

COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010



*BALLARD LITTLE RED SCHOOLHOUSE
HISTORICAL LANDMARK NO. 5*

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER



The County of Santa Barbara has many historical sites in its 2,737 square miles. Because of this, the County established the Historic Landmarks Advisory Commission (HLAC) in 1965. The purpose of the Commission is to promote the economic welfare and prosperity of the County by preserving and protecting those places, sites, buildings, structures, works of art and other objects having a special historic or aesthetic character or interest, for the use, education and view of the general public and to remind the citizens of this County and visitors of the historical background of the County. To date, the County has 46 Landmarks and 22 Places of Historic Merit.

The Little Red Schoolhouse is County Historic Landmark No. 5, and was originally used by the Ballard School District in 1882. In the early days, since the Schoolhouse was the only public building in the valley, it was often used for church services, weddings, funerals, and the meeting place of the Good Templar Lodge and the Farmer's Alliance. It also served as a site for lectures, social entertainment, lively debates, singing and Saturday night dances. Children still attend class in the Little Red Schoolhouse, as they have been continuously for about 120 years.

Front Cover
Ballard, California
Photograph by LeAnne Hagerty

COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2010



PREPARED UNDER THE SUPERVISION OF
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

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COUNTY OF SANTA BARBARA

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OFFICE OF THE AUDITOR-CONTROLLER

August 25, 2010

To the Citizens of Santa Barbara County:

The Comprehensive Annual Financial Report (CAFR) of the County of Santa Barbara (County) for the fiscal year ended June 30, 2010, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

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

The independent auditor's report is located at the front of the financial section of this report. Brown Armstrong Accountancy Corporation has issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2010.

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

Profile of the Government

The County, located approximately 100 miles north of Los Angeles and 300 miles south of San Francisco, was established by an act of the State Legislature on February 18, 1850. It occupies 2,737 square miles, one-third of which is located in the Los Padres National Forest, and has a population of 434,481. Eight incorporated cities are within the County: Santa Barbara, Santa Maria, Lompoc, Goleta, Carpinteria, Guadalupe, Solvang, and Buellton. The largest employment categories include services, wholesale and retail trade, public administration, and manufacturing. The mild climate, picturesque coastline, scenic mountains and numerous parks and beaches make the County a popular tourist and recreational area.

Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of five districts. The Board is responsible, among other things, for passing ordinances, adopting budgets, and appointing committees, the County Executive Officer (CEO) and non-elected department directors. Supervisors are elected to four-year staggered terms with two supervisors elected in even-years and three supervisors elected in odd-years. The County has five elected department directors responsible for the offices of the Clerk-Recorder-Assessor, Auditor-Controller, District Attorney, Sheriff, and Treasurer-Tax Collector-Public Administrator. The following organization chart reflects the various functional categories reported in the government-wide Statement of Activities as well as identifies principal officials.

Policy & Executive



Salud Carbajal
First District Supervisor



Janet Wolf, Chair
Second District Supervisor



Doreen Farr
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

Dennis Marshall
County Counsel

Law & Justice	Public Safety	Health & Public Assistance	Community Resources & Facilities	General Government & Support Services
Joyce Dudley District Attorney	Michael Dyer Fire	Ann Detrick Alcohol, Drug, & Mental Health Services (ADMHS)	Vacant Agriculture & Cooperative Extension	Robert W. Geis, CPA, CPFO Auditor-Controller
Greg Paraskou Public Defender	Patricia Stewart Probation	Carrie Topliffe, CPA Child Support Services	David Matson, interim Housing & Community Development	Joseph E. Holland, CPFO Clerk-Recorder-Assessor
Gary Blair Court Special Services	Bill Brown Sheriff-Coroner	Dr. Takashi Wada Public Health Services	Tom Fayram Parks	Robert Nisbet General Services
		Kathy Gallagher Social Services	Glenn Russell Planning & Development	Susan Paul Human Resources
			Scott McGolpin Public Works	Bernice James Treasurer-Tax Collector & Public Administrator

The County, with an average of 4,150 full-time equivalent employees, provides a full range of services to its residents as the organization chart above depicts. Included in operations are various component units which provide specific services countywide or to distinct geographic areas within the County. They include the First 5 Children and Families First Commission, County Service Areas, Public and Educational Access, the Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Community Facilities Districts, Sandyland Seawall Maintenance District, the Water Agency, the In-Home Supportive Services Public Authority, the County Redevelopment Agency, and the Santa Barbara County Finance Corporation. 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 in accordance with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control is maintained at the fund, department, and object level with more stringent control over capital assets, and reserves and designations, which are maintained at the line item level. The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or designations. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the County Executive Office.

Factors Affecting Economic Condition

Economy

Santa Barbara County continued to show declines in key economic areas during the first half of fiscal year (FY) 09-10, and some segments participated in an economic recovery that started in January 2010. Indicators for next year show a slow recovery in the local economic base. The following highlights are evidence of the changing economy.

Employment

- The County's average unemployment rate during FY 09-10 increased from 7.0% to 9.1%.
- The June 2010 unemployment rate of 8.8% was still below a State unemployment rate of 12.3% and a national unemployment rate of 9.5%.

"Santa Barbara County Has Fared Better Than Most"

Santa Maria Times April 23, 2009

Income

- Average annual wages had a slight increase to \$45,310 in 2009 from \$44,050 in 2008.

Retail Sales

- Local retail sales decreased 14% to \$5.0 billion for the 2009 calendar year, down from \$5.9 billion in 2008.
- Retail sales rebounded during the first two quarters of 2010 compared to the first two quarters of the prior year.
- California retail sales followed a similar pattern dropping in the first six months of the fiscal year, followed by an increase in the second six months of the year.

"Economist: Light At End Of Tunnel To Brighten By Late 2010"

Santa Barbara News-Press October 3, 2009

Real Estate

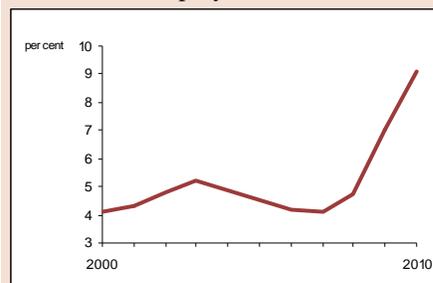
- The countywide median home price dropped 28% to \$300,000 after a 52% decline in the prior year.
- It appears that a rebound in home prices started in January 2010.

Tourism

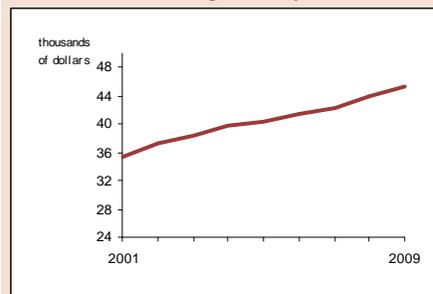
- From October 2008 through January 2010, a slowing of visitors to the area and a decline in room rentals resulted in a decrease in transient occupancy tax.
- Beginning in February 2010, the County experienced an upturn in transient occupancy taxes.

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

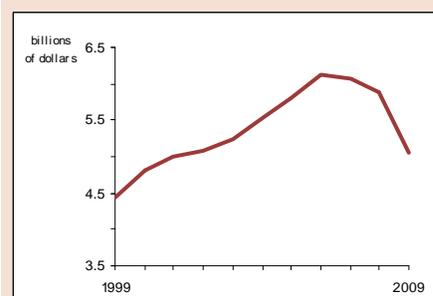
Unemployment Rate



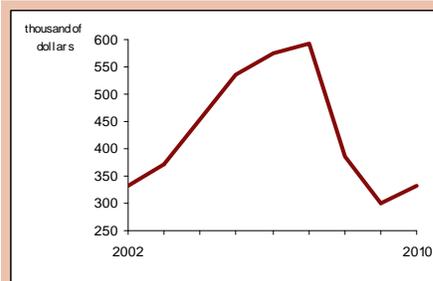
Average Salary



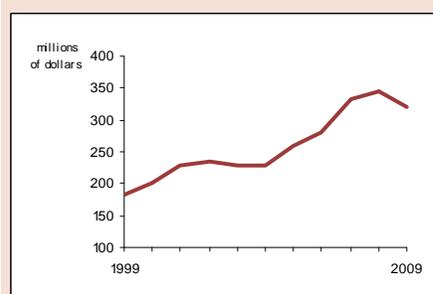
Retail Sales



Median Home Price



Hotel/Motel Room Sales



Factors Affecting Economic Condition – Continued

Economic Indicators

Economic stress as a result of the recent recession is projected to continue through FY 10-11 in some economic driven segments of the County while a 2010 economic rebound has started in other segments. With four consecutive quarters of positive GDP growth it would appear the recession has officially ended at the national level, while recovery in California and Santa Barbara County lags the national trend.

We saw positive trends developing in the second half of FY 09-10, indicating an economic rebound in California and Santa Barbara County started in January 2010. Consumer spending, property turnover and tourism for the January to June 2010 period increased from the dismal comparative market period of last year. The real estate housing and labor markets have not shown much of a rebound yet, but appear to be nearing the bottom of the downturn.

Financial Indicators

Most County tax revenues continued to decline for the first half of FY 09-10 and then some sources participated in the economic recovery in the second half of the fiscal year. Proposition 172 Public Safety ½ cent sales tax revenue declined 10% in the first half of the year and then recovered 4% in the second half of the year, as compared to the prior year. The annual decline was 3%, and follows a 13% decline in the prior year. Transient occupancy tax, while down for the year, increased 6% in the second half of the fiscal year.

Property taxes are the County's biggest source of revenue. The taxes related to the real estate housing market, like supplemental property taxes, continued to decline by 50% throughout the year, but an upturn is expected in FY 10-11. For FY 09-10, the growth rate continued to decline with only a 1% increase in the tax growth rate. For FY 10-11, a negative inflation adjustment is required by Proposition 13: the growth rate will be only 0.5% for FY 10-11. Property transfer tax, a leading indicator for future growth in property taxes, increased 13%. We believe a recovery in housing values began in January 2010 and expect the County to see an estimated 1-2% growth rate for FY 10-11, but still well below the average 8% growth rate for the last 30 years.

The economy is driving treasury pool earnings rates to the lowest amounts recorded in the last 30 years, with only a 1.25% average rate of return for the year. On the other hand, our short term bond borrowing rate was 0.5%, and we issued long-term 30 year Economic Recovery Zone bonds that included a 45% Federal subsidy at a net effective interest cost of 3.8%.

Major Initiatives:

The CEO, in the County's Proposed Budget, outlines major programs (initiatives), accomplishments and challenges aligned with the County's Strategic Plan. This document is available at <http://www.countyofsb.org/ceo/index.asp>.

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

- Containing the Jesusita and La Brea wildfires and creating custom, individualized recovery efforts for residents who lost homes while also aggressively conducting flood prevention and aerial hydro-mulching measures funded, in part, by \$3 million from Natural Resources Conservation Service;
- Responding to the H1N1 Flu Pandemic with strategic emergency public information and numerous free flu vaccine clinics throughout the County;
- Producing live, off-site remote broadcasts of special events by CSBTV Channel 20 to enhance the County's ability to provide public information during emergencies;
- Breaking ground for the Emergency Operations Center (EOC), with \$2 million in funding from local philanthropic organizations Orfaea Foundation, Wood-Claeyssens Foundation, James S. Bower Foundation and the Santa Barbara Foundation;

Factors Affecting Economic Condition – Continued

Major Initiatives—continued:

- Funding of the replacement of the aging roof at the Lompoc Veterans Memorial Building from the Wood-Claeyssens Foundation and continuing renovations with Federal and private funding, including from the Lompoc Veterans Memorial Building Foundation;
- Acquiring Recovery Zone Economic Development Bonds to finance \$17 million for previously approved capital projects, including the EOC, remodel and expansion of the Betteravia Government Center in Santa Maria, which will also serve as an alternative EOC, and safety upgrades and modernization of the Public Defender's Office;
- Strengthening the Santa Maria River Levee as a result of a County partnership with the U.S. Army Corps of Engineers and the City of Santa Maria, including \$40 million of American Recovery and Reinvestment Act (ARRA) funds;
- Working to complete design plans in November 2010 for the Lower Mission Creek Flood Control Project, funded, in part, with ARRA funds, in partnership with the City of Santa Barbara and Union Pacific Railroad;
- Completing \$6 million in ARRA-funded road projects, including the Old Town Orcutt Streetscape; Santa Ynez Shoulder Widening and Bike Path; Summerland Circulation Improvements and Union Valley Parkway at Bradley Intersection;
- Completing the Tepusquet Road Bridge spanning the Sisquoc River to ensure much faster fire, ambulance and sheriff response to North County residents;
- Building a solar powered "green" parking lot, adding bicycle spaces and launching a car sharing program in Isla Vista;
- Launching the Goleta Beach 2.0 conceptual planning process to address beach erosion and enhanced recreational options;
- Coordinating with the Federal government, all local cities and community-based organizations for the 2010 U.S. Census;
- Completing the Santa Ynez Valley Community Plan and initiating the Gaviota Coast Planning Advisory Committee;
- Creating the Summer Youth Jobs and Youth Corps programs in partnership with the Workforce Investment Board; and
- Creating the emPowerSBC Program which allows property owners to finance "green" improvements to their homes or businesses, and then pay it back through voluntary assessments on their property tax bills.

Significant Capital Projects and Operating Impacts

The County completed \$16.3 million in capital projects in the current year and has approved \$76.9 million in capital projects for FY 10-11 as described in Section E of the Proposed Budget. The largest of the ongoing projects relate to transportation improvements.

Long-term Financial Planning:

Local assessed property values for FY 10-11 grew 0.5% over FY 09-10 values; this will increase secured and unsecured property tax revenues by an equal percentage. The FY 10-11 budget was adopted reflecting a conservative 0.2% decrease in these revenues.

The County remains committed to building and maintaining a strategic reserve of \$34 million, or 30 days of working capital. Current economic conditions, however, have required the County to use a portion of this designation in order to maintain services, thereby reducing this reserve to \$21 million at June 30, 2010.

The County's Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 10-11, the CIP includes \$76.9 million of funding for planned projects and is included in the proposed budget. Significant projects include \$21.9 million for transportation projects, \$15.3 million for Santa Maria Levee reinforcement, \$5.2 million for the Emergency Operations Center, \$5.0 million for the Unified Superior Court Clerk's office, and \$2.5 million for the Mission Creek Flood Control project.

Factors Affecting Economic Condition – Continued

Relevant Financial Policies:

Santa Barbara County benchmarks its financial policies to a set of Best Financial Management Practices for Governmental Issuers of Municipal Debt published by Fitch Ratings.

Fund Balance Reserve

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

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

Contingency Planning

The County does not have a formal contingency policy and maintains only a small operating contingency of less than 1% in the General Fund. The County is in the process of building a strategic reserve that will equal approximately 10% of annual 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 nineteen consecutive years and the Certificate of Achievement in Popular Annual Financial Reporting for thirteen consecutive years.

Debt Affordability

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

Superior Debt Disclosure Practices

The County maintains a complex set of disclosures in the County's Proposed Budget document and the CAFR statistical section. We believe that time is of the essence in the publication of these documents. The budget is adopted before June 30 and loaded into the financial system before the close of the first month of the new fiscal year. The CAFR publication date is generally within 45-60 days of the close of the fiscal year. The County's major financial documents are available on the web at www.countyofsb.org.

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.

Debt Repayment Plan

The County's current outstanding debt schedule features a debt repayment plan that will reduce debt by 52% over the next ten years.

Five-year Capital Improvement Plan

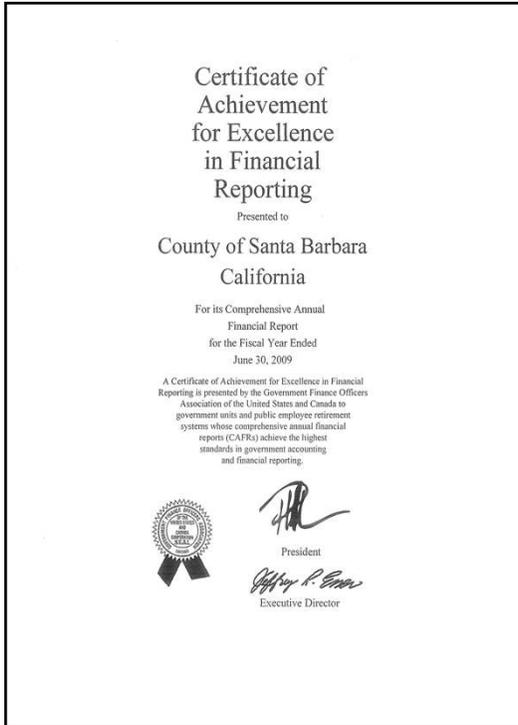
The County's Five-Year Capital Improvement Plan provides for an integration of capital projects and operating impacts in the proposed operating budget each budget cycle.

