,111
Capital outlay	10,620	20,055	7,017	8,639	18,094	15,795	7,290	7,079	8,353	6,229
Total expenditures	674,259	718,445	734,841	732,757	764,255	761,640	744,860	816,189	810,535	827,836
Excess (deficiency) of revenues over (under) expenditures	13,383	(6,194)	332	1,773	(7,532)	(20,021)	7,440	11,324	8,497	24,293
Other financing sources (uses)										
Transfers in	128,567	149,323	139,021	146,179	88,586	96,986	86,395	49,715	60,305	54,535
Transfers out	(129,201)	(148,765)	(138,722)	(146,991)	(91,204)	(96,912)	(86,338)	(49,965)	(61,278)	(55,935)
Proceeds from sale of capital assets	1,269	288	147	52	174	220	500	73	347	205
Long-term debt issued	2,400	17,000	--	20,387	--	16,957	--	--	9,925	10
Long-term receivable collected	--	--	--	--	--	356	--	--	--	--
Issuance discount on long-term debt	--	(88)	--	(148)	--	--	--	--	--	--
Issuance premium on long-term debt	--	--	--	278	--	--	--	--	--	--
Total other financing sources (uses)	3,035	17,758	446	19,757	(2,444)	17,607	557	(177)	9,299	(1,185)
Extraordinary Items										
RDA dissolution transactions		--	--	--	--	(13,092)	--	--	--	--
Net change in fund balance	\$ 16,418	\$ 11,564	\$ 778	\$ 21,530	\$ (9,976)	\$ (2,414)	\$ 7,997	\$ 11,147	\$ 17,796	\$ 23,108
Debt service as a percentage of noncapital expenditures:	1.66%	1.36%	1.35%	1.72%	1.46%	3.85%	1.07%	1.06%	2.28%	0.74%

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Expenditures (1)										
General government	\$ 65,106	\$ 65,271	\$ 64,020	\$ 62,761	\$ 64,450	\$ 48,395	\$ 64,886	\$ 65,289	\$ 64,462	\$ 68,216
Public protection	259,208	281,771	299,802	288,599	296,982	303,442	302,982	316,926	328,238	336,139
Public ways and facilities	30,926	23,117	32,301	32,111	32,489	35,540	29,814	28,226	25,750	30,620
Health and sanitation	149,855	160,095	155,148	157,155	157,961	157,298	155,560	157,460	171,631	173,590
Public assistance	120,572	125,547	130,962	138,166	145,085	138,397	139,800	148,702	159,753	165,569
Education	2,894	3,269	3,223	3,289	3,410	2,734	3,199	3,128	3,132	3,568
Recreational and cultural services	10,462	11,941	11,232	12,899	11,089	10,866	10,504	11,422	12,811	14,237
Debt service	10,807	9,237	9,555	12,144	10,539	27,933	7,651	7,809	17,834	5,875
Capital outlay	24,429	38,197	28,598	25,633	42,250	37,035	30,464	77,227	26,924	30,022
Total expenditures	\$ 674,259	\$ 718,445	\$ 734,841	\$ 732,757	\$ 764,255	\$ 761,640	\$ 744,860	\$ 816,189	\$ 810,535	\$ 827,836

Notes:
 (1) By State Controller function.

