

County of Santa Barbara  
State of California

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005



Robert W. Geis, CPA  
Auditor-Controller

The current County of Santa Barbara Courthouse was dedicated in 1929, four years after the smaller original courthouse sustained earthquake damage. The Spanish-Moorish style Courthouse, comprising four buildings totaling approximately 150,000 square feet, occupies a square block in downtown Santa Barbara. Visitors from around the world come to see the Courthouse, including the Mural Room and the Sunken Garden. The Mural Room includes 6,700 square feet of hand painted Groesbeck murals and was where the Board of Supervisors presided for more than 30 years. Civic events, performances and numerous weddings are held on the attractively landscaped Sunken Garden where the original courthouse once stood.

The State Historic Resources Commission designated the Santa Barbara County Courthouse a State Historic Landmark in 2003. Subsequently, in 2005, the Secretary of the Interior officially designated the Santa Barbara Courthouse a National Historic Landmark.

Front Cover Image

Postcard circa early 1940's

**COUNTY OF SANTA BARBARA  
STATE OF CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED June 30, 2005**



**Prepared Under the Supervision of  
Robert W. Geis, CPA  
Auditor-Controller**

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT - TABLE OF CONTENTS**  
**For Fiscal Year Ended June 30, 2005**

Page

**INTRODUCTORY SECTION**

Letter of Transmittal . . . . .	1
---------------------------------	---

**FINANCIAL SECTION**

Independent Auditors' Report . . . . .	9
--	---

Management's Discussion and Analysis (Unaudited) . . . . .	11
--	----

Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets . . . . .	24
Statement of Activities . . . . .	25

Fund Financial Statements:

Balance Sheet - Governmental Funds . . . . .	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds . . . . .	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund . . . . .	28
Road Special Revenue Fund . . . . .	29
Public Health Special Revenue Fund . . . . .	30
Social Services Special Revenue Fund . . . . .	31
Flood Control District Special Revenue Fund . . . . .	32

Proprietary Funds:

Statement of Net Assets - Proprietary Funds . . . . .	33
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds . . . . .	34
Statement of Cash Flows - Proprietary Funds . . . . .	35

Fiduciary Funds:

Statement of Fiduciary Net Assets - Fiduciary Funds . . . . .	36
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds . . . . .	37

Notes to the Financial Statements . . . . .	41
---	----

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Narrative Summary . . . . .	77
Combining Balance Sheet . . . . .	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances . . . . .	86
Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual . . . . .	90

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:

Capital Projects Fund . . . . .	113
---------------------------------	-----

Internal Service Funds:

Narrative Summary . . . . .	115
Combining Statement of Net Assets - Internal Service Funds . . . . .	117
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds . . . . .	118
Combining Statement of Cash Flows - Internal Service Funds . . . . .	119

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT - TABLE OF CONTENTS (CONTINUED)**  
**For Fiscal Year Ended June 30, 2005**

Agency Funds:	
Narrative Summary . . . . .	121
Combining Statement of Changes in Assets and Liabilities - Agency Funds . . . . .	122
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source . . . . .	123
Schedule by Function . . . . .	124
Schedule of Changes by Function . . . . .	125

**STATISTICAL SECTION (Unaudited)**

Narrative Summary . . . . .	127
Financial Trends:	
Net Assets by Category . . . . .	128
Changes in Net Assets . . . . .	129
Fund Balances, Governmental Funds . . . . .	131
Changes in Fund Balances, Governmental Funds . . . . .	132
Revenue Capacity:	
Assessed Value of Taxable Property and Actual Value of Property . . . . .	133
Property Tax Rates - Direct and Overlapping Governments . . . . .	134
Principal Property Taxpayers . . . . .	135
Property Tax Levies and Collections . . . . .	136
Debt Capacity:	
Ratios of Outstanding Debt by Type . . . . .	137
Computation of Legal Debt Margin . . . . .	138
Direct and Overlapping Bonded Debt . . . . .	139
Economic and Demographic Information:	
Demographics and Economic Statistics . . . . .	140
Principal Employers . . . . .	141
Operating Information:	
County Employees by Function/Program . . . . .	142
Operating Indicators by Function/Program . . . . .	143
Capital Assets and Infrastructure Statistics by Function/Program . . . . .	144

**GLOSSARY**

Glossary for the Comprehensive Annual Financial Report . . . . .	145
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# COUNTY OF SANTA BARBARA

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Auditor-Controller

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Assistant Auditor-Controller



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## OFFICE OF THE AUDITOR-CONTROLLER

August 10, 2005

To the Citizens of Santa Barbara County:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control 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.

KPMG LLP has issued an unqualified ("clean") opinion on the County of Santa Barbara's financial statements for the year ended June 30, 2005. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follow the independent auditors' report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## Profile of the Government

The County of Santa Barbara (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 2,744 square miles, one-third of which is located in the Los Padres National Forest and has a population of 414,735. There are eight incorporated cities located 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.

Policymaking and legislative authority is vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of five districts. The Board is responsible, among other things for passing ordinances, adopting the budget, appointing committees and appointing the County Executive Officer (CEO), who in turn appoints the non-elected department heads that are not otherwise appointed by law. Supervisors are elected to four-year staggered terms with two supervisors being elected in even-year elections and three supervisors being elected in odd-year elections. The County has five elected department heads responsible for the offices of the County Clerk-Recorder-Assessor, Auditor-Controller, District Attorney, Sheriff, and Treasurer-Tax Collector-Public Administrator. The following organization chart is presented so that it reflects the various functional categories reported in the government-wide statement of activities, along with the names of the principle officials.

Policy & Executive



Salud Carbajal  
First District Supervisor



Susan Rose, Chair  
Second District Supervisor



Brooks Firestone  
Third District Supervisor



Joni Gray, Vice Chair  
Fourth District Supervisor



Joe Centeno  
Fifth District Supervisor

Michael F. Brown  
County Executive Officer (CEO)  
General County Programs

Stephen Shane Stark  
County Counsel

Law & Justice	Public Safety	Health & Public Assistance	Community Resources & Public Facilities	General Government & Support Services
Thomas W. Sneddon Jr. District Attorney	John Scherrei Fire	James Broderick, Ph.D Alcohol, Drug, & Mental Health Services (ADMHS)	William Gillette Agriculture & Cooperative Extension	Robert W. Geis, CPA, CPFO Auditor-Controller
James Egar Public Defender	Scott DeuPree Probation	Sandy Simons, Interim Child Support Services	Edward Moses Housing & Community Development	Joseph E. Holland, CPFO Clerk-Recorder-Assessor
Gary Blair Court Special Services	James Anderson Sheriff	Dr. Elliot Schulman Public Health Services	Rick Wheeler Parks	Thomas Alvarez, Interim General Services
		Kathy Gallagher Social Services	Dianne Meester, Interim Planning & Development	Susan Paul Human Resources
			Philip M. Demery Public Works	Bernice James Treasurer-Tax Collector & Public Administrator

The County, with an average of 4,160 full-time equivalent employees, provides a full range of services to its residents as depicted above on the organization chart. Included in the County's operations are various component units which provide specific services County-wide or to distinct geographic areas within the County. They include the Children and Families Commission, County Service Areas, Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Sandyland Seawall Maintenance District, Redevelopment Agency of the County, the Santa Barbara Finance Corporation, and the Water Agency. 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. 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.

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 on the modified accrual basis of accounting. The legal level of budgetary control is maintained at the fund, department, and object level. The Board must approve amendments or transfers of appropriations between funds or departments as well as items relating to fixed assets or designations. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated the authority to approve amendments or transfers of appropriations between object levels within the same department to the County Executive Office.

## Factors Affecting Financial Condition

### Economy:

Santa Barbara County showed sustainable growth in FY 04-05 and indicators show next year will continue to have a strong economic base. The following highlights and graphs are evidence of the changing economy.

### Employment

- The County's unemployment rate decreased from 4.7% to 4.3%.
- Over the past 4 years, the total jobs in the County have increased 3.1% or 5,566 net new jobs.

### County Economic Condition Stable

Santa Maria Times July 28, 2004

### Income

- The average annual salary was \$36,098, an increase of 3.1%.

### Retail Sales

- Retail sales increased 4.4% to \$5.6 billion.

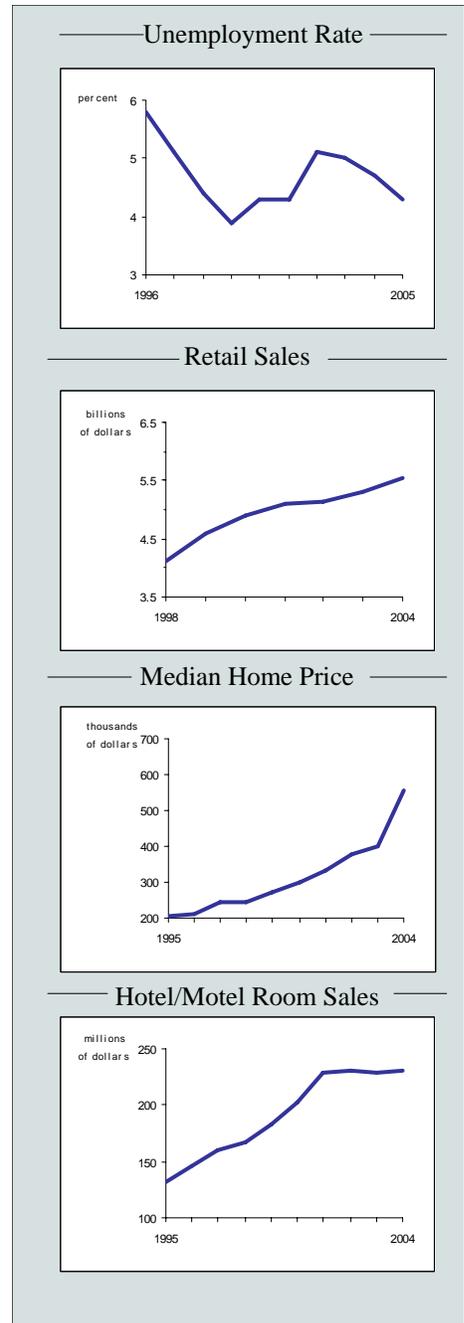
### Real Estate

- Santa Barbara County home prices rose in 2004 at the most rapid rate in history.
- The median home price of \$557,000 is up from \$402,700 in 2003.
- The housing-affordability index fell dramatically from 17.4% to 11.7% due to rapid price appreciation and a stagnant distribution of household income.
- Non-residential valuations decreased 9% to \$118 million.

### Tourism

- South Coast hotel and motel occupancy rates were 73.6% in 2004, up from 71.2% in 2003, which was a recent low.
- Both of the County's commercial airports continue to show passenger gains as tourism continues to recover.

Most of the information about the Local Economy is derived from the 2005 Santa Barbara County *Economic Outlook* printed April 2005 and based on the 2004 calendar year (with permission from the UCSB Economic Forecast Project).



### Economic Indicators

The U.S. economy appears that it will continue to grow next year, but California's growth will not approach that of the U.S. and Santa Barbara's economy is performing at a level below the State's. However, the acceleration of the value of real estate has fueled local revenue growth at the County and State. This growth rate appears unsustainable and we expect it to slow but remain positive.

### Financial Indicators

The County is experiencing significant increases in property tax revenue. However, we believe the growth rate will peak at 10.4% in FY 05-06. The County's other economic driven revenue accounts grew moderately. Currently, the California coffers appear to be full, however it is not clear for how long and State budget reductions are still taking away resources from the County through FY 05-06. The County is absorbing these cuts by approving only modest increases to salaries and benefits for a large part of the organization. The County believes that next year revenues will again outpace expenses.

## Factors Affecting Financial Condition – Continued

### Major Initiatives:

In the County's Proposed Budget the CEO outlines thirty-six major programs (initiatives), accomplishments and challenges aligned with the County's Strategic Plan. That document (available via the internet at [www.countyofsb.org/cao/budgetresearch/budget0506.asp](http://www.countyofsb.org/cao/budgetresearch/budget0506.asp)) describes the initiatives beginning on page A-31. We are displaying six of the initiatives for this document and a citizen's initiative for formation of a new county.

#### Structural Reform changing County Administrative Officer to County Executive Officer

On March 1, 2005, the Board established the position of CEO. The change to the CEO structure is designed to enhance organizational accountability, define roles and responsibilities, ensure fiscal integrity and provide clearer policy oversight by the Board. The CEO's authority is much broader regarding the selection, appointment, evaluation and termination of department directors that are not otherwise designated by law. In related matters the Human Resource Director and function are now part of the CEO office. The former General Services Director and Parks Director were promoted to Deputy CEO positions. The Santa Barbara Redevelopment Agency was moved from Planning and Development to the CEO. The Comprehensive Planning Division was relocated under the direct authority of the CEO.

#### Reshaping the Planning & Development Department Process Improvement Effort

An in-depth process improvement effort designed to bring about change in the Planning and Development Department was launched in 2004 and reinvigorated in 2005. This overhaul program seeks to achieve multiple goals without sacrificing the quality of life and unique features of county lands. Desired outcomes include faster permit processing, consistency in application of standards, increased accessibility by applicants, greater predictability of outcomes, increased openness and transparency of the process, enhanced accountability and increased satisfaction of the staff. In order to effectively establish a true customer focused culture, customers of the process have been included in the improvement efforts, providing input (e.g. values and needs) as well as devising likely outputs (e.g. system and process revisions).

#### Emergency Medical Services (EMS)

Since 1978, the County has contracted with a private provider, American Medical Response (AMR), for the provision of emergency and non-emergency advanced life support (ALS) ambulance services. In December 2004, the Board approved a new 7-year contract with AMR for Advance Life Support Transport Services throughout the County. As a result of the system enhancements and other requests, AMR will be required to significantly increase financial support to the EMS System. Under the new contract, the base rate for ALS services will increase from \$702.08 to \$984.00. The agreement reached for Fire First Responder compensation will increase the ALS base rate to \$1,029, after June 1, 2005.

#### Workers' Compensation

After several years of annual increases of approximately 20%-30%, the Workers' Compensation program has shown three years of cost reductions. In order to contain these rising costs, the General Services Department implemented several programs focused on working more closely with injured workers, doctors and departmental staff. Measures include the "3 Point Contact" with the worker, doctor and supervisor within 14 days; the Back to Work Program; the Committee for Advising on Reasonable accommodation in Employment program (C.A.R.E.); regular meetings with departments and the automatic e-mail notification of new claims to department executives. These efforts, combined with improved data analysis and intensive monthly review of Workers' Compensation costs and trends, have led to cost containment and a reduction of open claims. The Workers' Compensation fund deficit was reduced from \$12 million to \$8.8 million in FY 04-05.

#### 2005 Storm Event

Extensive damage to the County's infrastructure occurred during the winter of 2005 due to abnormally high amounts of concentrated rainfall. As a result of the damage that occurred, the County proclaimed a Local Declared State of Emergency in January 2005. Subsequently, the State and Federal Governments also proclaimed Disaster Declarations, enabling the County to receive reimbursement for emergency work and permanent repairs. The majority of the public facility damages fell into two categories: (1) damage to the transportation infrastructure system and (2) damage to flood control debris basins. The total estimated cost to remove debris and repair roads is \$30 million, of which, approximately 94% is eligible for State and Federal reimbursement. The remaining balance of 6% will cost the County an estimated \$1.9 million.

## Factors Affecting Financial Condition – Continued

### Significant Capital Projects and Operating Impacts

The County completed \$45.4 million in capital projects this year and has approved \$45.2 million in capital projects for FY 2005-06 as described in the proposed budget beginning on page A-28. The largest of the on-going projects are related to transportation improvements. Last year the most significant capital project completed was:

The Susan J. Gionfriddo Juvenile Justice Center expansion was a \$13.6 million construction project jointly funded by the County and the California Board of Corrections. An \$8,000,000 grant from the California Board of Corrections paid for almost three quarters of the construction costs. Construction began January 6, 2003 and was completed March 24, 2005. This 70,000 square foot expansion to the Santa Maria Juvenile Hall will add 90 beds to an existing 50 beds for a total of 140 juvenile hall beds. For the first time since 1977, juveniles from North County will not be transported to Santa Barbara for detention. Allowing minors to remain near their homes facilitates family visits and legal proceedings. The increase to the operating budget will be \$1.5 million dollars in FY 05-06. This is due to a variety of factors: increased staffing requirements due to state regulations for staffing and facility design, increased costs for medical services, routine cost increases in salaries, benefits, and Workers' Compensation.

### The Mission County Formation Review Commission

Proponents for a new county in northern Santa Barbara County filed a valid petition for the formation of Mission County. The Governor appointed a five member Commission in May 2004 and they completed a comprehensive fiscal assessment and report for the community in April 2005 regarding the impacts of the proposed county formation on the region. In June 2006, county voters will be asked to decide whether Santa Barbara County will be split in two. The Commission's formal determination on the economic viability of the proposed county states "based on the nature and estimated amount of current revenues available, the proposed County, upon formation in 2006, would not be economically viable at current levels of service. Without an increase in taxes, significant reductions in current service deliveries would be necessary in those areas funded by general discretionary revenues (primarily Sheriff, Probation, District Attorney, Public Defender and Support Services) for the proposed county to achieve a balanced budget."

### **Long-term financial planning:**

The County's largest discretionary revenue source, secured property taxes, grew 8.6% in FY 04-05. This tax source is projected to grow 10.4% in FY 05-06 and is projected to grow at a reduced rate in future years of approximately 6%.

During FY 2004-05, the County reached agreements with the majority of the labor organizations representing County employees. These agreements included basic cost of living adjustments of 2% in FY 2005-06 and 3.5% in FY 2006-07.

The County is committed to building a strategic reserve fund of \$25 million or 30 days working capital by FY 2011-12. This reserve would be used to maintain services during a slow economy when the County's revenues have declined or during an emergency. As of June 30, 2005, the County has set aside \$16.7 million.

The County's Five-Year Capital Improvement Plan (CIP) details capital needs as well as funding sources and shortfalls. The CIP included \$55.4 million in projected spending on capital projects for FY 2005-06. Significant projects include \$14.4 million for transportation, \$5.5 million for water resources, \$4.2 million to acquire and implement a Welfare Client Data System, and \$4 million for resource recovery and waste management.

In June 2006, County voters will decide whether Santa Barbara County will be split into two counties. If the formation of a new County is approved, there will be unprecedented impacts on the existing County's budget as assets, liabilities, revenues and expenditures are divided between the proposed and remaining counties.

## Factors Affecting Financial Condition – Continued

### Relevant financial policies:

Using a set of Best Financial Management Practices for Governmental Issuers of Municipal Debt published by the Fitch Ratings we are benchmarking Santa Barbara County financial policies.

#### Fund Balance Reserve Policy

The County is committed to building a strategic reserve fund as discussed previously.

#### Multiyear Financial Forecasting

The County's Proposed Budget includes a five-year financial forecast focusing on discretionary revenues and their uses to aid in current year decision-making.

#### Monthly or Quarterly Financial Reporting and Monitoring

The County Budget Director chairs quarterly projection reviews of each department's monthly actual and projected revenues and expenditures. Also, the CEO holds quarterly meetings with each department that focuses on their operations and performance measures.

#### Contingency Planning Policy

The County does not have a formal contingency policy and maintains only a small operating contingency of less than 1% in the General Fund. It is in the process of building a strategic reserve that will equal approximately 10% of General Fund expenditures. The County also has other significant fund balances in its special revenue funds. The most noteworthy is the Flood Control fund balance used to hedge against storm related disasters.

#### Nonrecurring Revenue

The County's budget principles state that a department's base General Fund contribution will not include any one-time revenues or expenditures. Another principle states that any year-end undesignated General Fund balance should not be used to fund ongoing operations, but could be used to fund designations.

#### 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 fourteen consecutive years and the Certificate of Achievement in Popular Annual Reporting for eight consecutive years.

#### Debt Affordability

The County has established a Debt Advisory Committee (DAC) to provide advice to the Board on the issuance and management of the County's debt. In addition, all long-term leases for equipment or space are reviewed for lease vs. buy decisions. An independent debt affordability review was last performed in June 1999 before the County presented the voters with an initiative to build a jail funded by an increase in the sales tax.

#### Superior Debt Disclosure Practices

The County maintains a complex set of disclosures in the County's Proposed Budget document and the statistical section of the CAFR. In addition, we believe the timeliness of these documents is just as important. 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 30-45 days of the close of the fiscal year. The County's major financial documents are available on the web at [www.countyofsb.org](http://www.countyofsb.org).

#### Pay-as-you-go Capital Funding

The County policy on pay-as-you-go is not formalized. However, many of the County's funds only utilize pay-as-you-go financing. The DAC looks at repayment sources as one of the key criteria for approval of new debt issues.

#### Rapid Debt Repayment

The County's current outstanding debt schedule features a rapid debt repayment plan that will reduce debt by 70% over the next ten years.

#### Five-year Capital Improvement Plan

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

#### Budgeting Awards

The GFOA has presented the Distinguished Budget Presentation Award to the County for eight consecutive years.

## Other Information

**Certificate of Achievement:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2004. This was the fourteenth 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 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.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2004. 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.

Also, the County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2004. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

**Certificate of Distinction:** In October 2004, the International City/County Management Association (ICMA) presented Santa Barbara County with its Certificate of Distinction for exceeding the standards established by the ICMA Center for Performance Measurement in the application of performance data to local government management, including training, verification, public reporting, planning and decision-making, networking, and accountability.

**Acknowledgments:** The preparation of the Comprehensive Annual Financial Report 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 and our independent auditors, KPMG LLP, for their assistance in the report preparation. We would also like to thank all County departments and Internal Audit who participated in its preparation.



Michael F. Brown  
County Executive Officer



Robert W. Geis, CPA  
Auditor-Controller





**KPMG LLP**  
Suite 700  
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Costa Mesa, CA 92626

## **Independent Auditors' Report**

The Honorable Board of Supervisors  
County of Santa Barbara, California:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (County) as of and for the year ended June 30, 2005, which collectively comprise the County's financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Road, Public Health, Social Services, and Flood Control District Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34*, effective July 1, 2004.

Management's discussion and analysis on pages 11 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

KPMG LLP

August 10, 2005

# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The information in this section is not covered by the Independent Auditors' Report, but is presented as required supplementary information for the benefit of the readers of the comprehensive annual financial report.

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 fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which immediately follow this section. All dollar amounts are expressed in thousands.

## FINANCIAL HIGHLIGHTS

### Government-wide financial analysis:

The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$593,151 (*net assets*):

- \$406,785 represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*invested in capital assets, net of related debt*).
- \$114,194 (*restricted net assets*) is available for the County's ongoing obligations related to programs with external restrictions.
- \$72,172 (*unrestricted net assets*) is available to fund County programs to citizens and debt obligations to creditors.

The County's total net assets increased by \$35,443 during the current fiscal year:

- The \$26,850 increase in net assets invested in capital assets, net of related debt, represents capital purchases less depreciation plus the retirement of related long-term debt.
- The \$5,110 increase in restricted net assets is discussed in the government-wide financial analysis on page 14.
- The \$3,483 increase in unrestricted net assets is primarily related to increases in revenue over increases in expenses of approximately \$3,700 in the General Fund offset by reductions in other funds.

### Financial analysis of the County's funds:

Total ending fund balance, \$200,336, for the County's governmental funds at June 30, 2005 increased 8%, or \$14,420, from the prior year. Of this amount approximately 92%, or \$183,190, is *available for spending (unreserved fund balance)*. Approximately \$11,351 of the increase resulted from unspent proceeds of long-term debt issued to complete capital projects that are under construction and will be completed in future years.

Unreserved fund balance for the General Fund at year-end was \$42,102, or 16%, of total General Fund expenditures for the year.

### Capital assets and debt administration:

The County's investment in capital assets increased by \$24,487, or 5%, to \$473,974. During the current fiscal year, the County completed the District Attorney Building at a cost of \$6,419, the Santa Maria Juvenile Court Building at a cost of \$3,177, the Santa Maria Juvenile Hall at a cost of \$13,572, the Foster Road Animal Shelter at a cost of \$4,470, the Naomi Schwartz Building at a cost of \$3,179, and a variety of other projects. The County recorded depreciation against its assets of \$15,307. The County's total long-term debt increased by \$12,417, or 16%, to \$89,889.

## OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the County's financial statements. The County's financial statements include three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

**Government-wide financial statements.** The *government-wide 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 assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets are a useful indicator of an improving or deteriorating County financial position. The *statement of activities* presents the most recent fiscal year changes for the County's net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. The statement reports items resulting in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave) as revenues and expenses in this statement.

The government-wide 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 of the County include policy and executive, law and justice, 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 solid waste, sanitation services, and transit operations.

Component units in the financial statements are legally separate entities financially accountable by the County and are under substantially the same governing board as the County or provide services entirely to the County. They include the Children and Families First Commission, County Service Areas, Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Sandyland Seawall Maintenance District, Redevelopment Agency of the County of Santa Barbara, the Santa Barbara County Finance Corporation, and the Water Agency.

Pages 24-25 of this report display the government-wide financial statements.

**Fund financial statements.** A *fund* groups 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.

County funds are divided into three categories:

- Governmental funds
- Proprietary funds
- Fiduciary funds

**Governmental funds.** *Governmental funds* account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide 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. Such information is useful in evaluating the County's near-term financing requirements.

Governmental funds focus is narrower than that of the government-wide financial statements. To understand the long-term impact of the County's near-term financing decisions, compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. The reconciliations of the governmental funds balance sheet and the governmental funds

statement of revenues, expenditures, and changes in fund balances to the government-wide financial statements facilitate the comparison between *governmental funds and governmental activities*.

The County maintains 59 individual governmental funds combined into 29 for financial reporting purposes. The County segregates from the General Fund a number of significant functions in 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, Road, Public Health, Social Services, Flood Control District and Capital Projects funds, all considered major funds. Data for the other 23 governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for all of its operating funds. The budgetary comparison statement provided for the General Fund and major special revenue funds demonstrate performance against this budget.

Pages 26-32 of this report display the governmental funds financial statements.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for solid waste operations, sanitation services, and transit operations. *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, and communications functions. Since these services predominantly benefit governmental rather than business-type functions, they are consolidated within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Solid Waste Fund and Laguna Sanitation Fund, considered major funds of the County. Data for the four internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Pages 33-35 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 government-wide 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 funds. Fiduciary funds report the external portions of the Treasurer's Investment Pool and agency funds.

Pages 36-37 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 government-wide and fund financial statements.

Pages 41-76 of this report display the notes to the financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets over time is a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$593,151 at the close of the current fiscal year.

The components of total net assets are as follows:

Investment in capital assets (e.g. land, buildings, roads, bridges, flood control channels and debris basins, machinery, and equipment), less any related outstanding debt used to acquire those assets, of \$406,785, is the largest portion of the County's net assets. 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.

Restricted net assets, \$114,194, represent resources subject to external restrictions on their use. Restricted net assets is primarily comprised of: 1) Property taxes dedicated to specific services such as flood control and fire protection (45%), 2) State imposed restrictions (39%), 3) Debt service (6%), 4) Federal and state allocations for roads (6%), and 5) Cable television public access funds (3%). Restricted net assets increased by \$5,110 from the prior year. The following table describes the primary reasons for the increase:

<b>Changes in restricted net assets</b>	<b>Increase (Decrease)</b>
Increase in the Alcohol Drug and Mental Health Services Fund as revenues exceeded expenditures	\$ 2,858
Increase of Fire District assets related to property tax restrictions as revenues exceeded expenditures	1,707
Increase due to reclassification of Coastal Resource Enhancement net assets from unrestricted	1,527
Increase in restricted Children's and Families First programs as tobacco tax revenues exceeded expenditures	886
Increase in restricted assets for debt service related to COPs as reserves increased for new issuance	751
Increases in restricted assets related to Affordable Housing funds as revenues exceeded expenditures	586
Increase in restricted assets of the Water Agency as revenues exceeded expenditures	571
Increase due to the reclassification of Fishermen Assistance net assets from unrestricted	389
Increase in restricted assets of the Redevelopment Agency as revenues exceeded expenditures	353
Increase in restricted assets of the Criminal Justice Construction as revenues exceeded expenditures	255
Reduction in restricted assets of Clerk-Recorder-Assessor due to capital expenditures	(253)
Reduction of Road Fund restricted assets as expenditures exceeded revenues due to storm damage	(433)
Reduction of state restricted assets in the Public Health Fund due primarily to capital expenditures	(806)
Reduction of Flood Control restricted net assets due to capital expenditures	(4,565)
Other increases, net	1,284
<b>Total</b>	<b>\$ 5,110</b>

Unrestricted net assets in the amount of \$72,172 are available to fund County programs to citizens and debt obligations to creditors. Unrestricted net assets increased \$3,483 compared to the prior year.

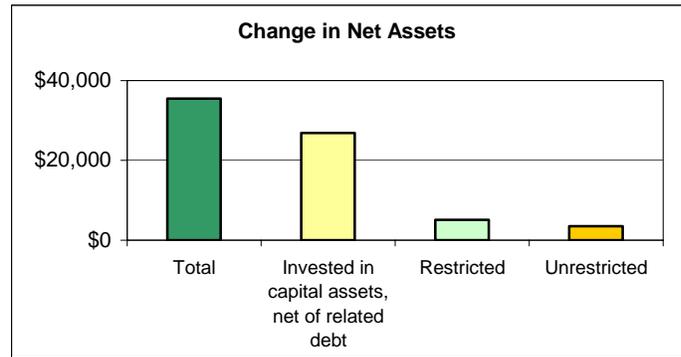
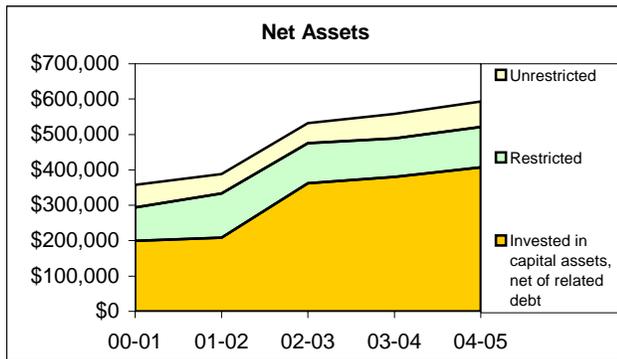
**The County's Net Assets (in thousands)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>				<b>Dollar</b>	<b>Percent</b>
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>Change</b>	<b>Change</b>
Current and other assets	\$ 341,104	\$ 371,884	\$ 31,440	\$ 34,713	\$ 372,544	\$ 406,597	\$ 34,053	9%
Capital assets	396,890	417,757	52,597	56,217	449,487	473,974	24,487	5%
<b>Total assets</b>	<b>737,994</b>	<b>789,641</b>	<b>84,037</b>	<b>90,930</b>	<b>822,031</b>	<b>880,571</b>	<b>58,540</b>	<b>7%</b>
Current and other liabilities	102,906	114,030	1,859	2,787	104,765	116,817	12,052	12%
Long-term liabilities	120,668	131,387	38,890	39,216	159,558	170,603	11,045	7%
<b>Total liabilities</b>	<b>223,574</b>	<b>245,417</b>	<b>40,749</b>	<b>42,003</b>	<b>264,323</b>	<b>287,420</b>	<b>23,097</b>	<b>9%</b>
<b>Net assets:</b>								
Invested in capital assets, net of related debt	343,596	366,246	36,339	40,539	379,935	406,785	26,850	7%
Restricted	108,151	113,151	933	1,043	109,084	114,194	5,110	5%
Unrestricted	62,673	64,827	6,016	7,345	68,689	72,172	3,483	5%
<b>Total net assets</b>	<b>\$ 514,420</b>	<b>\$ 544,224</b>	<b>\$ 43,288</b>	<b>\$ 48,927</b>	<b>\$ 557,708</b>	<b>\$ 593,151</b>	<b>\$ 35,443</b>	<b>6%</b>

At the end of the current fiscal year, the County reported a 7% increase in net assets invested in capital assets, net of related debt. As discussed above, the County's restricted net assets increased by 5% while unrestricted net assets also increased by 5%. In the prior fiscal year, the County reported increases in only two of three categories of net assets.