Budgeting Awards

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

Awards and Acknowledgments

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2009. This was the nineteenth 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 GAAP and applicable legal requirements.



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

Budget Presentation Award: The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2009. 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.

Popular Financial Reporting Award: 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, 2009. This award is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

Performance Measurement Certificate of Distinction: In September 2009, the International City/County Management Association (ICMA) presented Santa Barbara County with its Certificate of Excellence for exceeding the standards established by the ICMA Center for Performance Measurement in the identification and public reporting of key outcome measures, surveying of both residents and employees, and the pervasiveness of performance measurement in the organization's culture.

Acknowledgments: The preparation of the CAFR and its timely issuance is the result of a concentrated, dedicated, and coordinated effort by the entire Auditor-Controller staff. We would like to acknowledge the special efforts of the Financial Reporting Division for their assistance in the report's preparation. We would also like to thank all County departments who participated in its preparation.



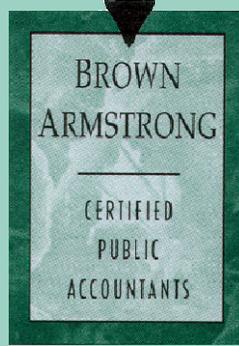
Michael F. Brown
County Executive Officer



Robert W. Geis, CPA
Auditor-Controller



Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
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INDEPENDENT AUDITOR'S REPORT

To 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, as of and for the year ended June 30, 2010, which collectively comprise the County of Santa Barbara's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Santa Barbara'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 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 the 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, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Road, Public Health, Social Services, Flood Control District, and Alcohol, Drug, and Mental Health Services Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2010, on our consideration of the County of Santa Barbara's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 27, the Santa Barbara County Employees' Retirement System schedule of funding progress on page 99, and the schedule of funding progress for the County of Santa Barbara's Other Post Employment Benefit (OPEB) Plan on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Santa Barbara's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
August 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

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, 2010. 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 \$736,947 (*net assets*):

- \$526,666 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*).
- \$157,052 is available for the County's ongoing obligations related to programs with external restrictions (*restricted net assets*).
- \$53,229 is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net assets*).

The County's total net assets increased by \$17,017 over the prior year:

- The \$17,680 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. See further discussion of capital assets and long-term debt on page 23.
- The \$10,107 increase in restricted net assets represents the change in resources that are subject to external restrictions on their use, and is detailed in the government-wide financial analysis section on page 15.
- The \$10,770 decrease in unrestricted net assets is the change in resources available to fund County programs to citizens and debt obligations to creditors. This change is further discussed on page 15.

Financial analysis of the County's funds:

The County's governmental funds combined ending fund balance of \$264,439 was an increase of \$21,530, from the prior year ending fund balance of \$242,909. Of this amount approximately 81%, or \$214,626, is available for spending (*unreserved fund balance*). Unreserved fund balance for the General Fund increased \$4,073 to \$61,964, which equates to 19% of total General Fund expenditures for the year.

Capital assets and debt administration:

The County's investment in capital assets (net of accumulated depreciation) increased by \$12,386, or 2%, to \$573,102. During the current fiscal year, the County completed several capital improvement projects; among the largest were infrastructure (roads & road improvements) and building projects. The County recorded depreciation of \$19,461 against its assets. The County's total long-term debt outstanding had a net increase of \$10,471, or 12%, to \$94,515 due mostly to the issuance of certificates of participation less current year debt payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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 in 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 resource recovery and waste management, sanitation services, and transit operations.

Component units are included in the financial statements and are legally separate entities for which the County is financially accountable. These have substantially the same governing board as the County or provide services entirely to the County. They include First 5 Children and Families First Commission, County Service Areas, Public and Educational Access, Santa Barbara County Fire Protection District, Flood Control and Water Conservation Districts, Lighting Districts, Sanitation and Sewer Maintenance Districts, Community Facilities Districts, Sandyland Seawall Maintenance District, the Water Agency, In-Home Supportive Services Public Authority, the Santa Barbara County Redevelopment Agency, and the Santa Barbara County Finance Corporation.

Pages 30-31 of this report display the government-wide financial statements.

Fund Financial Statements:

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County's funds are divided into three 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – CONTINUED

information is useful in evaluating the County's near-term financing requirements. The 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, it is useful to 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 67 individual governmental funds combined into 30 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, Roads, Public Health, Social Services, Alcohol, Drug and Mental Health Services (ADMHS), Flood Control District, Capital Projects, and Redevelopment Agency (RDA) Debt Service funds, all considered major funds. Data for the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor government funds is provided in the form of *combining statements* elsewhere in this report.

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

Pages 32-41 of this report display the governmental funds financial statements.

Proprietary funds: The County maintains two different types of proprietary funds: enterprise funds and internal service funds. *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 resource recovery and waste management, sanitation services, and municipal energy financing. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service funds account for information technology services, vehicle operations and maintenance, risk management and insurance, communications services, utilities, and reprographics and digital imaging services. 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 Resource Recovery and Waste Management Fund (Resource Recovery), Laguna Sanitation Fund, and the Municipal Energy Finance Fund. Data for the six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Pages 42-44 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 45-46 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 49-98 of this report display the notes to the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net assets may serve as useful indicators of a government's financial position. In the case of the County, assets exceeded liabilities by \$736,947 at the close of the current fiscal year.

A summary of net assets is as follows:

Summary of Net Assets (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total</u>	
	2009	2010	2009	2010	2009	2010	Dollar Change	Percent Change
Assets:								
Current and other assets	\$ 418,830	\$ 437,494	\$ 38,696	\$ 39,618	\$ 457,526	\$ 477,112	\$ 19,586	4%
Capital assets	488,902	500,548	71,814	72,554	560,716	573,102	12,386	2%
Total assets	907,732	938,042	110,510	112,172	1,018,242	1,050,214	31,972	3%
Liabilities:								
Current and other liabilities	99,366	93,442	1,291	1,635	100,657	95,077	(5,580)	(6%)
Long-term liabilities	155,334	178,254	42,321	39,936	197,655	218,190	20,535	10%
Total liabilities	254,700	271,696	43,612	41,571	298,312	313,267	14,955	5%
Net assets:								
Invested in capital assets, net of related debt	451,648 *	466,916	57,338 *	59,750	508,986	526,666	17,680	3%
Restricted	146,945 *	157,052	-	-	146,945	157,052	10,107	7%
Unrestricted	54,439 *	42,378	9,560 *	10,851	63,999	53,229	(10,770)	(17%)
Total net assets	\$ 653,032	\$ 666,346	\$ 66,898	\$ 70,601	\$ 719,930	\$ 736,947	\$ 17,017	2%

*2009 as restated

Analysis of Net Assets:

The County's total net assets increased by \$17,017, or 2%, during the fiscal year. As described below, in both the current and prior year, the County experienced increases in only two of the three categories of net assets.

The components of total net assets are as follows:

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

Invested in capital assets, net of related debt was \$526,666 at fiscal year end, and was made up of the following: investment in capital assets (net of accumulated depreciation) of \$573,102, and the related debt of \$89,831 less \$43,395 in unspent debt proceeds. The increase in net assets that are invested in capital assets, net of related debt, of \$17,680 represents capital acquisitions and deletions, less current year depreciation, and the retirement of related long-term debt.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

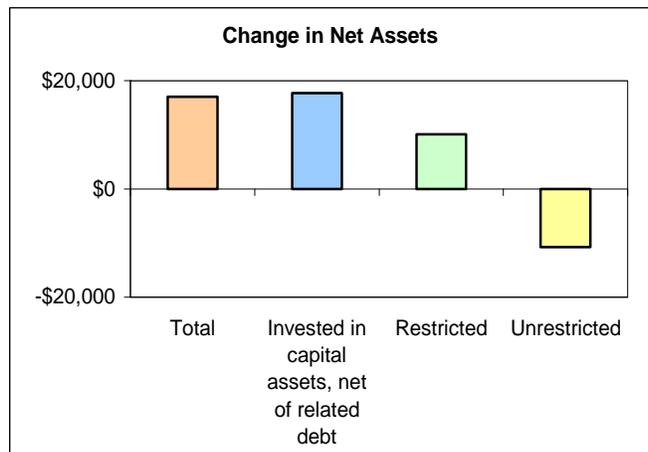
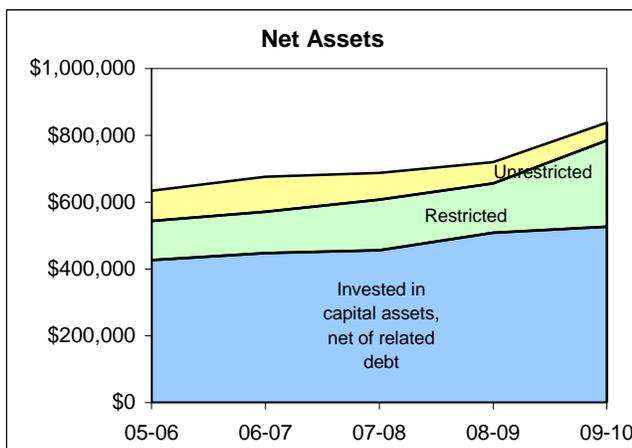
GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Restricted net assets: Restricted net assets of \$157,052 represent resources that are subject to external restrictions on their use, or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net assets than unrestricted net assets. Restricted net assets are comprised of: (1) 44% property taxes dedicated to specific services such as flood control and fire protection, (2) 23% State imposed restrictions, (3) 14% Federal and State allocations for roads and health services, (4) 11% Federal imposed restrictions for federally-qualified health centers and housing programs, (5) 4% for various County imposed purposes, (6) 3% grant, land use and permit agreements, and (7) 1% cable television public access funds and corporate agreements.

Restricted net assets increased \$10,107, or 7%. Significant changes occurred in the following funds:

- ADMHS Funds had a net increase of \$698. Mental Health Services Act (MHSA) funding increased \$5,444 offset by the use of carryover funding in the Alcohol Drug Program of \$635 and Substance Abuse programs of \$274. An increase of \$3,837 in the deficit of the Medi-Cal restricted ADMHS fund results in a decrease in the County's unrestricted net assets (restricted net assets cannot include a fund's deficit);
- Projects funded by transportation improvement funds received in the current year to be spent in subsequent years increased the Roads Fund restricted net assets by \$1,316;
- Flood Control had an increase of \$4,648 due to a carryover of funding for capital and maintenance projects;
- Public Health Fund increased \$773 due to increases in Federally Qualified Health Care revenues;
- The Fire Protection District Fund increased \$1,278 as a result of current year operations; and
- Declining Tobacco Tax revenues and increasing expenditures caused the First 5 Children and Families Commission Fund's restricted net assets to decrease \$1,289.

Unrestricted net assets: Unrestricted net assets in the amount of \$53,229 are available to fund County programs to citizens and debt obligations to creditors. The majority of unrestricted net assets reside in the County's General Fund. Unrestricted net assets decreased \$10,770, or 17%, mostly due to the \$9,661 increase in Other Post Employment Benefits (OPEB) expense for the unfunded portion of the liability for retiree medical. In addition, expenses related to liabilities reported in the ADMHS Medi-Cal Fund exceeded net assets by an additional \$3,837. This ADMHS deficit is reported as a reduction in unrestricted net assets.



MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Governmental Activities:

Governmental activities increased the County's net assets by \$13,314 for the year ended June 30, 2010, accounting for 78% of the total increase in net assets. Governmental activities operating revenues exceeded operating expenses by \$14,309. Transfers provided a decrease to net assets of \$995.

The following table shows the revenue, expenses, and changes in net assets for governmental and business-type activities:

	Changes in Net Assets (in thousands)						Total	
	Governmental Activities		Business-type Activities		Total		Dollar Change	Percent Change
	2009	2010	2009	2010	2009	2010		
Revenues								
Program revenues:								
Charges for services	\$ 180,183	\$ 175,003	\$ 27,352	\$ 26,984	\$ 207,535	\$ 201,987	\$ (5,548)	(3%)
Operating grants and contributions	291,171	293,672	2,678	2,778	293,849	296,450	2,601	1%
Capital grants and contributions	259	85	1,169	--	1,428	85	(1,343)	(94%)
General revenues:								
Property taxes	210,319	211,109	--	--	210,319	211,109	790	0%
Sales taxes	14,743	13,444	396	--	15,139	13,444	(1,695)	(11%)
Transient occupancy tax	6,431	5,950	--	--	6,431	5,950	(481)	(7%)
Unrestricted investment earnings	1,610	2,404	1,248	374	2,858	2,778	(80)	(3%)
Gain (loss) on sale of capital assets	153	71	1	(126)	154	(55)	(209)	(136%)
Other	8,223	6,548	--	--	8,223	6,548	(1,675)	(20%)
Total revenues	713,092	708,286	32,844	30,010	745,936	738,296	(7,640)	(1%)
Expenses								
Policy & executive	8,596	7,356	--	--	8,596	7,356	(1,240)	(14%)
Law & justice	46,033	46,810	--	--	46,033	46,810	777	2%
Public safety	204,994	200,418	--	--	204,994	200,418	(4,576)	(2%)
Health & public assistance	287,178	297,590	--	--	287,178	297,590	10,412	4%
Community resources & public facilities	84,585	85,914	--	--	84,585	85,914	1,329	2%
General government & support services	32,115	31,750	--	--	32,115	31,750	(365)	(1%)
General county programs	23,167	19,494	--	--	23,167	19,494	(3,673)	(16%)
Interest on long-term debt	3,321	4,645	--	--	3,321	4,645	1,324	40%
Resource recovery	--	--	23,226	21,659	23,226	21,659	(1,567)	(7%)
Laguna sanitation	--	--	5,609	5,633	5,609	5,633	24	0%
Transit operations	--	--	682	--	682	--	(682)	(100%)
Municipal energy finance	--	--	--	10	--	10	10	0%
Total expenses	689,989	693,977	29,517	27,302	719,506	721,279	1,773	0%
Excess of revenues over expenses	23,103	14,309	3,327	2,708	26,430	17,017	(9,413)	(36%)
Transfers	661	(995)	(661)	995	--	--	--	--
Increase in net assets	23,764	13,314	2,666	3,703	26,430	17,017	(9,413)	(36%)
Net assets - beginning	623,786	653,032	64,232	66,898	688,018	719,930	31,912	5%
Prior period adjustment	5,482	--	--	--	5,482	--	(5,482)	(100%)
Net assets - beginning, as restated	629,268	653,032	64,232	66,898	693,500	719,930	26,430	4%
Net assets - ending	\$ 653,032	\$ 666,346	\$ 66,898	\$ 70,601	\$ 719,930	\$ 736,947	\$ 17,017	2%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Revenues: Total revenues for the County's governmental activities had an overall decrease of 1% from the prior year. Revenues are divided into two categories: program revenues and general revenues.

Program revenues had an overall decrease of \$2,853, or 1%, from the prior year. Charges for services incurred a overall decrease of \$5,180, or 3%. This is mostly due to the following decreases: Mental Health reimbursements of \$4,301, fire incident response reimbursement of \$3,138, environmental resource service fees of \$1,000, and election services reimbursements of \$719. These were offset by increased Public Health FQHC reimbursements of \$4,209.

As an arm of the State government, operating grants and contributions tied to mandated services such as public assistance, health, and mental health represent 41% of the County's funding for governmental activities. These revenue sources increased by \$2,501 from the prior year as the cost of providing these services grew. Some of the significant changes that resulted in this net increase are as follows:

- Federal ARRA funding of \$11,677 was provided for a variety of programs, such as funding for Roads Fund maintenance and infrastructure projects of \$4,906, \$3,182 to Social Service Programs, Workforce Investment Act funding of \$1,054, and \$1,014 to Child Support Services.
- Other changes are as follows: ADMHS Mental Health Service Act funding increased \$4,209, a decrease of \$3,158 occurred in state realignment revenues, Water Agency pass-through payments to other governments from Proposition 50 State funding decreased \$3,879, election cost reimbursements declined \$1,600, and Proposition 36 substance abuse funding declined \$1,501. Indian gaming grants decreased \$1,100, disaster reimbursements decreased \$1,009, State Motor Vehicle In-Lieu revenues decreased \$807, and public safety realignment revenues decreased \$672. In addition, there were numerous other less significant changes in Federal and State intergovernmental funding sources.