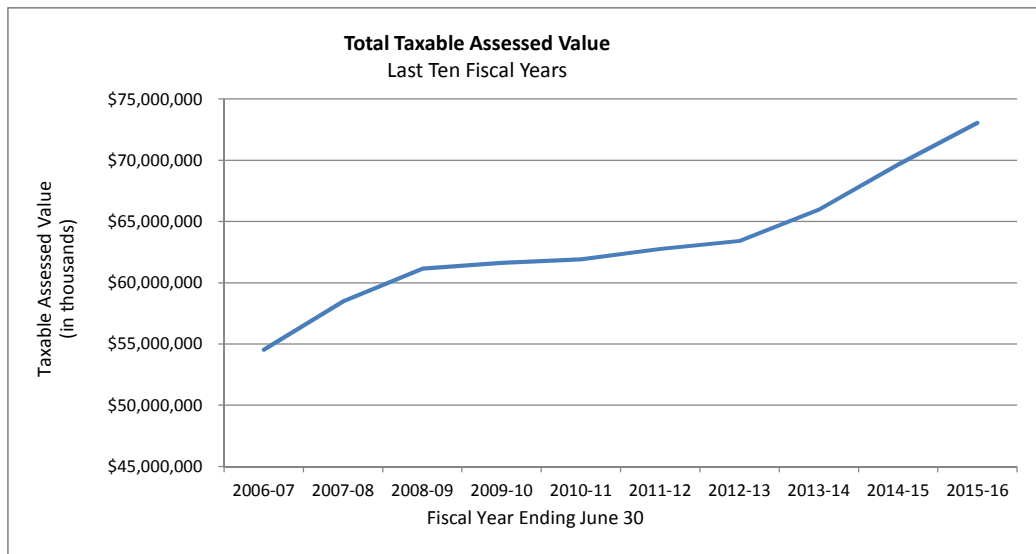
COUNTY OF SANTA BARBARA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

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 (%)
2006 - 2007	\$ 52,791,691	\$ 2,546,922	\$ 769,814	\$ (1,587,094)	\$ 54,521,333	1.00000
2007 - 2008	56,836,827	2,571,180	833,438	(1,772,777)	58,468,668	1.00000
2008 - 2009	59,457,127	2,795,296	806,086	(1,928,671)	61,129,838	1.00000
2009 - 2010	60,136,238	2,874,141	718,678	(2,128,966)	61,600,091	1.00000
2010 - 2011	60,558,017	2,901,856	746,117	(2,322,086)	61,883,904	1.00000
2011 - 2012	61,739,881	2,923,496	807,247	(2,713,216)	62,757,408	1.00000
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

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

Fiscal Year	County Direct Rates	Overlapping Rates		
	Santa Barbara County General	Cities (1)	Schools (2)	Total
2006 - 2007	1.00000%	0.00013%	0.01237%	1.01250%
2007 - 2008	1.00000%	0.00012%	0.01375%	1.01387%
2008 - 2009	1.00000%	0.00010%	0.01307%	1.01317%
2009 - 2010	1.00000%	0.00012%	0.01265%	1.01277%
2010 - 2011	1.00000%	0.00012%	0.01284%	1.01296%
2011 - 2012	1.00000%	0.00014%	0.01310%	1.01324%
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%

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, 2016 AND June 30, 2007 (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, 2016 and June 30, 2007

June 30, 2016:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2015-16	Percentage of Total Secured Tax Levy Fiscal Year 2015-16
United Launch Alliance LLC	Aerospace	\$ 396,622	0.54%	\$ 4,717	0.68%
Southern California Edison Co.	Utility	296,570	0.41%	3,581	0.52%
Venoco, Inc	Petroleum & Gas	308,897	0.42%	3,228	0.47%
Exxon Corporation	Petroleum & Gas	303,625	0.42%	3,117	0.45%
Southern California Gas Company	Utility	216,605	0.30%	2,617	0.38%
Pacific Coast Energy Company LP	Petroleum & Gas	236,601	0.32%	2,600	0.38%
1260 BB Property, LLC (Biltmore)	Hotel	212,366	0.29%	2,497	0.36%
BRS Investment Properties, LLC (Bacara)	Hotel	189,646	0.26%	2,083	0.30%
Windset Farms California, Inc	Agriculture	169,767	0.23%	1,874	0.27%
Pacific Gas & Electric Co.	Utility	150,572	0.21%	1,819	0.26%
Ten largest taxpayers		2,481,271	3.40%	28,133	4.07%
All other taxpayers		70,578,094	96.60%	662,193	95.93%
Total		\$ 73,059,365	100.00%	\$ 690,326	100.00%