The County's total net assets increased by \$35,443 during the current fiscal year. The increase in net assets that are invested in capital assets, net of related debt, of \$26,850 represents capital acquisitions less current year

depreciation plus the retirement of related long-term debt. The increase in restricted net assets, \$5,110, is illustrated above. The increase in unrestricted net assets, \$3,483, is primarily related to General Fund revenues exceeding expenses in the amount of approximately \$3,700 offset by reductions in other funds.



The County's Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2004	2005	2004	2005	2004	2005	Dollar Change	Percent Change
<b>Revenues</b>								
Program revenues:								
Charges for services	\$ 143,442	\$ 154,879	\$ 22,567	\$ 26,030	\$ 166,009	\$ 180,909	\$ 14,900	9%
Operating grants and contributions	238,621	255,317	1,308	1,232	239,929	256,549	16,620	7%
Capital grants and contributions	1,144	1,256	--	--	1,144	1,256	112	10%
General revenues:								
Property taxes	119,973	157,094	--	--	119,973	157,094	37,121	31%
Motor vehicle in-lieu tax	29,923	3,818	--	--	29,923	3,818	(26,105)	(87%)
Sales taxes	16,359	14,935	25	58	16,384	14,993	(1,391)	(8%)
Transient occupancy tax	5,448	4,815	--	--	5,448	4,815	(633)	(12%)
Unrestricted investment earnings	1,087	3,373	270	828	1,357	4,201	2,844	210%
Gain on sale of capital assets	--	--	13	9	13	9	(4)	(31%)
Other	4,769	2,565	--	--	4,769	2,565	(2,204)	(46%)
<b>Total revenues</b>	<b>560,766</b>	<b>598,052</b>	<b>24,183</b>	<b>28,157</b>	<b>584,949</b>	<b>626,209</b>	<b>41,260</b>	<b>7%</b>
<b>Expenses</b>								
Policy & executive	6,242	5,204	--	--	6,242	5,204	(1,038)	(17%)
Law & justice	38,088	39,158	--	--	38,088	39,158	1,070	3%
Public safety	149,819	158,460	--	--	149,819	158,460	8,641	6%
Health & public assistance	230,432	237,144	--	--	230,432	237,144	6,712	3%
Community resources & public facilities	72,015	88,165	--	--	72,015	88,165	16,150	22%
General government & support services	26,942	25,224	--	--	26,942	25,224	(1,718)	(6%)
General County programs	9,815	9,673	--	--	9,815	9,673	(142)	(1%)
Interest on long-term debt	4,172	4,151	--	--	4,172	4,151	(21)	(1%)
Solid waste	--	--	17,394	17,790	17,394	17,790	396	2%
Laguna sanitation	--	--	3,495	4,495	3,495	4,495	1,000	29%
Transit	--	--	16	59	16	59	43	269%
Loss on sale of capital assets	105	1,243	--	--	105	1,243	1,138	1084%
<b>Total expenses</b>	<b>537,630</b>	<b>568,422</b>	<b>20,905</b>	<b>22,344</b>	<b>558,535</b>	<b>590,766</b>	<b>32,231</b>	<b>6%</b>
Excess of revenues over expenses	23,136	29,630	3,278	5,813	26,414	35,443	9,029	34%
Transfers	(34)	174	34	(174)	--	--	--	--
<b>Increase in net assets</b>	<b>23,102</b>	<b>29,804</b>	<b>3,312</b>	<b>5,639</b>	<b>26,414</b>	<b>35,443</b>	<b>9,029</b>	<b>34%</b>
<b>Net Assets - Beginning</b>	<b>491,318</b>	<b>514,420</b>	<b>39,976</b>	<b>43,288</b>	<b>531,294</b>	<b>557,708</b>	<b>26,414</b>	<b>5%</b>
<b>Net Assets - Ending</b>	<b>\$ 514,420</b>	<b>\$ 544,224</b>	<b>\$ 43,288</b>	<b>\$ 48,927</b>	<b>\$ 557,708</b>	<b>\$ 593,151</b>	<b>\$ 35,443</b>	<b>6%</b>

**Governmental activities.** Governmental activities increased the County's net assets by \$29,804 for the year ended June 30, 2005, accounting for 84% of the total increase in net assets. Governmental activities operating revenues exceeded operating expenses by \$29,630. Transfers provided a total increase in net assets of \$174. (See County's Changes in Net Assets table on page 15).

**Revenues.** Total revenues for the County's governmental activities increased 7% from the prior year.

As an arm of the state government, operating grants and contributions serve multiple programs representing 43% of the County's funding for governmental activities and are tied to mandated services such as public assistance, health, and mental health. These revenue sources increased by \$16,696, or 7%, from the prior year as the cost of providing these services grew. Additionally, charges for services increased by \$11,437, and capital grants and contributions increased by \$112.

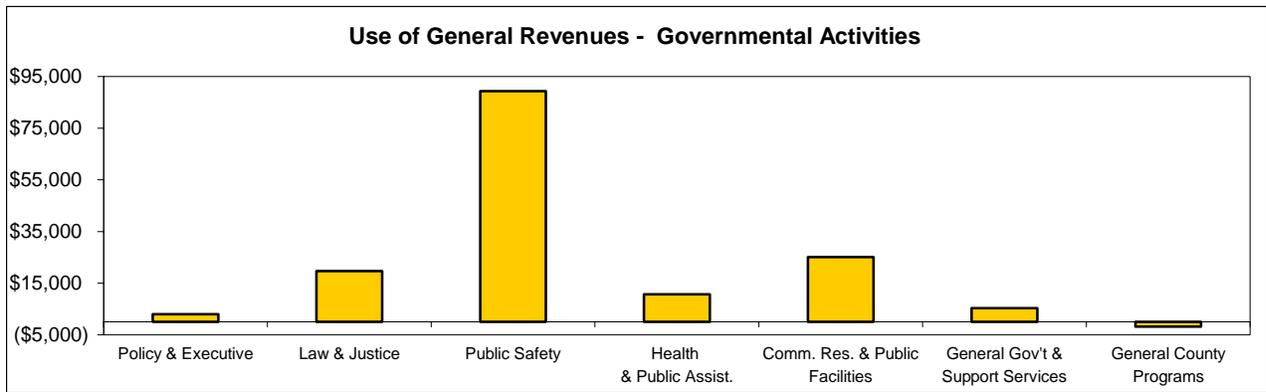
General taxes generated locally provide the Board of Supervisors (Board) with most of its discretionary spending ability. Since the formation of County government in the 1850s, basic public safety services such as sheriff, fire, and district attorney consume most of these resources.

The \$9,041 increase in general revenues is primarily due to the following:

- Property taxes increased 31% to \$157,094. This increase was due to both significant growth in assessed property values and by a complex set of State transactions known as the "swap, shift and flip". These State transactions resulted in three major changes in the County's revenue structure as follows:
  1. In FY 03-04, the State cut the motor vehicle in-lieu (MVIL) car tax for the benefit of State taxpayers. This tax had previously been distributed to the County and other local agencies. To compensate for the lost MVIL revenue, the State "swapped" property tax revenue (\$28,014 in the current fiscal year) previously distributed in the County for education funding by shifting such revenue from education to the County. Since education received less revenue from county property taxes, the State used State General Fund revenues to make up the shortfall.
  2. In order to provide budgetary relief for the State, the State General Fund required a two-year "shift" of County property taxes (\$4,605 in the current fiscal year) to education.
  3. The final change to County revenues resulted from voter approval in March 2004 of the California Economic Recovery Bond Act (Proposition 57). In order for the State to issue and repay long-term deficit recovery bonds, the State Legislature (effective July 1<sup>st</sup>, 2004) reduced the County's portion of the statewide sales tax rate by 0.25% and dedicated it to pay off the bonds over approximately the next fifteen years. To make up for the County's loss of sales tax revenue, the State offset (i.e. "flipped") the amount with a like amount of property tax revenue (\$2,133 in the current year).

The net effect of these transactions discussed above was an additional 20% increase in the allocation of property taxes to the County. Apart from the State transactions discussed above, the County's secured and unsecured property tax revenue increased 10%.

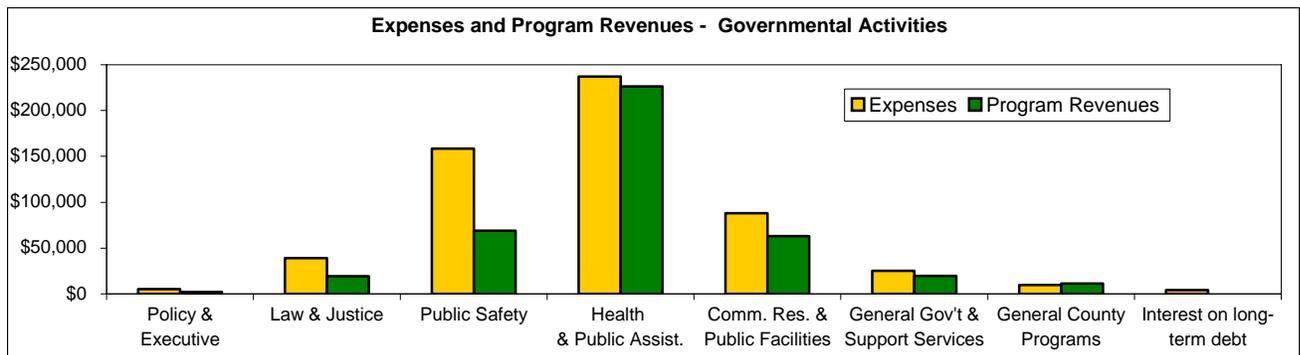
- MVIL taxes decreased \$26,105 or 87% due to the State's cut in car taxes discussed above.
- Sales taxes decreased by \$1,424, or 9%, to \$14,935. The decrease was caused by the State's exchange of sales tax revenue for property tax revenue as discussed above. The total sales tax revenue includes the 1% sales tax allocation to the General Fund and the ½% Measure D tax distribution to the road fund.
- Unrestricted investment earnings increased by \$2,286, or 210%, to \$3,373 as the annual pool investment earnings rate increased to 2.42% from the prior year rate of 2.28%.



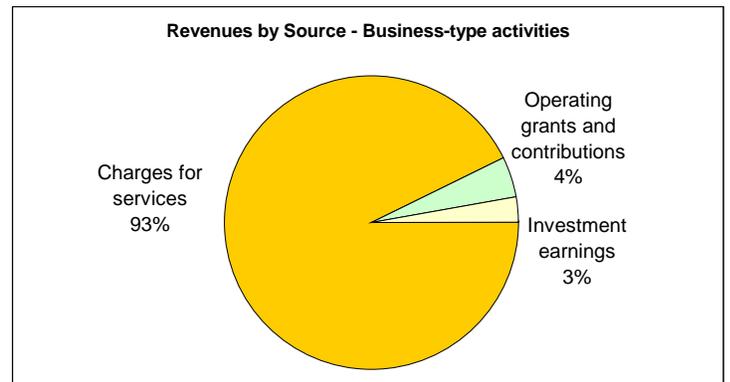
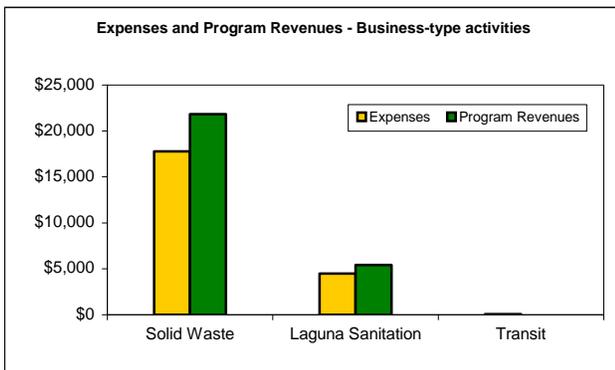
**Expenses.** Total expenses for governmental activities were \$568,422, an increase of 6%, or \$30,792, from the prior year. As a service delivery entity, the County's major cost component is salaries and benefits, amounting to approximately 50% of the total County expenditures. The County negotiated zero percent cost of living adjustments (COLAs) with most of its labor groups which minimized salary growth. The average full time equivalent (FTE) employee count for the County (including business-type activities) also decreased from 4,209 in the prior year to 4,160 at June 30, 2005.

The total increase in program expenses is attributed generally to the following factors:

- Total salaries and benefits expense increased across all functions by \$7,245 or 2% from the prior year, primarily from an increase in regular salaries by \$3,771 and an increase in the County's contribution to employees' retirement by \$3,734.
- A significant portion of the increase in salaries and benefits expense is attributable to the 6% increase in the Public Safety function, while salaries and benefits only account for a 1-2% increase in the other functions.
- Health and public assistance expenses increased by \$6,712, or 3%, primarily due to the following: physician and patient service costs increased \$1,406; Alcohol, Drug and Mental Health patient services costs increased \$3,643; Child Support Services expenses decreased \$1,102 because of one-time costs in the prior year due to penalty payments to the State and excessive incentive funds; and Social Services cash assistance payments to recipients increased \$2,694.
- Community resources and public facilities expenses increased by \$16,150, or 22%. Road fund project expenses increased by \$11,528 in response to winter storm damage; Affordable Housing increased expenses on a variety of projects by \$2,688; Planning & Development increased \$1,152 by allocating Coastal Resource Enhancement Fund grants. Salaries and benefits decreased by \$560 or 1% as the Road fund significantly decreased their full-time equivalent employees.



**Business-type activities.** The net assets of business-type activities increased by 13%, or \$5,639, indicating that these activities generated revenues sufficient to cover the costs of operations. Revenues increased 16% to \$28,157 and expenses increased 7% to \$22,344 due to overall increases in operational expenses and first year depreciation expense of \$400 for the new plant at Laguna Sanitation placed into service in the current year.



### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported total fund balances of \$200,336, a 8%, or \$14,420, increase in comparison with the prior year. The components of total fund balance are as follows:

- *Reserved* fund balance, \$17,146, is reserved for: 1) debt service, \$7,701, 2) long term receivables that do not represent available spendable resources, \$4,889, 3) property tax losses, \$4,515, and 4) various other restricted purposes, \$41.
- *Unreserved fund balance* constitutes approximately 92%, or \$183,190, of the total fund balances that are available to meet the County's current and future needs. The County's management designates (i.e. earmarks) a portion of unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. The County has designated \$111,322 of the unreserved fund balance and the undesignated fund balance is \$71,868.

Changes in total fund balance for the General Fund and the remaining major governmental funds are as follows:

The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 8%, or \$3,736, to \$51,298 as of June 30, 2005. The General Fund's unreserved fund balance was \$42,102 an increase of \$3,790 from the prior year amount of \$38,312.

As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and unreserved fund balance to total fund expenditures. Total fund balance equates to 20% of total General Fund expenditures while unreserved fund balance equates to 16% of total General Fund expenditures.

Of the General Fund unreserved fund balance, 80% is designated. The most significant designations are a \$16,693 strategic "reserve", earmarked for severe economic downturns and emergencies, a Recorder automation designation of \$2,544, and a \$1,582 litigation "reserve", which is earmarked for settlements of adverse litigation

without other coverage. General Fund unreserved, undesignated fund balance at year-end was \$8,564, a 14% or \$1,389 decrease from the prior year.

The fund balances of the remaining Governmental Funds increased 8%, or \$10,684, to \$149,038 with the following significant changes:

- The fund balance of the Capital Projects Fund increased \$11,839 primarily as a result of unspent proceeds of \$11,351 from long-term debt issued to complete capital projects that are under construction.
- The fund balance of the Flood Control District Fund decreased \$5,059 as a result of increased expenditures related to capital expenditures.
- The fund balance of the Public Health Fund decreased \$1,981 as expenditures and other uses exceeded revenues and other sources and a draw on designations primarily to complete the Santa Maria Animal Shelter.
- All other major and non-major governmental funds increased by \$5,885.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total enterprise fund net assets, comprised primarily of the Solid Waste Fund and Laguna Sanitation Fund, increased by \$5,433 or 12% from the prior year. Solid Waste Fund net assets increased by \$4,671 and Laguna Sanitation Fund net assets increased by \$754. Solid Waste revenues increased by \$1,791 or 9%, primarily due to increases in both fees charged and the sale of scrap and recyclables. Laguna Sanitation revenues increased by \$1,672 or 50%, due primarily to a 52% increase in residential sewer service rates.

Total net assets of the internal service funds increased by \$7,929. The Risk Management and Insurance Fund's retained deficit decreased by \$6,425 due to the factors discussed in the next paragraph. Increases in net assets of \$622 in Information Technology Services Fund, \$600 in Vehicle Operations and Maintenance Fund, and \$282 in the Communications Fund resulted from normal operations.

The Risk Management and Insurance Fund incurred a net loss in seven of the eight years prior to June 30, 2003 and had a retained deficit of \$12,556 as of June 30, 2004. The deficit was primarily due to continued adverse case development in the workers' compensation program coupled with significantly increased costs related to medical care, lost time disability payments to injured workers and increased premiums for excess insurance coverage. The positive change in net assets this year of \$6,425 reduced the deficit to \$6,131 as of June 30, 2005. The decrease is primarily due to lower claims outstanding, the impact of recent legislation (Assembly Bill 227 and Senate Bill 228 passed on January 1, 2004 and April 16, 2004, respectively), and regular rate increases. The County has developed a ten-year plan (currently in the third year) to eliminate the deficit through future premium rate increases and cost containment efforts.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's final budget appropriations differ from the original budget by 2%. Supplemental appropriations of \$4,769 were approved during the fiscal year. The Sheriff's Department had approximately 58% of additional appropriations related to salary cost increases due to overtime, motor pool costs, and special department expenses funded by categorical grant funds and Sheriff Council donations. Most departments contribute to the remaining appropriation increase as follows: department upgrades on various computer software and equipment with releases of designations, various appropriation adjustments for professional service contracts, and the purchase of equipment with grant funds.

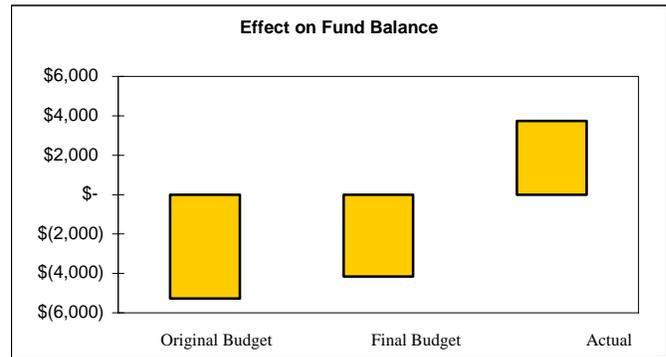
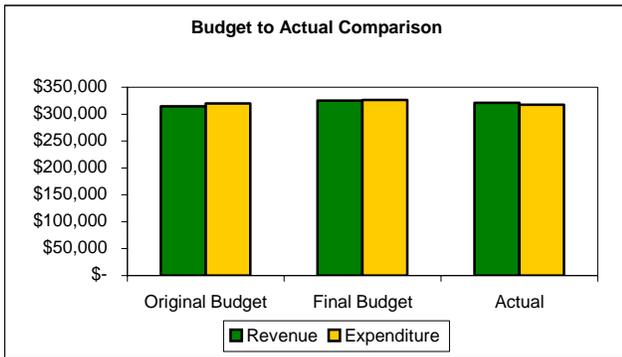
During the year, General Fund revenues fell short of total budget estimates by \$83. Tax revenue exceeded the budget estimate by \$2,418 primarily in supplemental property taxes by \$1,792 and property transfer tax by \$1,160. Permit revenues in the planning and development process account for the majority of the \$1,109 negative variance in licenses, permits and franchise revenues. Fine, forfeiture and franchise revenues ended the

year with a negative \$203 variance. Interest earnings were more than the budget estimate by \$1,109 due to rising interest rates during the year. Intergovernmental revenues came in at \$1,044 less than budget primarily because the County did not receive reimbursement for election equipment that was not procured during the current fiscal year. Charges for services and other revenues were also less than budget estimates by \$1,254.

The difference between the final budget and actual expenditures resulted in \$8,652 of unspent appropriations. Salary and benefit cost savings of approximately \$4,020 resulted from unfilled positions across all functions and \$3,548 resulted from unspent appropriations for services and supplies across all functions. Capital outlay accounts had \$1,084 in unspent appropriations.

By year-end, greater than anticipated revenues and appropriation savings reduced the need to draw upon fund balance. The equity position of the General Fund increased by \$3,736 as opposed to the budget plan to draw on fund equity by \$4,163.

The General Fund budget to actual statement can be found on page 28 of this report.



### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The County's investment in capital assets during the fiscal year increased by \$24,487, or 5%, to \$473,974 (net of accumulated depreciation). This investment in a broad range of capital assets includes land, infrastructure, structures and improvements, equipment, and construction in progress.

	Governmental Activities		Business-type Activities		Total		Total	
	2004	2005	2004	2005	2004	2005	Dollar Change	Percent Change
Land	\$ 85,117	\$ 85,659	\$ 11,893	\$ 12,244	\$ 97,010	\$ 97,903	\$ 893	1%
Structures and improvements	101,183	127,975	8,005	9,303	109,188	137,278	28,090	26%
Equipment	34,535	33,206	8,516	8,763	43,051	41,969	(1,082)	(3%)
Infrastructure	131,047	138,505	22,633	22,063	153,680	160,568	6,888	4%
Construction in progress (CIP)	45,008	32,412	1,550	3,844	46,558	36,256	(10,302)	(22%)
<b>Total</b>	<b>\$ 396,890</b>	<b>\$ 417,757</b>	<b>\$ 52,597</b>	<b>\$ 56,217</b>	<b>\$ 449,487</b>	<b>\$ 473,974</b>	<b>\$ 24,487</b>	<b>5%</b>

The County both purchases outright and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related expenditures are recorded as Construction in Progress (CIP). In the year of completion, a project's CIP is allocated to land, building, equipment or infrastructure.

The County's significant capital assets activity in the current fiscal year is as follows:

CIP at the start of the year was \$46,558, the County spent \$36,279 on new construction during the year, completed and capitalized projects costing \$46,581 and ended the year with a CIP balance of \$36,256. Major projects completed are:

- Public Safety projects - Santa Maria Juvenile Hall (\$13,572), Santa Barbara District Attorney's building (\$6,419), and Santa Maria Juvenile Court (\$3,177).
- Public Health project - Santa Maria Animal Shelter (\$4,470).
- Community Ways and Facilities infrastructure projects - Flood Control work on two major concrete channels (\$4,406) and a debris basin (\$2,120), road infrastructure improvements and bridge retrofits (1,920) and rehabilitation of the Santa Ynez Valley Airport (\$1,053).
- General Government project – County Elections Building (\$3,179).
- The Laguna Sanitation Fund completed a Microturbine Power Cogeneration project for \$1,009.
- During the year, the County capitalized \$6,670 in equipment purchases.

More detailed capital assets information, including depreciation and outstanding CIP by project as of June 30, 2005, can be found in Note 7 to the financial statements on pages 56-59.

**Long-term debt.** At June 30, 2005, the County had total long-term debt outstanding of \$89,889. This amount was comprised of \$78,055 of certificates of participation that are secured by the County's lease rental payments with a covenant to budget and appropriate lease payments, \$695 of long-term settlement obligations, \$1,402 of capital lease obligations, \$8,620 of a state sponsored loan for the Laguna Wastewater Treatment Plant, and \$1,117 of loans which are secured solely by governmental revenue sources.

**The County's Outstanding Debt (in thousands)**

	Governmental		Business-type		Total		Total	
	Activities		Activities				Dollar Change	Percent Change
	2004	2005	2004	2005	2004	2005		
Certificates of participation	\$ 58,773	\$ 71,169	\$ 7,037	\$ 6,886	\$ 65,810	\$ 78,055	\$ 12,245	19%
Long-term settlement obligations	750	475	275	220	1,025	695	(330)	(32%)
Capital lease obligations	1,361	1,272	210	130	1,571	1,402	(169)	(11%)
Laguna wastewater treatment plant note payable	--	--	8,999	8,620	8,999	8,620	(379)	(4%)
Other loans	67	1,117	--	--	67	1,117	1,050	1567%
<b>Total</b>	<b>\$ 60,951</b>	<b>\$ 74,033</b>	<b>\$ 16,521</b>	<b>\$ 15,856</b>	<b>\$ 77,472</b>	<b>\$ 89,889</b>	<b>\$ 12,417</b>	<b>16%</b>

The County's total long-term debt increased by \$12,417, or 16%, during the fiscal year. The increases are a result of new COP financing of \$18,785, a capital lease for road equipment of \$253, and an Affordable Housing Program revolving loan of \$1,100. Decreases were due to \$6,540 in certificates of participation (COPs) payments, a reduction of \$330 in long-term settlement obligations, \$423 in capital lease payments, \$379 in payments on the Laguna Wastewater Plant note payable and a reduction of \$50 in other loan payments.

**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 its long-term certificates of participation.**

Standard & Poor's, in the June 2005 rating on the County's Tax and Revenue Anticipation Notes states:

- "The 'SP-1+' rating on Santa Barbara County, Calif.'s TRANS reflects the County's favorable general credit characteristics, ...
- ...the County's cash balances provide strong projected coverage for the notes"

Standard & Poor's in their April 2005 credit profile, stated, "the County's general credit characteristics include:

- Continued strong growth in the County's diverse tax base;
- Above-average and increasing income indicators and relatively low unemployment;
- Continued good financial performance; and
- Very low debt levels without significant debt needs"

Additional information on the County's long-term debt can be found in Note 10 of the financial statements on pages 62-66.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The following known factors were considered in preparing the County's budget for fiscal year 2005-2006:

- The budget for fiscal year 05-06 contains a 4% growth in general revenues over FY 05-06.
- For the FY 05-06 budget year, the State returned borrowed vehicle license fee funds to the County and then cut grants for property tax collection programs and has not funded the November special election called by the Governor.
- The unemployment rate as of June 2005 for the County decreased to 4.0% comparing favorably to the State of California rate of 5.4% and the U.S. rate of 5.2%.
- Assessed property values grew 10.4% for the FY 05-06 which will increase property tax revenue by an equivalent amount and the FY 05-06 budget assumes the 10.4% increase in secured and unsecured property taxes.
- The budget includes increases in salaries and benefits of 8% when compared to prior year actual. This includes increases for retirement rates and workers' compensation rates. The affect of negotiated salary agreements from prior years is also included and funds have been appropriated for contemplated new agreements or cost of living adjustments at 2%.
- The State implemented budget cuts that will affect the County's General Fund discretionary property tax revenues by approximately \$4,000 in FY 05-06, in addition to a FY 04-05 \$4,000 budget cut.
- In October 2003 the State suspended funding for its share of motor vehicle license fee payments to the County. The nonpayment of \$8.4 million was characterized as the "VLF gap loan" to be repaid in August 2006. The State as part of their FY 05-06 budget decided to repay this loan early and the County received the money in July 2005. This loan repayment was not included in the FY 05-06 adopted County budget.

As of June 30, 2005, unreserved General Fund balance was \$42,102. Of this amount, \$33,538 is designated but available for appropriation. The County appropriated to the General Fund \$8,564 of unreserved, undesignated fund balance for FY 2005-06 expenditures (\$3,278) and increases to designations (\$5,286) as outlined in the final budget resolution for the adopted FY 2005-06 budget. The County's performance-based proposed fiscal year 2005-06 budget and the County's Five Year Capital Improvement Program can be found on the internet at [www.countyofsb.org/cao/default.htm](http://www.countyofsb.org/cao/default.htm).

## **REQUESTS FOR INFORMATION**

The 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 be found at [www.countyofsb.org/auditor/publications.asp](http://www.countyofsb.org/auditor/publications.asp).