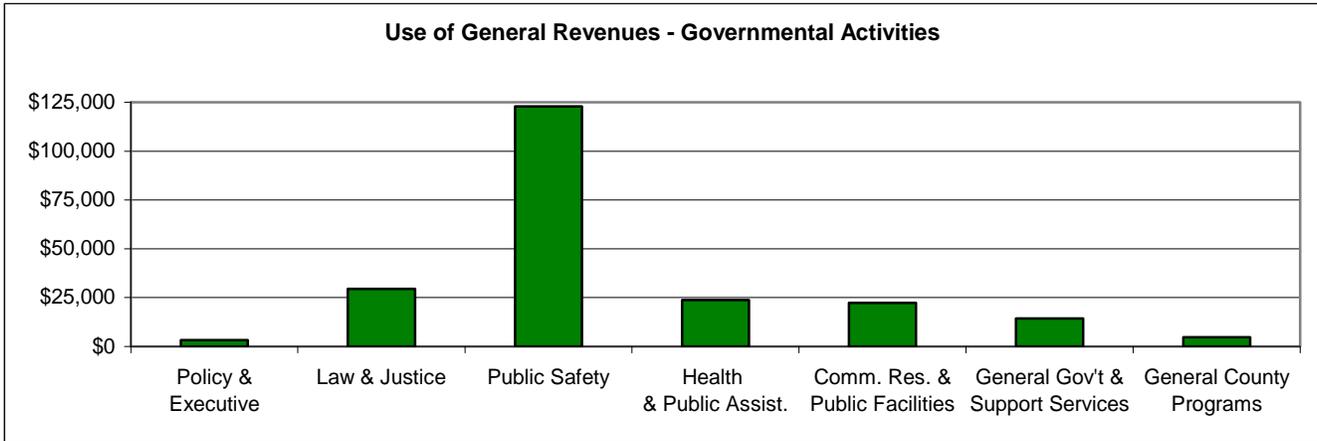
General revenues had an overall decrease of \$1,953, or 1%, from the prior year. These revenues include local general taxes which provide the Board of Supervisors with most of its discretionary spending ability. Since the formation of County government in the 1850s, basic public safety services such as sheriff, fire, and district attorney consume most of these resources.

The \$1,953 decrease in general revenues is due primarily to the changes in the following:

- Property taxes increased \$790, or 0.4%, to \$211,109 primarily due to increases in assessed values of real property. Secured property taxes grew 1%, or \$1,414, unsecured taxes increased \$1,105, a small upturn in property transfer tax of \$287, while supplemental taxes decreased 49%, or \$2,122.
- Sales taxes decreased by \$1,299, or 9%, to \$13,444, as the downturn in the economy has caused consumers to purchase fewer discretionary items through December 2009. Sales tax revenue began to recover in January as compared to the prior year. Total sales tax revenue includes a 3/4% sales tax allocation to the General Fund, a 1/2% Measure D tax distribution to the Roads Fund and a 1/4% distribution to transit funding.
- Transient occupancy tax decreased \$481, or 7%, to \$5,950. This decrease was primarily due to the decline in the economy, which is having a negative effect on tourism. This tax revenue decreased through January 2010 and then increased for the remainder of the fiscal year.
- Unrestricted investment earnings increased \$794, or 49%, to \$2,404 due to higher cash balances and a premium related to issuing Tax and Revenue Anticipation Notes (TRAN), although the average yearly earnings rate declined from 2.50% to 1.18%.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED



Expenses: Total expenses for governmental activities were \$693,977, an increase of 1%, or \$3,988, from the prior year.

As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 62% of the total County governmental expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) had a net decrease of 58 FTEs from 4,208 in the prior year, to 4,150 at June 30, 2010. Social Services ARRA related employment programs increased the FTE count by 82, while most other County departments participated in decreases that total 140 FTEs.

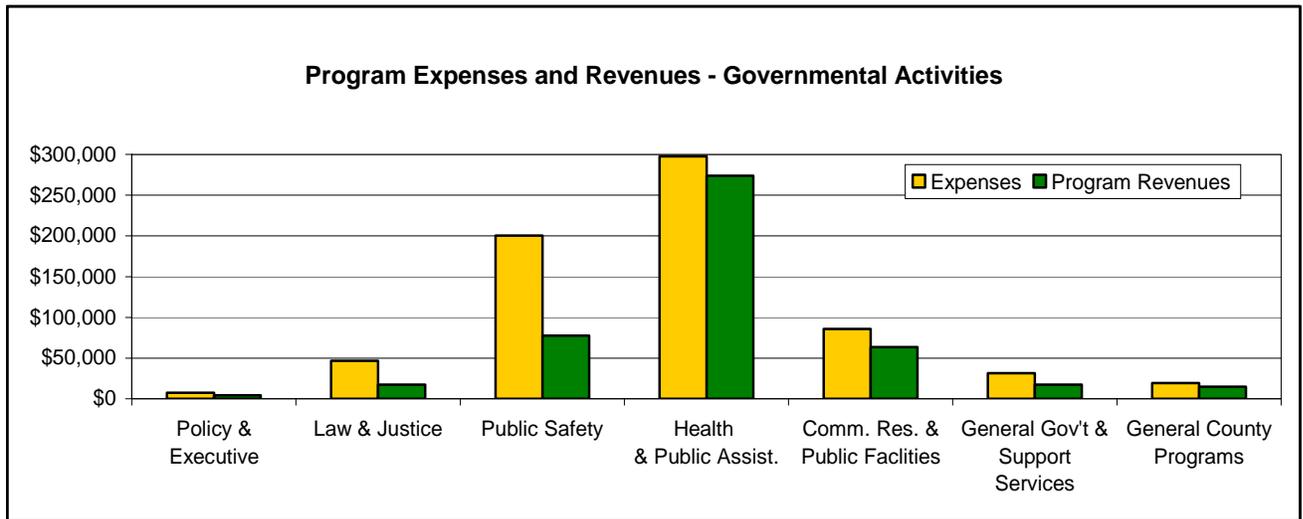
Program expenses for the County's governmental activities increased \$3,988. This is generally attributable to the following factors:

- Total salaries and benefits expense increased \$12,511, or 3%, to \$430,272 across all functions and is primarily made up of the following:
 - an increase in salary cost of \$7,516, or 3%, primarily in the Social Services department for back-to-work programs, \$3,860, in Public Health Services, \$1,769, and in ADMHS, \$1,096;
 - an increase in retirement cost of \$7,350, or 11%, due mostly to the \$6,506 cost of the County Early Retirement program (purchase of 2 years service credit) for employees electing retirement;
 - an increase of \$4,940, or 37%, to \$18,123 in Other Post Employment Benefits (OPEB) that included a contribution by the County of \$8,462, and an increase to the unfunded OPEB liability for the remaining \$9,661;
 - an increase in employer health insurance cost of \$2,195, or 13%;
 - an increase in unemployment insurance expense of \$1,050, or 303%, due to rising unemployment and extended benefits by the Federal government;
 - a decrease in compensated absences of \$3,865 due mostly to payouts under the early retirement program and end of the furlough program;
 - a decrease of \$2,531, or 54%, in reimbursable overtime in the Fire department due to the reduction in the scope and duration of fires in FY 09-10, and a decrease of \$1,256 in overtime expense mainly in the Sheriff's department;
 - a reduction in workers' compensation expense of \$2,407, or 21%;
 - a workforce reduction of 140 FTEs helped to offset negotiated increases in salary and wage agreements with a number of labor groups.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

- Expenses related to services, supplies and other charges decreased \$8,634, or 3% to \$263,467. Some of the significant changes are as follows:
 - Public Safety expenses decreased \$1,667, mostly due to the purchase of \$1,326 of fire department hazmat backpacks procured in the prior year.
 - Health and Public Assistance expenses decreased \$1,321 largely due to a \$2,982 decrease in Public Health Care patient service costs offset by an increase in Social Services cash assistance payments of \$2,163.
 - Community Resources and Public Facility costs decreased \$274. This was mostly due to a decrease in Water Agency Proposition 50 pass-through payments to other governments of \$3,879, and a reduction in Planning and Development contracted professional services of \$1,832. These decreases were offset by increases in Parks projects of \$2,463, Road maintenance projects of \$1,984, and a \$748 increase due to the conversion of Transit Operations to a government fund.
 - General County Program costs decreased \$4,074 mainly due to the following: \$3,169 of RDA affordable housing loan expense being financed in the prior year, a decrease in RDA project costs of \$525, a decrease in Proposition 10 children services expense of \$1,478, and an increase of \$1,537 due to an RDA contribution to the State.
 - Interest expense increased \$1,323 related to short term tax and revenue anticipation note financing.

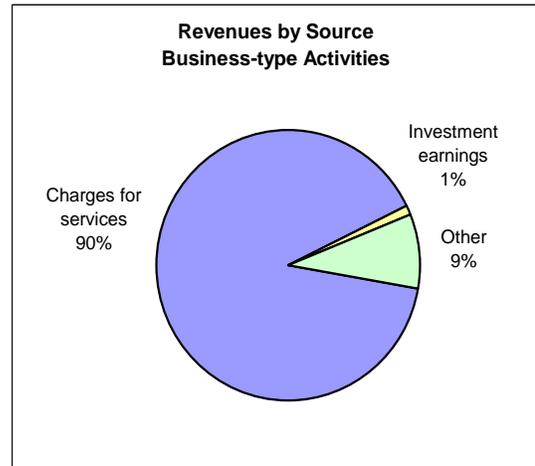
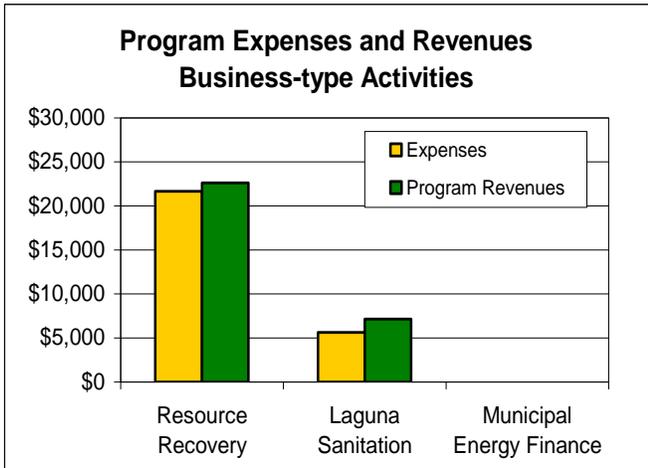


**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Business-type Activities:

The net assets of business-type activities increased by 6%, or \$3,703, which indicates these activities generated revenues sufficient to cover the costs of operations. Revenues decreased \$2,834, or 9%, to \$30,010. Program revenues had a net decrease of \$1,437 mostly due to a decrease in capital grant revenue received by Laguna Sanitation, and a decrease in general revenue of \$1,397 primarily due to a drop in investment earnings. Expenses decreased \$2,215, or 8%, mainly attributable to a decrease in the Resource Recovery Fund recycling expense.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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, 2010, the County's governmental funds reported total fund balances of \$264,439, a \$21,530 increase in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows:

- *Reserved fund balance*, \$49,813, is reserved for: (1) long term receivables and prepaids that do not represent available spendable resources of \$20,816, (2) debt service of \$9,583, (3) property tax losses of \$6,441, (4) property held for resale of \$6,815, (5) Mental Health Services Act (MHSA) prudent reserve of \$5,694, (6) lease maintenance requirement of \$418, and (7) imprest cash of \$46.
- *Unreserved fund balance* constitutes approximately 81%, or \$214,626, of the total fund balances that are available to meet the County's current and future needs. The County's management can designate (i.e. earmark) a portion of unreserved fund balance to a particular function, project or activity, and can also designate it for purposes beyond the current year. However, designated fund balances are available for appropriation at any time. The County has designated \$139,344 of the unreserved fund balance, leaving an undesignated fund balance of \$75,282.

General Fund: The General Fund is the main operating fund of the County. The General Fund's total fund balance increased by 5%, or \$4,567, to \$89,155 at June 30, 2010. The reserved fund balance was \$27,191, and the unreserved fund balance was \$61,964, an increase of \$4,073 from the prior year balance of \$57,891.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and unreserved fund balance to total fund expenditures. Total fund balance equates to 27% of total General Fund expenditures while unreserved fund balance equates to 19% of total General Fund expenditures. Of the General Fund unreserved fund balance, \$61,274, or 99% is designated. The most significant designations are a \$21,046 "strategic reserve" earmarked for severe economic downturns and emergencies, an \$8,779 audit exception designation for potential Medi-Cal billing repayments, a \$4,376 capital outlay designation, and a \$3,623 "litigation reserve" which is earmarked for settlements of adverse litigation without other coverage. (See Note 16 – Reserved and Designated Fund Balances on page 86.) General Fund unreserved, undesignated fund balance at year-end was \$690, a 68% or \$1,460 decrease from the prior year.

Other governmental funds: The total fund balances of the remaining governmental funds increased 11%, or \$16,963, over the prior year, to \$175,284 with the following significant changes:

- The Capital Projects Fund increased \$12,199 to \$30,576. The County issued long-term economic recovery zone bonded debt for three capital projects near the end of the fiscal cycle, \$18,710 of which was recorded in this fund. Along with this, \$4,800 of contributions was returned to the General Fund, as the County Emergency Operations Center project was financed by the debt issue in lieu of cash financing.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

- The fund balance of the Flood Control District Fund increased 8%, or \$4,648, primarily as a result of carryover of project related funding.
- The ADMHS Fund's deficit balance decreased \$698 to (\$1,150). The net decrease is made up of a Mental Health Services Fund deficit increase of \$3,835 to (\$12,732), and the Mental Health Services Act Fund increase of \$5,443 to \$10,929.
- The RDA Debt Service Fund includes a FY 07-08 borrowing from the General Fund via Certificates of Participation for the purpose of financing various redevelopment projects. This transaction created a deficit fund balance which is expected to reduce as payments on the borrowing are made. The borrowing includes capitalized interest for the projects; debt payments will begin in FY 10-11. The deficit fund balance increased by \$713 to (\$15,007) at June 30, 2010.
- The fund balance for nonmajor governmental funds as a whole decreased by \$118, to \$58,377. The significant changes occurred in the following: First 5 Children and Families Commission Fund decreased \$1,289, an increase of \$1,278 occurred in the County Fire Protection District Fund, the Santa Barbara Finance Corporation Debt Service Fund increased \$448, and the Inmate Welfare Fund decreased \$317.

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 funds net assets, which are comprised of the Resource Recovery Fund, the Laguna Sanitation Fund and the Municipal Energy Finance Fund, increased by \$3,703, or 6%, from the prior year. Resource Recovery Fund net assets increased by \$1,033, Laguna Sanitation Fund net assets increased by \$1,563 and the Municipal Energy Finance Fund increased by \$995 related to a General Fund transfer for start-up expenses. Resource Recovery Fund operating revenues decreased by \$697, or 3%, due primarily to a decline in revenue from the sale of recyclables; however total revenues funded annual operating costs. Laguna Sanitation Fund operating revenues increased by \$363, or 6%, due primarily to increases in customers and residential sewer service rates.

Total internal service funds net assets increased by \$2,442. The Risk Management and Insurance Fund's net assets increased \$2,974, and the Vehicle Operations and Maintenance Fund increased net assets by \$867. The Information Technology Services Fund had a decrease in net assets of \$308, Reprographics and Digital Imaging had a decrease in net assets of \$318, and the Communications Fund had a decrease in net assets of \$769.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

During the fiscal year, the County's investment in capital assets increased by \$12,386, or 2%, to \$573,102 (net of accumulated depreciation). This investment is in a broad range of capital assets including land, land easements, construction in progress (CIP), land improvements, structures and improvements, equipment and software, and infrastructure.