June 30, 2007:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2006-07	Percentage of Total Secured Tax Levy Fiscal Year 2006-07
Exxon Corporation	Petroleum & Gas	\$ 365,634	0.67%	\$ 3,749	0.73%
Verizon California Inc.	Utility	212,921	0.39%	2,315	0.45%
Southern California Gas Company	Utility	159,358	0.29%	1,709	0.33%
1260 BB Property, LLC (Biltmore)	Hotel	132,000	0.24%	1,498	0.29%
HT-Santa Barbara Inc (Bacara)	Hotel	130,000	0.24%	1,379	0.27%
Raytheon Company	Light Manufacturing	122,282	0.22%	1,306	0.25%
Pacific Offshore Pipeline Co.	Petroleum & Gas	115,638	0.21%	1,185	0.23%
Southern California Edison Co.	Utility	108,233	0.20%	1,172	0.23%
SP Maravilla LLC	Rest Home	102,628	0.19%	1,116	0.22%
Fairway BB Property, LLC	Residential Estate	107,780	0.20%	1,096	0.21%
Ten largest taxpayers		1,556,474	2.85%	16,525	3.21%
All other taxpayers		52,964,859	97.15%	499,371	96.79%
Total		\$ 54,521,333	100.00%	\$ 515,896	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
2006 - 2007	\$ 515,896	\$ 505,135	97.91%	\$ 10,760	\$ 515,895	100.00%
2007 - 2008	554,778	541,456	97.60%	13,310	554,766	100.00%
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%

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				
2006 - 2007	\$ 60,018	\$ 5,015	\$ 11	\$ -	\$ -	\$ 4,351	\$ 30	\$ 110	\$ 7,833	\$ 77,368	0.40%	\$ 180	
2007 - 2008	70,877	4,301	--	--	--	9,902	23	55	7,426	92,584	0.47%	214	
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	

- 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)

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	Total Net Applicable Debt	(3) Legal Debt Margin	Legal Debt Margin / Debt Limit
2006 - 2007	\$ 54,521,333	\$ 681,517	\$ --	\$ 681,517	100%
2007 - 2008	58,468,668	730,858	--	730,858	100%
2008 - 2009	61,129,838	764,123	--	764,123	100%
2009 - 2010	61,600,091	770,001	--	770,001	100%
2010 - 2011	61,883,904	773,549	--	773,549	100%
2011 - 2012	62,757,408	784,468	--	784,468	100%
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%

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, 2016

2015-2016 Assessed Valuation: \$ 73,059,365

	Percent Applicable (1)	Debt (3)
Overlapping Tax and Assessment Debt:		
Allan Hancock Joint Community College District	99.642%	\$ 127,621
Santa Barbara Community College District	100%	66,700
High School Districts	99.997-100%	205,673
Unified School Districts	100%	55,691
Goleta Union School District	100%	15,795
Santa Barbara School District	100%	53,292
Santa Maria-Bonita Joint School District	99.995%	29,999
Other School District	100%	56,253
Lompoc Healthcare District	100%	71,795
Special District 1915 Act Bonds	62.113-100%	4,936
Total Overlapping Tax and Assessment Debt		<u>687,755</u>
Overlapping General Fund Obligation Debt:		
Santa Maria-Bonita School District Certificates of Participation	99.995%	39,194
Santa Ynez Valley Union High School District Certificates of Participation	100%	2,616
Santa Maria Joint Union High School District Certificates of Participation	99.997%	3,403
Buellton School District Certificates of Participation	100%	375
College School District Certificates of Participation	100%	2,120
City of Carpinteria Certificates of Participation	100%	330
City of Santa Barbara Certificates of Participation	100%	44,605
Carpinteria Sanitary District General Fund Obligations	98.321%	9,478
Santa Maria Cemetery District Certificates of Participation	100%	615
Total Gross Overlapping General Fund Obligation Debt		<u>102,736</u>
Less: Santa Barbara County utility supported obligations		(3,920)
Less: City of Santa Barbara revenue bonds supported by airport revenues		(43,600)
Less: Carpinteria Sanitary District revenue bonds supported by wastewater system revenues		(9,478)
Total Net Overlapping General Fund Obligation Debt		<u>45,738</u>
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		<u>733,493</u>
		<u>55,925</u>
Overlapping Tax Increment Debt:		
		<u>55,925</u>
Direct General Fund Obligation Debt:		
Santa Barbara County Certificates of Participation	100%	54,790
Total Direct General Fund Obligation Debt		<u>54,790</u>
Total Net Combined Overlapping and Direct Debt		<u>\$ 844,208</u>
Total Gross Combined Overlapping and Direct Debt		<u>\$ 901,206 (2)</u>
Ratio to 2015-16 Assessed Valuation:		
Total Overlapping Tax and Assessment Debt	0.94%	
Ratios to Adjusted Assessed Valuation:		
Total Gross Direct Debt	0.07%	
Total Net Direct Debt	0.07%	
Gross Combined Total Debt	1.23%	
Net Combined Total Debt	1.16%	