# **FINANCIAL STATEMENTS**

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET ASSETS

AS OF June 30, 2005 (in thousands)

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments (Note 4)	\$ 206,742	\$ 17,986	\$ 224,728
Accounts receivable, net:			
Taxes	16,078	--	16,078
Licenses, permits, and franchises	629	212	841
Fines, forfeitures, and penalties	428	--	428
Use of money and property	2,123	262	2,385
Intergovernmental	35,926	3	35,929
Charges for services	17,452	1,086	18,538
Other	434	396	830
Impounds receivable (Note 16)	945	--	945
Internal balances	2,678	(2,678)	--
Inventories	261	157	418
Prepaid items	223	192	415
Other receivables	12,219	--	12,219
Deferred charges	988	97	1,085
Restricted cash and investments (Notes 4 & 5)	74,758	17,000	91,758
Capital assets (Note 7):			
Land and improvements	85,659	12,244	97,903
Structures and improvements	187,261	15,341	202,602
Equipment	75,698	19,361	95,059
Infrastructure	201,086	25,007	226,093
Construction in progress	32,412	3,844	36,256
Total capital assets, gross	582,116	75,797	657,913
Less accumulated depreciation	(164,359)	(19,580)	(183,939)
Total capital assets, net of accumulated depreciation	417,757	56,217	473,974
Total assets	789,641	90,930	880,571
<b>LIABILITIES</b>			
Accounts payable	21,971	2,425	24,396
Salaries and benefits payable	10,788	242	11,030
Interest payable	2,329	5	2,334
Other payables	301	--	301
Deferred revenue (Note 6)	17,735	--	17,735
Customer deposits payable	5,906	115	6,021
Notes payable (Note 8)	55,000	--	55,000
Long-term liabilities (Note 10):			
Portion due or payable in one year:			
Capital lease obligations (Note 9)	226	83	309
Certificates of participation payable	5,994	1,231	7,225
Other long-term obligations (Note 10)	362	--	362
Notes payable (Note 8)	--	389	389
Compensated absences	1,133	8	1,141
Liability for self-insurance claims (Note 17)	8,916	--	8,916
Portion due or payable after one year:			
Capital lease obligations (Note 9)	1,046	47	1,093
Certificates of participation payable, net (Note 10)	66,313	5,697	72,010
Other long-term obligations (Note 10)	1,230	--	1,230
Notes payable (Note 8)	--	8,231	8,231
Compensated absences	23,363	498	23,861
Liability for self-insurance claims (Note 17)	20,947	--	20,947
Landfill litigation settlement (Note 16)	--	220	220
Estimated litigation liability (Note 16)	1,855	--	1,855
Accrued landfill closure costs (Note 11)	--	22,812	22,812
Rebatable arbitrage earnings	2	--	2
Total liabilities	245,417	42,003	287,420
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt (Notes 7 & 10)	366,246	40,539	406,785
Restricted for: (Note 14)			
Public safety	10,017	--	10,017
Health and public assistance	18,188	--	18,188
Community resources and public facilities	51,453	--	51,453
General government and support services	10,854	--	10,854
General County programs	14,009	--	14,009
Debt service	8,630	1,043	9,673
Unrestricted	64,827	7,345	72,172
Total net assets	\$ 544,224	\$ 48,927	\$ 593,151

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
					Grants and Contributions	Grants and Contributions			
Governmental activities:									
Policy & executive	\$ 10,285	\$ (5,081)	\$ 5,204	\$ 2,188	\$ 34	\$ --	\$ (2,982)	\$ --	\$ (2,982)
Law & justice	37,660	1,498	39,158	10,984	8,394	--	(19,780)	--	(19,780)
Public safety	149,455	9,005	158,460	30,619	38,487	--	(89,354)	--	(89,354)
Health & public assistance	230,257	6,887	237,144	67,917	158,474	--	(10,753)	--	(10,753)
Community resources & public facilities	84,216	3,949	88,165	23,437	38,526	1,060	(25,142)	--	(25,142)
General government & support services	41,996	(16,772)	25,224	15,598	4,080	196	(5,350)	--	(5,350)
General County programs	9,420	253	9,673	4,136	7,322	--	1,785	--	1,785
Interest on long-term debt	4,151	--	4,151	--	--	--	(4,151)	--	(4,151)
Total governmental activities	<u>567,440</u>	<u>(261)</u>	<u>567,179</u>	<u>154,879</u>	<u>255,317</u>	<u>1,256</u>	<u>(155,727)</u>	<u>--</u>	<u>(155,727)</u>
Business-type activities:									
Solid waste	17,607	183	17,790	20,971	842	--	--	4,023	4,023
Laguna sanitation	4,417	78	4,495	5,050	389	--	--	944	944
Transit	59	--	59	9	1	--	--	(49)	(49)
Total business-type activities	<u>22,083</u>	<u>261</u>	<u>22,344</u>	<u>26,030</u>	<u>1,232</u>	<u>--</u>	<u>--</u>	<u>4,918</u>	<u>4,918</u>
Total primary government	<u>\$ 589,523</u>	<u>\$ --</u>	<u>\$ 589,523</u>	<u>\$ 180,909</u>	<u>\$ 256,549</u>	<u>\$ 1,256</u>	<u>(155,727)</u>	<u>4,918</u>	<u>(150,809)</u>
General Revenues:									
Taxes:									
Property							124,786	--	124,786
Sales							6,959	58	7,017
Transient occupancy							4,815	--	4,815
Payments in lieu of taxes:									
Motor vehicle in lieu							3,818	--	3,818
Other payments in lieu							45	--	45
Franchise fees							2,473	--	2,473
Other general revenues							47	--	47
Restricted for community resources and public facilities:									
Sales tax, allocated to roads							7,976	--	7,976
Property tax, levied for flood control districts							5,874	--	5,874
Property tax, levied for County service areas							864	--	864
Property tax, levied for water agency							1,530	--	1,530
Property tax, levied for lighting districts							291	--	291
Property tax, levied for special districts-community facilities district							29	--	29
Tax increment, allocated to redevelopment agency							2,037	--	2,037
Restricted for public safety:									
Property tax, levied for fire district							21,683	--	21,683
Unrestricted investment earnings							3,373	828	4,201
Gain on sale of capital assets							--	9	9
General expenses - loss on disposal of capital assets							(1,243)	--	(1,243)
Transfers							174	(174)	--
Total general revenues, general expenses, and transfers							<u>185,531</u>	<u>721</u>	<u>186,252</u>
Change in net assets							29,804	5,639	35,443
Net assets - beginning							514,420	43,288	557,708
Net assets - ending							<u>\$ 544,224</u>	<u>\$ 48,927</u>	<u>\$ 593,151</u>

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

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF June 30, 2005 (in thousands)**

	<u>General</u>	<u>Road</u>	<u>Public Health</u>	<u>Social Services</u>	<u>Flood Control District</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and investments (Note 4)	\$ 17,539	\$ 2,243	\$ 22,402	\$ 7,064	\$ 35,260	\$ 37,080	\$ 39,971	\$ 161,559
Accounts receivable:								
Taxes	16,078	--	--	--	--	--	--	16,078
Licenses, permits, and franchises	629	--	--	--	--	--	--	629
Fines, forfeitures, and penalties	27	--	--	--	--	--	401	428
Use of money and property	829	15	155	51	244	184	330	1,808
Intergovernmental	7,507	13,115	4,969	6,383	18	--	3,934	35,926
Charges for services	3,886	183	186	--	--	--	13,194	17,449
Other	156	--	22	--	95	--	71	344
Due from other funds (Note 13)	6,651	--	--	--	--	--	--	6,651
Prepaid items	188	--	--	35	--	--	--	223
Impounds receivable (Note 16)	723	--	--	--	35	--	187	945
Other receivables	10,402	--	--	--	--	--	622	11,024
Advances to other funds (Note 13)	1,759	--	--	--	--	--	--	1,759
Restricted cash and investments (Notes 4 & 5)	67,109	--	--	--	--	--	7,639	74,748
<b>Total assets</b>	<u>\$ 133,483</u>	<u>\$ 15,556</u>	<u>\$ 27,734</u>	<u>\$ 13,533</u>	<u>\$ 35,652</u>	<u>\$ 37,264</u>	<u>\$ 66,349</u>	<u>\$ 329,571</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>								
Accounts payable	\$ 3,291	\$ 2,471	\$ 3,304	\$ 415	\$ 1,626	\$ 2,739	\$ 7,533	\$ 21,379
Salaries and benefits payable	6,464	368	1,296	1,269	100	--	1,084	10,581
Due to other funds (Note 13)	--	3,191	--	--	--	--	3,460	6,651
Other payables	45	--	114	6	42	--	94	301
Notes payable (Note 8)	55,000	--	--	--	--	--	--	55,000
Interest payable	1,787	--	--	--	--	--	11	1,798
Deposits payable	5,714	192	--	--	--	--	--	5,906
Deferred revenue (Note 6)	9,884	3,359	--	10,104	165	3,454	653	27,619
<b>Total liabilities</b>	<u>82,185</u>	<u>9,581</u>	<u>4,714</u>	<u>11,794</u>	<u>1,933</u>	<u>6,193</u>	<u>12,835</u>	<u>129,235</u>

**Fund balances:**

<b>Reserved for (Note 15):</b>								
Receivables	4,663	--	--	--	35	--	191	4,889
Imprest cash	18	1	4	15	--	--	3	41
Debt service	--	--	--	--	--	--	7,701	7,701
Property tax loss reserve	4,515	--	--	--	--	--	--	4,515
<b>Unreserved (Note 15):</b>								
Designated, reported in:								
General fund	33,538	--	--	--	--	--	--	33,538
Special revenue funds	--	1,382	18,192	--	13,328	--	17,890	50,792
Capital projects fund	--	--	--	--	--	26,992	--	26,992
Undesignated, reported in:								
General fund	8,564	--	--	--	--	--	--	8,564
Special revenue funds	--	4,592	4,824	1,724	20,356	--	27,729	59,225
Capital projects fund	--	--	--	--	--	4,079	--	4,079
<b>Total fund balances</b>	<u>51,298</u>	<u>5,975</u>	<u>23,020</u>	<u>1,739</u>	<u>33,719</u>	<u>31,071</u>	<u>53,514</u>	<u>200,336</u>
<b>Total liabilities and fund balances</b>	<u>\$ 133,483</u>	<u>\$ 15,556</u>	<u>\$ 27,734</u>	<u>\$ 13,533</u>	<u>\$ 35,652</u>	<u>\$ 37,264</u>	<u>\$ 66,349</u>	<u>\$ 329,571</u>

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

Fund balances - total governmental funds	\$ 200,336
(1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.	400,078
Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.	(101,528)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities.	9,884
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.	988
Receivable from the City of Goleta for 1994 Certificates of Participation.	1,195
(2) Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, and communications services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.	32,352
(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.	919
<b>Net assets of governmental activities</b>	<u>\$ 544,224</u>

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

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	<u>General</u>	<u>Road</u>	<u>Public Health</u>	<u>Social Services</u>	<u>Flood Control District</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>								
Taxes	\$ 136,774	\$ 7,976	\$ --	\$ --	\$ 5,808	\$ --	\$ 26,189	\$ 176,747
Licenses, permits, and franchises	13,034	281	391	--	--	--	6	13,712
Fines, forfeitures, and penalties	4,202	1	390	--	--	--	5,082	9,675
Use of money and property	4,761	57	622	277	881	1,151	1,740	9,489
Intergovernmental	51,904	26,340	30,591	93,282	4,249	2,745	43,993	253,104
Charges for services	63,851	1,011	26,377	2	2,472	70	40,493	134,276
Other	2,189	167	5,419	622	1,116	1,256	4,982	15,751
Total revenues	<u>276,715</u>	<u>35,833</u>	<u>63,790</u>	<u>94,183</u>	<u>14,526</u>	<u>5,222</u>	<u>122,485</u>	<u>612,754</u>
<b>Expenditures</b>								
Current:								
Policy & executive	10,229	--	--	--	--	--	--	10,229
Law & justice	22,360	--	--	--	--	--	15,001	37,361
Public safety	147,468	--	--	--	--	48	1,462	148,978
Health & public assistance	2,232	--	70,174	102,695	--	--	65,922	241,023
Community resources & facilities	33,668	29,205	--	--	10,757	544	11,045	85,219
General government & support services	39,624	--	--	--	--	383	--	40,007
General County programs	3,465	--	--	--	--	--	6,266	9,731
Debt service:								
Principal	407	62	--	127	--	--	5,434	6,030
Interest	1,713	--	--	15	--	--	2,258	3,986
Capital outlay	1,771	8,338	364	--	8,622	15,776	1,284	36,155
Total expenditures	<u>262,937</u>	<u>37,605</u>	<u>70,538</u>	<u>102,837</u>	<u>19,379</u>	<u>16,751</u>	<u>108,672</u>	<u>618,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,778</u>	<u>(1,772)</u>	<u>(6,748)</u>	<u>(8,654)</u>	<u>(4,853)</u>	<u>(11,529)</u>	<u>13,813</u>	<u>(5,965)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in (Note 13)	44,569	1,682	8,378	9,680	--	7,288	36,967	108,564
Transfers out (Note 13)	(54,626)	(884)	(3,611)	(518)	(219)	(677)	(47,653)	(108,188)
Proceeds from sale of capital assets	15	6	--	2	13	10	--	46
Long-term debt issued	--	253	--	--	--	16,747	3,138	20,138
Issuance discount on long-term debt	--	--	--	--	--	--	(175)	(175)
Total other financing sources (uses)	<u>(10,042)</u>	<u>1,057</u>	<u>4,767</u>	<u>9,164</u>	<u>(206)</u>	<u>23,368</u>	<u>(7,723)</u>	<u>20,385</u>
Net change in fund balances	3,736	(715)	(1,981)	510	(5,059)	11,839	6,090	14,420
Fund balances - beginning	47,562	6,690	25,001	1,229	38,778	19,232	47,424	185,916
Fund balances - ending	<u>\$ 51,298</u>	<u>\$ 5,975</u>	<u>\$ 23,020</u>	<u>\$ 1,739</u>	<u>\$ 33,719</u>	<u>\$ 31,071</u>	<u>\$ 53,514</u>	<u>\$ 200,336</u>

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

Net change in fund balances - total governmental funds	\$ 14,420
<u>Capital assets &amp; long term debt</u>	
1) The acquisition of capital assets uses current financial resources but has no effect on net assets.	36,155
2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.	(10,147)
3) The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets.	(46)
4) The loss on the disposal of capital assets does not affect current financial resources but decreases net assets.	(1,253)
5) Contributions of capital assets to other agencies do not use current financial resources but decrease the value of net assets.	(3,054)
<u>Measurement focus</u>	
6) Revenues that do not provide current financial resources are not reported as revenues in the funds but are recognized in the statement of activities.	710
7) The issuance of long-term debt provides current financial resources to the funds but has no effect on net assets.	(20,138)
8) Principal payments on long-term debt use current financial resources but have no effect on net assets.	6,030
9) Bond premiums were recorded as interest revenue in the fund statements but are amortized in the statement of activities.	236
10) Bond discounts were recorded as a negative interest expense in the fund statements but are amortized in the statement of activities.	170
11) Cost of issuance was recorded as expenditures in the fund statements but are amortized in the statement of activities.	190
12) Contributions from other governments to pay their portion of long-term debt are recorded as revenue in the fund statements but have no effect on net assets.	(375)
13) The increase in the interest payable liability does not increase current financial resources but is recorded as a increase in revenue in the statement of activities.	(111)
14) The increase in rebatable arbitrage earnings does not use current financial resources but is reported as revenue in the statement of activities.	(2)
15) The increase in the compensated absences liability does not use current financial resources but is recorded as an expense in the statement of activities.	(704)
<u>Internal service funds</u>	
16) Internal service funds are used by management to charge the costs of fleet management, information technology, risk management, and communications services to individual funds. The net revenue of internal service funds is reported within governmental activities.	7,723
Change in net assets (Statement of activities, Governmental activities)	<u>\$ 29,804</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 106,067	\$ 134,356	\$ 136,774	\$ 2,418
Licenses, permits, and franchises	14,128	14,143	13,034	(1,109)
Fines, forfeitures, and franchises	3,999	4,405	4,202	(203)
Use of money and property	3,233	3,652	4,761	1,109
Intergovernmental	76,571	52,948	51,904	(1,044)
Charges for service	62,845	65,354	63,851	(1,503)
Other	1,048	1,940	2,189	249
Total revenues	<u>267,891</u>	<u>276,798</u>	<u>276,715</u>	<u>(83)</u>
<b>Expenditures</b>				
Current:				
Policy & executive	10,995	10,995	10,229	766
Law & justice	21,926	22,389	22,360	29
Public safety	147,029	149,786	147,468	2,318
Health & public assistance	2,230	2,243	2,232	11
Community resources & facilities	35,495	36,630	33,668	2,962
General government & support services	42,055	40,747	39,624	1,123
General County programs	3,419	3,715	3,465	250
Debt service:				
Principal	232	508	407	101
Interest	1,432	1,721	1,713	8
Capital outlay	2,007	2,855	1,771	1,084
Total expenditures	<u>266,820</u>	<u>271,589</u>	<u>262,937</u>	<u>8,652</u>
Excess of revenues over expenditures	<u>1,071</u>	<u>5,209</u>	<u>13,778</u>	<u>8,569</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	46,483	45,474	44,569	(905)
Transfers out	(52,832)	(54,861)	(54,626)	235
Proceeds from sale of capital assets	5	15	15	--
Total other financing sources (uses)	<u>(6,344)</u>	<u>(9,372)</u>	<u>(10,042)</u>	<u>(670)</u>
Net change in fund balances	(5,273)	(4,163)	3,736	7,899
Fund balances - beginning	47,562	47,562	47,562	--
Fund balances - ending	<u>\$ 42,289</u>	<u>\$ 43,399</u>	<u>\$ 51,298</u>	<u>\$ 7,899</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
ROAD SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,586	\$ 7,586	\$ 7,976	\$ 390
Licenses, permits, and franchises	155	155	281	126
Fines, forfeitures, and franchises	--	1	1	--
Use of money and property	104	68	57	(11)
Intergovernmental	17,369	25,249	26,340	1,091
Charges for service	953	953	1,011	58
Other	95	95	167	72
Total revenues	<u>26,262</u>	<u>34,107</u>	<u>35,833</u>	<u>1,726</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	30,475	30,130	29,205	925
Debt service:				
Principal	--	62	62	--
Capital outlay	187	8,400	8,338	62
Total expenditures	<u>30,662</u>	<u>38,592</u>	<u>37,605</u>	<u>987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,400)</u>	<u>(4,485)</u>	<u>(1,772)</u>	<u>2,713</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,072	1,678	1,682	4
Transfers out	(914)	(1,082)	(884)	198
Proceeds from sale of capital assets	--	--	6	6
Long-term debt proceeds	--	253	253	--
Total other financing sources (uses)	<u>158</u>	<u>849</u>	<u>1,057</u>	<u>208</u>
Net change in fund balances	(4,242)	(3,636)	(715)	2,921
Fund balances - beginning	6,690	6,690	6,690	--
Fund balances - ending	<u>\$ 2,448</u>	<u>\$ 3,054</u>	<u>\$ 5,975</u>	<u>\$ 2,921</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
PUBLIC HEALTH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses, permits, and franchises	\$ 361	\$ 392	\$ 391	\$ (1)
Fines, forfeitures, and franchises	--	450	390	(60)
Use of money and property	551	665	622	(43)
Intergovernmental	28,929	30,765	30,591	(174)
Charges for service	25,612	25,499	26,377	878
Other	5,399	5,359	5,419	60
Total revenues	<u>60,852</u>	<u>63,130</u>	<u>63,790</u>	<u>660</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	69,078	70,833	70,174	659
Capital outlay	430	468	364	104
Total expenditures	<u>69,508</u>	<u>71,301</u>	<u>70,538</u>	<u>763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,656)</u>	<u>(8,171)</u>	<u>(6,748)</u>	<u>1,423</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,803	8,523	8,378	(145)
Transfers out	<u>(6,333)</u>	<u>(4,428)</u>	<u>(3,611)</u>	<u>817</u>
Total other financing sources (uses)	<u>4,470</u>	<u>4,095</u>	<u>4,767</u>	<u>672</u>
Net change in fund balances	(4,186)	(4,076)	(1,981)	2,095
Fund balances - beginning	<u>25,001</u>	<u>25,001</u>	<u>25,001</u>	<u>--</u>
Fund balances - ending	<u>\$ 20,815</u>	<u>\$ 20,925</u>	<u>\$ 23,020</u>	<u>\$ 2,095</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
SOCIAL SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 330	\$ 330	\$ 277	\$ (53)
Intergovernmental	96,369	98,324	93,282	(5,042)
Charges for service	--	--	2	2
Other	339	384	622	238
Total revenues	<u>97,038</u>	<u>99,038</u>	<u>94,183</u>	<u>(4,855)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	106,246	108,281	102,695	5,586
Debt service:				
Principal	127	127	127	--
Interest	15	15	15	--
Total expenditures	<u>106,388</u>	<u>108,423</u>	<u>102,837</u>	<u>5,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,350)</u>	<u>(9,385)</u>	<u>(8,654)</u>	<u>731</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	14,517	11,108	9,680	(1,428)
Transfers out	(5,166)	(1,988)	(518)	1,470
Proceeds from sale of capital assets	--	--	2	2
Total other financing sources (uses)	<u>9,351</u>	<u>9,120</u>	<u>9,164</u>	<u>44</u>
Net change in fund balances	1	(265)	510	775
Fund balances - beginning	1,229	1,229	1,229	--
Fund balances - ending	<u>\$ 1,230</u>	<u>\$ 964</u>	<u>\$ 1,739</u>	<u>\$ 775</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
**FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,994	\$ 5,975	\$ 5,808	\$ (167)
Use of money and property	598	598	881	283
Intergovernmental	3,822	4,343	4,249	(94)
Charges for service	2,384	2,384	2,472	88
Other	39	1,396	1,116	(280)
Total revenues	<u>12,837</u>	<u>14,696</u>	<u>14,526</u>	<u>(170)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	8,184	14,120	10,757	3,363
Capital outlay	6,425	10,306	8,622	1,684
Total expenditures	<u>14,609</u>	<u>24,426</u>	<u>19,379</u>	<u>5,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,772)</u>	<u>(9,730)</u>	<u>(4,853)</u>	<u>4,877</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(127)	(227)	(219)	8
Proceeds from sale of capital assets	--	--	13	13
Total other financing sources (uses)	<u>(127)</u>	<u>(227)</u>	<u>(206)</u>	<u>21</u>
Net change in fund balances	(1,899)	(9,957)	(5,059)	4,898
Fund balances - beginning	38,778	38,778	38,778	--
Fund balances - ending	<u>\$ 36,879</u>	<u>\$ 28,821</u>	<u>\$ 33,719</u>	<u>\$ 4,898</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF June 30, 2005 (in thousands)

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations		
<b>ASSETS</b>					
Current assets:					
Cash and investments (Note 4)	\$ 16,636	\$ 1,291	\$ 59	\$ 17,986	\$ 45,183
Accounts receivable:					
Licenses, permits, and franchises	212	--	--	212	--
Use of money and property	251	11	--	262	315
Intergovernmental	3	--	--	3	--
Charges for services	1,086	--	--	1,086	3
Other	396	--	--	396	90
Inventories	139	18	--	157	261
Prepaid items	192	--	--	192	--
Total current assets	<u>18,915</u>	<u>1,320</u>	<u>59</u>	<u>20,294</u>	<u>45,852</u>
Noncurrent assets:					
Restricted cash and investments (Notes 4 & 5)	16,607	393	--	17,000	10
Deferred charges	90	7	--	97	--
Capital assets (Note 7):					
Land and improvements	9,445	2,799	--	12,244	--
Structures and improvements	12,194	3,147	--	15,341	2,042
Equipment	14,597	4,764	--	19,361	37,744
Sewer systems	--	25,007	--	25,007	--
Construction in progress	3,824	20	--	3,844	26
Less accumulated depreciation	(13,921)	(5,659)	--	(19,580)	(22,133)
Total capital assets	<u>26,139</u>	<u>30,078</u>	<u>--</u>	<u>56,217</u>	<u>17,679</u>
Total noncurrent assets	<u>42,836</u>	<u>30,478</u>	<u>--</u>	<u>73,314</u>	<u>17,689</u>
Total assets	<u>61,751</u>	<u>31,798</u>	<u>59</u>	<u>93,608</u>	<u>63,541</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	2,280	139	6	2,425	592
Customer deposit payable	--	115	--	115	--
Salaries and benefits payable	203	39	--	242	207
Compensated absences, current portion (Note 10)	8	--	--	8	81
Notes payable, current portion (Notes 8 & 10)	--	389	--	389	--
Interest payable	--	5	--	5	--
Capital lease obligations, current portion (Notes 9 & 10)	83	--	--	83	--
Liability for self-insurance claims, current portion (Notes 10 & 17)	--	--	--	--	8,916
Certificates of participation payable, current portion (Note 10)	853	378	--	1,231	--
Total current liabilities	<u>3,427</u>	<u>1,065</u>	<u>6</u>	<u>4,498</u>	<u>9,796</u>
Noncurrent liabilities:					
Compensated absences, net of current portion (Note 10)	403	95	--	498	446
Notes payable, net of current portion (Notes 8 & 10)	--	8,231	--	8,231	--
Capital lease obligations, net of current portion (Notes 9 & 10)	47	--	--	47	--
Liability for self-insurance claims, net of current portion (Notes 10 & 17)	--	--	--	--	20,947
Certificates of participation payable, net of current portion (Note 10)	4,867	788	--	5,655	--
Landfill litigation settlement (Note 16)	220	--	--	220	--
Accrued landfill closure costs (Note 11)	22,812	--	--	22,812	--
Advances payable (Note 13)	1,759	--	--	1,759	--
Unamortized premium on certificates of participation (note 10)	40	2	--	42	--
Total noncurrent liabilities	<u>30,148</u>	<u>9,116</u>	<u>--</u>	<u>39,264</u>	<u>21,393</u>
Total liabilities	<u>33,575</u>	<u>10,181</u>	<u>6</u>	<u>43,762</u>	<u>31,189</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt (Notes 7 & 10)	20,249	20,290	--	40,539	17,679
Restricted for debt service (Note 14)	765	278	--	1,043	--
Unrestricted	7,162	1,049	53	8,264	14,673
Total fund net assets	<u>\$ 28,176</u>	<u>\$ 21,617</u>	<u>\$ 53</u>	<u>49,846</u>	<u>\$ 32,352</u>
Adjustment to reflect the allocation of the internal service funds' cumulative net loss				(919)	
Net assets of business-type activities				<u>\$ 48,927</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 ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations		
<b>Operating revenues:</b>					
Charges for services	\$ 14,731	\$ 4,969	\$ 4	\$ 19,704	\$ 40,369
Sale of scrap and recyclables	3,462	--	--	3,462	--
Franchise fees	352	--	--	352	--
Other operating revenues	2,427	80	4	2,511	5,408
Total operating revenues	<u>20,972</u>	<u>5,049</u>	<u>8</u>	<u>26,029</u>	<u>45,777</u>
<b>Operating expenses:</b>					
Salaries and benefits	6,396	1,120	--	7,516	6,095
Services and supplies	3,796	1,663	4	5,463	13,645
Self-insurance claims	--	--	--	--	13,397
Contractual services	5,089	393	55	5,537	2,018
Depreciation and amortization	1,233	1,012	--	2,245	2,915
County overhead allocation	183	78	--	261	49
Closure/postclosure costs	952	--	--	952	--
Other charges	--	--	--	--	187
Total operating expenses	<u>17,649</u>	<u>4,266</u>	<u>59</u>	<u>21,974</u>	<u>38,306</u>
Operating income (loss)	<u>3,323</u>	<u>783</u>	<u>(51)</u>	<u>4,055</u>	<u>7,471</u>
<b>Non-operating revenues (expenses):</b>					
Use of money and property	1,010	110	1	1,121	940
Interest expense	(321)	(255)	--	(576)	--
Gain (loss) on sale of capital assets	5	4	--	9	(287)
Other	621	319	58	998	7
Total non-operating revenues, net	<u>1,315</u>	<u>178</u>	<u>59</u>	<u>1,552</u>	<u>660</u>
Income before transfers	<u>4,638</u>	<u>961</u>	<u>8</u>	<u>5,607</u>	<u>8,131</u>
Transfers in (Note 13)	110	--	--	110	--
Transfers out (Note 13)	(77)	(207)	--	(284)	(202)
Transfers in (out), net	<u>33</u>	<u>(207)</u>	<u>--</u>	<u>(174)</u>	<u>(202)</u>
Change in net assets	4,671	754	8	5,433	7,929
Total net assets - beginning	<u>23,505</u>	<u>20,863</u>	<u>45</u>	<u>44,413</u>	<u>24,423</u>
Total net assets - ending	<u>\$ 28,176</u>	<u>\$ 21,617</u>	<u>\$ 53</u>	<u>\$ 49,846</u>	<u>\$ 32,352</u>
Change in net assets - total enterprise funds				\$ 5,433	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				206	
Change in net assets of business-type activities				<u>\$ 5,639</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, 2005 (in thousands)

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund services provided	\$ --	\$ --	\$ --	\$ --	\$ 45,777
Receipts from customers and users	21,397	5,081	8	26,486	--
Payments to employees	(6,569)	(1,134)	--	(7,703)	(6,363)
Payments to suppliers	(7,736)	(2,103)	(53)	(9,892)	(15,633)
Payments for self-insurance claims	--	--	--	--	(15,990)
County overhead allocation payments to the General Fund	(183)	(78)	--	(261)	(49)
Other operating payments (receipts)	--	--	--	--	(187)
Net cash provided (used) by operating activities	<u>6,909</u>	<u>1,766</u>	<u>(45)</u>	<u>8,630</u>	<u>7,555</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Other operating receipts	621	317	58	996	7
Payment on landfill litigation settlement	(55)	--	--	(55)	--
Net cash provided by noncapital and related financing activities	<u>566</u>	<u>317</u>	<u>58</u>	<u>941</u>	<u>7</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(3,321)	(770)	--	(4,091)	(3,581)
Proceeds from sale of capital assets	5	4	--	9	58
Principal paid on capital lease obligations	(91)	--	--	(91)	--
Principal paid on certificates of participation	(811)	(364)	--	(1,175)	--
Interest paid on certificates of participation	(382)	(49)	--	(431)	--
Interest paid on State loan	--	(216)	--	(216)	--
Principal paid on State loan	--	(379)	--	(379)	--
Proceeds of long-term debt	33	--	--	33	--
Transfers in	110	--	--	110	--
Transfers out	(77)	(207)	--	(284)	(202)
Net cash used by capital and related financing activities	<u>(4,534)</u>	<u>(1,981)</u>	<u>--</u>	<u>(6,515)</u>	<u>(3,725)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Use of money and property received	890	107	1	998	802
Net cash provided by investing activities	<u>890</u>	<u>107</u>	<u>1</u>	<u>998</u>	<u>802</u>
Net increase in cash and cash equivalents	3,831	209	14	4,054	4,639
Cash and cash equivalents - beginning	29,412	1,475	45	30,932	40,554
Cash and cash equivalents - ending	<u>\$ 33,243</u>	<u>\$ 1,684</u>	<u>\$ 59</u>	<u>\$ 34,986</u>	<u>\$ 45,193</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets</b>					
Cash and investments per Statement of Net Assets	\$ 16,636	\$ 1,291	\$ 59	\$ 17,986	\$ 45,183
Restricted cash and investments per Statement of Net Assets	16,607	393	--	17,000	10
Total cash and cash equivalents per Statement of Net Assets	<u>\$ 33,243</u>	<u>\$ 1,684</u>	<u>\$ 59</u>	<u>\$ 34,986</u>	<u>\$ 45,193</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 3,323	\$ 783	\$ (51)	\$ 4,055	\$ 7,471
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,233	1,012	--	2,245	2,915
Changes in assets and liabilities:					
Accounts receivable	425	7	--	432	--
Prepaid items	--	--	--	--	11
Inventories	(9)	--	--	(9)	--
Accounts payable	1,152	(53)	6	1,105	19
Salaries and benefits payable	(173)	(14)	--	(187)	(268)
Landfill closure cost liability	952	--	--	952	--
Customer deposits	--	25	--	25	--
Self-insurance claims	--	--	--	--	(2,593)
Deferred charges	6	6	--	12	--
Net cash provided (used) by operating activities	<u>\$ 6,909</u>	<u>\$ 1,766</u>	<u>\$ (45)</u>	<u>\$ 8,630</u>	<u>\$ 7,555</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA  
 STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
 AS OF June 30, 2005 (in thousands)

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	<u>Investment Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 474,609	\$ 37,880
Interest receivable	3,490	304
Total assets	<u>478,099</u>	<u>\$ 38,184</u>
<b>Liabilities</b>		
Accounts payable	--	\$ 7,634
Funds held as agent for others	--	30,550
Total liabilities	<u>--</u>	<u>\$ 38,184</u>
<b>Net Assets</b>		
Held in trust for pool participants	<u>\$ 478,099</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 ASSETS - FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

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	<u>Investment Trust Fund</u>
<b>Additions:</b>	
Contributions to pooled investments	\$ 3,055,708
Interest and investment income	13,500
Total additions	<u>3,069,208</u>
<b>Deductions:</b>	
Distributions from pooled investments	<u>2,974,765</u>
Total deductions	<u>2,974,765</u>
Net increase	94,443
Net assets held in trust for pool participants - beginning	383,656
Net assets held in trust for pool participants - ending	<u>\$ 478,099</u>

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



**NOTES TO THE  
FINANCIAL STATEMENTS**



**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Reporting Entity

The County of Santa Barbara (the "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 (the "Board") which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by accounting principles generally accepted in the United States of America ("GAAP"), 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.