Capital Assets (net of depreciation, in thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2009	2010	2009	2010	2009	2010	Change	Change
Land	\$ 83,571	\$ 36,589	\$ 12,244	\$ 12,244	\$ 95,815	\$ 48,833	\$ (46,982)	(49%)
Land easements	--	47,257	--	--	--	47,257	47,257	0%
Construction in progress	44,638	52,960	1,014	1,036	45,652	53,996	8,344	18%
Capital assets, not being depreciated	128,209	136,806	13,258	13,280	141,467	150,086	8,619	6%
Land improvements	6,859	6,746	--	206	6,859	6,952	93	1%
Structures and improvements	141,733	141,753	26,244	4,632	167,977	146,385	(21,592)	(13%)
Equipment and software	37,638	36,011	11,386	11,393	49,024	47,404	(1,620)	(3%)
Infrastructure	174,463	179,232	20,926	43,043	195,389	222,275	26,886	14%
Capital assets, net of accumulated depreciation	360,693	363,742	58,556	59,274	419,249	423,016	3,767	1%
Total	\$ 488,902	\$ 500,548	\$ 71,814	\$ 72,554	\$ 560,716	\$ 573,102	\$ 12,386	2%

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 CIP. In the year of completion, a project's CIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, CIP had a net increase of \$8,322 for governmental activities and \$22 for business-type activities, as CIP expenditures of \$26,324 were offset by project completions/disposals of \$17,980.

The County completed and capitalized projects costing approximately \$16,300. Major projects completed were in Community Resources & Facilities:

- RDA/Roads – Isla Vista Pardall Road enhancement (\$3,176) and El Colegio Road widening (\$1,311),
- Parks – Cuyama Recreation Center (\$2,396),
- Laguna Sanitation District – recycled water storage (\$1,757), and
- Roads – Jalama bridge seismic retrofitting (\$1,658).

During the year, the County capitalized \$7,704 in equipment and software purchases, and also recorded depreciation of \$19,461 against its capital assets. Non-CIP capital asset disposals totaled \$776, net of accumulated depreciation, during the fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

The following table details the changes in capital assets:

	Increase (Decrease)
<u>Capital assets, not being depreciated</u>	
Land additions	\$ 275
CIP additions	26,324
CIP completions/disposals	<u>(17,980)</u>
Total capital assets, not being depreciated	<u>\$ 8,619</u>
<u>Capital assets, being depreciated</u>	
Land improvement additions	383
Land improvements depreciation	(348)
Structures additions	7,449
Structures depreciation	(6,272)
Equipment additions	7,704
Equipment disposals (net)	(776)
Equipment depreciation	(8,548)
Infrastructure additions	8,468
Infrastructure depreciation	<u>(4,293)</u>
Total capital assets, being depreciated	<u>3,767</u>
Total changes in capital assets	<u><u>\$ 12,386</u></u>

Additional capital assets information, including depreciation and outstanding CIP by project as of June 30, 2010, can be found in Note 6 to the financial statements on pages 68-72.

Debt Administration:

At June 30, 2010, the County had total long-term debt outstanding of \$94,515. This amount was comprised of \$83,145 of certificates of participation (COP) issued by the County Finance Corporation, and secured by the County's lease rental payments with a covenant to budget and appropriate lease payments. It also includes \$4,789 of capital lease obligations and \$6,581 of a state sponsored loan for the Laguna Wastewater Treatment Plant.

Outstanding Debt (in thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2009	2010	2009	2010	2009	2010	Change	Change
Capital lease obligations	\$ 3,707	\$ 4,782	\$ 15	\$ 7	\$ 3,722	\$ 4,789	\$ 1,067	29%
Certificates of participation	64,510	76,248	8,803	6,897	73,313	83,145	9,832	13%
Laguna Wastewater Treatment Plant note payable	--	--	7,009	6,581	7,009	6,581	(428)	(6%)
Total	<u>\$ 68,217</u>	<u>\$ 81,030</u>	<u>\$ 15,827</u>	<u>\$ 13,485</u>	<u>\$ 84,044</u>	<u>\$ 94,515</u>	<u>\$ 10,471</u>	<u>12%</u>

The County's total long-term debt increased by \$10,471, or 12%, during the fiscal year. The net increase was due to the issuance of \$18,640 in COP debt and a \$1,600 capital lease being issued to provide funding for construction of new facilities and/or improvements/expansion of old facilities, and a \$147 capital lease being issued for fire equipment. These increases were offset by the following payments being made: \$8,808 for COP debt, \$680 for capital lease obligations, and \$428 for the Laguna Wastewater Treatment Plant note payable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

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

Standard & Poor's in its October 7, 2008, credit profile raised its rating and underlying rating for Santa Barbara County's appropriation debt from 'AA' to 'AA+'. "This...marks the first time that credit quality among California's 58 counties has reached this exceptional level of creditworthiness."

The credit profile noted several observations about Santa Barbara County's "excellent set of profile characteristics":

- The County has high wealth and incomes and is situated in an area with dynamic job markets that are central to the industries it serves;
- The County has fine-tuned operations, i.e. it provides adequate service levels, such as health care, that are affordable and sustainable; and
- Financial restraint is the norm for the County, evidenced by high reserve levels and structural balance between revenues and expenditures.

The upgrade to AA+ is based on Santa Barbara County's:

- Very strong reserves;
- Stable and broad local economic base anchored by the University of California, Santa Barbara and Vandenberg Air Force Base as well as access to diverse employment opportunities in nearby Los Angeles and Ventura counties;
- Strong wealth and income indicators; and
- Low debt levels.

On May 13, 2010, Standard and Poor's assigned its AA+ rating to Santa Barbara County for its \$3,705 non-taxable and \$14,935 taxable COP. The taxable portion of the COP was issued as Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act (ARRA).

Standard & Poor's, in its May 24, 2010, rating of the County's \$65,000 Tax and Revenue Anticipation Notes (TRAN) for FY 10-11, states: "The ['SP-1+'] rating reflects the County's very strong underlying general credit characteristics," as well as "strong projected debt coverage of 1.13x at maturity."

Additional information on the County's long-term debt can be found on pages 74-76 in the Notes to the Financial Statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget appropriations for expenditures for the General Fund differ from the original budget by \$10,181, or 3%. Supplemental appropriations of \$10,181 were approved during the fiscal year. The major changes in appropriations are as follows:

- Budgeted appropriations for salaries and benefits increased \$3,502 due to the following: retirement incentive contributions for District Attorney of \$941, Public Defender of \$450 and Parks of \$155; Jesusita Fire reimbursements of \$672 for Sheriff; fund building permit salaries of \$370; Probation ARRA grant funding of \$357; election worker costs related to special elections of \$220, and marijuana eradication grant funding of \$79.
- Services, supplies and other charges were increased \$4,735 with supplemental appropriation. Designations were released for the FY 03-04 State audit of the MISC program of \$1,287, release of funding for an on-site employee health clinic contract of \$677, and a designation release for deferred maintenance projects of \$437. Courthouse fire clean-up with insurance reimbursement of \$601, a Probation Drug Court Grant of \$393, an Emergency Services grant of \$336, a State Senate special

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS - CONTINUED

election cost of \$303, and a Homeland Security grant of \$267 also contributed to the increase.

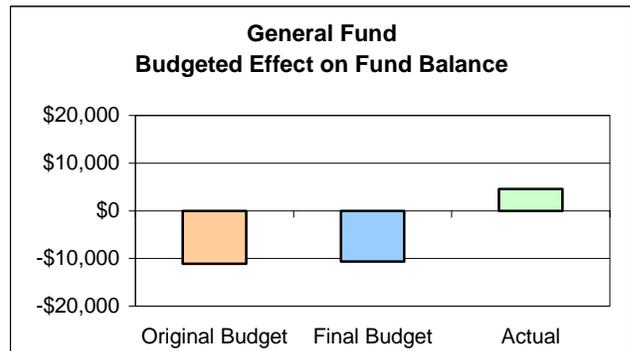
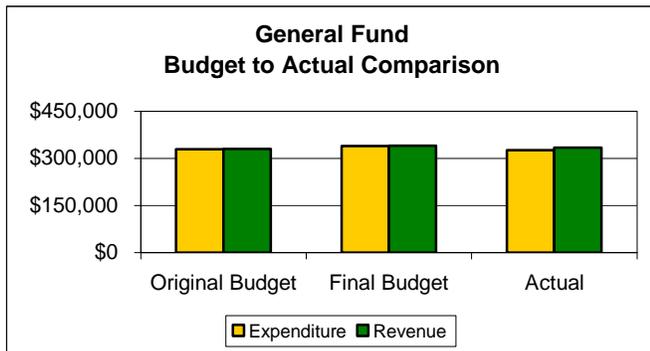
- Supplemental appropriation for capital assets totaled \$1,924. The significant transfers included funding by Homeland Security grants for public safety equipment and an emergency mobile command center of \$924, donations from the Sheriff Council for helicopter refurbishing of \$258, and a \$249 release of designations for a new property tax software system.

Revenues: General Fund revenues were \$6,582 less than total adjusted budget estimates. The main reasons are as follows:

- Tax revenues fell short of the revenue estimate by \$417 primarily due to continued declines in economic driven supplemental property taxes of \$1,093 offset by an increase in the amount of property transfer tax of \$342.
- Licenses, permits, and franchise revenues had a negative \$92 variance from budget due to revenue coming in under estimates for building permit activity and franchise fees.
- Fines, forfeitures, and penalties revenues were \$1,168 more than budgeted as increased delinquent property taxes generated greater penalties and collection revenue than originally estimated.
- Interest earnings were less than budgeted by \$164 due a continued decline in interest rates.
- Intergovernmental revenues were less than budgeted by \$2,986 due primarily to the County collecting less revenue than anticipated from a variety of Federal and State reimbursement sources, which in most cases also had offsetting expenditure savings. The Probation department was impacted in multiple accounts and collected \$1,795 less than was budgeted due primarily to lower than expected Title IV-E Federal revenues, and various other Federal and State grant funding.
- Charges for services fell short of the revenue estimate by \$4,761. Environmental review fees were \$1,059 less than estimated, fire incident reimbursements were \$2,498 under the revenue estimate, and the Parks department camping and park fees were \$798 under estimate due to lower visitations.

Expenditures: The variance between the final budget and actual expenditures resulted in \$13,179 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately \$4,773 resulting from unfilled positions across all functions, \$5,661 resulting from unspent appropriations for services and supplies across all functions, and \$2,035 resulting from equipment budgeted but not procured in this fiscal cycle.

By year-end, appropriation savings reduced the budget plan to draw upon fund balance: the General Fund’s equity position increased \$4,567, versus the budget plan to draw on fund equity by \$10,645. The most significant part of the equity draw in the budget plan was for scheduled operating transfers to ADMHS of approximately \$10,228 for various audit settlement liabilities which did not occur by year-end. The General Fund’s budget to actual statement can be found on page 36 of this report.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following known factors were considered in preparing the County's budget for FY 10-11:

- The FY 10-11 budget contains a slight decrease in General Fund general revenues of 2%, or \$4,085, compared to FY 09-10 actual revenues.
 - Secured property taxes, property transfer taxes, supplemental property taxes, transient occupancy tax, and other payments in lieu of taxes were budgeted at almost the same amount as FY 09-10 actual revenues.
 - Delinquent property tax penalties related to the Teeter Tax collection program were budgeted at 24% less and unrestricted investment earnings at 25% less than FY 09-10 actual revenues, but only account for minor a portion of general revenues.
 - We are expecting an economic upturn in some of these revenue accounts and they may outperform our revenue estimates used in adopting the budget; however, we believe the recovery will be slow.
- Assessed property values grew approximately 0.4% for FY 10-11 which will increase property tax revenue by an equivalent amount for secured and unsecured property taxes. The FY 10-11 budget was adopted with a similar increase in secured and unsecured property tax revenue estimates compared to prior year actuals for both the general fund and property tax restricted funds.
- The budget includes a 4%, or \$16,638, increase in salaries and benefits when compared to prior year actuals. The budget includes significant increases for retirement rates and a 26% increase in cost for retirement contributions, and a 15% increase in employer health insurance costs. Other salary costs were held flat by wage concessions, mostly in the form of negotiated salary increase deferrals. Many departments are holding vacancies or delaying the hiring of new or replacement staff, which should generate budget salary savings.
- Cuts in funding by the State of California were not included in the County's budget. The State budget has not been adopted as of the date of this report.

As of June 30, 2010, the unreserved General Fund balance was \$61,964. Of this amount, \$61,274 was designated but available for appropriation. The County's General Fund ended with \$690 of unreserved, undesignated fund balance at June 30, 2010. The County's performance-based proposed FY 10-11 budget and the County's Five Year Capital Improvement Program can be found at www.countyofsb.org/ceo/index.asp.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Santa Barbara County Auditor-Controller, PO Box 39, Santa Barbara, CA 93102-0039. The County's Comprehensive Annual Financial Report and Financial Highlights publications can also be found at www.countyofsb.org/auditor/publications.asp.



BASIC FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET ASSETS

June 30, 2010 (in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (Note 4)	\$ 290,343	\$ 21,146	\$ 311,489
Accounts receivable, net:			
Taxes	30,043	--	30,043
Licenses, permits, and franchises	763	480	1,243
Fines, forfeitures, and penalties	369	--	369
Use of money and property	1,000	150	1,150
Intergovernmental	36,990	195	37,185
Charges for services	36,190	1,328	37,518
Other	652	626	1,278
Internal balances	2,187	(2,187)	--
Inventories	313	302	615
Prepaid items	553	--	553
Note receivable	100	--	100
Other receivables	7,783	--	7,783
Deferred charges	766	53	819
Property held for resale	6,815	--	6,815
Restricted cash and investments (Notes 4 & 5)	22,627	17,525	40,152
Capital assets, not being depreciated (Note 6)	136,806	13,280	150,086
Capital assets, net of accumulated depreciation (Note 6)	<u>363,742</u>	<u>59,274</u>	<u>423,016</u>
Total assets	<u>938,042</u>	<u>112,172</u>	<u>1,050,214</u>
LIABILITIES			
Accounts payable	15,115	753	15,868
Salaries and benefits payable	20,405	433	20,838
Interest payable	474	5	479
Other payables	13,306	67	13,373
Unearned revenue (Note 7)	37,406	--	37,406
Customer deposits payable	6,736	377	7,113
Long-term liabilities (Note 8):			
Portion due within one year:			
Compensated absences (Note 8)	27,422	278	27,700
Capital lease obligations (Note 9)	765	7	772
Certificates of participation, net (Note 10)	4,927	388	5,315
Rebatable arbitrage earnings (Note 8)	80	--	80
Note payable (Note 11)	--	437	437
Liability for self-insurance claims (Note 12)	10,833	--	10,833
Landfill closure/postclosure care costs (Note 14)	--	189	189
Portion due in more than one year:			
Compensated absences (Note 8)	1,311	328	1,639
Capital lease obligations (Note 9)	4,017	--	4,017
Certificates of participation, net (Note 10)	71,897	6,545	78,442
Note payable (Note 11)	--	6,144	6,144
Liability for self-insurance claims (Note 12)	27,428	--	27,428
Estimated litigation liability (Note 13)	1,442	--	1,442
Landfill closure/postclosure care costs (Note 14)	--	25,004	25,004
Other post employment benefits (OPEB) obligation (Note 20)	28,132	616	28,748
Total liabilities	<u>271,696</u>	<u>41,571</u>	<u>313,267</u>
NET ASSETS			
Invested in capital assets, net of related debt	466,916	59,750	526,666
Restricted for (Note 15):			
Law and justice	191	--	191
Public safety	10,894	--	10,894
Health and public assistance	29,689	--	29,689
Community resources and public facilities	101,590	--	101,590
General government and support services	7,258	--	7,258
General county programs	7,430	--	7,430
Unrestricted	42,378	10,851	53,229
Total net assets	<u>\$ 666,346</u>	<u>\$ 70,601</u>	<u>\$ 736,947</u>