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.
- (3) Debt as of August 1, 2016

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

(1) Year	(2) Population	(3),(4) Personal Income	Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
2007	424	\$ 18,900,000	\$ 44.6	67	3.8%
2008	429	19,100,000	44.5	66	5.2%
2009	431	18,100,000	42.0	66	8.2%
2010	434	18,600,000	42.9	66	8.8%
2011	426	19,000,000	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%

Detail of estimated population, as of January 1, 2016 (whole numbers):

(2) Incorporated Cities	
Buellton	4,957
Carpinteria	13,928
Goleta	31,235
Guadalupe	7,348
Lompoc	44,116
Santa Barbara	93,190
Santa Maria	104,404
Solvang	5,451
Total of Incorporated Cities	304,629
Total of Unincorporated Areas	142,088
Total Population	446,717

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, 2016 AND June 30, 2007

<u>June 30, 2016</u>			<u>June 30, 2007</u>		
<u>Company or Organization</u>	<u>Jobs (1)</u>	<u>Percent of Total County Employment</u>	<u>Company or Organization</u>	<u>Jobs (2)</u>	<u>Percent of Total County Employment</u>
University of California, Santa Barbara	10,827	5.08%	University of California, Santa Barbara	9,501	5.04%
Vandenberg Air Force Base	6,800	3.19%	Vandenberg Air Force Base	4,782	2.54%
County of Santa Barbara	4,945	2.32%	County of Santa Barbara	4,214	2.24%
Santa Barbara Cottage Hospital	3,760	1.76%	Santa Barbara School District Admin.	2,968	1.58%
Santa Barbara City College	2,348	1.10%	Santa Barbara Cottage Hospital	2,518	1.34%
Santa Barbara Unified School District	2,000	0.94%	Santa Barbara City College	2,360	1.25%
City of Santa Barbara	1,768	0.83%	Raytheon Electronic Systems	1,633	0.87%
Marian Medical Center	1,734	0.81%	Santa Maria-Bonita School District	1,600	0.85%
Chumash Casino Resort	1,673	0.78%	City of Santa Barbara	1,487	0.79%
Santa Maria-Bonita School District	1,560	0.73%	Lompoc Unified School District	1,427	0.76%
Total ten largest	37,415	17.54%	Total ten largest	32,490	17.25%
Total all other	175,885	82.46%	Total all other	155,860	82.75%
Total companies or organizations	<u>213,300</u>	<u>100.00%</u>	Total companies or organizations	<u>188,350</u>	<u>100.00%</u>

Sources:

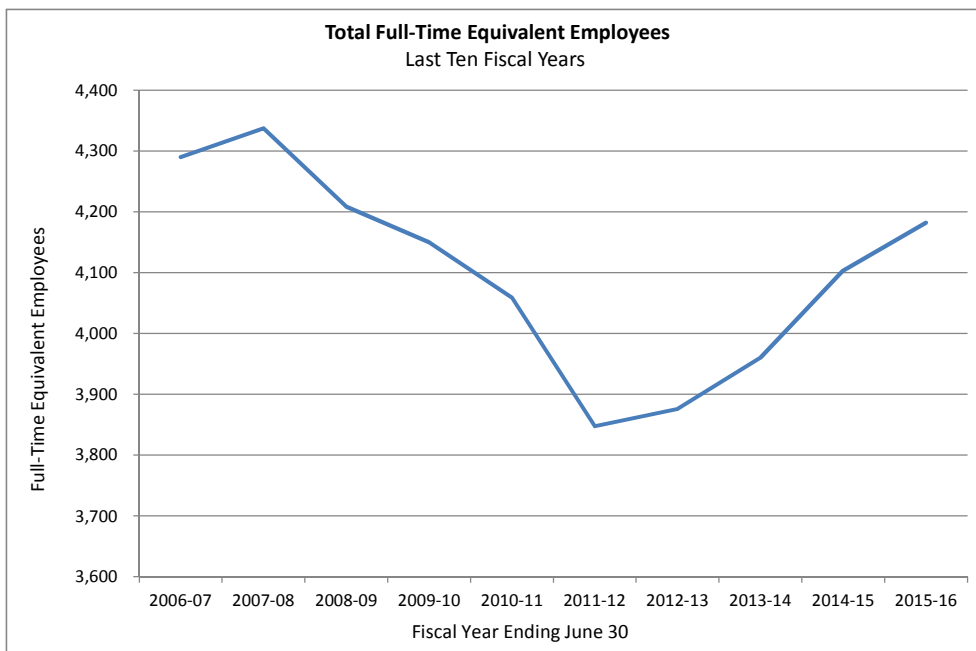
- (1) California Economic Forecast Project
- (2) County of Santa Barbara CAFR FY 2006-07