The County's component units include the Redevelopment Agency of the County of Santa Barbara, the Santa Barbara County Finance Corporation, the Water Agency, as well as various service areas and districts which provide specific services County-wide or to distinct geographic areas within the County. While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is demonstrated by the County Board of Supervisors acting as the governing board for each of the component units.

Because of their relationship with the County and the nature of their operations, each of the component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (blended) with the activities of the County for purposes of reporting in the accompanying basic financial statements. The basis for blending the component units is that the governing bodies are substantially the same as the County Board of Supervisors.

Additional detailed information and/or separately issued financial statements of the County's component units can be obtained from the Auditor-Controller's Office of the County located at 105 East Anapamu Street, Santa Barbara, California 93101.

Blended Component Units

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

*Children and Families First Commission* has been established to promote, support, and improve the early development of children from prenatal stage to five years of age. Revenues consist primarily of funds generated by a State tax increase on cigarettes and tobacco products as mandated by Proposition 10.

*County Service Areas* have been established for the purpose of providing specific services to distinct geographical areas within the County. These services include street lighting, open space maintenance, library, community sewer sanitation and maintenance, sheriff patrol, and road maintenance in various unincorporated areas of the County. Revenues consist primarily of property taxes and benefit assessments.

The *Santa Barbara County Fire Protection District* covers most of the unincorporated territory of Santa Barbara County, the City of Buellton, and private lands within the National Forest. The district provides a full range of fire services funded principally from property taxes. Other fire districts, cities, the Channel Islands, National Forest land, and military installations provide their own fire protection.

The function of the *Flood Control and Water Conservation Districts* is 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.

*Lighting Districts* provide for the operation and maintenance of streetlights in certain areas of the County and are financed by property taxes and benefit assessments.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Sanitation and Sewer Maintenance Districts* provide water and sewage treatment to users. The costs of operating these units are charged to the users in the form of water charges and sewer fees.

The *Sandyland Seawall Maintenance 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.

The *Water Agency* prepares 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.

The *Redevelopment Agency of the County of Santa Barbara* (Redevelopment Agency) was established on September 12, 1989, pursuant to Section 33200 of the State of California Health and Safety Code. The first redevelopment plan (the Isla Vista Redevelopment Project Area) was adopted by ordinance on November 27, 1990. The agency is broadly empowered to engage in the general economic revitalization and redevelopment of property in those areas of the project area that are determined to be in declining condition.

The *Santa Barbara County Finance Corporation* was 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.

Also included in the accompanying financial statements as an investment trust fund are assets of numerous self-governed school and special districts for which the County Treasurer acts as custodian of those assets. 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. Activities of the school districts and special districts are administered by separate boards and are independent of the County Board of Supervisors. The County Auditor-Controller makes disbursements upon the request of the responsible school or self-governed district officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, nor to appropriate surplus funds available in these entities. Eight cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

New Accounting Pronouncements

*Governmental Accounting Standards Board Statement No.46*

For fiscal year ended June 30, 2005, the County early implemented Governmental Accounting Standards Board (GASB) Statement No. 46, "*Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No.34*". This Statement is effective for fiscal periods beginning after June 15, 2005. This Statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. A legally enforceable enabling legislation restriction is one that a party external to the County – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the County's financial statements for the year ended June 30, 2005, but required additional disclosure related to restricted net assets (see Note 14).

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Financial Statements

In accordance with GASB Statement No. 34 (GASB 34), the financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

The government-wide financial statements consist of the statement of net assets 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 government-wide financial statements. All internal balances in the statement of net assets 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 expenditures 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 expenditures related to interfund services have been eliminated. Revenue and expenditures related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide 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, law and justice, 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 solid waste, sanitation, and transit 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 County-wide 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 not properly included among program revenues are reported instead 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 government-wide 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 government-wide 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. 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 revenue as soon as all eligibility requirements have been met.

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

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

180 days after year-end, except for property taxes, which the County considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

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.

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 other specialized funds.

The **Road 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.

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, Animal Health and Regulation, and Emergency Medical Services.

The **Social Services Fund** accounts for a variety of public assistance and social service programs.

The **Flood Control District Fund** is used to account for the provision of flood protection activities.

The **Capital Projects Fund** accounts for financial resources used in constructing major facilities.

The County reports the following major proprietary funds:

The **Solid Waste Fund** accounts for the activities of refuse collection, disposal, landfill operations, and recycling programs.

The **Laguna Sanitation Fund** accounts for the activities of sewer collection and sewage treatment in the Orcutt area.

Additionally, the County reports the following fund types:

**Internal Service Funds** account for vehicle operations, risk management, information technology and communications operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

**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 account for assets held by the County in an agency capacity for individuals or other government units.

Proprietary funds have elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. The proprietary funds apply all applicable GASB pronouncements as well as statements and interpretations of FASB, the Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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 Solid Waste 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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

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 (the "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.

State statutes and the County's investment policy authorize the County Treasurer to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State statute.

The Air Pollution Control District (APCD) 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

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

investment pool. The total percentage share of the County's investment pool that relates to these involuntary participants is 52% (as of June 30, 2005). The deposits held for these districts are included in an investment trust fund.

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 non-current 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 government-wide financial statements as "internal balances." In the governmental funds financial statements, advances between funds are offset by a corresponding reservation of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

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, except as disclosed in the subsequent paragraph.

At June 30, 2005, the County's governmental activities had approximately \$35,926 of intergovernmental accounts receivable. These primarily consisted of approximately \$11,804 in federal revenue for storm damage, \$8,629 in Motor Vehicle In-Lieu taxes, and \$4,700 in State Aid for Public Safety (Proposition 172 proceeds). The remaining \$10,793 consisted primarily of federal and state grants for Public Assistance, Health and Sanitation, and Public Protection programs. Of the \$8,629 Motor Vehicle In-Lieu tax receivable, \$8,416 is expected to be collected from the State of California in August 2006 and has been deferred in the fund financial statements as of June 30, 2005.

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 prior to June 30, 1978 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.

During the 1993-94 fiscal year, the County authorized 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, 2005, property taxes receivable of \$13,798 was recorded in the General Fund. In addition, the Teeter Plan requires that a property tax loss reserve be maintained in an amount equal to 1% of the current year's secured tax levy, which is shown as a reservation of fund balance in the General Fund (see Note 15).

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 government-wide and fund financial statements. 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 reserved.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Restricted Cash and Investments

Debt covenants require resources to be set aside to repay tax and revenue anticipation notes and interest thereon as restricted assets. Additionally, cash set aside to meet the property tax loss reserve funding requirements are legally restricted to cover losses due to bankruptcies or inadequate proceeds on the sale of defaulted properties. The “customer deposits” account reflects cash from deposits held for services that are restricted in the County’s General Fund and special revenue funds that may be eventually returned to the customer. Certificates of participation covenants require reserves to be set aside for debt service. These amounts are included in restricted cash and investments in various governmental funds and in the major enterprise funds.

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings, improvements), equipment (e.g. vehicles, computers, office equipment) and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded 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 \$5 for equipment, with the exception of two internal service funds: Communications, \$.5, and Information Technology, \$3. The capitalization threshold for buildings, improvements and infrastructure is \$100.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Infrastructure:	Pavement and traffic signals	15 to 30 years
	Bridges	35 to 75 years
	Hardscape (curbs, gutter, sidewalks)	20 years
	Constructed flood control assets	50 years
	Sewer and sanitation	20 to 50 years
Structures and Improvements:	Office buildings	40 to 100 years
	Building improvements	5 to 75 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

Expenditures for capital assets and improvements are capitalized, as projects are constructed, in accordance with the County’s capitalization policy. Interest and other overhead costs incurred during the construction phase of capital assets of business-type activities are reflected in the capitalized value of the asset constructed. Depreciation expense is allocated to the functions/programs and included as a direct expense in the statement of activities.

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide 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 assets.

Long-Term Debt

In the government-wide 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 assets. Bond

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs, 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.

Employee Compensated Absences

County policy permits employees to accumulate earned but unused vacation, holiday and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. However, employees eligible for full retirement benefits may apply their unused sick leave toward determining their length of service for purposes of determining their retirement benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, a liability for these amounts is reported in the governmental funds financial statements only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the County subsequent to year-end.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not appropriable or are legally restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

**2. BUDGETARY AND LEGAL COMPLIANCE**

The County is legally required to adopt an annual budget and adheres to the provisions of the California Government Code (Sections 29000 – 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. Annually the Board conducts a public hearing for the discussion of a proposed budget. At the conclusion of the hearings, generally no later than September 30, the Board adopts the final budget including revisions by resolution. The Board also adopts subsequent revisions that occur throughout the year. All annual appropriations lapse at year-end.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**2. BUDGETARY AND LEGAL COMPLIANCE - CONTINUED**

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. Presentation of the basic financial statements at the legal level is not feasible due to excessive length. Because of the large volume of detail, the budget and actual statements contained in the Comprehensive Annual Financial Report have been aggregated by function. The County does prepare a separate Final Budget document demonstrating legal compliance with budgetary control that is made available to the public by the Office of the Auditor-Controller. For fiscal year 2004-05, there were no instances in which expenditures exceeded appropriations.

The Board must approve amendments or transfers of appropriations between funds or departments. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board must approve amendments or transfers of appropriations between object levels within the same department. 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.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
(in thousands)

**3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following two schedules provide a reconciliation of those differences:

	<b>Total Governmental Funds</b> (Page 26)	<b>Long-term Assets and Liabilities (1)</b>	<b>Internal Service Funds (2)</b> (Page 33)	<b>Elimina- tions (3)</b>	<b>Net Assets Totals</b> (Page 24)
<b>Assets:</b>					
Cash and cash equivalents	\$ 161,559	\$ --	\$ 45,183	\$ --	\$ 206,742
Receivables:					
Taxes	16,078	--	--	--	16,078
Licenses, permits, and franchises	629	--	--	--	629
Fines, forfeitures, and penalties	428	--	--	--	428
Revenue from use of money and property	1,808	--	315	--	2,123
Intergovernmental revenues	35,926	--	--	--	35,926
Charges for services	17,449	--	3	--	17,452
Other	344	--	90	--	434
Due from other funds	6,651	--	--	(6,651)	--
Internal balances	--	--	--	2,678	2,678
Inventories	--	--	261	--	261
Prepaid items	223	--	--	--	223
Unamortized issuance costs	--	988	--	--	988
Impounds receivables	945	--	--	--	945
Other receivables	11,024	1,195	--	--	12,219
Advances to other funds	1,759	--	--	(1,759)	--
Restricted cash and investments	74,748	--	10	--	74,758
Capital assets	--	400,078	17,679	--	417,757
<b>Total Assets</b>	<b>\$ 329,571</b>	<b>\$ 402,261</b>	<b>\$ 63,541</b>	<b>\$ (5,732)</b>	<b>\$ 789,641</b>
<b>Liabilities:</b>					
Accounts payables	\$ 21,379	\$ --	\$ 592	\$ --	\$ 21,971
Salaries and benefits payable	10,581	--	207	--	10,788
Interest payable	1,798	531	--	--	2,329
Other payables	301	--	--	--	301
Deferred revenue	27,619	(9,884)	--	--	17,735
Customer deposits payable	5,906	--	--	--	5,906
Notes payable	55,000	--	--	--	55,000
Due to other funds	6,651	--	--	(6,651)	--
Capital lease obligations	--	1,272	--	--	1,272
Certificates of participation (COP)	--	71,169	--	--	71,169
Unamortized premium on COPs	--	1,308	--	--	1,308
Unamortized discount on COPs	--	(170)	--	--	(170)
Other long-term obligations	--	1,592	--	--	1,592
Compensated absences	--	23,969	527	--	24,496
Liability for self-insurance claims	--	--	29,863	--	29,863
Estimated litigation liability	--	1,855	--	--	1,855
Rebatable arbitrage earnings	--	2	--	--	2
<b>Total Liabilities</b>	<b>129,235</b>	<b>91,644</b>	<b>31,189</b>	<b>(6,651)</b>	<b>245,417</b>
<b>Fund Balance/Net Assets:</b>					
Total Fund Balance/Net Assets	200,336	310,617	32,352	919	544,224
<b>Total Liabilities &amp; Fund Balance/Net Assets</b>	<b>\$ 329,571</b>	<b>\$ 402,261</b>	<b>\$ 63,541</b>	<b>\$ (5,732)</b>	<b>\$ 789,641</b>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED**

(1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet (Note 7).	\$ 400,078
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet (Note 10):	
Certificates of participation	\$ (71,169)
Other long-term debt	(1,592)
Accrued interest on long-term debt	(531)
Capital lease obligations	(1,272)
Estimated liability for litigation	(1,855)
Employee compensated absences (excluding Internal Service Funds)	(23,969)
Rebatable arbitrage earnings	(2)
Unamortized premium on certificates of participation	(1,308)
Unamortized discount on certificates of participation	170
Total long-term liabilities	(101,528)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities. (Note 6)	9,884
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.	988
Receivable from the City of Goleta for 1994 Certificates of Participation (Note 10)	1,195
	\$ 310,617
(2) Internal Service Funds are used by management to charge the costs of information technology, vehicle operations and maintenance, risk management and insurance, and communications services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.	\$ 32,352
(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.	\$ 919

**4. CASH AND INVESTMENTS**

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2005 to support the value of shares in the Treasurer's investment pool.

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that the County 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 total bank balance, \$100 was insured by Federal depository insurance and \$27,276 was collateralized in accordance with Section 53652 of the California Government Code with securities held by the pledging financial institution in the County's name, which have a market value of at least 110% of the County's deposits.

At June 30, 2005, the carrying amount of the County's deposits was \$27,376 and the corresponding bank balance was \$23,461. The difference of \$3,915 was principally due to deposits in transit

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**4. CASH AND INVESTMENTS - CONTINUED**

Investments

Pursuant to Section 53646 of the State of California Government Code the County Treasurer prepares an *Investment Policy Statement* annually, presents it to the Treasury Oversight Committee for review and to the Board of Supervisors for approval. After approval, the policy is forwarded to the California Debt and Investment Advisory Commission.

The policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for 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 California Government Code and, in general, the Treasurer's policy is more restrictive than State law.

*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 policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment. For securities issued and fully guaranteed as to payment by an agency, or government sponsored enterprise of the US Government, the issuer shall be rated AAA by at least two of the three major rating services of Fitch, Moody's, and Standard & Poor's (S&P). Commercial Paper obligations shall be rated by at least two of the three major rating services a minimum of F1 by Fitch, P1 by Moody's, and A1 by S&P. Corporate Bonds shall be rated AA by at least two of the three major rating services of Fitch, Moody's, and S&P. In addition, no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies, and sponsored enterprises.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that the County 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 County 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 County 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. Maturity of investments purchased is governed by demand for funds analysis of prior periods' revenues and expenditures. Except for certain directed investments, the final maturity date of any individual security shall not exceed five (5) years, and in the aggregate non-short term investments shall not exceed 75% of the portfolio.

The unrealized loss on investments held in the County Treasurer's pool at June 30, 2005 for both internal and external pool participants was \$6,004. At June 30, 2005 the unrealized loss has been included as a component of designated fund balance in the government funds, unrestricted net assets in the proprietary funds, and net assets in the investment trust fund.

The Treasurer purchases securities at a discount from face value to earn higher than nominal rates of return. Under GASB Statement 31 such discount, when realized, is considered gain rather than interest. Interest earnings for the current year amount to \$14,633. The net realized gain on investments sold or matured during the year was \$4,783. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s).

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**4. CASH AND INVESTMENTS - CONTINUED**

A summary of the investments held by the County Treasurer's investment pool as of June 30, 2005 is as follows:

Investment	Cost	Fair Value 6/30/2005	Interest Rate Range	Maturity Date/Range	Weighted Average Maturity	Credit Rating
Treasurer's Pooled Investments:						
Commercial Paper	\$ 203,523	\$ 204,089	3.08-3.48	7/05-8/05	12.62 days	A-1, P-1
Commercial Paper	14,990	14,994	3.33	7/05	5 days	A-1, P-2
Corporate Bonds	6,989	6,753	3.13	4/09	3.76 years	AAA
Government Agency Bonds	560,592	554,203	1.25-4.10	11/05-2/09	1.58 years	AAA
Local Agency Investment Fund	2,500	2,500	2.85	n/a	n/a	n/a
Directed Investments:						
Government Agency Bonds	2,616	2,667	4.13-7.13	6/10-5/12	6.11 years	AAA
Total Treasurer's Pooled Investments	791,210	785,206				
Investments Controlled by Fiscal Agents:						
U.S. Government securities	16,174	16,174				
Total Investments	<u>\$ 807,384</u>	801,380				
Cash in Banks:						
Non-Interest Bearing Deposits		27,376				
Cash on hand		219				
Total Cash and Investments		<u>\$ 828,975</u>				
Total Unrestricted Cash and Investments		\$ 737,217				
Total Restricted Cash and Investments (Note 5)		91,758				
Total Cash and Investments		<u>\$ 828,975</u>				
Total Cash and Investments Summary:						
Total Governmental Activities		\$ 281,500				
Total Business-Type Activities		34,986				
Total Fiduciary Funds		512,489				
Total Cash and Investments		<u>\$ 828,975</u>				

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2005:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$785,206</u>
Equity of internal pool participants	\$307,107
Equity of external pool participants (voluntary and involuntary)	478,099
Total Equity	<u>\$785,206</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2004	\$679,019
Net change in investments by pool participants	106,187
Net Assets held for pool participants at June 30, 2005	<u>\$785,206</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**5. RESTRICTED CASH AND INVESTMENTS**

Cash and investments at June 30, 2005 that are restricted by legal or contractual requirements are comprised of the following:

<u>General Fund</u>	
Funds set aside for repayment of tax and revenue anticipation notes ("TRANS") including interest	\$ 56,788
Deposits by various developers	5,806
Property tax loss reserve	4,515
Total General Fund	<u>67,109</u>
<u>Nonmajor Governmental Funds</u>	
Reserved for debt service	7,639
Total Nonmajor Governmental Funds	<u>7,639</u>
<u>Solid Waste Enterprise Fund</u>	
Funds set aside for landfill site closure and maintenance costs (see Note 11)	14,490
Financial assurance for landfill corrective action	1,352
Reserved for debt service	765
Total Solid Waste Enterprise Fund	<u>16,607</u>
<u>Laguna Sanitation Enterprise Fund</u>	
Reserved for debt service	278
Deposits by various developers	115
Total Laguna Sanitation Enterprise Fund	<u>393</u>
<u>Internal Service Funds</u>	
Vehicle Operations and Maintenance - set aside for underground tank clean-up	10
Total Internal Service Funds	<u>10</u>
Total restricted cash and investments	<u>\$ 91,758</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**6. DEFERRED REVENUE**

Under both the accrual and modified accrual basis of accounting revenue may be recognized only when earned. Therefore, the government-wide statement of net assets as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for deferred revenue.

Under the modified accrual basis it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e. measurable and available to finance expenditures of the current period). Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period.

At June 30, 2005 the various components of deferred revenue and unearned revenue reported are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
<b>Governmental funds:</b>			
General Fund:			
Vehicle license fee (VLF) receivable from State	\$ --	\$ 8,416	\$ 8,416
Delinquent property taxes	--	1,160	1,160
Other receivables	--	308	308
Total General Fund	<u>--</u>	<u>9,884</u>	<u>9,884</u>
Road Fund:			
Developer mitigation fees	2,259	--	2,259
Advances from California Department of Transportation for road project	<u>1,100</u>	<u>--</u>	<u>1,100</u>
Total Road Fund	<u>3,359</u>	<u>--</u>	<u>3,359</u>
Social Services Fund:			
Grant drawdowns prior to meeting eligibility requirements	<u>10,104</u>	<u>--</u>	<u>10,104</u>
Flood Control District Fund:			
Developer mitigation fees	<u>165</u>	<u>--</u>	<u>165</u>
Capital Projects Fund:			
Developer mitigation fees	<u>3,454</u>	<u>--</u>	<u>3,454</u>
Nonmajor governmental funds:			
Advances on state and federal grants for child support services	4	--	4
Advances on state and federal grants for affordable housing	606	--	606
Developer mitigation fees	<u>43</u>	<u>--</u>	<u>43</u>
Total nonmajor governmental funds	<u>653</u>	<u>--</u>	<u>653</u>
Total governmental funds	<u>\$ 17,735</u>	<u>\$ 9,884</u>	<u>\$ 27,619</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**7. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 85,117	\$ 852	\$ (310)	\$ 85,659
Construction in progress	45,008	32,860	(45,456)	32,412
Total capital assets, not being depreciated	<u>130,125</u>	<u>33,712</u>	<u>(45,766)</u>	<u>118,071</u>
Capital assets, being depreciated:				
Structures and improvements	156,656	30,605	--	187,261
Equipment	73,480	6,228	(4,010)	75,698
Infrastructure	190,902	10,184	--	201,086
Total capital assets, being depreciated	<u>421,038</u>	<u>47,017</u>	<u>(4,010)</u>	<u>464,045</u>
Less accumulated depreciation for:				
Structures and improvements	(55,473)	(3,813)	--	(59,286)
Equipment	(38,945)	(6,426)	2,879	(42,492)
Infrastructure	(59,855)	(2,726)	--	(62,581)
Total accumulated depreciation	<u>(154,273)</u>	<u>(12,965)</u>	<u>2,879</u>	<u>(164,359)</u>
Total capital assets, being depreciated, net	<u>266,765</u>	<u>34,052</u>	<u>(1,131)</u>	<u>299,686</u>
Sub-total governmental activities	<u>396,890</u>	<u>67,764</u>	<u>(46,897)</u>	<u>417,757</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	11,893	351	--	12,244
Construction in progress	1,550	3,493	(1,199)	3,844
Total capital assets, not being depreciated	<u>13,443</u>	<u>3,844</u>	<u>(1,199)</u>	<u>16,088</u>
Capital assets, being depreciated:				
Structures and improvements	13,571	1,770	--	15,341
Equipment	17,911	1,450	--	19,361
Infrastructure	25,007	--	--	25,007
Total capital assets, being depreciated	<u>56,489</u>	<u>3,220</u>	<u>--</u>	<u>59,709</u>
Less accumulated depreciation for:				
Structures and improvements	(5,566)	(472)	--	(6,038)
Equipment	(9,395)	(1,203)	--	(10,598)
Infrastructure	(2,374)	(570)	--	(2,944)
Total accumulated depreciation	<u>(17,335)</u>	<u>(2,245)</u>	<u>--</u>	<u>(19,580)</u>
Total capital assets, being depreciated, net	<u>39,154</u>	<u>975</u>	<u>--</u>	<u>40,129</u>
Sub-total business-type activities	<u>52,597</u>	<u>4,819</u>	<u>(1,199)</u>	<u>56,217</u>
Total	<u>\$ 449,487</u>	<u>\$ 72,583</u>	<u>\$ (48,096)</u>	<u>\$ 473,974</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**7. CAPITAL ASSETS - CONTINUED**

Capital assets activity for each major enterprise fund for the year ended June 30, 2005 is as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Solid Waste:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,134	\$ 311	\$ --	\$ 9,445
Construction in progress	1,237	2,737	(150)	3,824
Total capital assets, not being depreciated	<u>10,371</u>	<u>3,048</u>	<u>(150)</u>	<u>13,269</u>
Capital assets, being depreciated:				
Structures and improvements	10,425	1,769	--	12,194
Equipment	14,169	428	--	14,597
Total capital assets, being depreciated	<u>24,594</u>	<u>2,197</u>	<u>--</u>	<u>26,791</u>
Less accumulated depreciation for:				
Structures and improvements	(3,939)	(397)	--	(4,336)
Equipment	(8,749)	(836)	--	(9,585)
Total accumulated depreciation	<u>(12,688)</u>	<u>(1,233)</u>	<u>--</u>	<u>(13,921)</u>
Total capital assets, being depreciated, net	<u>11,906</u>	<u>964</u>	<u>--</u>	<u>12,870</u>
Subtotal Solid Waste	<u>22,277</u>	<u>4,012</u>	<u>(150)</u>	<u>26,139</u>
<b>Laguna Sanitation:</b>				
Capital assets, not being depreciated:				
Land	2,759	40	--	2,799
Construction in progress	313	756	(1,049)	20
Total capital assets, not being depreciated	<u>3,072</u>	<u>796</u>	<u>(1,049)</u>	<u>2,819</u>
Capital assets, being depreciated:				
Structures and improvements	3,146	1	--	3,147
Equipment	3,742	1,022	--	4,764
Infrastructure	25,007	--	--	25,007
Total capital assets, being depreciated	<u>31,895</u>	<u>1,023</u>	<u>--</u>	<u>32,918</u>
Less accumulated depreciation for:				
Structures and improvements	(1,627)	(75)	--	(1,702)
Equipment	(646)	(367)	--	(1,013)
Infrastructure	(2,374)	(570)	--	(2,944)
Total accumulated depreciation	<u>(4,647)</u>	<u>(1,012)</u>	<u>--</u>	<u>(5,659)</u>
Total capital assets, being depreciated, net	<u>27,248</u>	<u>11</u>	<u>--</u>	<u>27,259</u>
Subtotal Laguna Sanitation	<u>30,320</u>	<u>807</u>	<u>(1,049)</u>	<u>30,078</u>
Total business-type activities	<u>\$ 52,597</u>	<u>\$ 4,819</u>	<u>\$ (1,199)</u>	<u>\$ 56,217</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**7. CAPITAL ASSETS - CONTINUED**

Internal Service Funds (ISF) predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities in the above table. Capital assets activity for Internal Service Funds for the year ended June 30, 2005 is as follows:

<b>Internal Service Funds:</b>	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets, not being depreciated:				
Construction in progress	\$ 121	\$ 275	\$ (370)	\$ 26
Capital assets, being depreciated:				
Structures and improvements	1,672	370	--	2,042
Equipment	36,781	3,293	(2,330)	37,744
Total capital assets, being depreciated	38,453	3,663	(2,330)	39,786
Less accumulated depreciation for:				
Structures and improvements	(223)	(53)	--	(276)
Equipment	(20,896)	(2,862)	1,901	(21,857)
Total accumulated depreciation	(21,119)	(2,915)	1,901	(22,133)
Total capital assets, being depreciated, net	17,334	748	(429)	17,653
Total	\$ 17,455	\$ 1,023	\$ (799)	\$ 17,679

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

	Depreciation (excluding ISF)	ISF Depreciation Allocation (1)	Total
<b>Governmental Activities</b>			
Policy & executive	\$ 105	\$ 28	\$ 133
Law & justice	618	72	690
Public safety	3,103	1,391	4,494
Health & public assistance	1,567	574	2,141
Community resources & public facilities	3,743	460	4,203
General government & support services	652	284	936
General County programs	359	9	368
Total depreciation expense-governmental activities	10,147	2,818	12,965
<b>Business-type activities</b>			
Solid waste	1,233	92	1,325
Laguna sanitation	1,012	5	1,017
Total depreciation expense-business-type activities	2,245	97	2,342
Grand Total	\$ 12,392	\$ 2,915	\$ 15,307

(1) Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of the assets.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**7. CAPITAL ASSETS - CONTINUED**

Construction in progress at June 30, 2005 consists of the following projects for the primary government:

**Governmental Activities:**

Capital Outlay Projects:

North County Public Works Service Center	\$	2,672	
Santa Barbara Court House Restoration		2,573	
Alcohol, Drug & Mental Health Building Rehabilitation		1,646	
North County Jail		1,031	
South County Jail Management System		415	
Goleta Beach Parking Lot Replacement		329	
Guadalupe Dunes Master Plan Implementation		319	
Other Projects (individually less than \$300)		<u>3,061</u>	
	\$		12,046

Road Projects:

North Jameson Lane Modifications		6,871	
Old Coast Bridge Replacement		2,452	
Gaviota Beach Road Bridge		759	
Black Road Bridge Rehabilitation		463	
Hummel Drive Extension		339	
Jonata Park Road Bridge		333	
Calle Real at Turnpike Traffic Signal		355	
Other Projects (individually less than \$300)		<u>2,074</u>	
			13,646

Flood Control Projects:

Carpinteria Watershed/Salt Marsh		4,257	
Mission Creek Project		1,035	
Las Vegas Creek/Encina Drain		524	
Other Projects (individually less than \$300)		<u>808</u>	
			6,624

Public Health Project: Pharmacy Robotic Dispenser

70

Vehicle Operations Internal Service Fund

26

Sub-total governmental activities

32,412

**Business-type activities:**

Resource Recovery & Waste Management:

Tajiguas Liner Expansion Phase 1A		1,666	
Tajiguas 48" Storm Drain Replacement		950	
Other Projects (individually less than \$300)		<u>1,208</u>	
			3,824

Laguna Sanitation Project: Brine Station expansion

20

Sub-total business-type activities

3,844

Total construction in progress

\$ 36,256

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**8. NOTES PAYABLE**

**Governmental Activities**

Notes payable at June 30, 2005 consists of tax and revenue anticipation notes (“TRANS”) payable of \$55,000 bearing interest at 3.00%, net interest cost of 1.56 % and are due in full on July 26, 2005. Proceeds from the notes were used to meet fiscal year 2004-2005 cash flow requirements. The following is a summary of changes in notes payable for the year ended June 30, 2005:

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
2003-2004 TRANS	\$ 45,000	\$ --	\$ 45,000	\$ --
2004-2005 TRANS	--	55,000	--	55,000
Total	<u>\$ 45,000</u>	<u>\$ 55,000</u>	<u>\$ 45,000</u>	<u>\$ 55,000</u>

**Business-Type Activities**

Laguna Wastewater Treatment Plant Loan

On August 16, 2001, the Laguna Sanitation District (District) entered into a financing contract with the 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 the District during the period February 2002 through June 2003. Repayment of the note commenced in July 2004 and will continue through July 2023. The interest rate on the note is 2.4 percent per annum. The note payable outstanding at June 30, 2005 is \$8,620. The following is a repayment schedule as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 389	\$ 207	\$ 596
2008	398	198	596
2009	407	188	595
2010	417	178	595
2011	427	168	595
2012-2016	2,295	682	2,977
2017-2021	2,583	393	2,976
2022-2024	1,704	83	1,787
Total	<u>\$ 8,620</u>	<u>\$ 2,097</u>	<u>\$ 10,717</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
(in thousands)

**9. LEASES**

Operating Leases as Lessee

The following is a schedule of future minimum rental payments, principally for the General Fund, required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 2,573
2007	2,092
2008	1,639
2009	608
2010	308
2011	306
Total Minimum Rental Payments	\$ 7,526

The total rental expenditure/expense for the year ended June 30, 2005 was \$3,599 of which \$567 was in the General Fund.