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, 2010 (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	\$ 13,456	\$ (6,100)	\$ 7,356	\$ 4,161	\$ 6	\$ --	\$ (3,189)	\$ --	\$ (3,189)
Law & justice	45,327	1,483	46,810	10,203	7,196	--	(29,411)	--	(29,411)
Public safety	190,892	9,526	200,418	36,479	41,106	--	(122,833)	--	(122,833)
Health & public assistance	290,046	7,544	297,590	79,048	194,707	--	(23,835)	--	(23,835)
Community resources & public facilities	81,583	4,331	85,914	22,082	41,473	38	(22,321)	--	(22,321)
General government & support services	49,542	(17,792)	31,750	14,627	2,752	47	(14,324)	--	(14,324)
General county programs	19,211	283	19,494	8,403	6,432	--	(4,659)	--	(4,659)
Interest on long-term debt	4,645	--	4,645	--	--	--	(4,645)	--	(4,645)
Total governmental activities	<u>694,702</u>	<u>(725)</u>	<u>693,977</u>	<u>175,003</u>	<u>293,672</u>	<u>85</u>	<u>(225,217)</u>	<u>--</u>	<u>(225,217)</u>
Business-type activities:									
Resource Recovery	21,069	590	21,659	20,157	2,451	--	--	949	949
Laguna Sanitation	5,498	135	5,633	6,827	327	--	--	1,521	1,521
Municipal Energy Finance	10	--	10	--	--	--	--	(10)	(10)
Total business-type activities	<u>26,577</u>	<u>725</u>	<u>27,302</u>	<u>26,984</u>	<u>2,778</u>	<u>--</u>	<u>--</u>	<u>2,460</u>	<u>2,460</u>
Total primary government	<u>\$ 721,279</u>	<u>\$ --</u>	<u>\$ 721,279</u>	<u>\$ 201,987</u>	<u>\$ 296,450</u>	<u>\$ 85</u>	<u>(225,217)</u>	<u>2,460</u>	<u>(222,757)</u>
General Revenues:									
Taxes:									
Property							166,544	--	166,544
Sales							7,293	--	7,293
Transient occupancy							5,950	--	5,950
Payments in lieu of taxes							3,755	--	3,755
Franchise fees							2,712	--	2,712
Other general revenues							81	--	81
Restricted for community resources and public facilities:									
Sales tax, allocated to roads							6,151	--	6,151
Property tax, levied for flood control districts							8,270	--	8,270
Property tax, levied for county service areas							1,103	--	1,103
Property tax, levied for water agency							2,168	--	2,168
Property tax, levied for lighting districts							399	--	399
Property tax, levied for special districts-community facilities district							406	--	406
Tax increment, allocated to redevelopment agency							3,940	--	3,940
Restricted for public safety:									
Property tax, levied for fire district							28,279	--	28,279
Unrestricted investment earnings							2,404	374	2,778
Gain (loss) on sale of capital assets							71	(126)	(55)
Transfers							(995)	995	--
Total general revenues and transfers							<u>238,531</u>	<u>1,243</u>	<u>239,774</u>
Change in net assets							13,314	3,703	17,017
Net assets - beginning							653,032	66,898	719,930
Net assets - ending							<u>\$ 666,346</u>	<u>\$ 70,601</u>	<u>\$ 736,947</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service
ASSETS								
Cash and investments (Note 4)	\$ 11,020	\$ 16,358	\$ 26,674	\$ 8,634	\$ 14,995	\$ 58,388	\$ 34,708	\$ 564
Accounts receivable, net:								
Taxes	30,043	--	--	--	--	--	--	--
Licenses, permits, and franchises	734	29	--	--	--	--	--	--
Fines, forfeitures, and penalties	15	--	--	--	--	--	--	--
Use of money and property	338	29	65	41	(13)	136	39	--
Intergovernmental	10,771	4,238	4,775	8,935	3,941	1,494	1,561	--
Charges for services	7,266	3,382	1,292	--	22,018	--	--	--
Other	213	--	--	8	--	--	--	--
Due from other funds (Note 18)	17,958	--	--	323	--	--	--	--
Prepaid items	50	--	--	503	--	--	--	--
Note receivable	--	--	--	--	--	--	--	--
Other receivables	2,507	--	--	--	--	--	116	--
Advances to other funds (Note 18)	18,759	--	--	--	--	--	--	--
Property held for resale	--	--	--	--	--	--	--	--
Restricted cash and investments (Note 4 & 5)	12,950	--	--	--	--	--	--	1,429
Total assets	<u>\$ 112,624</u>	<u>\$ 24,036</u>	<u>\$ 32,806</u>	<u>\$ 18,444</u>	<u>\$ 40,941</u>	<u>\$ 60,018</u>	<u>\$ 36,424</u>	<u>\$ 1,993</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,952	\$ 1,638	\$ 2,195	\$ 527	\$ 3,923	\$ 132	\$ 580	\$ --
Salaries and benefits payable	11,985	573	2,424	2,723	1,527	207	--	--
Other payables	301	4	167	6	12,638	14	175	--
Unearned revenue (Note 7)	--	11,308	294	8,972	6,538	294	4,671	--
Deferred revenue (Note 7)	2,657	--	1,182	--	--	--	--	--
Due to other funds (Note 18)	--	--	--	--	17,465	--	422	--
Customer deposits payable	6,574	156	--	--	--	--	--	--
Advances payable (Note 18)	--	--	--	--	--	--	--	17,000
Total liabilities	<u>23,469</u>	<u>13,679</u>	<u>6,262</u>	<u>12,228</u>	<u>42,091</u>	<u>647</u>	<u>5,848</u>	<u>17,000</u>
Fund balances:								
Reserved for (Note 16):								
Receivables and prepaids	20,309	--	--	503	--	--	--	--
Imprest cash	23	1	3	15	4	--	--	--
Lease maintenance requirement	418	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	1,430
Property tax loss	6,441	--	--	--	--	--	--	--
MHSA prudent reserve	--	--	--	--	5,694	--	--	--
Inventories: property held for resale	--	--	--	--	--	--	--	--
Unreserved (Note 16):								
Designated, reported in:								
General fund	61,274	--	--	--	--	--	--	--
Special revenue funds	--	3,785	19,460	438	--	14,525	--	--
Capital projects fund	--	--	--	--	--	--	28,068	--
Debt service funds	--	--	--	--	--	--	--	--
Undesignated, reported in:								
General fund	690	--	--	--	--	--	--	--
Special revenue funds	--	6,571	7,081	5,260	(6,848)	44,846	--	--
Capital projects fund	--	--	--	--	--	--	2,508	--
Debt service funds	--	--	--	--	--	--	--	(16,437)
Total fund balances	<u>89,155</u>	<u>10,357</u>	<u>26,544</u>	<u>6,216</u>	<u>(1,150)</u>	<u>59,371</u>	<u>30,576</u>	<u>(15,007)</u>
Total liabilities and fund balances	<u>\$ 112,624</u>	<u>\$ 24,036</u>	<u>\$ 32,806</u>	<u>\$ 18,444</u>	<u>\$ 40,941</u>	<u>\$ 60,018</u>	<u>\$ 36,424</u>	<u>\$ 1,993</u>

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

Fund balances - total governmental funds

- (1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.
- (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.
- (3) Accrued interest on long-term debt.
- (4) 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.
- (5) Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.
- (6) Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.
- (7) 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.

Net assets of governmental activities (page 30)

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

Other Governmental Funds	Total Governmental Funds	
\$ 44,259	\$ 215,600	ASSETS
--	30,043	Cash and investments (Note 4)
--	763	Accounts receivable, net:
354	369	Taxes
189	824	Licenses, permits, and franchises
1,275	36,990	Fines, forfeitures, and penalties
866	34,824	Use of money and property
431	652	Intergovernmental
--	18,281	Charges for services
--	553	Other
100	100	Due from other funds (Note 18)
5,160	7,783	Prepaid items
--	18,759	Note receivable
6,815	6,815	Other receivables
8,238	22,617	Advances to other funds (Note 18)
<u>\$ 67,687</u>	<u>\$ 394,973</u>	Property held for resale
		Restricted cash and investments (Note 4 & 5)
		Total assets
		LIABILITIES AND FUND BALANCES
		Liabilities:
\$ 3,010	\$ 13,957	Accounts payable
570	20,009	Salaries and benefits payable
1	13,306	Other payables
5,329	37,406	Unearned revenue (Note 7)
--	3,839	Deferred revenue (Note 7)
394	18,281	Due to other funds (Note 18)
6	6,736	Customer deposits payable
--	17,000	Advances payable (Note 18)
<u>9,310</u>	<u>130,534</u>	Total liabilities
		Fund balances:
		Reserved for (Note 16):
4	20,816	Receivables and prepaids
--	46	Imprest cash
--	418	Lease maintenance requirement
8,153	9,583	Debt service
--	6,441	Property tax loss
--	5,694	MHSA prudent reserve
6,815	6,815	Inventories: property held for resale
		Unreserved (Note 16):
		Designated, reported in:
--	61,274	General fund
11,445	49,653	Special revenue funds
--	28,068	Capital projects fund
349	349	Debt service funds
		Undesignated, reported in:
--	690	General fund
31,611	88,521	Special revenue funds
--	2,508	Capital projects fund
--	(16,437)	Debt service funds
<u>58,377</u>	<u>264,439</u>	Total fund balances
<u>\$ 67,687</u>	<u>\$ 394,973</u>	Total liabilities and fund balances
	\$ 264,439	
	482,113	
	(138,702)	
	(474)	
	3,839	
	766	
	53,937	
	<u>428</u>	
	<u>\$ 666,346</u>	

COUNTY OF SANTA BARBARA, CALIFORNIA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service
Revenues								
Taxes	\$ 181,013	\$ 6,350	\$ --	\$ --	\$ --	\$ 8,211	\$ --	\$ --
Licenses, permits, and franchises	12,730	309	108	--	--	--	--	--
Fines, forfeitures, and penalties	8,103	--	1,112	--	4	--	--	--
Use of money and property	3,465	93	241	327	37	557	117	26
Intergovernmental	49,636	23,707	28,043	122,655	32,780	9,583	2,747	--
Charges for services	74,585	5,717	38,167	2	35,803	3,063	149	--
Other	4,765	186	4,583	1,515	1,408	30	439	--
Total revenues	<u>334,297</u>	<u>36,362</u>	<u>72,254</u>	<u>124,499</u>	<u>70,032</u>	<u>21,444</u>	<u>3,452</u>	<u>26</u>
Expenditures								
Current:								
Policy & executive	13,266	--	--	--	--	--	--	--
Law & justice	29,302	--	--	--	--	--	--	--
Public safety	185,690	--	--	--	--	--	205	--
Health & public assistance	5,550	--	77,550	127,400	72,063	--	--	--
Community resources & public facilities	34,775	36,350	--	--	--	16,801	2,323	--
General government & support services	48,536	--	--	--	--	--	47	--
General county programs	7,696	--	--	--	--	--	--	--
Debt service:								
Principal	12	--	--	--	--	--	--	--
Interest	1,596	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	8,639	--
Total expenditures	<u>326,423</u>	<u>36,350</u>	<u>77,550</u>	<u>127,400</u>	<u>72,063</u>	<u>16,801</u>	<u>11,214</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,874</u>	<u>12</u>	<u>(5,296)</u>	<u>(2,901)</u>	<u>(2,031)</u>	<u>4,643</u>	<u>(7,762)</u>	<u>26</u>
Other Financing Sources (Uses)								
Transfers in (Note 18)	66,193	1,402	7,557	10,318	3,649	20	6,051	--
Transfers out (Note 18)	(69,515)	(126)	(2,367)	(8,378)	(925)	(19)	(4,800)	(739)
Proceeds from sale of capital assets	15	28	--	--	5	4	--	--
Long-term debt issued	--	--	--	--	--	--	18,710	--
Issuance discount on long-term debt	--	--	--	--	--	--	--	--
Issuance premium on long-term debt	--	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>(3,307)</u>	<u>1,304</u>	<u>5,190</u>	<u>1,940</u>	<u>2,729</u>	<u>5</u>	<u>19,961</u>	<u>(739)</u>
Net change in fund balances	4,567	1,316	(106)	(961)	698	4,648	12,199	(713)
Fund balances - beginning	84,588	9,041	26,650	7,200	(1,848)	54,723	18,377	(14,294)
Presentation change - IHSS	--	--	--	(23)	--	--	--	--
Fund balances - beginning, as restated	<u>84,588</u>	<u>9,041</u>	<u>26,650</u>	<u>7,177</u>	<u>(1,848)</u>	<u>54,723</u>	<u>18,377</u>	<u>(14,294)</u>
Fund balances - ending	<u>\$ 89,155</u>	<u>\$ 10,357</u>	<u>\$ 26,544</u>	<u>\$ 6,216</u>	<u>\$ (1,150)</u>	<u>\$ 59,371</u>	<u>\$ 30,576</u>	<u>\$ (15,007)</u>

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

Net change in fund balances - total governmental funds

Capital assets:

- (1) The acquisition of capital assets uses current financial resources but has no effect on net assets.
- (2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.
- (3) The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets.
- (4) The net loss on the disposal of capital assets does not affect current financial resources but decreases net assets.
- (5) Donations of assets to the County do not provide current financial resources but increase net assets.

Long-term debt:

- (6) The issuance of long-term debt provides current financial resources to the funds but has no effect on net assets.
- (7) Principal payments on long-term debt use current financial resources but have no effect on net assets.

Measurement focus:

- (8) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
- (9) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds:
 - Change in interest payable liability
 - Change in rebateable arbitrage earnings
 - Change in compensated absences liability
 - Change in estimated litigation liability
 - Accrued other post employment benefits (OPEB)
 - Amortization of bond premiums/discounts and issuance costs

Internal service funds:

- (10) Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, communication services, and utilities to individual funds. The net revenue of internal service funds is reported within governmental activities. Change in net assets of governmental activities (page 31)

Other Governmental Funds	Total Governmental Funds	
\$ 36,074	\$ 231,648	Revenues
76	13,223	Taxes
4,308	13,527	Licenses, permits, and franchises
1,258	6,121	Fines, forfeitures, and penalties
21,289	290,440	Use of money and property
5,039	162,525	Intergovernmental
4,120	17,046	Charges for services
72,164	734,530	Other
		Total revenues
		Expenditures
		Current:
--	13,266	Policy & executive
15,193	44,495	Law & justice
2,766	188,661	Public safety
15,676	298,239	Health & public assistance
9,798	100,047	Community resources & public facilities
235	48,818	General government & support services
10,753	18,449	General county programs
		Debt service:
7,494	7,506	Principal
3,041	4,637	Interest
--	8,639	Capital outlay
64,956	732,757	Total expenditures
		Excess (deficiency) of revenues over (under) expenditures
7,208	1,773	
		Other Financing Sources (Uses)
50,989	146,179	Transfers in (Note 18)
(60,122)	(146,991)	Transfers out (Note 18)
--	52	Proceeds from sale of capital assets
1,677	20,387	Long-term debt issued
(148)	(148)	Issuance discount on long-term debt
278	278	Issuance premium on long-term debt
(7,326)	19,757	Total other financing sources (uses)
(118)	21,530	Net change in fund balances
58,472	242,909	Fund balances - beginning
23	--	Presentation change - IHSS
58,495	242,909	Fund balances - beginning, as restated
\$ 58,377	\$ 264,439	Fund balances - ending
	\$ 21,530	
	24,645	
	(12,897)	
	(52)	
	(168)	
	(174)	
	(20,288)	
	7,506	
	(67)	
	18	
	(61)	
	1,368	
	(1,132)	
	(9,258)	
	14	
	2,330	
	\$ 13,314	