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Paid employees (1)										
Policy & executive	98	99	91	85	93	92	94	96	99	105
Public safety	1,646	1,666	1,617	1,556	1,524	1,455	1,467	1,478	1,498	1,521
Health & public assistance	1,688	1,704	1,654	1,765	1,779	1,634	1,732	1,799	1,926	1,973
Community resources & public facilities	502	506	476	451	432	416	419	424	419	424
General government & support services	432	438	437	410	385	343	334	334	350	359
General county programs	40	34	31	30	15	17	6	5	3	6
Resource Recovery	90	90	91	85	83	81	79	83	81	77
Laguna Sanitation	15	15	16	16	16	16	16	16	16	15
Total County employees	4,511	4,552	4,413	4,398	4,327	4,054	4,147	4,235	4,392	4,480
Actual full-time equivalent employees (2)										
Policy & executive	91	90	83	79	86	85	88	88	91	94
Public safety	1,579	1,610	1,561	1,500	1,455	1,390	1,386	1,394	1,415	1,433
Health & public assistance	1,598	1,615	1,573	1,633	1,636	1,548	1,608	1,679	1,796	1,841
Community resources & public facilities	476	473	445	421	404	391	389	392	382	389
General government & support services	408	414	414	392	369	328	315	313	326	335
General county programs	38	34	30	29	14	13	-	-	1	1
Resource Recovery	85	86	86	80	78	76	74	78	77	74
Laguna Sanitation	15	15	16	16	16	16	16	16	15	15
Total County employees	4,290	4,337	4,208	4,150	4,059	3,847	3,876	3,960	4,103	4,182

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.



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

Function/Program	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public safety										
Other:										
Filed felonies-District Attorney	3,077	2,669	2,610	2,482	2,462	2,741	2,979	3,176	2,499	2,898
Filed misdemeanors-District Attorney	14,901	14,791	14,608	14,633	13,264	10,983	10,022	9,838	11,347	12,355
Public Defender's total new caseload	25,302	24,939	21,859	23,056	23,563	21,642	18,963	20,973	23,391	24,024
Fire emergency responses	10,163	11,090	11,392	11,278	11,512	12,714	13,989	13,842	13,927	14,307
Sheriff:										
Total miles patrolled	1,546,905	1,572,795	1,563,910	1,530,054	1,519,651	1,447,978	1,230,191	1,477,038	1,413,902	1,439,005
Processed and booked adult offenders	18,403	17,915	17,992	18,319	17,552	15,763	16,677	16,780	17,117	17,744
Probation:										
Juvenile referrals processed	6,822	6,287	5,880	5,431	4,978	4,122	3,449	3,070	3,313	3,371
Adult and Juvenile cases supervised	11,678	11,986	10,509	10,808	9,480	8,364	8,321	8,331	8,196	8,114
Institutional care for minors	67,154	68,730	68,286	67,861	65,313	58,923	52,268	38,763	34,894	37,372
Submit written reports to courts on Adults	8,153	7,190	5,832	4,941	5,544	5,146	6,582	6,628	6,838	6,856
Health & public assistance										
ADMHS clients served	13,629	14,565	13,637	14,785	12,063	11,825	12,313	12,647	13,936	14,653
Established orders for child support	16,965	14,635	14,630	14,800	13,648	12,963	12,565	11,922	11,544	11,452
Assistance claims paid to eligible recipients	65,405	65,686	71,249	77,966	80,025	76,762	72,678	70,924	99,513	99,597
Patient encounters at Public Health clinics	123,000	126,200	134,450	136,867	131,489	120,540	120,700	114,000	111,000	107,000
Community resources & public facilities										
Building inspections	40,034	33,800	21,523	19,159	19,450	19,736	20,689	23,752	22,431	22,583
Enhanced or maintained road lanes (miles)	246	102	100	195	96	81	67	82	73	24
Flood control work requests (1)	112	110	180	195	90	95	-	-	-	-
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	135,000	108,000	107,073	108,178	117,932	119,522	135,053	103,060	102,694	110,846
Resource Recovery										
Waste recycled (tons per month)	8,270	7,692	7,074	6,576	7,312	7,824	7,043	7,244	6,792	5,084
Landfill waste disposal (tons per month)	18,483	17,964	17,099	15,626	14,614	13,891	14,607	14,894	15,163	16,690