Operating Leases as Lessor

The County as lessor leases space in two buildings to other government agencies. The County 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 County also leases space to the U.S. Department of Veterans Affairs for a medical clinic under a two-year operating lease with a term from April 2005 to March 2007.

The original cost of the Casa Nueva building is \$5,740. As of June 30, 2005, the building had a carrying amount of \$5,357, net of accumulated depreciation of \$383. The original cost of the medical clinic is \$1,118. As of June 30, 2005, the medical clinic had a carrying amount of \$509, net of accumulated depreciation of \$609.

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 noncancelable lease terms in excess of one year as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 1,004
2007	846
2008	312
2009	312
2010	312
2011-2015	1,561
2016-2020	1,561
2021-2025	1,561
2026-2030	1,561
2031-2034	1,196
Total Minimum Rentals to be Received	\$ 10,226

For the year ended June 30, 2005 total rental income was \$951, all of which was recorded in the General Fund.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
(in thousands)

**9. LEASES - CONTINUED**

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 lease payments, payable from the General Fund, certain special revenue funds, and enterprise funds under capital leases as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006	\$ 283	\$ 90
2007	283	50
2008	249	--
2009	104	--
2010	79	--
2011-2015	396	--
2016-2018	198	--
Total Minimum Lease Payments	<u>1,592</u>	<u>140</u>
Less: Amount Representing Interest	<u>(320)</u>	<u>(10)</u>
Total Present Value of Minimum Lease Payments	<u>\$ 1,272</u>	<u>\$ 130</u>

The following is a schedule of capital assets under capital leases by major classes at June 30, 2005:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 368	\$ -
Equipment	802	445
Structures and improvements	<u>432</u>	<u>--</u>
Total capital asset, gross	1,602	445
Less: Accumulated depreciation	<u>(164)</u>	<u>(300)</u>
Total capital asset, net	<u>\$ 1,438</u>	<u>\$ 145</u>

Depreciation expense related to capital assets under capital leases for the governmental and business-type activities was \$131 and \$80 respectively, for the year ended June 30, 2005.

**10. LONG-TERM DEBT**

Certificates of Participation

Certificates of participation (COP) are secured by annual lease payments payable by the County for use of the facilities constructed or acquired from the bond proceeds. The Santa Barbara County Finance Corporation, a public benefit corporation, was created to issue such certificates. The County leases various projects from the Santa Barbara County Finance Corporation. The lease payments are used by the Santa Barbara County Finance Corporation to pay interest and principal of the bonds.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**10. LONG-TERM DEBT - CONTINUED**

The certificates of participation contain certain bond covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease-purchase 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, rental interruption and earthquake insurance in connection with each lease-purchase agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various bond covenants.

A summary of certificates of participation principal outstanding at year-end is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2005
<b>Governmental activities:</b>					
1997 Capital Improvements	5.39-7.11%	6/24/1997	12/1/2006	\$ 5,395	\$ -
1998 Capital Improvements	3.80-4.60	2/10/1998	2/1/2011	11,720	6,450
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	30,324	28,971
2004 Capital Improvements	2.00-3.00	3/31/2004	3/1/2011	20,023	16,963
2005 Capital Improvements	3.00-4.50	4/21/2005	3/1/2025	18,785	18,785
Sub-total governmental activities				<u>86,247</u>	<u>71,169</u>
<b>Business-type activities:</b>					
1997 Laguna Sanitation Refinance	5.39-7.11	6/24/1997	12/1/2006	1,915	515
1998 Baron Ranch	3.80-4.60	2/10/1998	2/1/2011	7,760	4,150
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	1,101	984
2004 Capital Improvements	2.00-3.00	3/31/2004	3/1/2009	1,577	1,237
Subtotal business-type activities				<u>12,353</u>	<u>6,886</u>
Total				<u>\$ 98,600</u>	<u>\$ 78,055</u>

As of June 30, 2005, the County has an outstanding receivable in the amount of \$1,195 from the City of Goleta related to the remaining outstanding balance on the 1994 Certificates of Participation, which were previously refunded by the 2004 COP issuance, used to finance the purchase of land that the County transferred to the city at incorporation on February 1, 2002. The County remains legally liable for this debt.

The following is a schedule of total debt service requirements to maturity as of June 30, 2005 for certificates of participation:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 5,994	\$ 2,632	\$ 1,231	\$ 260
2007	6,032	2,577	1,333	212
2008	5,934	2,416	1,071	168
2009	5,697	2,251	908	130
2010	5,634	2,083	776	93
2011-2015	18,586	7,695	1,064	183
2016-2020	13,455	4,131	340	88
2021-2022	9,837	993	163	9
Total	<u>\$ 71,169</u>	<u>\$ 24,778</u>	<u>\$ 6,886</u>	<u>\$ 1,143</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**10. LONG-TERM DEBT - CONTINUED**

Other Long-Term Debt

A schedule of other long-term debt outstanding as of June 30, 2005, recorded within governmental activities and payable from governmental funds, is as follows:

<u>Year Ending June 30,</u>	<u>Affordable Housing Loan</u>		<u>Cachuma Sanitation Loan</u>		<u>Fire Station Settlement</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2006	\$ 68	\$ 58	\$ 19	\$ 3	\$ 275
2007	72	54	20	2	200
2008	76	50	11	1	-
2009	80	46	-	-	-
2010	85	41	-	-	-
2011-2015	505	126	-	-	-
2016-2017	181	8	-	-	-
Total	<u>\$ 1,067</u>	<u>\$ 383</u>	<u>\$ 50</u>	<u>\$ 6</u>	<u>\$ 475</u>

The Fire Station Settlement has no interest payments associated with the long-term debt.

Rebatable 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 at June 30, 2005 recorded a rebatable arbitrage liability of \$2 within government activities.

**Governmental Activities – Conduit Debt**

Special Assessment Debt

The County acts as an agent for the property owners, who may benefit by the projects financed from special assessment bond proceeds, in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if appropriate. Special assessment bonds do not represent a liability of the County, as the County is not obligated in any manner for the debt. Accordingly, such obligations do not appear in the accompanying financial statements. The amount of special assessment debt outstanding at June 30, 2005 is \$120.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**10. LONG-TERM DEBT - CONTINUED**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
Certificates of participation	\$ 58,773	\$ 18,785	\$ (6,389)	\$ 71,169	\$ 5,994
Unamortized premium on certificates of participation (COP)	1,544	--	(236)	1,308	--
Unamortized discount on COP	--	(175)	5	(170)	--
Other long-term obligations:					
Cachuma Sanitation Loan	67	--	(17)	50	19
Fire Station #18 Settlement	750	--	(275)	475	275
Affordable Housing Loan	--	1,100	(33)	1,067	68
Liability for self-insurance claims	32,456	13,397	(15,990)	29,863	8,916
Estimated litigation liability	1,855	--	--	1,855	--
Compensated absences	23,862	1,767	(1,133)	24,496	1,133
Capital lease obligations	1,361	253	(342)	1,272	226
Rebatable arbitrage earnings	--	2	--	2	--
Sub-total governmental activities	<u>120,668</u>	<u>35,129</u>	<u>(24,410)</u>	<u>131,387</u>	<u>16,631</u>
<b>Business-type activities:</b>					
Certificates of participation	7,037	1,024	(1,175)	6,886	1,231
Unamortized premium on COP	12	37	(7)	42	--
Landfill litigation settlement	275	--	(55)	220	--
Compensated absences	468	46	(8)	506	8
Capital lease obligations	210	--	(80)	130	83
Notes payable	8,999	--	(379)	8,620	389
Accrued landfill closure costs	21,860	952	--	22,812	--
Sub-total business-type activities	<u>38,861</u>	<u>2,059</u>	<u>(1,704)</u>	<u>39,216</u>	<u>1,711</u>
Total	<u>\$ 159,529</u>	<u>\$ 37,188</u>	<u>\$ (26,114)</u>	<u>\$ 170,603</u>	<u>\$ 18,342</u>

The long-term liability activity for each major enterprise fund for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
<b>Solid Waste:</b>					
Certificates of participation	\$ 5,507	\$ 1,024	\$ (811)	\$ 5,720	\$ 853
Unamortized premium on COP	7	37	(4)	40	--
Landfill litigation settlement	275	--	(55)	220	--
Compensated absences	383	36	(8)	411	8
Capital lease obligations	210	--	(80)	130	83
Accrued landfill closure costs	21,860	952	--	22,812	--
Total	<u>\$ 28,242</u>	<u>\$ 2,049</u>	<u>\$ (958)</u>	<u>\$ 29,333</u>	<u>\$ 944</u>
<b>Laguna Sanitation:</b>					
Certificates of participation	\$ 1,530	\$ -	\$ (364)	\$ 1,166	\$ 378
Unamortized premium on COP	5	--	(3)	2	--
Notes payable	8,999	--	(379)	8,620	389
Compensated absences	85	10	--	95	--
Total	<u>\$ 10,619</u>	<u>\$ 10</u>	<u>\$ (746)</u>	<u>\$ 9,883</u>	<u>\$ 767</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**10. LONG-TERM DEBT - CONTINUED**

In governmental activities the liability for litigation and the majority of employee compensated absences are liquidated by the General 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, 2005 was as follows:

<b>Internal Service Funds:</b>	Balance	Additions	Deletions	Balance	Due Within
	July 1, 2004			June 30, 2005	One Year
Liability for self-insurance claims	\$ 32,456	\$ 13,397	\$ (15,990)	\$ 29,863	\$ 8,916
Compensated absences	597	11	(81)	527	81
Total	<u>\$ 33,053</u>	<u>\$ 13,408</u>	<u>\$ (16,071)</u>	<u>\$ 30,390</u>	<u>\$ 8,997</u>

**11. LANDFILL CLOSURE COSTS**

The County owns and operates four landfill sites including Tajiguas, Foxen Canyon, Ventucopa and New Cuyama. New Cuyama and Ventucopa were closed during the 1995-96 fiscal year. Foxen Canyon was converted to a transfer station in fiscal year 2003-04. State and Federal laws require the County to close landfills once their capacities are reached and to monitor and maintain the sites for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period until the landfills are closed. The amount recognized each year is based on the landfills' capacity used as of the balance sheet date. As of June 30, 2005, the County had incurred a liability of \$22,812, which represents the amount of costs reported to date based on the percentages of landfill capacities used to date. The remaining estimated liability for such costs is \$9,293, which will be recognized as the remaining capacities are used. The estimated total costs of closure and postclosure care totaling \$32,105 are subject to changes such as the effects of inflation, revisions of laws and other variables.

The estimated percentages of landfill capacity used are as follows:

Landfill	Capacity Used	Remaining Years
Tajiguas	64%	16
Foxen Canyon	95%	closed
Ventucopa	100%	closed
New Cuyama	100%	closed

On August 3, 1999, the Board approved an environmental review and authorized applications for a 15-year expansion of the Tajiguas landfill. Both the Regional Water Quality Control Board and the California Integrated Waste Management Board issued revised permits in April and May of 2003 that increased the landfill's permitted capacity. The estimated costs for the capacity expansion are \$25 million, which will be funded by the Solid Waste enterprise fund tipping fees.

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 costs. The County funds closure and postclosure costs with a combination of pledge of revenue agreements and restricted cash. The County has pledged revenues from future tipping fees generated at the Santa Barbara South Coast Transfer Station to fund 67 percent of all postclosure maintenance costs. Restricted cash and investments are expected to fund the remaining 33 percent of postclosure costs and all closure costs at Foxen Canyon and New Cuyama. The amount of \$14,490 is currently reported as a portion of restricted cash and investments in the Solid Waste Enterprise Fund on the balance sheet (see Note 5).

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**11. LANDFILL CLOSURE COSTS - CONTINUED**

Restricted cash for closure and postclosure costs at June 30, 2005 is comprised of the following:

<u>Landfill</u>	Closure Cost	Postclosure Cost	Total Restricted Cash
Tajiguas	\$ 9,411	\$ 1,284	\$ 10,695
Foxen Canyon	2,444	931	3,375
New Cuyama	--	420	420
Total	<u>\$ 11,855</u>	<u>\$ 2,635</u>	<u>\$ 14,490</u>

**12. RETAINED DEFICIT**

Internal Service Funds - In recent years, the County's Risk Management and Insurance Fund has experienced significant increases in workers' compensation claims liabilities due primarily to adverse case development, significantly increased costs related to both medical care and lost time disability payments to injured workers, as well as increased premiums for excess insurance coverage. Additionally, the County also experienced adverse general liability case development primarily related to two individually significant claims during the current fiscal year. The Risk Management and Insurance fund's retained deficit as of June 30, 2005 is \$6,131, which is a decrease of \$6,425 compared to the retained deficit of \$12,556 at June 30, 2004. The decrease is primarily due to lower workers' compensation claims outstanding and the impact of recent legislation (Assembly Bill 227 and Senate Bill 228 passed on January 1, 2004 and April 16, 2004, respectively). This legislation was designed to reduce the costs of workers' compensation by imposing limitations on medical costs, relaxing the penalties for late payments to claimants, improving fraud enforcement, and enacting various other measures. In addition, the County has developed a ten-year payback plan, currently in the third year, in an effort to eliminate the deficit through future premium rate increases. 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.

**13. INTERFUND TRANSACTIONS**

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,460
	Road	3,191
Total due to/from		<u>\$ 6,651</u>

Amounts due to the General Fund are the result of cash flow loans to cover temporary cash deficits in the Alcohol, Drug and Mental Health Services and Road funds and are scheduled to be collected at the beginning of the next fiscal year.

Advances to/from other funds at June 30, 2005 are as follows

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 1,759
Total advances to/from		<u>\$ 1,759</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**13. INTERFUND TRANSACTIONS – CONTINUED**

The \$1,759 advanced to the Solid Waste enterprise fund represents the balance of \$2,994 that provided financing resources for a landfill litigation settlement and will be repaid within the next five years through increases in fees.

Transfers

Transfers to/from other funds at June 30, 2005 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 33,724
	Social Services Fund	8,972
	Public Health Fund	7,870
	Capital Projects Fund	2,442
	Road Fund	1,618
		<u>54,626</u>
Road Fund	Capital Projects Fund	691
	Nonmajor Governmental Funds	193
		<u>884</u>
Public Health Fund	Capital Projects Fund	2,880
	Nonmajor Governmental Funds	444
	Social Services Fund	227
	General Fund	60
		<u>3,611</u>
Social Services Fund	Public Health Fund	243
	General Fund	204
	Nonmajor Governmental Funds	41
	Capital Projects Fund	30
	<u>518</u>	
Flood Control District Fund	Capital Projects Fund	<u>219</u>
Capital Projects Fund	General Fund	448
	Nonmajor Governmental Funds	229
		<u>677</u>
Nonmajor Governmental Funds	General Fund	43,747
	Nonmajor Governmental Funds	2,335
	Capital Projects Fund	652
	Social Services Fund	481
	Public Health Fund	264
	Solid Waste Fund	110
	Road Fund	64
		<u>47,653</u>
Solid Waste Fund	Capital Projects Fund	<u>77</u>
Laguna Sanitation Fund	Capital Projects Fund	<u>207</u>
Internal Service Funds	General Fund	113
	Capital Projects Fund	89
		<u>202</u>
Total transfers		<u>\$ 108,674</u>

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. During the fiscal year ended June 30, 2005, the Capital Projects Fund returned \$448 to the General Fund in unspent resources that were intended for capital outlay.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**14. RESTRICTED NET ASSETS**

Restricted net assets are net 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. Restricted net assets at June 30, 2005 for governmental activities are as follows:

Restricted for Public Safety:		
Fire Protection District	\$ 5,735	
Sheriff	2,644	
Probation	<u>1,638</u>	
		\$ 10,017
Restricted for Health & Public Assistance:		
Public Health	10,651	
Alcohol, Drug & Mental Health Services	7,425	
Child Support Services	108	
Other	<u>4</u>	
		18,188
Restricted for Community Resources & Public Facilities:		
Flood Control Districts	34,212	
Roads	6,257	
County Service Areas	1,593	
Water Agency	3,010	
Redevelopment Agency	3,094	
Coastal Resources Enhancement	1,527	
Other	<u>1,760</u>	
		51,453
Restricted for General Government & Support Services:		
Affordable Housing	6,310	
Clerk-Recorder-Assessor	<u>4,544</u>	
		10,854
Restricted for General County Programs:		
Children & Families First	8,711	
Property Tax Impounds	723	
Public & Educational Access	2,733	
Criminal Justice & Courthouse Construction	1,700	
Other	<u>142</u>	
		14,009
Restricted for Debt Service	<u>8,630</u>	
		<u>8,630</u>
Total Restricted Net Assets		<u><u>\$ 113,151</u></u>

Included in total restricted net assets at June 30, 2005 are net assets restricted by enabling legislation of \$24,053. For business-type activities, restricted net assets at June 30, 2005 of \$1,043 are for debt service.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**15. RESERVED AND DESIGNATED FUND BALANCES**

Fund balances, which are not available for appropriation or are not considered “expendable available financial resources”, are reserved. Unreserved fund balances that have been earmarked by the Board for specified purposes are considered designated. Such reserved and designated fund balances at June 30, 2005 are as follows:

	General	Road	Public Health	Social Services	Flood Control District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Reserved for:</b>								
Debt service	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,701	\$ 7,701
Property tax loss	4,515	--	--	--	--	--	--	4,515
Other receivables	1,993	--	--	--	--	--	4	1,997
Advances	1,759	--	--	--	--	--	--	1,759
Impounds receivables	723	--	--	--	35	--	187	945
Prepaid items	188	--	--	--	--	--	--	188
Imprest cash	18	1	4	15	--	--	3	41
Total reserved fund balance	<u>9,196</u>	<u>1</u>	<u>4</u>	<u>15</u>	<u>35</u>	<u>--</u>	<u>7,895</u>	<u>17,146</u>
<b>Designated for:</b>								
Capital outlay	110	--	307	--	11,479	22,068	1,868	35,832
Strategic reserve	16,693	--	--	--	--	--	--	16,693
Health care services	--	--	12,935	--	--	--	--	12,935
Endowments	--	--	4,403	--	--	--	8,401	12,804
Various	4,197	2	52	--	--	385	627	5,263
Sheriff dispatch system	--	--	--	--	--	3,076	3	3,079
Alcoholism programs	--	--	--	--	--	--	2,996	2,996
Recorder automation	2,544	--	--	--	--	--	--	2,544
Mental health	--	--	--	--	--	1,349	904	2,253
Fire protection projects	--	--	--	--	--	--	2,244	2,244
General fund capital contribution	1,583	--	--	--	--	--	--	1,583
Litigation	1,582	--	--	--	--	--	--	1,582
Probation	1,395	--	--	--	--	--	--	1,395
Mitigation	--	1,380	--	--	--	--	--	1,380
Public safety	1,184	--	--	--	--	--	--	1,184
Contingencies	--	--	--	--	864	114	178	1,156
Sheriff category grants	1,098	--	--	--	--	--	--	1,098
General capital projects	--	--	--	--	985	--	--	985
Planning & development	982	--	--	--	--	--	--	982
Assessor AB589	901	--	--	--	--	--	--	901
Proposition 36	--	--	--	--	--	--	669	669
Elections proposition 41	662	--	--	--	--	--	--	662
Public Health Special Projects	89	--	495	--	--	--	--	584
Public Works - Survey	518	--	--	--	--	--	--	518
Total designated fund balances	<u>33,538</u>	<u>1,382</u>	<u>18,192</u>	<u>--</u>	<u>13,328</u>	<u>26,992</u>	<u>17,890</u>	<u>111,322</u>
Total Unreserved-Undesignated Fund Balances	<u>8,564</u>	<u>4,628</u>	<u>4,824</u>	<u>1,724</u>	<u>20,356</u>	<u>4,043</u>	<u>27,729</u>	<u>71,868</u>
Total fund balances	<u>\$51,298</u>	<u>\$ 6,011</u>	<u>\$ 23,020</u>	<u>\$ 1,739</u>	<u>\$33,719</u>	<u>\$31,035</u>	<u>\$53,514</u>	<u>\$200,336</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**16. COMMITMENTS AND CONTINGENCIES**

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 \$1,855, representing County Counsel's best estimate of the ultimate loss, has been accrued in the government-wide statement of net assets. 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 \$10,000. 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.

Significant appeals of assessed values used for property tax calculations have been filed on a commercial space launch facility and one resort hotel facility in the County. The County is vigorously defending the assessed values. Additionally, the County is impounding current property tax collections. At June 30, 2005, impound receivables related to these facilities were \$945. The final results of these actions could also affect cities, school districts, and special districts in addition to the County.

On January 20, 2000, the County entered into a Settlement Agreement and Mutual Release ("Agreement") in response to an action filed against it for damages concerning the now closed Ballard Canyon landfill. The County's estimate of its liability under this agreement as of June 30, 2005 is \$220, which is recorded in the Solid Waste enterprise fund.

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 Federal Single Audit Act of 1997 and the related U.S. Office of Management and Budget Circular A-133, 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.

The County has entered into contracts to purchase goods and services from various vendors during the period July 1, 2005 through June 30, 2010. Approximately \$37,207 will be payable upon future performance under these contracts.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**17. 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; medical malpractice; unemployment; and providing health benefits to employees, retirees and their dependents. The County has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits. 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 fifty-three member counties. A Board of Directors consisting of representatives of its member counties governs the Authority. The Authority retains responsibility for claims in excess of the County's self-insurance retention. Self-insurance and Authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance Limit</u>	<u>Authority Limit</u>
General Liability	\$ 500	\$ 25,000
Medical Malpractice	500	10,000
Workers' Compensation	300	150,000

The County purchases property insurance from commercial insurance companies via a pool comprised of a majority of California Counties. The policy limits for the County's "All Risk and Flood" coverage is \$600,000 with a \$10 deductible. All the property damage risks are covered on a per occurrence basis and insured at full replacement values up to the policy limits. The County also maintains earthquake coverage with policy limits of \$225,000. Earthquake limits were increased from \$175,000 to \$225,000 beginning in the last quarter of the 2004-05 fiscal year.

The unpaid claims liabilities included in the 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 4%. It is the County's practice to obtain full actuarial studies annually for general liability, workers' compensation, and medical malpractice coverages. Premiums are charged by the Risk Management and Insurance Fund using various allocation methods that include actual costs, trends in claims experience, and number of participants. Revenues of the Risk Management and Insurance Fund, together with funds to be provided in the future, are expected to provide adequate resources to meet liabilities as they come due (see Note 12).

Changes in the liability for self-insurance claims during the past two fiscal years for the Risk Management and Insurance Fund is as follows:

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
Unpaid Claims, Beginning of Year	\$ 33,866	\$ 32,456
Incurred Claims	17,340	13,397
Claim Payments	(18,750)	(15,990)
Unpaid Claims, End of Year	<u>\$ 32,456</u>	<u>\$ 29,863</u>

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**17. SELF INSURANCE - CONTINUED**

Financial information on the Authority as of and for the year ended June 30, 2005 was not available at the date of publication of this report. Summary audited financial information as of and for the year ended June 30, 2004 is as follows:

Cash and investments	\$ 135,078
Other assets	75,083
Total Assets	\$ 210,161
Loss reserves	\$ 186,368
Other liabilities	18,733
Fund equity	5,060
Total liabilities and fund equity	\$ 210,161
Total revenues	\$ 247,402
Total expenses	(246,700)
Expenses in excess of revenues	\$ 702

The County's annual premium paid to the Authority for the year ended June 30, 2005 was \$2,910.

**18. RETIREMENT PLANS**

**Santa Barbara County Employees' Retirement System**

Plan Description

The Santa Barbara County Employees' Retirement System (Retirement System) was organized under the provisions of the 1937 County Employees' Retirement Act, effective on January 1, 1944. The Retirement System operates a cost sharing multiple-employer defined benefit plan. Members include all permanent employees working full time or at least 50% part time for the County as well as the following independent special districts: Carpinteria-Summerland Fire Protection District, Santa Barbara Coastal Vector Control District, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Air Pollution Control District (APCD), and the Santa Barbara County Association of Governments.

The Retirement System has three County retirement plans of which two are currently available for new employees. All plans provide benefits as defined by the County Employees Retirement law upon retirement, death or disability of members. Benefits are based on age, years of service, final average salary (generally 12 highest consecutive months), and the benefit options selected. Cost-of-living adjustments after retirement are provided in all plans except General Plan 2.

Fiduciary Responsibility

The Retirement System is controlled by the Board of Retirement that is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The Retirement System publishes its own Comprehensive Annual Financial Report and receives its own independent audit. The Retirement System is also a legally separate entity from the County and not a component unit.

Additional detailed information and separately issued financial statements of the Retirement System can be obtained at 3916 State St. Suite 210, Santa Barbara, CA 93105.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**18. RETIREMENT PLANS - CONTINUED**

Funding Policy

Contributions are made by members and employers at rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors. For certain bargaining units, a portion of the members' contribution is paid by the County. Employee contributions are based upon each individual member's age of entry into the system. Employee contributions cannot be withdrawn until separation from employment.

Employer/Employee Contribution

Employer and employer contribution rates are as follows:

<u>Description</u>	<u>Employer contribution rates</u>	<u>Employee contribution rates</u>
<u>Open for New Enrollment</u>		
General Plan 5B    All new general employees enrolled in plan.	12.04%	6.39 - 9.77%
Safety Plan 4B    All new safety employees enrolled in plan.	22.90%	10.90 - 15.45%
<u>Closed to New Enrollment:</u>		
General Plan 5A    Employees hired before October 1994 continue in plan.	12.13%	3.20 - 4.89%
General Plan 2    Non-contributory; employees hired before January 1999 may continue in plan.	5.27%	
Safety Plan 4A    Safety employees hired before October 1994 may continue in plan.	26.10%	5.45 - 7.72%

Annual Pension Cost

The annual required contribution for the current year was determined as part of an actuarial valuation performed as of June 30, 2003. The actuarial method used was the entry age normal cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 8.16%; (2) inflation element in wage increases of 4.5%; and (3) salary merit and longevity increases of 1%. Unfunded liabilities are amortized using the level percentage of the projected payroll over 15 years from June 30, 2003. Changes in actuarial gains and loss assumptions are spread over a 15 year period.

Three-Year Trend Information

The County's actual contributions, annual pension cost, and the percentage of annual pension cost contributed, for the current year and each of the two preceding years, are as follows:

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Contributions</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contribution</u>
6/30/2003	12/31/2000	\$ 32,777	\$ 32,777	100%
6/30/2004	12/31/2002	37,930	37,930	100%
6/30/2005	6/30/2003	45,044	45,044	100%

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**19. 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 each of the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Contributions</u>
6/30/2003	\$ 136
6/30/2004	145
6/30/2005	143

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 \$15,000 (in whole dollars), 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 retirement system 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 each of the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Contributions</u>
6/30/2003	\$ 100
6/30/2004	97
6/30/2005	88

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2005**  
**(in thousands)**

**20. SUBSEQUENT EVENTS**

In July 2005, the County issued tax and revenue anticipation notes ("TRANS") totaling \$47,000 due July 25, 2006 at a coupon rate of 4.00% and net interest cost of 2.63%. Proceeds from the notes will be used to meet fiscal year 2005-2006 cash flow requirements. Fiscal year 2005-2006 unrestricted revenues collateralize the notes.

# NONMAJOR GOVERNMENTAL FUNDS

## 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:

### **Children and Families First**

The Children and Families First Fund, as required by Proposition 10, accounts for the revenues generated by a tax increase on cigarettes and tobacco products. The Proposition 10 revenues are deposited into the Children and Families First Fund, and used to promote, support and improve the early development of children from the prenatal stage to five years of age. The funds are not to be used for projects or expenditures outside the scope of Proposition 10 objectives. This fund was established during fiscal year 1998-99. These activities were not accounted for previously in another fund; Proposition 10 became effective January 1, 1999.

### **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 revenue 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; 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 of 2001 by the Board of Supervisors to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund shall be 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.

### **Child Support Services**

AB 196, AB 150, and SB 542 established the Child Support Services Fund during fiscal year 2000-01 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**

#### **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 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.

# NONMAJOR GOVERNMENTAL FUNDS (Continued)

## **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 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.

## **Affordable Housing**

### **Affordable Housing**

The Affordable Housing Trust Fund was established 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.

### **HOME Program**

The HOME Program Fund was established in fiscal year 1993-94 to account for Federal affordable housing funds for the consortium formed with cities of Carpinteria, Lompoc, Santa Maria, and Guadalupe.

### **Collateralized Loan**

The Collateralized Loan Fund was established in fiscal year 2004-05 to provide capital to develop new affordable housing opportunities. Monies are to be used by Housing and Community Development to "write-down" the cost of housing in the private marketplace to attainable levels for low-income and workforce families who live and work in the County of Santa Barbara. The negotiated loan is collateralized solely by its total loan portfolio comprised of Housing Rehabilitation (HR) and Down Payment Assistance (DPA) programs loans.

## **Court Activities**

AB 2544 in fiscal year 1994-95 established the Court Activities Fund to account for the State's portion of Trial Court Funding. AB Bill 233, adopted in fiscal year 1997-98, 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 Temporary 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 Temporary 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 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.

# NONMAJOR GOVERNMENTAL FUNDS (Continued)

## **Redevelopment Agency**

The Santa Barbara County Redevelopment Agency was formed on September 12, 1989 under Section 33200 of the State of California Health and Safety Code. The Isla Vista Bluffs redevelopment project adopted by ordinance November 27, 1990 was aimed at preserving open space.

## **Alcohol Drug and Mental Health Services (ADMHS)**

The Alcohol Drug and Mental Health Services 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.” In addition to services provided directly, ADMHS also contracts with non-profit, public, and for-profit agencies for residential services, rehabilitation services, drug and alcohol services, and homeless mentally ill services.

## **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**

#### **County Service Area #3**

This service area serves part of the Goleta Valley, providing extended park and open space maintenance, library services and street lighting. It provides 2,866 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 on the north to just south of Rice Ranch Road, it 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 77 streetlights.

#### **County Service Area #12 – Mission Canyon Sewer Service Charge**

This fund 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 276 streetlights.

# NONMAJOR GOVERNMENTAL FUNDS (Continued)

## **County Service Area #32**

This district was established to provide financing of sheriff's patrols, from non-property tax sources, in the unincorporated areas of the County.

## **County Service Area #41**

This district was established to assess property owners of the Rancho Santa Rita Subdivision, located outside the City of Lompoc, for road repairs, maintenance and improvements.

## **Orcutt Community Facilities District**

In October 2002, qualified landowners approved the formation of a Community Facilities District (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.