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, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 179,869	\$ 181,430	\$ 181,013	\$ (417)
Licenses, permits, and franchises	11,555	12,822	12,730	(92)
Fines, forfeitures, and penalties	6,747	6,935	8,103	1,168
Use of money and property	3,789	3,669	3,465	(204)
Intergovernmental	48,272	52,622	49,636	(2,986)
Charges for services	78,546	79,346	74,585	(4,761)
Other	2,129	4,055	4,765	710
Total revenues	<u>330,907</u>	<u>340,879</u>	<u>334,297</u>	<u>(6,582)</u>
Expenditures				
Current:				
Policy & executive	13,998	13,865	13,266	599
Law & justice	27,879	29,436	29,302	134
Public safety	186,930	190,296	185,690	4,606
Health & public assistance	5,386	5,659	5,550	109
Community resources & public facilities	36,102	36,857	34,775	2,082
General government & support services	50,539	53,524	48,536	4,988
General county programs	6,819	8,372	7,696	676
Debt service:				
Principal	--	--	12	(12)
Interest	1,593	1,593	1,596	(3)
Total expenditures	<u>329,246</u>	<u>339,602</u>	<u>326,423</u>	<u>13,179</u>
Excess of revenues over expenditures	<u>1,661</u>	<u>1,277</u>	<u>7,874</u>	<u>6,597</u>
Other Financing Sources (Uses)				
Transfers in	59,623	68,784	66,193	(2,591)
Transfers out	(72,556)	(80,831)	(69,515)	11,316
Proceeds from sale of capital assets	125	125	15	(110)
Total other financing sources (uses)	<u>(12,808)</u>	<u>(11,922)</u>	<u>(3,307)</u>	<u>8,615</u>
Net change in fund balances	(11,147)	(10,645)	4,567	15,212
Fund balances - beginning	<u>84,588</u>	<u>84,588</u>	<u>84,588</u>	<u>--</u>
Fund balances - ending	<u>\$ 73,441</u>	<u>\$ 73,943</u>	<u>\$ 89,155</u>	<u>\$ 15,212</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,058	\$ 7,059	\$ 6,350	\$ (709)
Licenses, permits, and franchises	347	347	309	(38)
Use of money and property	102	99	93	(6)
Intergovernmental	31,208	31,815	23,707	(8,108)
Charges for services	6,644	7,425	5,717	(1,708)
Other	92	167	186	19
Total revenues	<u>45,451</u>	<u>46,912</u>	<u>36,362</u>	<u>(10,550)</u>
Expenditures				
Current:				
Community resources & public facilities	49,325	49,448	36,350	13,098
Total expenditures	<u>49,325</u>	<u>49,448</u>	<u>36,350</u>	<u>13,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,874)</u>	<u>(2,536)</u>	<u>12</u>	<u>2,548</u>
Other Financing Sources (Uses)				
Transfers in	1,600	1,431	1,402	(29)
Transfers out	(400)	(180)	(126)	54
Proceeds from sale of capital assets	--	--	28	28
Total other financing sources (uses)	<u>1,200</u>	<u>1,251</u>	<u>1,304</u>	<u>53</u>
Net change in fund balances	(2,674)	(1,285)	1,316	2,601
Fund balances - beginning	9,041	9,041	9,041	--
Fund balances - ending	<u>\$ 6,367</u>	<u>\$ 7,756</u>	<u>\$ 10,357</u>	<u>\$ 2,601</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, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses, permits, and franchises	\$ 162	\$ 162	\$ 108	\$ (54)
Fines, forfeitures, and penalties	1,730	1,730	1,112	(618)
Use of money and property	626	604	241	(363)
Intergovernmental	26,822	28,955	28,043	(912)
Charges for services	35,885	37,150	38,167	1,017
Other	5,061	5,061	4,583	(478)
Total revenues	<u>70,286</u>	<u>73,662</u>	<u>72,254</u>	<u>(1,408)</u>
Expenditures				
Current:				
Health & public assistance	80,122	82,478	77,550	4,928
Total expenditures	<u>80,122</u>	<u>82,478</u>	<u>77,550</u>	<u>4,928</u>
Deficiency of revenues under expenditures	<u>(9,836)</u>	<u>(8,816)</u>	<u>(5,296)</u>	<u>3,520</u>
Other Financing Sources (Uses)				
Transfers in	11,088	7,719	7,557	(162)
Transfers out	<u>(4,880)</u>	<u>(2,549)</u>	<u>(2,367)</u>	<u>182</u>
Total other financing sources (uses)	<u>6,208</u>	<u>5,170</u>	<u>5,190</u>	<u>20</u>
Net change in fund balances	(3,628)	(3,646)	(106)	3,540
Fund balances - beginning	26,650	26,650	26,650	--
Fund balances - ending	<u>\$ 23,022</u>	<u>\$ 23,004</u>	<u>\$ 26,544</u>	<u>\$ 3,540</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, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 310	\$ 335	\$ 327	\$ (8)
Intergovernmental	128,210	128,793	122,655	(6,138)
Charges for services	--	3	2	(1)
Other	723	1,566	1,515	(51)
Total revenues	<u>129,243</u>	<u>130,697</u>	<u>124,499</u>	<u>(6,198)</u>
Expenditures				
Current:				
Health & public assistance	<u>133,593</u>	<u>134,234</u>	<u>127,400</u>	<u>6,834</u>
Total expenditures	<u>133,593</u>	<u>134,234</u>	<u>127,400</u>	<u>6,834</u>
Deficiency of revenues under expenditures	<u>(4,350)</u>	<u>(3,537)</u>	<u>(2,901)</u>	<u>636</u>
Other Financing Sources (Uses)				
Transfers in	9,662	10,318	10,318	--
Transfers out	<u>(7,293)</u>	<u>(8,852)</u>	<u>(8,378)</u>	<u>474</u>
Total other financing sources (uses)	<u>2,369</u>	<u>1,466</u>	<u>1,940</u>	<u>474</u>
Net change in fund balances	(1,981)	(2,071)	(961)	1,110
Fund balances - beginning	7,200	7,200	7,200	--
Presentation adjustment - IHSS	--	--	(23)	(23)
Fund balances - beginning, as restated	<u>7,200</u>	<u>7,200</u>	<u>7,177</u>	<u>(23)</u>
Fund balances - ending	<u>\$ 5,219</u>	<u>\$ 5,129</u>	<u>\$ 6,216</u>	<u>\$ 1,087</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
ALCOHOL, DRUG AND MENTAL HEALTH SERVICES (ADMHS) SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 4	\$ 4	\$ 4	\$ --
Use of money and property	(306)	(291)	37	328
Intergovernmental	40,214	38,673	32,780	(5,893)
Charges for services	37,453	41,050	35,803	(5,247)
Other	296	931	1,408	477
Total revenues	<u>77,661</u>	<u>80,367</u>	<u>70,032</u>	<u>(10,335)</u>
Expenditures				
Current:				
Health & public assistance	<u>73,957</u>	<u>76,698</u>	<u>72,063</u>	<u>4,635</u>
Total expenditures	<u>73,957</u>	<u>76,698</u>	<u>72,063</u>	<u>4,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,704</u>	<u>3,669</u>	<u>(2,031)</u>	<u>(5,700)</u>
Other Financing Sources (Uses)				
Transfers in	16,622	13,994	3,649	(10,345)
Transfers out	(4,049)	(1,084)	(925)	159
Proceeds from sale of capital assets	--	--	5	5
Total other financing sources (uses)	<u>12,573</u>	<u>12,910</u>	<u>2,729</u>	<u>(10,181)</u>
Net change in fund balances	16,277	16,579	698	(15,881)
Fund balances - beginning	(1,848)	(1,848)	(1,848)	--
Fund balances - ending	<u>\$ 14,429</u>	<u>\$ 14,731</u>	<u>\$ (1,150)</u>	<u>\$ (15,881)</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, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,200	\$ 8,200	\$ 8,211	\$ 11
Use of money and property	579	488	557	69
Intergovernmental	5,507	9,927	9,583	(344)
Charges for services	3,120	3,120	3,063	(57)
Other	33	83	30	(53)
Total revenues	<u>17,439</u>	<u>21,818</u>	<u>21,444</u>	<u>(374)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>15,074</u>	<u>21,334</u>	<u>16,801</u>	<u>4,533</u>
Total expenditures	<u>15,074</u>	<u>21,334</u>	<u>16,801</u>	<u>4,533</u>
Excess of revenues over expenditures	<u>2,365</u>	<u>484</u>	<u>4,643</u>	<u>4,159</u>
Other Financing Sources (Uses)				
Transfers in	25	25	20	(5)
Transfers out	(10)	(22)	(19)	3
Proceeds from sale of capital assets	<u>--</u>	<u>--</u>	<u>4</u>	<u>4</u>
Total other financing sources (uses)	<u>15</u>	<u>3</u>	<u>5</u>	<u>2</u>
Net change in fund balances	2,380	487	4,648	4,161
Fund balances - beginning	<u>54,723</u>	<u>54,723</u>	<u>54,723</u>	<u>--</u>
Fund balances - ending	<u>\$ 57,103</u>	<u>\$ 55,210</u>	<u>\$ 59,371</u>	<u>\$ 4,161</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
June 30, 2010 (in thousands)

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Nonmajor- Municipal Energy Finance		
ASSETS					
Current assets:					
Cash and investments (Note 4)	\$ 14,094	\$ 6,057	\$ 995	\$ 21,146	\$ 74,743
Accounts receivable, net:					
Licenses, permits, and franchises	480	--	--	480	--
Use of money and property	135	15	--	150	176
Intergovernmental	195	--	--	195	--
Charges for services	1,314	14	--	1,328	1,366
Other	617	9	--	626	--
Inventories	280	22	--	302	313
Total current assets	<u>17,115</u>	<u>6,117</u>	<u>995</u>	<u>24,227</u>	<u>76,598</u>
Noncurrent assets:					
Deferred charges	53	--	--	53	--
Restricted cash and investments (Notes 4 & 5)	17,449	76	--	17,525	10
Capital assets, not being depreciated (Note 6)	10,149	3,131	--	13,280	--
Capital assets, net of accumulated depreciation (Note 6)	32,820	26,454	--	59,274	18,435
Total noncurrent assets	<u>60,471</u>	<u>29,661</u>	<u>--</u>	<u>90,132</u>	<u>18,445</u>
Total assets	<u>77,586</u>	<u>35,778</u>	<u>995</u>	<u>114,359</u>	<u>95,043</u>
LIABILITIES					
Current liabilities:					
Accounts payable	655	98	--	753	1,158
Salaries and benefits payable	350	83	--	433	396
Interest payable	--	5	--	5	--
Other payables	--	67	--	67	--
Customer deposits payable	300	77	--	377	--
Compensated absences (Note 8)	162	116	--	278	506
Capital lease obligations (Note 9)	5	2	--	7	70
Certificates of participation payable (Note 10)	388	--	--	388	--
Note payable (Note 11)	--	437	--	437	--
Liability for self-insurance claims (Note 12)	--	--	--	--	10,833
Landfill closure/postclosure care costs (Note 14)	189	--	--	189	--
Total current liabilities	<u>2,049</u>	<u>885</u>	<u>--</u>	<u>2,934</u>	<u>12,963</u>
Noncurrent liabilities:					
Compensated absences (Note 8)	323	5	--	328	157
Certificates of participation payable, net (Note 10)	6,545	--	--	6,545	--
Note payable (Note 11)	--	6,144	--	6,144	--
Liability for self-insurance claims (Note 12)	--	--	--	--	27,428
Landfill closure/postclosure care costs (Note 14)	25,004	--	--	25,004	--
Advances payable (Note 18)	1,759	--	--	1,759	--
OPEB obligation (Note 20)	509	107	--	616	558
Total noncurrent liabilities	<u>34,140</u>	<u>6,256</u>	<u>--</u>	<u>40,396</u>	<u>28,143</u>
Total liabilities	<u>36,189</u>	<u>7,141</u>	<u>--</u>	<u>43,330</u>	<u>41,106</u>
NET ASSETS					
Invested in capital assets, net of related debt	36,749	23,001	--	59,750	18,364
Unrestricted	4,648	5,636	995	11,279	35,573
Total net assets	<u>\$ 41,397</u>	<u>\$ 28,637</u>	<u>\$ 995</u>	<u>71,029</u>	<u>\$ 53,937</u>
Adjustment to reflect the allocation of the internal service funds' cumulative net loss				(428)	
Net assets of business-type activities				<u>\$ 70,601</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, 2010 (in thousands)

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Nonmajor- Municipal Energy Finance		
Operating revenues:					
Charges for services	\$ 14,411	\$ 6,784	\$ --	\$ 21,195	\$ 46,760
Sale of scrap and recyclables	2,788	--	--	2,788	--
Franchise fees	395	--	--	395	--
Self-insurance recovery	--	--	--	--	3,698
Other operating revenues	2,563	43	--	2,606	269
Total operating revenues	<u>20,157</u>	<u>6,827</u>	<u>--</u>	<u>26,984</u>	<u>50,727</u>
Operating expenses:					
Salaries and benefits	8,033	1,664	--	9,697	8,511
Services and supplies	4,782	2,251	1	7,034	18,826
Self-insurance claims	--	--	--	--	17,857
Contractual services	4,879	512	9	5,400	478
Depreciation and amortization	2,227	942	--	3,169	3,395
County overhead allocation	590	135	--	725	613
Closure/postclosure costs	779	--	--	779	--
Total operating expenses	<u>21,290</u>	<u>5,504</u>	<u>10</u>	<u>26,804</u>	<u>49,680</u>
Operating income (loss)	<u>(1,133)</u>	<u>1,323</u>	<u>(10)</u>	<u>180</u>	<u>1,047</u>
Non-operating revenues (expenses):					
Use of money and property	578	109	5	692	708
Interest expense	(386)	(168)	--	(554)	(4)
Gain (loss) on sale of capital assets	(153)	27	--	(126)	(51)
Settlements and damages	(55)	--	--	(55)	--
State and federal aid	--	--	--	--	24
Other non-operating revenues	2,187	272	--	2,459	901
Total non-operating revenues, net	<u>2,171</u>	<u>240</u>	<u>5</u>	<u>2,416</u>	<u>1,578</u>
Income (loss) before transfers	<u>1,038</u>	<u>1,563</u>	<u>(5)</u>	<u>2,596</u>	<u>2,625</u>
Transfers in	--	--	1,000	1,000	946
Transfers out (Note 18)	<u>(5)</u>	<u>--</u>	<u>--</u>	<u>(5)</u>	<u>(1,129)</u>
Transfers in (out), net	<u>(5)</u>	<u>--</u>	<u>1,000</u>	<u>995</u>	<u>(183)</u>
Change in net assets	1,033	1,563	995	3,591	2,442
Total net assets - beginning	40,364	27,074	--	67,438	51,495
Total net assets - ending	<u>\$ 41,397</u>	<u>\$ 28,637</u>	<u>\$ 995</u>	<u>\$ 71,029</u>	<u>\$ 53,937</u>
Change in net assets - total enterprise funds				\$ 3,591	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				112	
Change in net assets of business-type activities				<u>\$ 3,703</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, 2010 (in thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Nonmajor- Municipal Energy Finance	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund services provided	\$ --	\$ --	\$ --	\$ --	\$ 46,184
Receipts from self-insurance recovery	--	--	--	--	3,698
Receipts from customers and users	19,832	6,833	--	26,665	--
Payments to employees	(7,898)	(1,618)	--	(9,516)	(8,434)
Payments to suppliers	(9,710)	(2,620)	(10)	(12,340)	(19,607)
Payments for self-insurance claims	--	--	--	--	(16,349)
Payments for landfill closure/postclosure costs	(976)	--	--	(976)	--
County overhead allocation payments to the General Fund	(590)	(135)	--	(725)	(613)
Other receipts	2,187	272	--	2,459	901
Net cash provided (used) by operating activities	<u>2,845</u>	<u>2,732</u>	<u>(10)</u>	<u>5,567</u>	<u>5,780</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	--	--	1,000	1,000	946
Transfers to other funds	(5)	--	--	(5)	(1,129)
Payment on landfill settlement	(55)	--	--	(55)	--
State and federal aid	--	--	--	--	24
Net cash provided (used) by noncapital and related financing activities	<u>(60)</u>	<u>--</u>	<u>1,000</u>	<u>940</u>	<u>(159)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(1,771)	(2,324)	--	(4,095)	(3,864)
Proceeds from sale of capital assets	46	27	--	73	122
Principal paid on capital lease obligations	(7)	(1)	--	(8)	(68)
Interest paid on capital lease obligations	--	--	--	--	(4)
Principal paid on certificates of participation	(1,906)	--	--	(1,906)	--
Interest paid on certificates of participation	(326)	--	--	(326)	--
Principal paid on State loan	--	(428)	--	(428)	--
Interest paid on State loan	--	(168)	--	(168)	--
Proceeds of long-term debt	--	--	--	--	4
Net cash used by capital and related financing activities	<u>(3,964)</u>	<u>(2,894)</u>	<u>--</u>	<u>(6,858)</u>	<u>(3,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Use of money and property received	621	116	5	742	798
Net cash provided by investing activities	<u>621</u>	<u>116</u>	<u>5</u>	<u>742</u>	<u>798</u>
Net increase (decrease) in cash and cash equivalents	(558)	(46)	995	391	2,609
Cash and cash equivalents - beginning	32,101	6,179	--	38,280	72,144
Cash and cash equivalents - ending	<u>\$ 31,543</u>	<u>\$ 6,133</u>	<u>\$ 995</u>	<u>\$ 38,671</u>	<u>\$ 74,753</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets					
Cash and investments per Statement of Net Assets	\$ 14,094	\$ 6,057	\$ 995	\$ 21,146	\$ 74,743
Restricted cash and investments per Statement of Net Assets	17,449	76	--	17,525	10
Total cash and cash equivalents per Statement of Net Assets	<u>\$ 31,543</u>	<u>\$ 6,133</u>	<u>\$ 995</u>	<u>\$ 38,671</u>	<u>\$ 74,753</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (1,133)	\$ 1,323	\$ (10)	\$ 180	\$ 1,047
Depreciation and amortization	2,227	942	--	3,169	3,395
Other non-operating revenues	2,187	272	--	2,459	901
Accounts receivable	(595)	6	--	(589)	(845)
Inventories	38	(6)	--	32	(75)
Deferred charges	35	--	--	35	--
Accounts payable	(122)	149	--	27	453
Salaries and benefits payable	120	46	--	166	77
Deferred revenue	(15)	--	--	(15)	--
Customer deposits	300	--	--	300	--
Self-insurance claims	--	--	--	--	827
Landfill closure cost liability	(197)	--	--	(197)	--
Net cash provided (used) by operating activities	<u>\$ 2,845</u>	<u>\$ 2,732</u>	<u>\$ (10)</u>	<u>\$ 5,567</u>	<u>\$ 5,780</u>
Noncash investing, capital, and financing activities	\$ --	\$ --	\$ --	\$ --	\$ --

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

June 30, 2010 (in thousands)

	<u>Investment Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and investments (Note 4)	\$ 536,042	\$ 32,742
Interest receivable	1,428	121
Total assets	<u>537,470</u>	<u>\$ 32,863</u>
Liabilities		
Accounts payable	--	\$ 8,171
Funds held as agent for others	--	24,692
Total liabilities	<u>--</u>	<u>\$ 32,863</u>
Net Assets		
Held in trust for pool participants	<u>\$ 537,470</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, 2010 (in thousands)

	<u>Investment Trust Fund</u>
Additions:	
Contributions to pooled investments	\$ 3,156,092
Interest and investment income	<u>6,603</u>
Total additions	<u>3,162,695</u>
Deductions:	
Distributions from pooled investments	<u>3,133,497</u>
Total deductions	<u>3,133,497</u>
Net increase in net assets	29,198
Net assets held in trust for pool participants - beginning	<u>508,272</u>
Net assets held in trust for pool participants - ending	<u>\$ 537,470</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, 2010
(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.