Note:

(1) Beginning in FY 2012-13 Public Works no longer tracks flood control work requests.

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

Function/Program	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Policy & executive										
Buildings	Occupied with general government and support services									
Public safety										
Court buildings	9	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	42	41	43	42	42	42	42	42	42	41
Ambulances	4	4	4	4	4	6	6	6	6	6
Sheriff sub stations	2	2	3	3	4	4	4	4	4	4
Patrol units	49	49	49	49	49	49	49	49	52	52
Aircrafts	5	5	5	6	6	6	6	6	6	6
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Administration buildings	8	9	9	9	9	9	9	9	9	9
Health & public assistance										
Clinics	7	7	7	7	7	7	7	7	7	9
Administration buildings	5	5	5	5	5	5	5	5	5	5
Community resources & public facilities										
Public parks & open space acreage	2,243	2,455	2,469	2,469	1,798	2,027	2,122	2,122	2,122	2,122
Day use & camping parks	21	22	22	23	25	26	26	26	26	26
Open space areas (County developed)	17	17	17	18	42	43	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	1,668	1,668	1,685	1,685	1,685	1,670	1,671	1,671	1,671	1,671
Bridges	112	112	112	112	113	113	115	115	115	115
Traffic signals	25	25	26	26	26	43	44	44	44	44
Roads heavy equipment	48	51	49	51	51	51	43	43	43	43
Sanitary sewers (miles of collection)	160	111	121	121	121	121	129	129	129	129
Treatment capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	69	69	82	84	73	78	72	69	57	58
General government & support services										
Buildings	5	5	5	5	5	7	7	7	7	7

Notes:

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



Glossary





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 VALUATION - The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions 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 a defined benefit pension 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 - Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

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.

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 - Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

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

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

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 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 plan or from recognition by the pension 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 PLAN - A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

COVERED PAYROLL - Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS - Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES - Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFICIT - (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT OPEB PLAN - Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

DEFINED BENEFIT PENSION PLAN - A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION - (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DISCOUNT RATE - The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

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 - Term used in the context of pension and other postemployment benefits to describe contributions actually made by the employer in relation to the annual required contribution (ARC) of the employer. (Only amounts paid to trustees and outside parties qualify.)

ENCUMBRANCES - Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND - Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

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.

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.

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.

INTERNAL SERVICE FUND - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE - A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE - As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS - Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL - The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL - The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD - Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

LIABILITIES - Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE - An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all 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.

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 OBLIGATION - In the context of defined benefit pension and other postemployment benefit plans, the cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension/OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related/OPEB-related debt.

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) - Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

OVERLAPPING DEBT - The proportionate share that property within a government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PAY-AS-YOU-GO - a method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

PAYROLL GROWTH RATE - an actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS - Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan.

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

PLAN MEMBERS - Individuals that are covered under the terms of a pension 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 - Period following termination of employment, including the time between termination and retirement postemployment healthcare benefits.

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.

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 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.

SUBSTANTIVE PLAN - Terms of an OPEB plan as understood by the employer(s) and plan members.

TAX AND REVENUE ANTICIPATION NOTES (TRAN) - Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenue levy whose collection they anticipate.

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.

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).