## **Fire Protection District**

This district finances the majority of the cost of the Santa Barbara County Fire Department utilizing property tax revenues, which are collected 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 City of Buellton, City of Solvang, City of Goleta and private lands within the National Forest lands. The National Forest and military installations provide their own fire protection.

## **Lighting Districts**

### **Mission Lighting District**

This district provides 19 streetlights in the unincorporated area of Mission Canyon, located east of the City of Santa Barbara.

### **North County Lighting District**

Casmalia, Los Alamos, and Orcutt Lighting Districts and the lighting function of CSA #4 and #5 were consolidated in fiscal year 1994-95 to form the North County Lighting District which provides 2,764 streetlights in the north county.

## **Sandyland Seawall Maintenance**

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.

# **NONMAJOR GOVERNMENTAL FUNDS** (Continued)

## **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt.

### **Redevelopment Agency**

The Redevelopment Agency Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest incurred for the purchase of real property within the area of the Redevelopment Agency.

### **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 by the sale of Certificates of Participation issued to finance various County capital projects.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AS OF June 30, 2005 (in thousands)

	Special Revenue							
	Children and Families First	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	Child Support Services	Fishermen Assistance	Coastal Resources Enhancement
<b>ASSETS</b>								
Cash and investments	\$ 8,600	\$ 59	\$ 140	\$ 2,714	\$ 374	\$ 307	\$ 386	\$ 1,513
Accounts receivable (net of allowance):								
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	--
Use of money and property	58	--	1	19	4	19	3	14
Intergovernmental	849	--	--	--	17	42	--	--
Charges for services	--	--	21	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
Other receivables	4	--	--	--	17	--	--	--
Impounds receivable	--	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--	--
Total assets	<u>\$ 9,511</u>	<u>\$ 59</u>	<u>\$ 162</u>	<u>\$ 2,733</u>	<u>\$ 412</u>	<u>\$ 368</u>	<u>\$ 389</u>	<u>\$ 1,527</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 772	\$ --	\$ --	\$ --	\$ --	\$ 20	\$ --	\$ --
Salaries and benefits payable	28	--	7	--	--	236	--	--
Interest payable	--	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--	--
Other payables	--	--	--	--	--	--	--	--
Deferred revenues	--	--	--	--	--	4	--	--
Total liabilities	<u>800</u>	<u>--</u>	<u>7</u>	<u>--</u>	<u>--</u>	<u>260</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES</b>								
Reserved for:								
Receivables	4	--	--	--	--	--	--	--
Imprest cash	--	--	--	--	--	1	--	--
Debt service	--	--	--	--	--	--	--	--
Unreserved:								
Designated	7,428	--	--	1,365	--	10	--	60
Undesignated	1,279	59	155	1,368	412	97	389	1,467
Total fund balances	<u>8,711</u>	<u>59</u>	<u>155</u>	<u>2,733</u>	<u>412</u>	<u>108</u>	<u>389</u>	<u>1,527</u>
Total liabilities and fund balances	<u>\$ 9,511</u>	<u>\$ 59</u>	<u>\$ 162</u>	<u>\$ 2,733</u>	<u>\$ 412</u>	<u>\$ 368</u>	<u>\$ 389</u>	<u>\$ 1,527</u>

See accompanying independent auditors' report.

Special Revenue							
Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	Redevelopment Agency	ADMHS	
\$ 7,136	\$ 505	\$ 1,167	\$ 336	\$ 1,189	\$ 3,076	\$ 1,628	<b>ASSETS</b>
--	211	95	95	--	--	--	Cash and investments
49	--	8	1	8	22	--	Accounts receivable (net of allowance):
--	--	--	--	--	--	3,026	Fines, forfeitures, and penalties
--	315	--	--	--	--	12,858	Use of money and property
--	71	--	--	--	--	--	Intergovernmental
601	--	--	--	--	--	--	Charges for services
--	--	--	--	--	--	--	Other
--	--	--	--	--	--	--	Other receivables
--	--	--	--	--	--	--	Impounds receivable
<u>\$ 7,786</u>	<u>\$ 1,102</u>	<u>\$ 1,270</u>	<u>\$ 432</u>	<u>\$ 1,197</u>	<u>\$ 3,098</u>	<u>\$ 17,512</u>	Restricted cash and investments
							Total assets
\$ --	\$ 815	\$ --	\$ --	\$ 3	\$ 4	\$ 5,850	<b>LIABILITIES</b>
--	--	--	--	23	--	770	Accounts payable
--	3	--	--	--	--	8	Salaries and benefits payable
--	--	--	--	--	--	3,460	Interest payable
91	--	2	1	--	--	--	Due to other funds
606	--	--	--	--	--	--	Other payables
<u>697</u>	<u>818</u>	<u>2</u>	<u>1</u>	<u>26</u>	<u>4</u>	<u>10,088</u>	Deferred revenues
							Total liabilities
--	--	--	--	--	--	--	<b>FUND BALANCES</b>
--	--	--	--	--	--	2	Reserved for:
--	--	--	--	--	--	--	Receivables
--	--	--	--	--	--	--	Imprest cash
--	--	--	--	--	--	--	Debt service
--	270	785	2	--	--	4,788	Unreserved:
7,089	14	483	429	1,171	3,094	2,634	Designated
<u>7,089</u>	<u>284</u>	<u>1,268</u>	<u>431</u>	<u>1,171</u>	<u>3,094</u>	<u>7,424</u>	Undesignated
							Total fund balances
<u>\$ 7,786</u>	<u>\$ 1,102</u>	<u>\$ 1,270</u>	<u>\$ 432</u>	<u>\$ 1,197</u>	<u>\$ 3,098</u>	<u>\$ 17,512</u>	Total liabilities and fund balances

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COMBINING BALANCE SHEET (Continued)  
 NONMAJOR GOVERNMENTAL FUNDS  
 AS OF June 30, 2005 (in thousands)

	Special Revenue						Special Revenue Total
	County Service Areas	Orcutt Community Facilities District	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	Water Agency	
<b>ASSETS</b>							
Cash and investments	\$ 1,582	\$ 26	\$ 5,555	\$ 124	\$ 136	\$ 3,000	\$ 39,553
Accounts receivable (net of allowance):							
Fines, forfeitures, and penalties	--	--	--	--	--	--	401
Use of money and property	11	--	48	1	1	19	286
Intergovernmental	--	--	--	--	--	--	3,934
Charges for services	--	--	--	--	--	--	13,194
Other	--	--	--	--	--	--	71
Other receivables	--	--	--	--	--	--	622
Impounds receivable	--	--	174	--	--	13	187
Restricted cash and investments	--	--	--	--	--	1	1
Total assets	<u>\$ 1,593</u>	<u>\$ 26</u>	<u>\$ 5,777</u>	<u>\$ 125</u>	<u>\$ 137</u>	<u>\$ 3,033</u>	<u>\$ 58,249</u>
<b>LIABILITIES</b>							
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 66	\$ 3	\$ 7,533
Salaries and benefits payable	--	--	--	--	--	20	1,084
Interest payable	--	--	--	--	--	--	11
Due to other funds	--	--	--	--	--	--	3,460
Other payables	--	--	--	--	--	--	94
Deferred revenues	--	--	43	--	--	--	653
Total liabilities	<u>--</u>	<u>--</u>	<u>43</u>	<u>--</u>	<u>66</u>	<u>23</u>	<u>12,835</u>
<b>FUND BALANCES</b>							
Reserved for:							
Receivables	--	--	174	--	--	13	191
Imprest cash	--	--	--	--	--	--	3
Debt service	--	--	--	--	--	--	--
Unreserved:							
Designated	417	9	2,244	--	--	113	17,491
Undesignated	1,176	17	3,316	125	71	2,884	27,729
Total fund balances	<u>1,593</u>	<u>26</u>	<u>5,734</u>	<u>125</u>	<u>71</u>	<u>3,010</u>	<u>45,414</u>
Total liabilities and fund balances	<u>\$ 1,593</u>	<u>\$ 26</u>	<u>\$ 5,777</u>	<u>\$ 125</u>	<u>\$ 137</u>	<u>\$ 3,033</u>	<u>\$ 58,249</u>

See accompanying independent auditors' report.

Redevelop- ment Agency	Debt Service		Total Nonmajor Governmental Funds	
	Santa Barbara County Finance Corporation	Debt Service Total		
\$ 28	\$ 390	\$ 418	\$ 39,971	<b>ASSETS</b>
--	--	--	401	Cash and investments
6	38	44	330	Accounts receivable (net of allowance):
--	--	--	3,934	Fines, forfeitures, and penalties
--	--	--	13,194	Use of money and property
--	--	--	71	Intergovernmental
--	--	--	622	Charges for services
--	--	--	187	Other
321	7,317	7,638	7,639	Other receivables
<u>\$ 355</u>	<u>\$ 7,745</u>	<u>\$ 8,100</u>	<u>\$ 66,349</u>	Impounds receivable
				Restricted cash and investments
				Total assets
\$ --	\$ --	\$ --	\$ 7,533	<b>LIABILITIES</b>
--	--	--	1,084	Accounts payable
--	--	--	11	Salaries and benefits payable
--	--	--	3,460	Interest payable
--	--	--	94	Due to other funds
--	--	--	653	Other payables
--	--	--	12,835	Deferred revenues
				Total liabilities
				<b>FUND BALANCES</b>
--	--	--	191	Reserved for:
--	--	--	3	Receivables
348	7,353	7,701	7,701	Imprest cash
				Debt service
7	392	399	17,890	Unreserved:
--	--	--	27,729	Designated
<u>355</u>	<u>7,745</u>	<u>8,100</u>	<u>53,514</u>	Undesignated
				Total fund balances
<u>\$ 355</u>	<u>\$ 7,745</u>	<u>\$ 8,100</u>	<u>\$ 66,349</u>	Total liabilities and fund balances

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, 2005 (in thousands)

	Special Revenue							
	Children and Families First	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	Child Support Services	Fishermen Assistance	Coastal Resources Enhancement
<b>Revenues</b>								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, permits, and franchises	--	--	6	--	--	--	--	--
Fines, forfeitures, and penalties	--	13	--	--	--	--	--	--
Use of money and property	193	1	4	64	6	60	9	55
Intergovernmental	5,361	--	--	--	703	8,964	--	--
Charges for services	2	--	280	--	37	12	--	--
Other	926	--	--	--	608	25	6	641
Total revenues	<u>6,482</u>	<u>14</u>	<u>290</u>	<u>64</u>	<u>1,354</u>	<u>9,061</u>	<u>15</u>	<u>696</u>
<b>Expenditures</b>								
Current:								
Law & justice	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	--	9,080	--	--
Community resources & facilities	--	10	280	--	21	--	41	1,755
General county programs	5,650	--	--	235	--	--	--	--
Debt service:								
Principal	--	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	1,168	49	--	--
Total expenditures	<u>5,650</u>	<u>10</u>	<u>280</u>	<u>235</u>	<u>1,189</u>	<u>9,129</u>	<u>41</u>	<u>1,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>832</u>	<u>4</u>	<u>10</u>	<u>(171)</u>	<u>165</u>	<u>(68)</u>	<u>(26)</u>	<u>(1,059)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in	72	--	--	--	--	--	--	--
Transfers out	(18)	--	--	--	--	--	--	--
Long-term debt issued	--	--	--	--	--	--	--	--
Issuance discount on long-term debt	--	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>54</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	886	4	10	(171)	165	(68)	(26)	(1,059)
Fund balances - beginning	7,825	55	145	2,904	247	176	415	2,586
Fund balances - ending	<u>\$ 8,711</u>	<u>\$ 59</u>	<u>\$ 155</u>	<u>\$ 2,733</u>	<u>\$ 412</u>	<u>\$ 108</u>	<u>\$ 389</u>	<u>\$ 1,527</u>

See accompanying independent auditors' report.

Special Revenue							
Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	Redevelopment Agency	ADMHS	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,037	\$ --	<b>Revenues</b>
--	--	--	--	--	--	--	Taxes
--	2,659	1,205	1,202	--	--	3	Licenses, permits, and franchises
154	28	24	7	570	67	--	Fines, forfeitures, and penalties
3,162	--	--	--	--	20	24,244	Use of money and property
92	3,712	--	--	--	--	35,461	Intergovernmental
1,052	742	--	--	477	6	458	Charges for services
4,460	7,141	1,229	1,209	1,047	2,130	60,166	Other
							Total revenues
							<b>Expenditures</b>
							Current:
--	15,001	--	--	--	--	--	Law & justice
--	--	--	--	1,120	--	--	Public safety
--	--	--	--	--	--	56,842	Health & public assistance
4,319	--	--	--	--	1,355	--	Community resources & facilities
--	--	--	--	--	--	--	General county programs
							Debt service:
33	--	--	--	--	--	--	Principal
31	--	--	--	--	--	--	Interest
--	67	--	--	--	--	--	Capital outlay
4,383	15,068	--	--	1,120	1,355	56,842	Total expenditures
							Excess (deficiency) of revenues over (under) expenditures
77	(7,927)	1,229	1,209	(73)	775	3,324	
							<b>Other Financing Sources (Uses)</b>
--	7,900	--	--	--	--	1,914	Transfers in
(760)	--	(974)	(1,202)	(402)	(423)	(2,381)	Transfers out
1,100	--	--	--	--	--	--	Long-term debt issued
--	--	--	--	--	--	--	Issuance discount on long-term debt
340	7,900	(974)	(1,202)	(402)	(423)	(467)	Total other financing sources (uses)
							Net change in fund balances
417	(27)	255	7	(475)	352	2,857	
6,672	311	1,013	424	1,646	2,742	4,567	Fund balances - beginning
\$ 7,089	\$ 284	\$ 1,268	\$ 431	\$ 1,171	\$ 3,094	\$ 7,424	Fund balances - ending

(Continued)

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, 2005 (in thousands)

	Special Revenue						Special Revenue Total
	County Service Areas	Orcutt Community Facilities District	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	Water Agency	
<b>Revenues</b>							
Taxes	\$ 857	\$ 29	\$ 21,465	\$ 288	\$ --	\$ 1,513	\$ 26,189
Licenses, permits, and franchises	--	--	--	--	--	--	6
Fines, forfeitures, and penalties	--	--	--	--	--	--	5,082
Use of money and property	42	--	175	2	3	62	1,526
Intergovernmental	(76)	--	328	3	--	874	43,583
Charges for services	444	--	260	129	--	64	40,493
Other	--	--	40	--	--	1	4,982
Total revenues	<u>1,267</u>	<u>29</u>	<u>22,268</u>	<u>422</u>	<u>3</u>	<u>2,514</u>	<u>121,861</u>
<b>Expenditures</b>							
Current:							
Law & justice	--	--	--	--	--	--	15,001
Public safety	--	--	342	--	--	--	1,462
Health & public assistance	--	--	--	--	--	--	65,922
Community resources & facilities	585	1	--	401	75	2,201	11,044
General county programs	--	--	--	--	--	--	5,885
Debt service:							
Principal	--	--	--	--	--	--	33
Interest	--	--	--	--	--	--	31
Capital outlay	--	--	--	--	--	--	1,284
Total expenditures	<u>585</u>	<u>1</u>	<u>342</u>	<u>401</u>	<u>75</u>	<u>2,201</u>	<u>100,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>682</u>	<u>28</u>	<u>21,926</u>	<u>21</u>	<u>(72)</u>	<u>313</u>	<u>21,199</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	20,250	--	--	15	--	427	30,578
Transfers out	(20,991)	(5)	(20,219)	--	--	(168)	(47,543)
Long-term debt issued	--	--	--	--	--	--	1,100
Issuance discount on long-term debt	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>(741)</u>	<u>(5)</u>	<u>(20,219)</u>	<u>15</u>	<u>--</u>	<u>259</u>	<u>(15,865)</u>
Net change in fund balances	(59)	23	1,707	36	(72)	572	5,334
Fund balances - beginning	<u>1,652</u>	<u>3</u>	<u>4,027</u>	<u>89</u>	<u>143</u>	<u>2,438</u>	<u>40,080</u>
Fund balances - ending	<u>\$ 1,593</u>	<u>\$ 26</u>	<u>\$ 5,734</u>	<u>\$ 125</u>	<u>\$ 71</u>	<u>\$ 3,010</u>	<u>\$ 45,414</u>

See accompanying independent auditors' report.

Redevelopment Agency	Debt Service		Total Nonmajor Governmental Funds	
	Santa Barbara County Finance Corporation	Debt Service Total		
\$ --	\$ --	\$ --	\$ 26,189	<b>Revenues</b>
--	--	--	6	Taxes
--	--	--	5,082	Licenses, permits, and franchises
13	201	214	1,740	Fines, forfeitures, and penalties
--	410	410	43,993	Use of money and property
--	--	--	40,493	Intergovernmental
--	--	--	4,982	Charges for services
13	611	624	122,485	Other
				Total revenues
				<b>Expenditures</b>
				Current:
--	--	--	15,001	Law & justice
--	--	--	1,462	Public safety
--	--	--	65,922	Health & public assistance
1	--	1	11,045	Community resources & facilities
--	381	381	6,266	General county programs
				Debt service:
288	5,113	5,401	5,434	Principal
111	2,116	2,227	2,258	Interest
--	--	--	1,284	Capital outlay
400	7,610	8,010	108,672	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
(387)	(6,999)	(7,386)	13,813	
				<b>Other Financing Sources (Uses)</b>
390	5,999	6,389	36,967	Transfers in
--	(110)	(110)	(47,653)	Transfers out
--	2,038	2,038	3,138	Long-term debt issued
--	(175)	(175)	(175)	Issuance discount on long-term debt
390	7,752	8,142	(7,723)	Total other financing sources (uses)
3	753	756	6,090	Net change in fund balances
352	6,992	7,344	47,424	Fund balances - beginning
\$ 355	\$ 7,745	\$ 8,100	\$ 53,514	Fund balances - ending

COUNTY OF SANTA BARBARA, CALIFORNIA  
CHILDREN AND FAMILIES FIRST SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 200	\$ 200	\$ 193	\$ (7)
Intergovernmental	4,547	4,547	5,361	814
Charges for services	207	--	2	2
Other	1,081	966	926	(40)
Total revenues	<u>6,035</u>	<u>5,713</u>	<u>6,482</u>	<u>769</u>
<b>Expenditures</b>				
Current:				
General county programs	<u>6,222</u>	<u>5,875</u>	<u>5,650</u>	<u>225</u>
Total expenditures	<u>6,222</u>	<u>5,875</u>	<u>5,650</u>	<u>225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187)</u>	<u>(162)</u>	<u>832</u>	<u>994</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	76	76	72	(4)
Transfers out	<u>(45)</u>	<u>(45)</u>	<u>(18)</u>	<u>27</u>
Total other financing sources	<u>31</u>	<u>31</u>	<u>54</u>	<u>23</u>
Net change in fund balances	(156)	(131)	886	1,017
Fund balances - beginning	<u>7,825</u>	<u>7,825</u>	<u>7,825</u>	<u>--</u>
Fund balances - ending	<u>\$ 7,669</u>	<u>\$ 7,694</u>	<u>\$ 8,711</u>	<u>\$ 1,017</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
**FISH AND GAME SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 15	\$ 15	\$ 13	\$ (2)
Use of money and property	--	--	1	1
Total revenues	<u>15</u>	<u>15</u>	<u>14</u>	<u>(1)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>20</u>	<u>20</u>	<u>10</u>	<u>10</u>
Total expenditures	<u>20</u>	<u>20</u>	<u>10</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5)</u>	<u>(5)</u>	<u>4</u>	<u>9</u>
Net change in fund balances	(5)	(5)	4	9
Fund balances - beginning	55	55	55	--
Fund balances - ending	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 59</u>	<u>\$ 9</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 PETROLEUM SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses, permits, and franchises	\$ 1	\$ 1	\$ 6	\$ 5
Use of money and property	3	3	4	1
Charges for services	255	255	280	25
Total revenues	259	259	290	31
<b>Expenditures</b>				
Current:				
Community resources & facilities	264	281	280	1
Total expenditures	264	281	280	1
Excess (deficiency) of revenues over (under) expenditures	(5)	(22)	10	32
Net change in fund balances	(5)	(22)	10	32
Fund balances - beginning	145	145	145	--
Fund balances - ending	\$ 140	\$ 123	\$ 155	\$ 32

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 PUBLIC AND EDUCATIONAL ACCESS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 75	\$ 80	\$ 64	\$ (16)
Total revenues	75	80	64	(16)
<b>Expenditures</b>				
Current:				
General County programs	237	237	235	2
Total expenditures	237	237	235	2
Deficiency of revenues under expenditures	(162)	(157)	(171)	(14)
<b>Other Financing Sources (Uses)</b>				
Transfers out	--	(50)	--	50
Total other financing sources (uses)	--	(50)	--	50
Net change in fund balances	(162)	(207)	(171)	36
Fund balances - beginning	2,904	2,904	2,904	--
Fund balances - ending	\$ 2,742	\$ 2,697	\$ 2,733	\$ 36

See accompanying independent auditors' report.

**COUNTY OF SANTA BARBARA, CALIFORNIA  
SPECIAL AVIATION SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 6	\$ 6
Intergovernmental	1,201	1,310	703	(607)
Charges for services	3	3	37	34
Other	71	678	608	(70)
Total revenues	<u>1,275</u>	<u>1,991</u>	<u>1,354</u>	<u>(637)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	12	823	21	802
Capital outlay	<u>1,262</u>	<u>1,168</u>	<u>1,168</u>	<u>--</u>
Total expenditures	<u>1,274</u>	<u>1,991</u>	<u>1,189</u>	<u>802</u>
Excess of revenues over expenditures	<u>1</u>	<u>--</u>	<u>165</u>	<u>165</u>
Net change in fund balances	1	--	165	165
Fund balances - beginning	<u>247</u>	<u>247</u>	<u>247</u>	<u>--</u>
Fund balances - ending	<u>\$ 248</u>	<u>\$ 247</u>	<u>\$ 412</u>	<u>\$ 165</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Use of money and property	\$ 60	\$ 60	\$ 60	\$ -
Intergovernmental	9,739	9,643	8,964	(679)
Charges for services	--	--	12	12
Other	40	40	25	(15)
Total revenues	<u>9,839</u>	<u>9,743</u>	<u>9,061</u>	<u>(682)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	9,839	9,789	9,080	709
Capital outlay	--	50	49	1
Total expenditures	<u>9,839</u>	<u>9,839</u>	<u>9,129</u>	<u>710</u>
Excess (deficiency) of revenues over (under) expenditures	--	(96)	(68)	28
Net change in fund balances	--	(96)	(68)	28
Fund balances - beginning	176	176	176	--
Fund balances - ending	<u>\$ 176</u>	<u>\$ 80</u>	<u>\$ 108</u>	<u>\$ 28</u>

See accompanying independent auditors' report.

**COUNTY OF SANTA BARBARA, CALIFORNIA  
 FISHERMEN ASSISTANCE SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 11	\$ 11	\$ 9	\$ (2)
Other	7	7	6	(1)
Total revenues	<u>18</u>	<u>18</u>	<u>15</u>	<u>(3)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>62</u>	<u>77</u>	<u>41</u>	<u>36</u>
Total expenditures	<u>62</u>	<u>77</u>	<u>41</u>	<u>36</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44)</u>	<u>(59)</u>	<u>(26)</u>	<u>33</u>
Net change in fund balances	(44)	(59)	(26)	33
Fund balances - beginning	415	415	415	--
Fund balances - ending	<u>\$ 371</u>	<u>\$ 356</u>	<u>\$ 389</u>	<u>\$ 33</u>

See accompanying independent auditors' report.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**COASTAL RESOURCES ENHANCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Use of money and property	\$ 56	\$ 56	\$ 55	\$ (1)
Other	700	700	641	(59)
Total revenues	<u>756</u>	<u>756</u>	<u>696</u>	<u>(60)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>1,086</u>	<u>1,932</u>	<u>1,755</u>	<u>177</u>
Total expenditures	<u>1,086</u>	<u>1,932</u>	<u>1,755</u>	<u>177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(330)</u>	<u>(1,176)</u>	<u>(1,059)</u>	<u>117</u>
Net change in fund balances	(330)	(1,176)	(1,059)	117
Fund balances - beginning	2,586	2,586	2,586	--
Fund balances - ending	<u>\$ 2,256</u>	<u>\$ 1,410</u>	<u>\$ 1,527</u>	<u>\$ 117</u>

See accompanying independent auditors' report.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**AFFORDABLE HOUSING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 165	\$ 265	\$ 154	\$ (111)
Intergovernmental	4,873	4,192	3,162	(1,030)
Charges for services	60	60	92	32
Other	223	403	1,052	649
Total revenues	<u>5,321</u>	<u>4,920</u>	<u>4,460</u>	<u>(460)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	6,593	7,808	4,319	3,489
Debt service:				
Principal	--	33	33	--
Interest	--	31	31	--
Total expenditures	<u>6,593</u>	<u>7,872</u>	<u>4,383</u>	<u>3,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,272)</u>	<u>(2,952)</u>	<u>77</u>	<u>3,029</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(811)	(811)	(760)	51
Proceeds from long-term debt	--	1,100	1,100	--
Total other financing sources (uses)	<u>(811)</u>	<u>289</u>	<u>340</u>	<u>51</u>
Net change in fund balances	(2,083)	(2,663)	417	3,080
Fund balances - beginning	<u>6,672</u>	<u>6,672</u>	<u>6,672</u>	<u>--</u>
Fund balances - ending	<u>\$ 4,589</u>	<u>\$ 4,009</u>	<u>\$ 7,089</u>	<u>\$ 3,080</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COURT ACTIVITIES SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 2,675	\$ 2,675	\$ 2,659	\$ (16)
Use of money and property	75	78	28	(50)
Charges for services	4,575	4,575	3,712	(863)
Other	229	279	742	463
Total revenues	<u>7,554</u>	<u>7,607</u>	<u>7,141</u>	<u>(466)</u>
<b>Expenditures</b>				
Current:				
Law & justice	15,452	15,452	15,001	451
Capital outlay	--	78	67	11
Total expenditures	<u>15,452</u>	<u>15,530</u>	<u>15,068</u>	<u>462</u>
Deficiency of revenues under expenditures	<u>(7,898)</u>	<u>(7,923)</u>	<u>(7,927)</u>	<u>(4)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>7,819</u>	<u>7,900</u>	<u>7,900</u>	<u>--</u>
Total other financing sources	<u>7,819</u>	<u>7,900</u>	<u>7,900</u>	<u>--</u>
Net change in fund balances	(79)	(23)	(27)	(4)
Fund balances - beginning	<u>311</u>	<u>311</u>	<u>311</u>	<u>--</u>
Fund balances - ending	<u>\$ 232</u>	<u>\$ 288</u>	<u>\$ 284</u>	<u>\$ (4)</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 CRIMINAL JUSTICE CONSTRUCTION SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 1,100	\$ 1,100	\$ 1,205	\$ 105
Use of money and property	20	20	24	4
Total revenues	<u>1,120</u>	<u>1,120</u>	<u>1,229</u>	<u>109</u>
<b>Expenditures</b>				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>1,120</u>	<u>1,120</u>	<u>1,229</u>	<u>109</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(899)</u>	<u>(974)</u>	<u>(974)</u>	<u>--</u>
Total other financing uses	<u>(899)</u>	<u>(974)</u>	<u>(974)</u>	<u>--</u>
Net change in fund balances	221	146	255	109
Fund balances - beginning	<u>1,013</u>	<u>1,013</u>	<u>1,013</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,234</u>	<u>\$ 1,159</u>	<u>\$ 1,268</u>	<u>\$ 109</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 COURTHOUSE CONSTRUCTION SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 1,100	\$ 1,100	\$ 1,202	\$ 102
Use of money and property	8	7	7	--
Total revenues	<u>1,108</u>	<u>1,107</u>	<u>1,209</u>	<u>102</u>
<b>Expenditures</b>				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>1,108</u>	<u>1,107</u>	<u>1,209</u>	<u>102</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(1,216)</u>	<u>(1,216)</u>	<u>(1,202)</u>	<u>14</u>
Total other financing sources (uses)	<u>(1,216)</u>	<u>(1,216)</u>	<u>(1,202)</u>	<u>14</u>
Net change in fund balances	(108)	(109)	7	116
Fund balances - beginning	424	424	424	--
Fund balances - ending	<u>\$ 316</u>	<u>\$ 315</u>	<u>\$ 431</u>	<u>\$ 116</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 INMATE WELFARE  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 616	\$ 616	\$ 570	\$ (46)
Other	419	419	477	58
Total revenues	<u>1,035</u>	<u>1,035</u>	<u>1,047</u>	<u>12</u>
<b>Expenditures</b>				
Current:				
Public safety	1,403	1,403	1,120	283
Capital outlay	16	16	--	16
Total expenditures	<u>1,419</u>	<u>1,419</u>	<u>1,120</u>	<u>299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(384)</u>	<u>(384)</u>	<u>(73)</u>	<u>311</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(402)</u>	<u>98</u>
Total other financing sources (uses)	<u>(500)</u>	<u>(500)</u>	<u>(402)</u>	<u>98</u>
Net change in fund balances	(884)	(884)	(475)	409
Fund balances - beginning	1,646	1,646	1,646	--
Fund balances - ending	<u>\$ 762</u>	<u>\$ 762</u>	<u>\$ 1,171</u>	<u>\$ 409</u>

See accompanying independent auditors' report.