Blended Component Units

Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined (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 their governing bodies are substantially the same as the County's Board.

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 acting as the governing board for each of the component units.

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

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

First 5 Children and Families Commission (Commission) was 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. Additional detailed information and separately issued financial statements can be obtained from the Commission at 1 East Anapamu Street, Suite 200, Santa Barbara, CA 93101.

County Service Areas were 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 patrols, and road maintenance in various unincorporated areas of the County. Revenues consist primarily of property taxes and benefit assessments.

The fund for *Public and Educational Access* was established in December 2001 by the County Board to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund are the support of educational and public information through programs aimed at expanding public access and educational access to telecommunication services.

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.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

Mello-Roos Community Facilities Districts allow for financing of public improvements and services. The services and improvements that can be financed include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities.

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* (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 *In-Home Supportive Services Public Authority* (IHSS) was established by the Board to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.

The *Santa Barbara County Redevelopment Agency* (Redevelopment Agency or RDA) was formed on September 12, 1989, under Section 33200 of the State of California Health and Safety Code. The first redevelopment plan (the Isla Vista Redevelopment Project Area) was established by ordinance on November 27, 1990. The Redevelopment Agency is broadly empowered to engage in the general economic revitalization and redevelopment of property in the project area that is determined to be in declining condition. It is controlled by a Board of Directors who co-serve by virtue of their seats on the County Board. The Board of Directors makes all legislative decisions for the Redevelopment Agency. It publishes its own Annual Financial Report and receives its own independent audit. Additional detailed information and separately issued financial statements can be obtained from the Auditor-Controller's Office at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

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. Additional detailed information can be obtained from the Auditor-Controller's Office at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The accompanying financial statements also include an Investment Trust Fund that holds assets of numerous self-governed school and special districts for which the County Treasurer acts as custodian. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments, and other assets, and the related fiduciary responsibility of the County for disbursement of these assets. The County Auditor-Controller makes disbursements upon the request of the responsible school or self-governed district officers. Activities of the school and special districts are administered by separate boards and are independent of the County Board. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or to appropriate surplus funds available in these entities.

New Accounting Pronouncement

Government Accounting Standards Board Statement No. 51

For the fiscal year ended June 30, 2010, the County implemented Government Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This statement is effective for the County for fiscal periods beginning after June 15, 2009.

This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets, and that existing guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable.

Implementation of GASB Statement No. 51 primarily impacted the County's government-wide and proprietary funds financial statements, and the Capital Assets note disclosure (see Note 6) for the year ended June 30, 2010.

Financial Statements

In accordance with Government Accounting Standards Board 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 expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The 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 resource recovery and waste management, sanitation, and municipal finance operations.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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 180 days after fiscal year-end, except for property taxes, which the County considers available if they are collected within 60 days after fiscal year-end. Grants, Medi-Cal reimbursements and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures that meet accrual criteria are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the County considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual, and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. 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.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 **Roads Fund** is used to account for the planning, design, construction, maintenance and administration of County roads. It is also used to account for traffic safety and other transportation planning activities.

The **Public Health Fund** accounts for a variety of preventative health programs, outpatient services and inmate health programs. The fund is also used to account for Environmental Health, and Emergency Medical Services.

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

The **Alcohol, Drug and Mental Health Services (ADMHS) 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."

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 **Redevelopment Agency (RDA) 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 RDA.

The County reports the following major proprietary funds:

The **Resource Recovery and Waste Management Fund (Resource Recovery)** accounts for the activities of refuse collection, disposal, landfill operations, and recycling programs.

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

Additionally, the County reports the following fund types:

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

The **Investment Trust Fund** accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The County separately maintains these entities' money in 405 individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including *Clearing and Revolving Funds*, *Deposit Funds*, *Other Agency Funds*, *State and City Revenue Funds*, and *Tax Collection Funds*) account for assets held by the County in an agency capacity for individuals or other government units. The County reports on 271 different agency funds.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Business-type activities and enterprise funds have elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. Business-type activities and enterprise 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 Resource Recovery and Laguna Sanitation enterprise funds and of the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation 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 investment pool. The total percentage share of the County's investment pool that relates to these involuntary participants is 56% as of June 30, 2010. The deposits held for these districts are included in the Investment Trust Fund.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable and Payable

The County only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such the County has no allowance for uncollectible accounts. The County expects to collect all accounts receivable within one year. County policy requires that all revenues and expenditures greater than \$5 be accrued at fiscal year-end, while revenues and expenditures under \$5 may be accrued at fiscal year-end at the discretion of individual departments.

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County including school and special districts. Article XIII B of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to \$1 per \$100 of full cash value. Taxes levied to service voter-approved debt are excluded from this limitation.

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

During FY 93-94, 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, 2010, property taxes receivable of \$30,043 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 16).

Assembly Bill X4 15 Mandatory Loan

On July 28, 2009, the California legislature and the Governor passed the State budget which included the suspension of the property tax protection provisions of Proposition 1A (2004) for FY 09-10 and required cities, counties and special districts to loan to the State 8% of the amount of property tax revenues apportioned to them in FY 08-09. This loan is known as the AB X4 15 Mandatory Loan (Loan).

The provision also created an option, known as the Proposition 1A Securitization, for California public agencies to sell their Loan to the California Statewide Communities Development Authority. While the loan to the State was mandatory for all agencies, the participation in the securitization program was voluntary.

The law required the Loan from agencies to the State to be transferred in two equal installments on January 15, 2010 and May 3, 2010. Those agencies participating in the Proposition 1A Securitization program received proceeds from the securitization for the same amounts on the same dates. The County chose to participate in the Proposition 1A Securitization, resulting in the Loan having no significant impact on its current year cash flow or financial statements.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” (i.e. the 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.

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.

Property Held for Resale

Property held for resale is an asset held by the Redevelopment Agency and is recorded in the Redevelopment Agency nonmajor special revenue fund at the lower of cost or estimated net realizable value. Realizable value is determined either by an agreed-upon sale price with a developer, or by an appraisal. Prior to the establishment of such a development agreement or appraisal, the property is maintained at cost. Capitalized costs include all monies expended in the redevelopment process that can be properly attributable to the property to be resold to developers.

Restricted Cash and Investments

Restricted cash and investments is comprised of reserves required by debt covenants to be set aside for Certificates of Participation (COP) and Tax and Revenue Anticipation Notes (TRAN) debt service. It also includes cash related to Customer Deposits Payable which are service deposits held in the County’s General Fund and special revenue funds, which may eventually be returned to the customer. Additionally, restricted cash and investments includes cash set aside to meet the property tax loss reserve funding requirements legally restricted to cover losses due to bankruptcies, or inadequate proceeds on the sale of defaulted properties.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital assets include land, land improvements, structures and improvements (e.g. office buildings and building improvements), equipment (e.g. vehicles, machinery and computers), infrastructure (e.g. roads, bridges, sidewalks, and similar items), and intangible assets (e.g. land easements and computer software). They are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization thresholds are \$5 for equipment and \$100 for land improvements, buildings and improvements, infrastructure, and computer software.

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

Land improvements:	Parking lots, sidewalks, outdoor lighting, landscaping, drainage and irrigation systems	5 to 50 years
Buildings & improvements:	Office buildings Building improvements	20 to 100 years 5 to 50 years
Equipment:	Automobiles and light trucks Construction and maintenance vehicles General machinery and office equipment	5 to 10 years 5 to 20 years 3 to 25 years
Infrastructure:	Pavement and traffic signals Bridges All other	15 to 30 years 40 to 75 years 20 to 99 years
Intangible assets:	Computer software	2 to 10 years

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 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.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e. portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

Compensated Absences

County policy permits employees to accumulate earned but unused vacation, holiday and sick pay benefits. County policy states that unused sick leave shall not be cashed out at time of separation from service with the County; therefore, no liability for unpaid accumulated sick leave exists. Employees eligible for full retirement benefits however, may convert their unused sick leave to up to one year's service credit in determining their retirement benefits.

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

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.

Reclassifications

Certain prior year balances have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net assets.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

2. BUDGETARY AND LEGAL COMPLIANCE

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

The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is maintained at the fund, department, and object level with more stringent control over capital assets, and reserves and designations which are maintained at the line item 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 ended June 30, 2010, no instances existed 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, 2010
(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:

	Total Governmental Funds (Page 33)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 42)	Adjustments (3)	Total Governmental Activities (Page 30)
Assets:					
Cash and investments	\$ 215,600	\$ --	\$ 74,743	\$ --	\$ 290,343
Accounts receivable, net:					
Taxes	30,043	--	--	--	30,043
Licenses, permits, and franchises	763	--	--	--	763
Fines, forfeitures, and penalties	369	--	--	--	369
Use of money and property	824	--	176	--	1,000
Intergovernmental	36,990	--	--	--	36,990
Charges for services	34,824	--	1,366	--	36,190
Other	652	--	--	--	652
Due from other funds	18,281	--	--	(18,281)	--
Internal balances	--	--	--	2,187	2,187
Inventories	--	--	313	--	313
Prepaid items	553	--	--	--	553
Note receivable	100	--	--	--	100
Other receivables	7,783	--	--	--	7,783
Deferred charges	--	766	--	--	766
Advances to other funds	18,759	--	--	(18,759)	--
Property held for resale	6,815	--	--	--	6,815
Restricted cash and investments	22,617	--	10	--	22,627
Capital assets	--	482,113	18,435	--	500,548
Total assets	<u>\$ 394,973</u>	<u>\$ 482,879</u>	<u>\$ 95,043</u>	<u>\$ (34,853)</u>	<u>\$ 938,042</u>
Liabilities:					
Accounts payable	\$ 13,957	\$ --	\$ 1,158	\$ --	\$ 15,115
Salaries and benefits payable	20,009	--	396	--	20,405
Interest payable	--	474	--	--	474
Other payables	13,306	--	--	--	13,306
Unearned revenue	37,406	--	--	--	37,406
Deferred revenue	3,839	(3,839)	--	--	--
Due to other funds	18,281	--	--	(18,281)	--
Customer deposits payable	6,736	--	--	--	6,736
Advances payable	17,000	--	--	(17,000)	--
Compensated absences	--	28,070	663	--	28,733
Capital lease obligations	--	4,712	70	--	4,782
Certificates of participation (COP)	--	76,248	--	--	76,248
Unamortized premium on COP	--	872	--	--	872
Unamortized discount on COP	--	(296)	--	--	(296)
Liability for self-insurance claims	--	--	38,261	--	38,261
Rebatable arbitrage earnings	--	80	--	--	80
Estimated litigation liability	--	1,442	--	--	1,442
OPEB obligation	--	27,574	558	--	28,132
Total liabilities	<u>130,534</u>	<u>135,337</u>	<u>41,106</u>	<u>(35,281)</u>	<u>271,696</u>
Fund balance/net assets:					
Total fund balance/net assets	<u>264,439</u>	<u>347,542</u>	<u>53,937</u>	<u>428</u>	<u>666,346</u>
Total liabilities & fund balance/net assets	<u>\$ 394,973</u>	<u>\$ 482,879</u>	<u>\$ 95,043</u>	<u>\$ (34,853)</u>	<u>\$ 938,042</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

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

(1) Capital assets used in governmental activities (excluding Internal Service Funds) are not current financial resources and, therefore, are not reported in the balance sheet (Note 6).	\$ 482,113
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet (Note 8):	
Certificates of participation	\$ (76,248)
Unamortized premium on certificates of participation	(872)
Unamortized discount on certificates of participation	296
Capital lease obligations (excluding Internal Service Funds)	(4,712)
Estimated liability for litigation	(1,442)
Compensated absences (excluding Internal Service Funds)	(28,070)
Rebatable arbitrage earnings	(80)
OPEB obligation (excluding Internal Service Funds)	<u>(27,574)</u>
Total long-term liabilities	(138,702)
Accrued interest on long-term debt	(474)
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 7)	3,839
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.	<u>766</u>
	<u><u>\$ 347,542</u></u>
(2) Internal Service Funds are used by management to charge the costs of information technology, vehicle operations and maintenance, risk management and insurance, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.	<u>\$ 53,937</u>
(3) Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year.	<u>\$ 428</u>

4. CASH AND INVESTMENTS

Cash and investments, for most County funds, are consolidated and invested by the County Treasurer in a cash management investment 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. 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.

Investments held by the County are stated at fair value. The fair value of investments is established quarterly based on quoted market prices received from the securities custodian. Fair value of investments held fluctuates with interest rates. The fair value of participants' position in the pool is the same as the value of the pool shares. The value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. The total percentage share of the County's investment pool that relates to external involuntary participants is 56% as of June 30, 2010.

The Treasurer participates in the State of California Local Agency Investment Fund (LAIF). Investments in the LAIF are governed by State statutes and overseen by a five member Local Investment Advisory Board.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

4. CASH AND INVESTMENTS - CONTINUED

The County's investment pool holds an AAAf/S1 credit rating by Standard and Poor's. State statutes and the Treasurer's Investment Policy provide the framework for investment. The objectives of the State of California Government Code and the Treasurer's Investment Policy (Policy) is primarily to safeguard investment principal by mitigating exposure to risk factors, secondarily to maintain sufficient liquidity to meet cash flow needs, and lastly to attain a return on the funds. On this last objective the Policy specifies that attainment of a "market average rate of return" consistent with the primary objectives of safety and liquidity.

The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2010 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, in the event of the failure of a depository financial institution, 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 County's total bank balance, \$250 is insured by the Federal Depository Insurance Corporation (FDIC). The remaining \$105,532 on deposit is collateralized with securities held by the pledging financial institution but not in the County's name. Per Government Code section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral. At June 30, 2010, the value of pledged collateral was 129%.

At June 30, 2010, the carrying amount of the County's deposits was \$105,782 and the corresponding bank balance was \$96,402. The difference of \$9,380 was primarily due to deposits in transit.

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 to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code and, in general, the Treasurer's Policy is more restrictive than State law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; State and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and the Investment Trust of California (CalTrust).