**COUNTY OF SANTA BARBARA, CALIFORNIA  
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,732	\$ 1,836	\$ 2,037	\$ 201
Use of money and property	40	40	67	27
Intergovernmental	20	20	20	--
Other	--	--	6	6
Total revenues	<u>1,792</u>	<u>1,896</u>	<u>2,130</u>	<u>234</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	1,312	1,703	1,355	348
Capital outlay	100	--	--	--
Total expenditures	<u>1,412</u>	<u>1,703</u>	<u>1,355</u>	<u>348</u>
Excess of revenues over expenditures	<u>380</u>	<u>193</u>	<u>775</u>	<u>582</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(456)</u>	<u>(456)</u>	<u>(423)</u>	<u>33</u>
Total other financing sources (uses)	<u>(456)</u>	<u>(456)</u>	<u>(423)</u>	<u>33</u>
Net change in fund balances	(76)	(263)	352	615
Fund balances - beginning	<u>2,742</u>	<u>2,742</u>	<u>2,742</u>	<u>--</u>
Fund balances - ending	<u>\$ 2,666</u>	<u>\$ 2,479</u>	<u>\$ 3,094</u>	<u>\$ 615</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
ALCOHOL, DRUG, AND MENTAL HEALTH SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, forfeitures, and penalties	\$ 4	\$ 4	\$ 3	\$ (1)
Use of money and property	(75)	(24)	-	24
Intergovernmental	23,034	23,696	24,244	548
Charges for services	35,742	36,940	35,461	(1,479)
Other	314	445	458	13
Total revenues	<u>59,019</u>	<u>61,061</u>	<u>60,166</u>	<u>(895)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	59,176	59,973	56,842	3,131
Debt service:				
Interest	--	51	--	51
Capital outlay	263	263	--	263
Total expenditures	<u>59,439</u>	<u>60,287</u>	<u>56,842</u>	<u>3,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(420)</u>	<u>774</u>	<u>3,324</u>	<u>2,550</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4,368	2,085	1,914	(171)
Transfers out	(4,624)	(2,434)	(2,381)	53
Total other financing uses	<u>(256)</u>	<u>(349)</u>	<u>(467)</u>	<u>(118)</u>
Net change in fund balances	(676)	425	2,857	2,432
Fund balances - beginning	4,567	4,567	4,567	--
Fund balances - ending	<u>\$ 3,891</u>	<u>\$ 4,992</u>	<u>\$ 7,424</u>	<u>\$ 2,432</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
COUNTY SERVICE AREAS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 884	\$ 843	\$ 857	\$ 14
Use of money and property	29	29	42	13
Intergovernmental	8	1	(76)	(77)
Charges for services	385	385	444	59
Other	--	7	--	(7)
Total revenues	<u>1,306</u>	<u>1,265</u>	<u>1,267</u>	<u>2</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>678</u>	<u>728</u>	<u>585</u>	<u>143</u>
Total expenditures	<u>678</u>	<u>728</u>	<u>585</u>	<u>143</u>
Excess of revenues over expenditures	<u>628</u>	<u>537</u>	<u>682</u>	<u>145</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,250	20,250	20,250	--
Transfers out	<u>(21,208)</u>	<u>(21,315)</u>	<u>(20,991)</u>	<u>324</u>
Total other financing sources (uses)	<u>(958)</u>	<u>(1,065)</u>	<u>(741)</u>	<u>324</u>
Net change in fund balances	(330)	(528)	(59)	469
Fund balances - beginning	<u>1,652</u>	<u>1,652</u>	<u>1,652</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,322</u>	<u>\$ 1,124</u>	<u>\$ 1,593</u>	<u>\$ 469</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 ORCUTT COMMUNITY FACILITIES DISTRICT SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 15	\$ 15	\$ 29	\$ 14
Intergovernmental	--	(7)	--	7
Other	--	7	--	(7)
Total revenues	<u>15</u>	<u>15</u>	<u>29</u>	<u>14</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>5</u>	<u>5</u>	<u>1</u>	<u>4</u>
Total expenditures	<u>5</u>	<u>5</u>	<u>1</u>	<u>4</u>
Excess of revenues over expenditures	<u>10</u>	<u>10</u>	<u>28</u>	<u>18</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>--</u>
Total other financing uses	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>	<u>--</u>
Net change in fund balances	5	5	23	18
Fund balances - beginning	<u>3</u>	<u>3</u>	<u>3</u>	<u>--</u>
Fund balances - ending	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 26</u>	<u>\$ 18</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 20,514	\$ 20,840	\$ 21,465	\$ 625
Use of money and property	50	78	175	97
Intergovernmental	213	213	328	115
Charges for services	159	159	260	101
Other	60	60	40	(20)
Total revenues	<u>20,996</u>	<u>21,350</u>	<u>22,268</u>	<u>918</u>
<b>Expenditures</b>				
Current:				
Public safety	<u>315</u>	<u>342</u>	<u>342</u>	<u>--</u>
Total expenditures	<u>315</u>	<u>342</u>	<u>342</u>	<u>--</u>
Excess of revenues over expenditures	<u>20,681</u>	<u>21,008</u>	<u>21,926</u>	<u>918</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(22,448)</u>	<u>(20,955)</u>	<u>(20,219)</u>	<u>736</u>
Total other financing sources (uses)	<u>(22,448)</u>	<u>(20,955)</u>	<u>(20,219)</u>	<u>736</u>
Net change in fund balances	(1,767)	53	1,707	1,654
Fund balances - beginning	<u>4,027</u>	<u>4,027</u>	<u>4,027</u>	<u>--</u>
Fund balances - ending	<u>\$ 2,260</u>	<u>\$ 4,080</u>	<u>\$ 5,734</u>	<u>\$ 1,654</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 LIGHTING DISTRICTS SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 294	\$ 294	\$ 288	\$ (6)
Use of money and property	--	--	2	2
Intergovernmental	3	3	3	--
Charges for services	119	119	129	10
Total revenues	<u>416</u>	<u>416</u>	<u>422</u>	<u>6</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>428</u>	<u>428</u>	<u>401</u>	<u>27</u>
Total expenditures	<u>428</u>	<u>428</u>	<u>401</u>	<u>27</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12)</u>	<u>(12)</u>	<u>21</u>	<u>33</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>15</u>	<u>15</u>	<u>15</u>	<u>--</u>
Total other financing sources	<u>15</u>	<u>15</u>	<u>15</u>	<u>--</u>
Net change in fund balances	3	3	36	33
Fund balances - beginning	<u>89</u>	<u>89</u>	<u>89</u>	<u>--</u>
Fund balances - ending	<u>\$ 92</u>	<u>\$ 92</u>	<u>\$ 125</u>	<u>\$ 33</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 SANDYLAND SEAWALL MAINTENANCE SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 4	\$ 4	\$ 3	\$ (1)
Total revenues	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>75</u>	<u>75</u>	<u>75</u>	<u>--</u>
Total expenditures	<u>75</u>	<u>75</u>	<u>75</u>	<u>--</u>
Deficiency of revenues under expenditures	<u>(71)</u>	<u>(71)</u>	<u>(72)</u>	<u>(1)</u>
Net change in fund balances	(71)	(71)	(72)	(1)
Fund balances - beginning	143	143	143	--
Fund balances - ending	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ 71</u>	<u>\$ (1)</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
WATER AGENCY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,473	\$ 1,469	\$ 1,513	\$ 44
Use of money and property	48	48	62	14
Intergovernmental	1,314	1,709	874	(835)
Charges for services	51	74	64	(10)
Other	--	--	1	1
Total revenues	<u>2,886</u>	<u>3,300</u>	<u>2,514</u>	<u>(786)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	<u>2,879</u>	<u>3,274</u>	<u>2,201</u>	<u>1,073</u>
Total expenditures	<u>2,879</u>	<u>3,274</u>	<u>2,201</u>	<u>1,073</u>
Excess of revenues over expenditures	<u>7</u>	<u>26</u>	<u>313</u>	<u>287</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	711	549	427	(122)
Transfers out	<u>(392)</u>	<u>(294)</u>	<u>(168)</u>	<u>126</u>
Total other financing sources	<u>319</u>	<u>255</u>	<u>259</u>	<u>4</u>
Net change in fund balances	326	281	572	291
Fund balances - beginning	<u>2,438</u>	<u>2,438</u>	<u>2,438</u>	<u>--</u>
Fund balances - ending	<u>\$ 2,764</u>	<u>\$ 2,719</u>	<u>\$ 3,010</u>	<u>\$ 291</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 REDEVELOPMENT AGENCY DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 5	\$ 5	\$ 13	\$ 8
Total revenues	<u>5</u>	<u>5</u>	<u>13</u>	<u>8</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	1	1	1	--
Debt service:				
Principal	290	290	288	2
Interest	104	111	111	--
Total expenditures	<u>395</u>	<u>402</u>	<u>400</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(390)</u>	<u>(397)</u>	<u>(387)</u>	<u>10</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	396	396	390	(6)
Total other financing sources (uses)	<u>396</u>	<u>396</u>	<u>390</u>	<u>(6)</u>
Net change in fund balances	6	(1)	3	4
Fund balances - beginning	352	352	352	--
Fund balances - ending	<u>\$ 358</u>	<u>\$ 351</u>	<u>\$ 355</u>	<u>\$ 4</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 SANTA BARBARA COUNTY FINANCE CORPORATION DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 296	\$ 357	\$ 201	\$ (156)
Intergovernmental	461	461	410	(51)
Total revenues	<u>757</u>	<u>818</u>	<u>611</u>	<u>(207)</u>
<b>Expenditures</b>				
Current:				
General County programs	25	418	381	37
Debt service:				
Principal	5,113	5,113	5,113	--
Interest	1,406	2,168	2,116	52
Total expenditures	<u>6,544</u>	<u>7,699</u>	<u>7,610</u>	<u>89</u>
Deficiency of revenues under expenditures	<u>(5,787)</u>	<u>(6,881)</u>	<u>(6,999)</u>	<u>(118)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,083	6,084	5,999	(85)
Transfers out	--	(110)	(110)	--
Proceeds from long-term debt	--	2,038	2,038	--
Issuance discount on long-term debt	--	(175)	(175)	--
Total other financing sources (uses)	<u>6,083</u>	<u>7,837</u>	<u>7,752</u>	<u>(85)</u>
Net change in fund balances	296	956	753	(203)
Fund balances - beginning	6,992	6,992	6,992	--
Fund balances - ending	<u>\$ 7,288</u>	<u>\$ 7,948</u>	<u>\$ 7,745</u>	<u>\$ (203)</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA

CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 656	\$ 1,112	\$ 1,151	\$ 39
Intergovernmental	3,219	4,978	2,745	(2,233)
Charges for service	--	70	70	--
Other	381	2,330	1,256	(1,074)
Total revenues	<u>4,256</u>	<u>8,490</u>	<u>5,222</u>	<u>(3,268)</u>
<b>Expenditures</b>				
Current:				
Public safety	--	48	48	--
Health & public assistance	1,050	--	--	--
Community resources & facilities	35	643	544	99
General government & support services	(1,039)	383	383	--
Capital outlay	<u>14,785</u>	<u>22,495</u>	<u>15,776</u>	<u>6,719</u>
Total expenditures	<u>14,831</u>	<u>23,569</u>	<u>16,751</u>	<u>6,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,575)</u>	<u>(15,079)</u>	<u>(11,529)</u>	<u>3,550</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,939	8,978	7,288	(1,690)
Transfers out	(1,130)	(824)	(677)	147
Proceeds from sale of capital assets	--	1,000	10	(990)
Long-term debt proceeds	--	16,747	16,747	--
Total other financing sources (uses)	<u>5,809</u>	<u>25,901</u>	<u>23,368</u>	<u>(2,533)</u>
Net change in fund balances	(4,766)	10,822	11,839	1,017
Fund balances - beginning	19,232	19,232	19,232	--
Fund balances - ending	<u>\$ 14,466</u>	<u>\$ 30,054</u>	<u>\$ 31,071</u>	<u>\$ 1,017</u>

See accompanying independent auditors' report.



# INTERNAL SERVICE FUNDS

The following 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 information technology and reprographics services to County departments and various other governmental agencies. Rates charged to all users are designed to recover costs of each system and are billed from a standard price schedule which is periodically adjusted to reflect cost changes. Profits or losses are carried forward and used to adjust price schedules of subsequent billing rates. 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 by donation through the Garage Equipment and Motor Pool budgets of the General Fund and contributions from other funds.

## **RISK MANAGEMENT AND INSURANCE**

This column combines the County's five self-insurance funds: Dental, Unemployment, Workers' Compensation, County 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.

# INTERNAL SERVICE FUNDS

(Continued)

## **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**

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**

This fund was established to provide centralized coordination of all County radio and communications activity. User departments are charged a monthly fee for maintenance and engineering services on the equipment in their possession. Fees include depreciation to provide for the eventual replacement of all radio equipment. Telephone Services, formerly a general fund program, was transferred into this fund effective July 1, 1995. Rates charged users are designed to recover the cost of the program and are periodically updated to reflect cost changes. No funds are being collected for equipment replacement.

COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF June 30, 2005 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations	Total
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 3,572	\$ 12,667	\$ 23,898	\$ 5,046	\$ 45,183
Accounts receivable:					
Use of money and property	25	88	167	35	315
Charges for services	--	--	3	--	3
Other	--	90	--	--	90
Inventories	--	150	--	111	261
Total current assets	<u>3,597</u>	<u>12,995</u>	<u>24,068</u>	<u>5,192</u>	<u>45,852</u>
Noncurrent assets:					
Restricted cash and investments	--	10	--	--	10
Capital assets:					
Buildings and improvements	--	2,042	--	--	2,042
Equipment	3,780	25,017	155	8,792	37,744
Construction in progress	--	26	--	--	26
Less accumulated depreciation	(2,483)	(14,779)	(146)	(4,725)	(22,133)
Total capital assets	<u>1,297</u>	<u>12,306</u>	<u>9</u>	<u>4,067</u>	<u>17,679</u>
Total noncurrent assets	<u>1,297</u>	<u>12,316</u>	<u>9</u>	<u>4,067</u>	<u>17,689</u>
Total assets	<u>4,894</u>	<u>25,311</u>	<u>24,077</u>	<u>9,259</u>	<u>63,541</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	262	121	208	1	592
Salaries and benefits payable, current portion	98	39	41	29	207
Compensated absences	54	9	1	17	81
Liability for self-insurance claims, current portion	--	--	8,916	--	8,916
Total current liabilities	<u>414</u>	<u>169</u>	<u>9,166</u>	<u>47</u>	<u>9,796</u>
Noncurrent liabilities					
Compensated absences	193	104	95	54	446
Liability for self-insurance claims, net of current portion	--	--	20,947	--	20,947
Total noncurrent liabilities	<u>193</u>	<u>104</u>	<u>21,042</u>	<u>54</u>	<u>21,393</u>
Total liabilities	<u>607</u>	<u>273</u>	<u>30,208</u>	<u>101</u>	<u>31,189</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,297	12,306	9	4,067	17,679
Unrestricted	2,990	12,732	(6,140)	5,091	14,673
Total net assets (deficit)	<u>\$ 4,287</u>	<u>\$ 25,038</u>	<u>\$ (6,131)</u>	<u>\$ 9,158</u>	<u>\$ 32,352</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations	Total
<b>Operating revenues:</b>					
Charges for sales and services	\$ 5,821	\$ 7,129	\$ 24,449	\$ 2,970	\$ 40,369
Other operating revenues	--	263	5,055	90	5,408
Total operating revenues	<u>5,821</u>	<u>7,392</u>	<u>29,504</u>	<u>3,060</u>	<u>45,777</u>
<b>Operating expenses:</b>					
Salaries and benefits	2,874	1,162	1,177	882	6,095
Services and supplies	1,623	3,487	7,350	1,185	13,645
Self-insurance claims	--	--	13,397	--	13,397
Contractual services	69	9	1,933	7	2,018
Depreciation and amortization	331	1,936	--	648	2,915
County overhead allocation	214	51	(321)	105	49
Other charges	157	30	--	--	187
Total operating expenses	<u>5,268</u>	<u>6,675</u>	<u>23,536</u>	<u>2,827</u>	<u>38,306</u>
Operating income	<u>553</u>	<u>717</u>	<u>5,968</u>	<u>233</u>	<u>7,471</u>
<b>Non-operating revenues (expenses):</b>					
Use of money and property	80	286	457	117	940
Loss on sale of capital assets	(15)	(272)	--	--	(287)
Other non-operating revenues	4	2	--	1	7
Total non-operating revenues	<u>69</u>	<u>16</u>	<u>457</u>	<u>118</u>	<u>660</u>
Income before transfers	<u>622</u>	<u>733</u>	<u>6,425</u>	<u>351</u>	<u>8,131</u>
Transfers out	--	(133)	--	(69)	(202)
Transfers in (out), net	--	(133)	--	(69)	(202)
Change in net assets	622	600	6,425	282	7,929
Total net assets (deficit) - beginning	<u>3,665</u>	<u>24,438</u>	<u>(12,556)</u>	<u>8,876</u>	<u>24,423</u>
Total net assets (deficit) - ending	<u>\$ 4,287</u>	<u>\$ 25,038</u>	<u>\$ (6,131)</u>	<u>\$ 9,158</u>	<u>\$ 32,352</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund services provided	\$ 5,821	\$ 7,392	\$ 29,504	\$ 3,060	\$ 45,777
Payments to employees	(3,048)	(1,087)	(1,295)	(933)	(6,363)
Payments to suppliers	(1,590)	(3,512)	(9,223)	(1,308)	(15,633)
Payments for self-insurance claims	--	--	(15,990)	--	(15,990)
County overhead allocation	(214)	(51)	321	(105)	(49)
Other operating payments	(157)	(30)	--	--	(187)
Net cash provided by operating activities	<u>812</u>	<u>2,712</u>	<u>3,317</u>	<u>714</u>	<u>7,555</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Other receipts	4	2	--	1	7
Net cash provided by noncapital and related financing activities	<u>4</u>	<u>2</u>	<u>--</u>	<u>1</u>	<u>7</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(945)	(1,950)	(9)	(677)	(3,581)
Proceeds from sales of capital assets	1	57	--	--	58
Transfers out	--	(133)	--	(69)	(202)
Net cash used by capital and related financing activities	<u>(944)</u>	<u>(2,026)</u>	<u>(9)</u>	<u>(746)</u>	<u>(3,725)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Use of money and property	69	249	384	100	802
Net cash provided by investing activities	<u>69</u>	<u>249</u>	<u>384</u>	<u>100</u>	<u>802</u>
Net increase (decrease) in cash and cash equivalents	(59)	937	3,692	69	4,639
Cash and cash equivalents - beginning	3,631	11,740	20,206	4,977	40,554
Cash and cash equivalents - ending	<u>\$ 3,572</u>	<u>\$ 12,677</u>	<u>\$ 23,898</u>	<u>\$ 5,046</u>	<u>\$ 45,193</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income	\$ 553	\$ 717	\$ 5,968	\$ 233	\$ 7,471
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	331	1,936	--	648	2,915
Changes in assets and liabilities:					
Inventories	--	(3)	--	14	11
Accounts payable	102	(13)	60	(130)	19
Salaries and benefits payable	(174)	75	(118)	(51)	(268)
Self-insurance claims	--	--	(2,593)	--	(2,593)
Net cash provided by operating activities	<u>\$ 812</u>	<u>\$ 2,712</u>	<u>\$ 3,317</u>	<u>\$ 714</u>	<u>\$ 7,555</u>

See accompanying independent auditors' report.



# 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, 2005 (in thousands)**

	July 1, 2004	Additions	Deductions	June 30, 2005
<b>CLEARING AND REVOLVING FUNDS</b>				
Assets:				
Cash and investments	\$ 27,932	\$ 799,185	\$ 817,599	\$ 9,518
Interest receivable	(1)	--	--	(1)
Total assets	<u>\$ 27,931</u>	<u>\$ 799,185</u>	<u>\$ 817,599</u>	<u>\$ 9,517</u>
Liabilities:				
Accounts payable	\$ 27,520	\$ 257,983	\$ 278,888	\$ 6,615
Funds held for others	411	1,078,073	1,075,582	2,902
Total liabilities	<u>\$ 27,931</u>	<u>\$ 1,336,056</u>	<u>\$ 1,354,470</u>	<u>\$ 9,517</u>
<b>DEPOSITS FUNDS</b>				
Assets:				
Cash and investments	\$ 4,338	\$ 28,122	\$ 28,125	\$ 4,335
Interest receivable	--	843	843	--
Total assets	<u>\$ 4,338</u>	<u>\$ 28,965</u>	<u>\$ 28,968</u>	<u>\$ 4,335</u>
Liabilities:				
Accounts payable	\$ -	\$ 551	\$ 549	\$ 2
Funds held for others	4,338	29,514	29,519	4,333
Total liabilities	<u>\$ 4,338</u>	<u>\$ 30,065</u>	<u>\$ 30,068</u>	<u>\$ 4,335</u>
<b>OTHER AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 5,411	\$ 135,200	\$ 134,756	\$ 5,855
Interest receivable	12	81	71	22
Total assets	<u>\$ 5,423</u>	<u>\$ 135,281</u>	<u>\$ 134,827</u>	<u>\$ 5,877</u>
Liabilities:				
Accounts payable	\$ 813	\$ 37,979	\$ 37,891	\$ 901
Funds held for others	4,610	173,172	172,806	4,976
Total liabilities	<u>\$ 5,423</u>	<u>\$ 211,151</u>	<u>\$ 210,697</u>	<u>\$ 5,877</u>
<b>STATE AND CITY REVENUE FUNDS</b>				
Assets:				
Cash and investments	\$ 3,335	\$ 103,095	\$ 103,219	\$ 3,211
Interest receivable	5	59	46	18
Total assets	<u>\$ 3,340</u>	<u>\$ 103,154</u>	<u>\$ 103,265</u>	<u>\$ 3,229</u>
Liabilities:				
Accounts payable	\$ 84	\$ 89,104	\$ 89,073	\$ 115
Funds held for others	3,256	192,227	192,369	3,114
Total liabilities	<u>\$ 3,340</u>	<u>\$ 281,331</u>	<u>\$ 281,442</u>	<u>\$ 3,229</u>
<b>TAX COLLECTION FUNDS</b>				
Assets:				
Cash and investments	\$ 13,931	\$ 1,149,249	\$ 1,148,219	\$ 14,961
Interest receivable	167	996	898	265
Total assets	<u>\$ 14,098</u>	<u>\$ 1,150,245</u>	<u>\$ 1,149,117</u>	<u>\$ 15,226</u>
Liabilities:				
Accounts payable	\$ 1	\$ 20,190	\$ 20,190	\$ 1
Funds held for others	14,097	1,170,435	1,169,307	15,225
Total liabilities	<u>\$ 14,098</u>	<u>\$ 1,190,625</u>	<u>\$ 1,189,497</u>	<u>\$ 15,226</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 54,947	\$ 2,214,851	\$ 2,231,918	\$ 37,880
Interest receivable	183	1,979	1,858	304
Total assets	<u>\$ 55,130</u>	<u>\$ 2,216,830</u>	<u>\$ 2,233,776</u>	<u>\$ 38,184</u>
Liabilities:				
Accounts payable	\$ 28,418	\$ 405,807	\$ 426,591	\$ 7,634
Funds held for others	26,712	2,643,421	2,639,583	30,550
Total liabilities	<u>\$ 55,130</u>	<u>\$ 3,049,228</u>	<u>\$ 3,066,174</u>	<u>\$ 38,184</u>

See accompanying independent auditors' report.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE<sup>1</sup>  
 AS OF June 30, 2005 (in thousands)

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	<u>Total</u>
<b>Governmental Funds Capital Assets</b>	
Land and improvements to land	\$ 85,659
Structures and improvements	185,219
Equipment	37,954
Infrastructure	201,086
Construction in progress	32,386
Total governmental funds capital assets	<u>\$ 542,304</u>
<b>Investments in governmental funds capital assets by source</b>	
General Fund	\$ 197,125
Special Revenue Funds	304,337
Grants	27,996
Donations	12,846
Total governmental funds capital assets	<u>\$ 542,304</u>

<sup>1</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION<sup>1</sup>**  
**AS OF June 30, 2005 (in thousands)**

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Equipment</u>	<u>Infra- Structure</u>	<u>Construction in Progress</u>	<u>Total</u>
<b>Function:</b>						
Policy & executive	\$ 621	\$ 2,548	\$ 217	\$ --	\$ --	\$ 3,386
Law & justice	1,446	32,250	380	--	2,171	36,247
Public safety	2,369	68,442	14,602	--	1,167	86,580
Health & public assistance	13,358	49,048	5,647	--	1,411	69,464
Community resources & public facilities	63,855	6,641	12,456	201,086	27,146	311,184
General government & support services	1,783	10,760	4,600	--	491	17,634
General County programs	2,227	15,530	52	--	--	17,809
Total governmental funds capital assets	<u>\$ 85,659</u>	<u>\$ 185,219</u>	<u>\$ 37,954</u>	<u>\$ 201,086</u>	<u>\$ 32,386</u>	<u>\$ 542,304</u>

<sup>1</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION<sup>1</sup>**  
**FOR THE FISCAL YEAR ENDED June 30, 2005 (in thousands)**

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Function:</b>				
Policy & executive	\$ 3,357	\$ 29	\$ --	\$ 3,386
Law & justice	25,819	20,490	10,062	36,247
Public safety	90,537	17,792	21,749	86,580
Health & public assistance	65,304	8,972	4,812	69,464
Community resources & public facilities	291,125	34,211	14,152	311,184
General government & support services	17,569	4,956	4,891	17,634
General County programs	18,878	--	1,069	17,809
Total governmental funds capital assets	<u>\$ 512,589</u>	<u>\$ 86,450</u>	<u>\$ 56,735</u>	<u>\$ 542,304</u>

<sup>1</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within governmental activities in the statement of net assets.



# STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' 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 a government's economic condition.

<b>CONTENTS</b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b>	<b>128</b>
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>REVENUE CAPACITY</b>	<b>133</b>
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
<b>DEBT CAPACITY</b>	<b>137</b>
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.	
<b>ECONOMIC AND DEMOGRAPHIC INFORMATION</b>	<b>140</b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	
<b>OPERATING INFORMATION</b>	<b>142</b>
Theses 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 ASSETS BY CATEGORY (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 as restated	2003-04	2004-05
<b>Governmental activities</b>										
Invested in capital asset, net of related debt	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 176,024	\$ 326,836	\$ 343,596	\$ 366,246
Restricted for:										
Public safety	--	--	--	--	--	--	10,973	9,599	8,193	10,017
Health and public assistance	--	--	--	--	--	--	19,014	20,595	16,129	18,188
Community resources & public facilities	--	--	--	--	--	--	56,055	49,864	52,899	51,453
General government & support services	--	--	--	--	--	--	7,715	10,368	10,520	10,854
General County programs	--	--	--	--	--	--	20,846	13,222	13,413	14,009
Debt service	--	--	--	--	--	--	9,768	9,271	6,997	8,630
Unrestricted	--	--	--	--	--	--	49,047	51,563	62,673	64,827
Subtotal governmental activities net assets	--	--	--	--	--	--	349,442	491,318	514,420	544,224
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	--	--	--	--	--	--	32,216	34,219	36,339	40,539
Restricted for:										
Debt service	--	--	--	--	--	--	933	933	933	1,043
Unrestricted	--	--	--	--	--	--	5,312	4,824	6,016	7,345
Subtotal business-type activities net assets	--	--	--	--	--	--	38,461	39,976	43,288	48,927
<b>Primary government</b>										
Invested in capital assets, net of related debt	--	--	--	--	--	--	208,240	361,055	379,935	406,785
Restricted for:										
Public safety	--	--	--	--	--	--	10,973	9,599	8,193	10,017
Health and public assistance	--	--	--	--	--	--	19,014	20,595	16,129	18,188
Community resources & public facilities	--	--	--	--	--	--	56,055	49,864	52,899	51,453
General government & support services	--	--	--	--	--	--	7,715	10,368	10,520	10,854
General County programs	--	--	--	--	--	--	20,846	13,222	13,413	14,009
Debt service	--	--	--	--	--	--	10,701	10,204	7,930	9,673
Unrestricted	--	--	--	--	--	--	54,359	56,387	68,689	72,172
Total primary government net assets, restated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 387,903	\$ 531,294	\$ 557,708	\$ 593,151

**Notes:**

- (1) Trend data is only available for the last four fiscal years due to the implementation of GASB 34.
- (2) FY 2002-03 net assets 'invested in capital assets, net of related debt' was restated in FY2003-04 from \$243,671 to \$361,055.
- (3) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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 ASSETS (UNAUDITED)  
 LAST TEN FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Expenses</b>										
Governmental activities:										
Policy & executive	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,960	\$ 7,235	\$ 6,242	\$ 5,204
Law & justice	--	--	--	--	--	--	36,843	36,850	38,088	39,158
Public safety	--	--	--	--	--	--	135,606	142,190	149,819	158,460
Health & public assistance	--	--	--	--	--	--	215,182	221,988	230,432	237,144
Community resources & public facilities	--	--	--	--	--	--	68,528	65,268	68,780	88,165
General government & support services	--	--	--	--	--	--	29,843	26,927	26,942	25,224
General County programs	--	--	--	--	--	--	11,241	15,644	13,050	9,673
Interest on long-term debt	--	--	--	--	--	--	4,541	4,610	4,172	4,151
Subtotal governmental activities expenses	--	--	--	--	--	--	508,744	520,712	537,525	567,179
Business-type activities:										
Solid Waste	--	--	--	--	--	--	20,265	18,295	17,394	17,790
Laguna Sanitation	--	--	--	--	--	--	2,043	3,825	3,495	4,495
Transit	--	--	--	--	--	--	36	27	16	59
Subtotal business-type activities expenses	--	--	--	--	--	--	22,344	22,147	20,905	22,344
Total primary government expenses	--	--	--	--	--	--	531,088	542,859	558,430	589,523
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Health & public assistance	--	--	--	--	--	--	51,549	55,539	58,603	67,917
Public safety	--	--	--	--	--	--	19,510	27,134	27,890	30,619
Other	--	--	--	--	--	--	66,538	58,110	56,949	56,343
Operating grants & contributions	--	--	--	--	--	--	252,572	236,391	238,621	255,317
Capital grants & contributions	--	--	--	--	--	--	272	131	1,144	1,256
Subtotal governmental activities revenues	--	--	--	--	--	--	390,441	377,305	383,207	411,452
Business-type activities:										
Charges for services										
Solid Waste	--	--	--	--	--	--	16,388	18,170	19,183	20,971
Laguna Sanitation	--	--	--	--	--	--	2,582	3,463	3,377	5,050
Other	--	--	--	--	--	--	37	8	7	9
Operating grants & contributions	--	--	--	--	--	--	1,573	1,344	1,308	1,232
Capital grants & contributions	--	--	--	--	--	--	--	--	--	--
Subtotal business-type activities revenues	--	--	--	--	--	--	20,580	22,985	23,875	27,262
Total primary government program revenues	--	--	--	--	--	--	411,021	400,290	407,082	438,714
<b>Net (expense) / revenue</b>										
Governmental activities	--	--	--	--	--	--	(118,303)	(143,407)	(154,318)	(155,727)
Business-type activities	--	--	--	--	--	--	(1,764)	838	2,970	4,918
Total primary government net expenses	--	--	--	--	--	--	(120,067)	(142,569)	(151,348)	(150,809)

(Continued)

**Note:**

(1) Trend data is only available for the last four fiscal years due to the implementation of GASB 34.

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

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	--	--	--	--	--	--	105,922	107,279	119,973	155,057
Motor vehicle in-lieu tax	--	--	--	--	--	--	26,078	26,932	29,923	3,818
Sales taxes	--	--	--	--	--	--	21,674	16,134	16,359	14,935
Transient occupancy tax	--	--	--	--	--	--	5,877	4,423	5,448	4,815
Unrestricted investment earnings	--	--	--	--	--	--	4,670	3,420	1,087	3,373
Extraordinary item and special item	--	--	--	--	--	--	(22,992)	5,433	--	--
Other	--	--	--	--	--	--	5,404	4,278	4,630	3,533
Subtotal governmental activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>146,633</u>	<u>167,899</u>	<u>177,420</u>	<u>185,531</u>
Business-type activities:										
Unrestricted investment earnings	--	--	--	--	--	--	1,414	971	270	828
Transfers	--	--	--	--	--	--	133	(17)	34	(174)
Other	--	--	--	--	--	--	96	(277)	38	67
Subtotal business-type activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,643</u>	<u>677</u>	<u>342</u>	<u>721</u>
Total primary government	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>148,276</u>	<u>168,576</u>	<u>177,762</u>	<u>186,252</u>
<b>Changes in Net Assets</b>										
Governmental activities	--	--	--	--	--	--	28,330	24,492	23,102	29,804
Business-type activities	--	--	--	--	--	--	(121)	1,515	3,312	5,639
Total primary government	<u>\$ --</u>	<u>\$ 28,209</u>	<u>\$ 26,007</u>	<u>\$ 26,414</u>	<u>\$ 35,443</u>					

**Note:**

(1) Trend data is only available for the last four fiscal years due to the implementation of GASB 34.

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

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
<b>General Fund</b>										
Reserved for:										
Receivables	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,433	\$ 5,039	\$ 5,094	\$ 4,663
Imprest cash	--	--	--	--	--	--	14	17	18	18
Property tax loss reserve	--	--	--	--	--	--	3,591	3,845	4,138	4,515
Unreserved:										
Designated	--	--	--	--	--	--	26,387	28,723	28,359	33,538
Undesignated	--	--	--	--	--	--	7,546	12,050	9,953	8,564
Subtotal General Fund	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>48,971</u>	<u>49,674</u>	<u>47,562</u>	<u>51,298</u>
<b>All Other Governmental Funds</b>										
Reserved for:										
Receivables	--	--	--	--	--	--	4,249	379	261	226
Imprest cash	--	--	--	--	--	--	24	24	23	23
Debt service	--	--	--	--	--	--	8,071	8,251	6,697	7,701
Unreserved:										
Designated, reported in:										
Special revenue funds	--	--	--	--	--	--	54,485	60,264	53,920	50,792
Capital projects fund	--	--	--	--	--	--	28,760	22,019	14,015	26,992
Undesignated, reported in:										
Special revenue funds	--	--	--	--	--	--	61,626	55,716	58,221	59,261
Capital projects fund	--	--	--	--	--	--	6,243	7,323	5,217	4,043
Subtotal all other governmental fund	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>163,458</u>	<u>153,976</u>	<u>138,354</u>	<u>149,038</u>
Total governmental fund balance	<u>\$ --</u>	<u>\$ 212,429</u>	<u>\$ 203,650</u>	<u>\$ 185,916</u>	<u>\$ 200,336</u>					

**Notes:**

- (1) Trend data is only available for the last four fiscal years due to the implementation of GASB 34.  
(2) The substantial increase or decrease in fund balance reserved, or unreserved is explained in Management's Discussion Analysis.

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

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Revenues (by source):</b>										
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 132,298	\$ 126,636	\$ 140,594	\$ 176,747
Licenses, permits, and franchises	--	--	--	--	--	--	13,521	12,258	14,407	13,712
Fines, forfeitures, and penalties	--	--	--	--	--	--	10,809	12,162	9,554	9,675
Use of money and property	--	--	--	--	--	--	14,013	10,735	5,532	9,489
Intergovernmental	--	--	--	--	--	--	270,384	260,779	260,609	253,104
Charges for service	--	--	--	--	--	--	117,468	117,061	123,739	134,276
Other	--	--	--	--	--	--	16,830	13,479	13,058	15,751
Total revenues	--	--	--	--	--	--	575,323	553,110	567,493	612,754
<b>Expenditures (by function):</b>										
Policy & executive	--	--	--	--	--	--	9,925	10,334	10,024	10,229
Law & justice	--	--	--	--	--	--	34,970	35,500	36,802	37,361
Public safety	--	--	--	--	--	--	122,754	130,996	140,458	148,978
Health & public assistance	--	--	--	--	--	--	215,452	223,913	232,782	241,023
Community resources & public facilities	--	--	--	--	--	--	68,271	64,104	67,161	85,219
General government & support services	--	--	--	--	--	--	39,390	38,049	39,828	40,007
General County programs	--	--	--	--	--	--	14,781	15,224	13,918	9,731
Debt service										
Principal	--	--	--	--	--	--	6,323	5,004	5,153	6,030
Interest	--	--	--	--	--	--	4,541	4,628	4,413	3,986
Capital outlay	--	--	--	--	--	--	40,164	35,404	35,862	36,155
Total expenditures	--	--	--	--	--	--	556,571	563,156	586,401	618,719
Excess of Revenues over (under) expenditures		--	--	--	--	--	18,752	(10,046)	(18,908)	(5,965)
<b>Other Financing Sources (Uses)</b>										
Transfers in	--	--	--	--	--	--	102,349	94,777	102,682	108,564
Transfers out	--	--	--	--	--	--	(103,420)	(95,111)	(103,185)	(108,188)
Proceeds from sale of capital assets	--	--	--	--	--	--	456	145	69	46
Proceeds from long-term debt	--	--	--	--	--	--	31,425	1,456	20,023	20,138
Issuance discount on long-term debt	--	--	--	--	--	--	--	--	--	(175)
Payment to refunded debt escrow agent	--	--	--	--	--	--	--	--	(18,415)	--
Total other financing sources (uses)	--	--	--	--	--	--	30,810	1,267	1,174	20,385
Net change in fund balance	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 49,562	\$ (8,779)	\$ (17,734)	\$ 14,420
Debt service as a percentage of noncapital expenditures:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.10%	1.83%	1.74%	1.72%

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Expenditures (2):</b>										
General government	\$ 30,927	\$ 34,183	\$ 35,892	\$ 39,373	\$ 43,254	\$ 47,090	\$ 59,857	\$ 58,434	\$ 59,228	\$ 55,274
Public protection	146,638	145,877	157,961	165,757	176,075	186,132	200,927	210,021	221,671	234,963
Public ways and facilities	17,447	21,351	26,616	29,081	27,232	30,794	43,801	36,702	24,441	32,560
Health and sanitation	64,764	72,069	75,445	81,229	87,286	103,760	106,767	110,424	117,342	130,160
Public assistance	89,841	85,548	84,217	94,675	94,921	99,982	104,726	105,933	105,203	107,408
Education	1,902	2,296	2,146	2,232	2,386	2,518	2,691	2,645	2,783	2,763
Recreational and cultural services	5,876	5,622	6,491	6,708	7,562	7,907	8,947	8,959	10,305	9,420
Debt service	13,509	10,680	10,667	9,973	9,391	9,474	8,680	9,218	9,566	10,016
Capital outlay	12,075	11,525	9,280	14,518	16,814	14,075	20,175	20,820	35,862	36,155
Total Expenditures	\$ 382,979	\$ 389,151	\$ 408,715	\$ 443,546	\$ 464,921	\$ 501,732	\$ 556,571	\$ 563,156	\$ 586,401	\$ 618,719

**Notes:**

- (1) Expenditure trend data is only available for the last four fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
- (2) By State Controller function.

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

<b>Fiscal Year</b>	<b>(1) Secured</b>	<b>(2) Unsecured</b>	<b>(3) Unitary</b>	<b>(4) Exempt</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
1995 - 1996	\$ 23,838,336	\$ 1,525,974	\$ 705,652	\$ (750,221)	\$ 25,319,741	1.00000%
1996 - 1997	24,633,028	1,571,143	697,462	(862,484)	26,039,149	1.00000
1997 - 1998	25,527,262	1,747,751	710,570	(919,658)	27,065,925	1.00000
1998 - 1999	27,046,286	1,919,184	703,596	(967,844)	28,701,222	1.00000
1999 - 2000	28,767,002	1,972,146	711,158	(1,016,269)	30,434,037	1.00000
2000 - 2001	31,368,402	1,933,553	724,164	(1,021,757)	33,004,362	1.00000
2001 - 2002	34,127,745	2,070,319	774,256	(1,100,743)	35,871,577	1.00000
2002 - 2003	36,623,758	2,360,050	825,982	(1,208,338)	38,601,452	1.00000
2003 - 2004	39,518,502	2,320,621	726,740	(1,301,099)	41,264,764	1.00000
2004 - 2005	43,022,881	2,426,901	743,530	(1,372,516)	44,820,796	1.00000

**Notes:**

- (1) 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.
- (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.
- (5) Due to 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 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.

**Source:**

Auditor-Controller, County of Santa Barbara

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)**  
**(\$1 PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

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<u>Fiscal Year</u>	<u>County Direct Rates</u>	<u>Overlapping Rates</u>		<u>Total</u>
	<u>Santa Barbara County General</u>	<u>Cities (1)</u>	<u>Schools (2)</u>	
1995 - 1996	1.00000%	0.00093%	0.00451%	1.00544%
1996 - 1997	1.00000	0.00094	0.00728	1.00822
1997 - 1998	1.00000	0.00088	0.00664	1.00752
1998 - 1999	1.00000	0.00085	0.01180	1.01265
1999 - 2000	1.00000	0.00047	0.01082	1.01129
2000 - 2001	1.00000	0.00006	0.00706	1.00712
2001 - 2002	1.00000	0.00021	0.00968	1.00989
2002 - 2003	1.00000	0.00017	0.00914	1.00931
2003 - 2004	1.00000	0.00017	0.01101	1.01118
2004 - 2005	1.00000	0.00015	0.00841	1.00856

**Notes:**

- (1) Rate shown represent a weighted average of the 8 incorporated cities within the County of Santa Barbara for fiscal year ending 2002-2003 and thereafter. Prior years rates represents a weighted average of 7 incorporated cities, excluding the City of Goleta which incorporated in 2002-2003.
- (2) Rates shown represent a weighted average of the various school district tax rate areas within the County of Santa Barbara.

**Source:**

Auditor-Controller, County of Santa Barbara

**COUNTY OF SANTA BARBARA, CALIFORNIA  
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)  
JUNE 30, 2005 AND JUNE 30, 1996 (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, 2005 and June 30, 1996:

**June 30, 2005:**

<u>Taxpayers</u>	<u>Type of Business</u>	(1) <u>Net Assessed Secured Property Value</u>	(2) <u>Percentage of Total Net Assessed Value</u>	(3) <u>Total Secured Tax Levy Fiscal Year 2004-05</u>	<u>Percentage of Total Secured Tax Levy Fiscal Year 2004-05</u>
Exxon Corporation	Oil	\$ 391,955	0.92%	\$ 3,920	0.93%
Verizon California Inc.	Utility	189,286	0.45%	2,023	0.48%
Southern California Gas Co.	Utility	152,407	0.36%	1,610	0.38%
Bacara Resort & Spa	Hotel	125,000	0.29%	1,344	0.32%
Pacific Offshore Pipeline Co.	Oil	113,848	0.27%	1,138	0.27%
Biltmore	Hotel	108,000	0.25%	1,259	0.30%
Southern California Edison Co.	Utility	82,641	0.19%	880	0.21%
Paseo Nuevo - Santa Barbara RDA	Retail	80,886	0.19%	837	0.20%
Fess Parker Doubletree Hotel	Hotel	73,671	0.17%	754	0.18%
Pacific Gas and Electric Co.	Utility	72,941	0.17%	777	0.19%
Ten largest taxpayers		1,390,635	3.28%	14,542	3.47%
All other taxpayers		41,003,260	96.72%	404,988	96.53%
Total		<u>\$ 42,393,895</u>	<u>100.00%</u>	<u>\$ 419,530</u>	<u>100.00%</u>

**June 30, 1996:**

<u>Taxpayers</u>	<u>Type of Business</u>	(1) <u>Net Assessed Secured Property Value</u>	(2) <u>Percentage of Total Net Assessed Value</u>	(3) <u>Total Secured Tax Levy Fiscal Year 1995-96</u>	<u>Percentage of Total Secured Tax Levy Fiscal Year 1995-96</u>
Exxon Corporation	Oil	\$ 520,913	2.19%	\$ 5,535	2.38%
GTE California, Incorporated	Utility	209,084	0.88%	2,141	0.92%
Gaviota Gas Plant	Gas	203,614	0.86%	2,163	0.93%
Southern California Gas Company	Utility	158,295	0.67%	1,620	0.70%
Pacific Offshore Pipeline Co.	Oil	112,708	0.47%	1,198	0.52%
Southern California Edison Company	Utility	100,395	0.42%	1,027	0.44%
Pacific Gas and Electric Co.	Utility	85,548	0.36%	875	0.38%
Raytheon Company	Electromagnetic Systems	81,393	0.34%	850	0.37%
Department of Veterans Affairs	Residential	66,597	0.28%	721	0.31%
Paseo Nuevo - Santa Barbara RDA	Retail	62,695	0.26%	628	0.27%
Ten largest taxpayers		1,601,241	6.73%	16,759	7.22%
All other taxpayers		22,192,526	93.27%	215,352	92.78%
Total		<u>\$ 23,793,767</u>	<u>100.00%</u>	<u>\$ 232,111</u>	<u>100.00%</u>

**Notes:**

(1) Net Assessed Secured amounts include Secured & Unitary less exemptions.

(2) See schedule "Assessed Value of Taxable Property and Actual Value of Property" for total assessed value. June 30, 2005 based on Secured \$43,022,881,000 plus Unitary \$743,530,000 less exemptions of \$1,372,516,000. June 30, 1996 based on Secured \$23,838,336,000 plus Unitary \$705,652,000 less exemptions of \$750,221,000.

(3) 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)**

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<b>Fiscal Year</b>	<b>(1) Taxes Levied</b>	<b>(2) Collections within the fiscal year of the levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
1995 - 1996	\$ 232,111	\$ 227,772	98.13%	\$ 4,303	\$ 232,075	99.98%
1996 - 1997	239,725	236,268	98.56%	3,443	239,711	99.99%
1997 - 1998	249,087	245,891	98.72%	3,177	249,068	99.99%
1998 - 1999	263,453	260,526	98.89%	2,895	263,421	99.99%
1999 - 2000	282,449	278,432	98.58%	3,337	281,769	99.76%
2000 - 2001	306,687	301,590	98.34%	4,680	306,270	99.86%
2001 - 2002	333,424	329,327	98.77%	3,873	333,200	99.93%
2002 - 2003	355,912	351,584	98.78%	3,965	355,549	99.90%
2003 - 2004	385,715	381,887	99.01%	2,959	384,846	99.77%
2004 - 2005	419,530	415,040	98.93%	--	415,040	98.93%

**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 Assessed Value (1)	Per Capita (2)
	Certificates of Participation	Capital Leases	Long- Term Loans	Long- Term Settle- ment	Note Payable	Certificates of Participation	Capital Leases	Long-Term Settlement	Notes Payable				
1995 - 1996	\$ 55,270	\$ 1,383	\$ 358	\$ --	\$64,000	\$ 10,110	\$1,309	\$ --	\$ --	\$ 132,430	0.52%	\$ 335	
1996 - 1997	53,310	963	487	--	65,000	9,370	460	--	--	129,590	0.50%	326	
1997 - 1998	50,915	731	408	--	68,000	9,210	637	--	--	129,901	0.48%	321	
1998 - 1999	47,175	701	339	2,125	62,000	8,260	1,677	--	--	122,277	0.43%	299	
1999 - 2000	43,415	1,723	254	1,850	57,000	7,280	1,299	550	--	113,371	0.37%	274	
2000 - 2001	39,650	1,421	173	3,568	47,000	6,360	884	440	--	99,496	0.30%	243	
2001 - 2002 (3)	65,935	567	104	1,438	37,000	6,955	839	385	4,933	118,156	0.33%	290	
2002 - 2003	61,635	1,753	83	1,025	45,000	6,225	408	330	9,388	125,847	0.33%	307	
2003 - 2004	58,773	1,361	67	750	45,000	7,037	210	275	8,999	122,472	0.32%	295	
2004 - 2005 (4)	71,169	1,272	1,117	475	55,000	6,886	130	220	8,620	144,889	0.38%	349	

**Notes:**

- (1) See the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" table for population figures. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.
- (3) In fiscal year 2001-2002 the County reclassified Laguna Sanitation District from a special revenue to enterprise fund.
- (4) The County issued 2005 certificates of participation (COP) at par value of \$18,785 for various capital projects.

**Source:**

Auditor-Controller, County of Santa Barbara

**COUNTY OF SANTA BARBARA, CALIFORNIA  
 COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)  
 LAST TEN FISCAL YEARS (in thousands)**

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<b>Fiscal Year</b>	<b>(1) Assessed Value</b>	<b>(2) Legal Debt Limit</b>	<b>Total net applicable debt</b>	<b>(3) Legal Debt Margin</b>	<b>Legal Debt Margin / Debt Limit</b>
1995 - 1996	\$ 25,319,741	\$ 316,497	-	\$ 316,497	100%
1996 - 1997	26,039,149	325,489	-	325,489	100%
1997 - 1998	27,065,925	338,324	-	338,324	100%
1998 - 1999	28,701,222	358,766	-	358,766	100%
1999 - 2000	30,434,037	380,425	-	380,425	100%
2000 - 2001	33,004,362	412,555	-	412,555	100%
2001 - 2002	35,871,577	448,395	-	448,395	100%
2002 - 2003	38,601,452	482,518	-	482,518	100%
2003 - 2004	41,264,764	515,810	-	515,810	100%
2004 - 2005	44,820,796	560,260	-	560,260	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) The Legal Debt Limit is 1.25% of Full Cash Value.
- (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)  
JUNE 30, 2005 (in thousands)

<b>2004-2005 Assessed Valuation:</b>	\$ 44,820,795
<b>Redevelopment Incremental Valuation:</b>	<u>2,139,879</u>
<b>Adjusted Assessed Valuation:</b>	\$ 42,680,916

<u>Overlapping Tax and Assessment Debt:</u>	<u>Percent Applicable</u>	<u>Debt (3)</u>
High School Districts	99.997-100%	\$73,854
Unified School Districts	100%	33,160
Goleta Union School Districts	100%	23,335
Orcutt School District	100%	15,000
Santa Barbara School District	100%	29,030
Other School District	100%	27,623
City of Guadalupe	100%	-
Carpinteria Sanitary District	100%	25
Santa Ynez River Water Conservation District	100%	1,140
Solvang Assessment District	100%	135
Special District 1915 Act Bonds	100%	4,170
Total Overlapping Tax and Assessment Debt		<u>\$ 207,472</u>

Direct and Overlapping General Fund Obligation Debt

<b>Santa Barbara County General Fund Obligations</b>	<b>100%</b>	<b>\$ 59,270 (1)</b>
Allan Hancock Joint Community College District Certificates of Participation	99.662%	8,435
Santa Maria Joint Union High School District Certificates of Participation	99.997%	27,144
Santa Maria-Bonita School District Certificates of Participation	99.996%	14,084
Buellton School District Certificates of Participation	100%	3,645
Other School District Certificates of Participation	100%	2,260
City of Carpinteria Certificates of Participation	100%	1,680
City of Santa Barbara Certificates of Participation	100%	5,320
City of Santa Maria General Fund Obligations	100%	20,520
City of Solvang General Fund Obligations	100%	1,245
Carpinteria Sanitary District General Fund Obligations	100%	16,705
Santa Maria Cemetery District Certificates of Participation	100%	1,520
Total Gross Direct and Overlapping General Fund Obligation Debt		<u>\$ 161,828</u>
Less: Carpinteria Sanitary District (100% self-supporting)		<u>16,705</u>
Total Net Direct and Overlapping General Fund Obligation Debt		<u>\$ 145,123</u>

Gross Combined Total Debt	\$ 369,300 (2)
Net Combined Total Debt	\$ 352,595

Ratio to 2003-04 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.46%
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Ratios to Adjusted Assessed Valuation

<b>Combined Direct Debt (\$65,810)</b>	<b>0.14%</b>
Gross Combined Total Debt	0.87%
Net Combined Total Debt	0.83%

**Notes:**

- (1) Excludes tax and revenue anticipation notes.
- (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 June 1, 2005.

**Source:**

California Municipal Statistics, Incorporated

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

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<b>(1)</b> <b>Year</b>	<b>(2)</b> <b>Population</b>	<b>(4)</b> <b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>(5)</b> <b>School Enrollment</b>	<b>(6)</b> <b>Unemployment Rate</b>
1996	395	\$ 9,598,000	24.3	60	5.1%
1997	397	10,007,000	25.2	62	4.2%
1998	405	10,377,000	25.6	63	3.8%
1999	409	11,301,000	27.6	65	3.4%
2000	414	11,890,000	28.7	65	3.2%
2001	409	12,911,000	31.6	66	2.8%
2002	408	13,272,000	32.5	67	3.7%
2003	410	13,701,000	33.4	67	3.5%
2004	415	14,378,000 (3)	34.6 (3)	68	3.4%
2005	419	15,167,000 (3)	36.2 (3)	68	4.0%

**Detail of estimated population, as of January 1, 2005 (whole numbers) (2):**

Incorporated Cities	
Buellton	4,552
Carpinteria	14,340
Goleta	30,679
Guadalupe	6,296
Lompoc	42,320
Santa Barbara	90,518
Santa Maria	88,793
Svang	5,429
Total of Incorporated	282,927
Total of Unincorporated Areas	136,333
<b>Total Population</b>	<b>419,260</b>

**Notes:**

- (1) Calendar year
- (2) Population as of January 1,
- (3) Estimated amounts
- (7) Prior year personal income was adjusted to reflect actual data.

**Sources:**

- (2) California Department of Finance
- (4) University of California, Santa Barbara Economic Forecast Project
- (5) Santa Barbara County Schools Administrative Office
- (6) Employment Development Department Research Center

**COUNTY OF SANTA BARBARA, CALIFORNIA  
 PRINCIPAL EMPLOYERS (UNAUDITED)  
 JUNE 30, 2005 AND JUNE 30, 1996**

<b>June 30, 2005</b>			<b>June 30, 1996</b>		
<b>Company or Organization</b>	<b>Jobs (1)</b>	<b>(3) Percent of Total County Employment</b>	<b>Company or Organization</b>	<b>Jobs (2)</b>	<b>(3) Percent of Total County Employment</b>
University of California at Santa Barbara	9,626	5.20%	University of California at Santa Barbara	8,411	5.31%
Vandenberg Air Force Base	4,782	2.58%	Vandenberg Air Force Base	4,820	3.04%
County of Santa Barbara	4,088	2.21%	County of Santa Barbara	4,052	2.56%
Santa Barbara Cottage Hospital	2,529	1.37%	Santa Barbara Cottage Hospital	1,655	1.04%
Santa Barbara City College	2,211	1.19%	Santa Maria-Bonita Schools	1,178	0.74%
Raytheon Electronic Systems	1,950	1.05%	Santa Barbara Research	1,113	0.70%
Santa Barbara School District Admin.	1,810	0.98%	Santa Barbara City College	1,100	0.69%
Santa Maria-Bonita Schools District	1,615	0.87%	U.S. Postal Service	1,075	0.68%
Chumash Casino	1,530	0.83%	E-Systems	1,000	0.63%
City of Santa Maria	<u>1,520</u>	0.82%	Vons/Williams Brother Stores	<u>1,000</u>	0.63%
<b>Total</b>	<b><u>31,661</u></b>	<b>17.10%</b>	<b>Total</b>	<b><u>25,404</u></b>	<b>16.03%</b>

**Notes:**

- (1) As of April 2005
- (2) As of March 1996

**Source:**

(3) State Employment Development Department, Labor Market Information Division and University of California, Santa Barbara Economic Forecast Project

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

<b>Function/Program</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Policy & executive										
Paid employees	--	--	--	--	--	--	98	94	93	95
Actual full-time equivalent	--	--	--	--	--	--	92	88	87	88
Law & justice										
Paid employees	--	--	--	--	--	--	236	213	211	208
Actual full-time equivalent	--	--	--	--	--	--	227	209	207	205
Public safety										
Paid employees	--	--	--	--	--	--	1,389	1,383	1,367	1,357
Actual full-time equivalent	--	--	--	--	--	--	1,319	1,321	1,298	1,287
Health & public assistance										
Paid employees	--	--	--	--	--	--	1,685	1,667	1,652	1,660
Actual full-time equivalent	--	--	--	--	--	--	1,595	1,589	1,560	1,563
Community resources & public facilities										
Paid employees	--	--	--	--	--	--	583	556	552	519
Actual full-time equivalent	--	--	--	--	--	--	556	536	527	498
General government & support services										
Paid employees	--	--	--	--	--	--	464	441	432	425
Actual full-time equivalent	--	--	--	--	--	--	435	422	413	405
General County programs										
Paid employees	--	--	--	--	--	--	19	29	19	14
Actual full-time equivalent	--	--	--	--	--	--	18	28	18	14
Solid Waste										
Paid employees	--	--	--	--	--	--	94	93	91	91
Actual full-time equivalent	--	--	--	--	--	--	91	88	86	87
Laguna Sanitation										
Paid employees	--	--	--	--	--	--	14	14	13	13
Actual full-time equivalent	--	--	--	--	--	--	14	14	13	13

**Notes:**

- (1) County Employees by function/program is only available for the last four fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
- (2) Actual Full-Time Equivalents: 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.  
Full-Time Equivalent: This number is equal to the number of work hours divided by 80 (the normal number of hours worked by a full-time employee). For example, for a part-time employee that works 40 hours each pay period, the FTE would be 50%, or 0.500
- (3) Paid Employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job that the employee was paid for.
- (4) Superior Court and Employee Retirement removed from entity - employee counts reduced by 270 and 259, respectively for Superior Court and by 9 and 9, respectively for Employee Retirement.

**Summary of County Employees  
Last Ten Fiscal Years (5):**

<b>Fiscal Year</b>	<b>Employees Paid</b>	<b>Full-Time Equivalents</b>
1995-96	4,077	3,853
1996-97	4,148	3,912
1997-98	4,465	4,192
1998-99	4,507	4,265
1999-00	4,746	4,386
2000-01	(4) 4,652	4,239
2001-02	4,582	4,347
2002-03	4,490	4,295
2003-04	4,430	4,209
2004-05	4,382	4,160

**Sources:**

- (5) Santa Barbara County payroll records as of June 30.

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

<b>Function/Program</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>Law &amp; justice</b>				
Filed felonies-District Attorney	2,400	2,700	3,100	3,400
Filed misdemeanors-District Attorney	11,900	10,900	11,200	13,100
Public Defender's caseload	23,700	24,500	26,300	27,800
<b>Public safety</b>				
Fire emergency responses	8,400	8,750	9,400	9,500
Total miles patrolled by Sheriffs	1,580,000	1,410,000	1,277,615	1,518,166
Processed and booked adult offenders-Sheriff	16,967	17,496	17,535	19,582
Juvenile referrals processed- Probation	6,000	6,000	6,300	6,400
Cases supervised-Probation	7,100	7,400	10,550	10,579
Institutional care for minors-Probation (days)	63,100	63,400	58,300	52,280
Prepared adult sentencing reports-Probation	2,500	2,500	11,300	11,900
<b>Health &amp; public assistance</b>				
ADMHS clients served	14,885	15,102	15,546	16,908
Processed child support payments	151,000	153,000	156,000	160,000
Assistance claims paid to eligible recipients	n/a	60,000	62,500	64,500
Patient treatments at Public Health clinics	100,000	100,000	112,000	116,100
<b>Community resources &amp; public facilities</b>				
Building inspections	39,500	28,700	27,800	34,900
Enhanced or maintained road lanes (miles)	124	190	150	117
Flood control work requests	169	234	145	200
<b>General government &amp; support services</b>				
Clerk-Recorder-Assessor				
Recorded Documents	110,000	139,000	170,000	131,000
<b>Solid Waste</b>				
Waste recycled (tons per month)	5,900	10,000	10,200	8,857
Landfill waste disposal (tons per month)	17,200	18,345	19,910	20,510

**Note:**

(1) Operating Indicators by function/program is only available for the last four fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.

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

<b>Function/Program</b>	<b><u>2001-02</u></b>	<b><u>2002-03</u></b>	<b><u>2003-04</u></b>	<b><u>2004-05</u></b>
Policy & executive				
Buildings	Occupied with general government and support services.			
Law & justice				
Court buildings	9	9	9	9
Other buildings	4	4	4	5
Public safety				
Fire stations	15	15	15	15
Fire trucks	39	39	39	41
Ambulances	4	4	4	4
Sheriff sub stations	2	2	2	2
Patrol units	49	49	49	49
Aircrafts	5	5	5	5
Jail and detention facilities	6	6	6	6
Administration buildings	8	8	8	8
Health & public assistance				
Clinics	5	5	5	5
Administration buildings	5	5	5	5
Community resources & public facilities				
Public parks & open space acreage	2,617	2,617	2,617	2,617
Day use & camping parks	24	24	24	24
Open space areas (County developed)	29	29	29	29
Outdoor events center	1	1	1	1
Veterans buildings	3	3	3	3
Seawalls	2	2	2	2
Road lane miles	1,839 (3)	1,668	1,668	1,668
Bridges	43	44	44	44
Traffic signals	25	25	25	25
Roads heavy equipment	36	40	43	43
Sanitary sewers (miles of collection)	160	160	160	160
Treatment capacity (million gallons per day)	2	4	4	4
Solid Waste heavy equipment	53	55	60	65
General government & support services				
Buildings	4	4	4	5

**Notes:**

- (1) Capital assets and infrastructure statistics by function/program is only available for the last four fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
- (2) Buildings includes those that are capitalized but excludes real property that is leased.
- (3) Includes City of Goleta.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2005**

**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** - The recording of the financial effects on 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.

**ADVANCE FROM OTHER FUNDS** - A liability account used to record noncurrent portions of a long-term debt owed by 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**.

**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

**AMORTIZATION** - (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

**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.

**AUDITORS' 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: government-wide 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 government-wide 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 tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

**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** - 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/ CUFRRs 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.

**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 financial report that encompasses all funds and component units of the government. The CAFR should contain (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. The CAFR is the governmental unit's official annual report and also should contain 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

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT - Continued**  
**June 30, 2005**

**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.

**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.

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

**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 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.

**DESIGNATED FUND BALANCE** - A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

**DUE FROM OTHER FUNDS** - An asset account used to indicate 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. These amounts include 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 assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

**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.

**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 sponsors 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, 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.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT - Continued**  
**June 30, 2005**

**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 *government-wide 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 - for example, 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 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. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

**GOVERNMENT-WIDE 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 government-wide financial statements: the statement of net assets 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.

**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.

**INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT** - One of three components of net assets that must be reported in both government-wide 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.

**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.

**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 government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government 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 (MDA)** - 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.

**COUNTY OF SANTA BARBARA, CALIFORNIA**  
**GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT - Continued**  
**June 30, 2005**

**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 government-wide 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.

**MODIFIED ACCRUAL BASIS** - 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.

**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.

**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.

**PROGRAM REVENUES** - Term used in connection with the government-wide 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.

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

**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.

**RESERVED FUND BALANCE** - The portion of a governmental fund's net assets that is not available for appropriation.

**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 NET ASSETS** - A component of net assets 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.

**SINGLE AUDIT** - An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act 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, 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.

**TAX AND REVENUE ANTICIPATION NOTES (TRANS)** - 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 revenues levy whose collection they anticipate.

**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.

**UNDESIGNATED UNRESERVED FUND BALANCE** - That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

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

**UNRESERVED FUND BALANCE** - That portion of a fund balance available for spending or appropriation in the future.

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