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 on the credit quality of investment purchases. Securities issued and fully guaranteed as to payment by an agency or government sponsored enterprise of the U.S. Government be rated AAA by at least two of the three major rating services, i.e. Fitch, Moody's and Standard & Poor's (S&P). Commercial paper obligations and negotiable certificates of deposit shall be rated by at least two of the three major rating services at a minimum of F1 by Fitch, P-1 by Moody's and A-1 by S&P. Corporate notes, with a maturity greater than three years, shall be rated AA by at least two of the three major rating services. Corporate notes, with a maturity of three years or less, shall be rated AA- by at least two of the three major ratings services. Corporate Temporary Liquidity Guarantee Program (TLGP) notes shall be rated AAA by one of the three major ratings services.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

4. CASH AND INVESTMENTS - CONTINUED

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2010:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>% of Portfolio</u>
Treasurer's Pooled Investments:				
LAIF	NR*	NR	NR	6.45%
U.S. Treasury Bills	Aaa	AAA	AAA	6.19%
Commercial Paper	P-1	A-1+	F1	4.51%
Commercial Paper	P-1	A-1+	NR	1.93%
Commercial Paper	P-1	A-1	F1+	2.32%
Commercial Paper	P-2	A-1+	F1	3.35%
Negotiable Certificates of Deposit	P-1	A-1	F1	6.89%
Corporate Notes: TLGP**	Aaa	AAA	AAA	0.67%
Corporate Notes: TLGP	Aaa	AAA	NR	0.65%
Corporate Notes	Aa2	AA+	NR	0.64%
Corporate Notes	Aa3	A+	AA-	0.65%
Corporate Notes	A1	AA-	AA-	2.68%
Corporate Notes	A2	A+	AA-	0.68%
Corporate Notes	A2	A	A+	0.65%
Corporate Notes	A3	A	A+	0.66%
Government Agency Bonds and Notes	Aaa	AAA	AAA	49.74%
Government Agency Bonds and Notes	Aaa	AAA	NR	11.34%
Total Treasurer's Pooled Investments				<u>100.00%</u>
Investments Held with Fiscal Agents:				
LAIF	NR	NR	NR	2.58%
Money Market	P-1	A-1+	F1+	42.00%
Commercial Paper	P-1	A-1+	F1+	26.33%
Government Agency Bonds and Notes	Aaa	AAA	AAA	22.73%
Government Agency Bonds and Notes	Aaa	AAA	NR	6.36%
Total Investments Held with Fiscal Agents				<u>100.00%</u>

* Not Rated

**Temporary Liquidity Guarantee Program

At the time of purchase, the Policy dictates that no more than 5% of the Treasurer's pooled investments may be invested in the securities of any single issuer. Securities issued by the U.S. Government, its agencies, and sponsored enterprises, are not subject to this limitation.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

4. CASH AND INVESTMENTS - CONTINUED

As of the year ended June 30, 2010, percentage holdings over 5% of the Treasurer's pooled investments were as follows:

<u>Issuer</u>	<u>Issuer Type</u>	<u>Fair Value</u> <u>Holdings</u>	<u>Percentage</u> <u>Holdings</u>
Treasurer's Pooled Investments:			
Union Bank	Corporation	\$ 48,469	6.25%
U.S. Bank	Corporation	\$ 39,932	5.15%
Federal Farm Credit Bank	Government Sponsored	\$ 69,819	9.00%
Federal Home Loan Bank	Government Sponsored	\$ 87,928	11.34%
Federal Home Loan Mortgage Corporation	Government Sponsored	\$ 79,187	10.21%
Federal National Mortgage Association	Government Sponsored	\$ 236,727	30.53%
Investments Held with Fiscal Agents:			
U.S. Bank Commercial Paper	Corporation	\$ 10,290	26.33%
Federal Home Loan Bank	Government Sponsored	\$ 2,488	6.37%
Federal Home Loan Mortgage Corporation	Government Sponsored	\$ 2,275	5.82%
Federal National Mortgage Association	Government Sponsored	\$ 6,610	16.91%

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. The maturity of investments purchased is governed by a demand for funds analysis of prior periods' revenues and expenditures, and is also determined by current cash flow demands assessed on an ongoing basis. The Treasurer's Investment Policy also dictates that the final maturity date of any individual security shall not exceed five (5) years and that non-short term investments (greater than one year), in the aggregate, shall not exceed 75% of the portfolio.

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

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4. CASH AND INVESTMENTS - CONTINUED

At June 30, 2010, \$9,955 or 1.28% of the Treasurer's Pooled Investments was held in floating rate notes. The notes are tied to the London Interbank Offered Rate (LIBOR) with quarterly coupon resets. Debt investments with a variable-rate coupon reset on certain periodic dates based on that day's market rate.

At June 30, 2010, \$16,019 or 2.07% of the Treasurer's Pooled Investments was held in U.S agency step-up note securities. These securities grant the issuer the option to call the note on a certain specified date(s). On a certain date, or dates, the coupon rate of the note increases (steps up) by an amount specified at the inception of the note.

Interest earned on pooled investments is apportioned quarterly to participating funds based upon each fund's average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participating funds based upon the fund's ending cash balance. Interest and net investment income consisted of the following for the fiscal year ended June 30, 2010:

	Pool	Directed	Total
Interest income	\$ 11,383	\$ 27	\$ 11,410
Realized gain	1,865	-	1,865
Administration fees	(1,973)	(4)	(1,977)
Miscellaneous adjustments	11	-	11
Total net investment income	<u>\$ 11,286</u>	<u>\$ 23</u>	<u>\$ 11,309</u>

The Treasurer may purchase securities at a discount from face value to earn higher than nominal rates of return. Under GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, such discount, when realized, is considered gain rather than interest. 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).

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4. CASH AND INVESTMENTS - CONTINUED

The following is a summary of investments held by the County Treasurer as of June 30, 2010:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u> <u>Range</u>	<u>Maturity</u> <u>Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u>
Treasurer's pooled investments:					
LAIF	\$ 50,000	\$ 50,000	0.56%	On Demand	On Demand
U.S. treasury bills	47,826	47,969	Discount	7/10-3/11	119 days
Commercial paper	93,927	93,933	Discount; 0.25%	7/10-11/10	42 days
Negotiable certificates of deposit	53,500	53,453	0.08-0.85%	8/10-5/11	189 days
Corporate notes: TLGP	9,996	10,198	1.63-3.00%	1/11-12/11	359 days
Corporate notes	44,968	46,215	4.50-5.68%	8/10-9/12	399 days
Government agency bonds and notes	469,924	473,710	Discount; 0.45-4.82%	7/10-6/15	641 days
Total pooled and directed investments	<u>770,141</u>	<u>775,478</u>			
Investments held with fiscal agents:					
LAIF	1,008	1,008	0.56%	On Demand	On Demand
Money market	16,419	16,419	0.18-0.35%	On Demand	On Demand
Commercial paper	10,291	10,291	0.39-0.56%	9/10-12/10	96 days
Government agency bonds and notes	11,228	11,373	Discount; 0.85-4.75%	11/10-3/15	859 days
Total investments	<u>\$ 809,087</u>	<u>814,569</u>			
Cash in banks:					
Non-interest bearing deposits		105,782			
Cash on hand		74			
Total cash and investments		<u>\$ 920,425</u>			
Total unrestricted cash and investments		\$ 880,273			
Total restricted cash and investments (Note 5)		40,152			
Total cash and investments		<u>\$ 920,425</u>			
Total cash and investments summary:					
Total governmental activities		\$ 312,970			
Total business-type activities		38,671			
Total fiduciary funds		568,784			
Total cash and investments		<u>\$ 920,425</u>			

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4. CASH AND INVESTMENTS - CONTINUED

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2010:

Statement of Net Assets	
Net assets held for pool	<u>\$ 881,264</u>
Equity of internal pool participants	\$ 343,794
Equity of external pool participants (voluntary and involuntary)	<u>537,470</u>
Total equity	<u>\$ 881,264</u>
Statement of Changes in Net Assets	
Net assets held for pool participants, July 1, 2009	\$ 837,221
Net change in investments by pool participants	<u>44,043</u>
Net assets held for pool participants, June 30, 2010	<u>\$ 881,264</u>

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5. RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2010 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities

General Fund		
Property tax loss reserve	\$ 6,441	
Deposits by various developers	6,509	
Total General Fund		\$12,950
RDA Debt Service Fund		
Reserved for debt service	1,429	
Total RDA Debt Service Fund		1,429
Nonmajor Governmental Funds		
Reserved for debt service	8,232	
Clean water plan check trust	6	
Total Nonmajor Governmental Funds		8,238
Internal Service Funds		
Vehicle Operations and Maintenance - set aside for underground tank clean-up	10	
Total Internal Service Funds		10
Total governmental activities		22,627
<u>Business-type Activities</u>		
Resource Recovery Fund		
Funds set aside for landfill site closure and maintenance costs (see Note 14)	15,262	
Financial assurance for landfill corrective action	1,521	
Reserved for debt service	666	
Total Resource Recovery Fund		17,449
Laguna Sanitation Fund		
Deposits by various developers	76	
Total Laguna Sanitation Fund		76
Total business-type activities		17,525
Total restricted cash and investments		\$40,152

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 includes the following transfers and/or adjustments:

- A \$5 net equipment transfer from the General Fund to the Risk Management and Insurance internal service fund.
- A \$9 net equipment transfer from the Vehicle Operations and Maintenance internal service fund to the General Fund.
- The balance of the transfers and adjustments are simply changes in reporting of capital assets within governmental or business-type activities.

COUNTY OF SANTA BARBARA, CALIFORNIA
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6. CAPITAL ASSETS - CONTINUED

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2010
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 83,571	\$ 275	\$ --	\$ (47,257)	\$ 36,589
Land easements	--	--	--	47,257	47,257
Construction in progress	44,638	25,143	(16,821)	--	52,960
Total capital assets, non-depreciable	<u>128,209</u>	<u>25,418</u>	<u>(16,821)</u>	<u>--</u>	<u>136,806</u>
Capital assets, depreciable/amortizable:					
Land improvements	11,482	235	--	--	11,717
Structures and improvements	212,731	5,034	--	--	217,765
Equipment and software	93,735	6,194	(3,315)	--	96,614
Infrastructure	250,163	8,468	--	--	258,631
Total capital assets, depreciable/amortizable	<u>568,111</u>	<u>19,931</u>	<u>(3,315)</u>	<u>--</u>	<u>584,727</u>
Less accumulated depreciation/amortization for:					
Land improvements	(4,623)	(348)	--	--	(4,971)
Structures and improvements	(70,998)	(5,014)	--	--	(76,012)
Equipment and software	(56,097)	(7,231)	2,725	--	(60,603)
Infrastructure	(75,700)	(3,699)	--	--	(79,399)
Total accumulated depreciation/amortization	<u>(207,418)</u>	<u>(16,292)</u>	<u>2,725</u>	<u>--</u>	<u>(220,985)</u>
Total capital assets, depreciable/amortizable, net	<u>360,693</u>	<u>3,639</u>	<u>(590)</u>	<u>--</u>	<u>363,742</u>
Sub-total governmental activities	<u>488,902</u>	<u>29,057</u>	<u>(17,411)</u>	<u>--</u>	<u>500,548</u>
Business-type activities:					
Capital assets, non-depreciable:					
Land	12,244	--	--	--	12,244
Construction in progress	1,014	1,181	(1,159)	--	1,036
Total capital assets, non-depreciable	<u>13,258</u>	<u>1,181</u>	<u>(1,159)</u>	<u>--</u>	<u>13,280</u>
Capital assets, depreciable/amortizable:					
Land improvements	--	148	--	196	344
Structures and improvements	35,452	2,415	--	(30,075)	7,792
Equipment and software	25,752	1,510	(490)	--	26,772
Infrastructure	26,175	--	--	29,879	56,054
Total capital assets, depreciable/amortizable	<u>87,379</u>	<u>4,073</u>	<u>(490)</u>	<u>--</u>	<u>90,962</u>
Less accumulated depreciation/amortization for:					
Land improvements	--	--	--	(138)	(138)
Structures and improvements	(9,208)	(1,258)	--	7,306	(3,160)
Equipment and software	(14,366)	(1,317)	304	--	(15,379)
Infrastructure	(5,249)	(594)	--	(7,168)	(13,011)
Total accumulated depreciation/amortization	<u>(28,823)</u>	<u>(3,169)</u>	<u>304</u>	<u>--</u>	<u>(31,688)</u>
Total capital assets, depreciable/amortizable, net	<u>58,556</u>	<u>904</u>	<u>(186)</u>	<u>--</u>	<u>59,274</u>
Sub-total business-type activities	<u>71,814</u>	<u>2,085</u>	<u>(1,345)</u>	<u>--</u>	<u>72,554</u>
Total capital assets, net	<u>\$ 560,716</u>	<u>\$ 31,142</u>	<u>\$ (18,756)</u>	<u>\$ --</u>	<u>\$ 573,102</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
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6. CAPITAL ASSETS - CONTINUED

Capital assets activity for each major enterprise fund for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2010
Resource Recovery:					
Capital assets, non-depreciable:					
Land	\$ 9,445	\$ --	\$ --	\$ --	\$ 9,445
Construction in progress	749	614	(659)	--	704
Total capital assets, non-depreciable	<u>10,194</u>	<u>614</u>	<u>(659)</u>	<u>--</u>	<u>10,149</u>
Capital assets, depreciable/amortizable:					
Structures and improvements	32,306	659	--	(29,790)	3,175
Equipment and software	20,019	1,157	(455)	--	20,721
Infrastructure	--	--	--	29,790	29,790
Total capital assets, depreciable/amortizable	<u>52,325</u>	<u>1,816</u>	<u>(455)</u>	<u>--</u>	<u>53,686</u>
Less accumulated depreciation/amortization for:					
Structures and improvements	(7,234)	(1,193)	--	7,079	(1,348)
Equipment and software	(11,674)	(1,034)	269	--	(12,439)
Infrastructure	--	--	--	(7,079)	(7,079)
Total accumulated depreciation/amortization	<u>(18,908)</u>	<u>(2,227)</u>	<u>269</u>	<u>--</u>	<u>(20,866)</u>
Total capital assets, depreciable/amortizable, net	<u>33,417</u>	<u>(411)</u>	<u>(186)</u>	<u>--</u>	<u>32,820</u>
Sub-total Resource Recovery	<u>43,611</u>	<u>203</u>	<u>(845)</u>	<u>--</u>	<u>42,969</u>
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	2,799	--	--	--	2,799
Construction in progress	265	567	(500)	--	332
Total capital assets, non-depreciable	<u>3,064</u>	<u>567</u>	<u>(500)</u>	<u>--</u>	<u>3,131</u>
Capital assets, depreciable/amortizable:					
Land improvements	--	148	--	196	344
Structures and improvements	3,146	1,756	--	(285)	4,617
Equipment and software	5,733	353	(35)	--	6,051
Infrastructure	26,175	--	--	89	26,264
Total capital assets, depreciable/amortizable	<u>35,054</u>	<u>2,257</u>	<u>(35)</u>	<u>--</u>	<u>37,276</u>
Less accumulated depreciation/amortization for:					
Land improvements	--	--	--	(138)	(138)
Structures and improvements	(1,974)	(65)	--	227	(1,812)
Equipment and software	(2,692)	(283)	35	--	(2,940)
Infrastructure	(5,249)	(594)	--	(89)	(5,932)
Total accumulated depreciation/amortization	<u>(9,915)</u>	<u>(942)</u>	<u>35</u>	<u>--</u>	<u>(10,822)</u>
Total capital assets, depreciable/amortizable, net	<u>25,139</u>	<u>1,315</u>	<u>--</u>	<u>--</u>	<u>26,454</u>
Sub-total Laguna Sanitation	<u>28,203</u>	<u>1,882</u>	<u>(500)</u>	<u>--</u>	<u>29,585</u>
Total capital assets, net - business-type activities	<u>\$ 71,814</u>	<u>\$ 2,085</u>	<u>\$ (1,345)</u>	<u>\$ --</u>	<u>\$ 72,554</u>

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6. CAPITAL ASSETS - CONTINUED

Internal Service Funds (ISF) predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities. Capital assets activity for Internal Service Funds for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2010
Internal Service Funds:					
Capital assets, depreciable/amortizable:					
Structures and improvements	\$ 2,603	\$ -	\$ -	\$ -	\$ 2,603
Equipment and software	40,531	3,882	(1,863)	(102)	42,448
Total capital assets, depreciable/amortizable	<u>43,134</u>	<u>3,882</u>	<u>(1,863)</u>	<u>(102)</u>	<u>45,051</u>
Less accumulated depreciation/amortization for:					
Structures and improvements	(504)	(56)	--	--	(560)
Equipment and software	(24,493)	(3,339)	1,678	98	(26,056)
Total accumulated depreciation/amortization	<u>(24,997)</u>	<u>(3,395)</u>	<u>1,678</u>	<u>98</u>	<u>(26,616)</u>
Total capital assets, net - internal service funds	<u>\$ 18,137</u>	<u>\$ 487</u>	<u>\$ (185)</u>	<u>\$ (4)</u>	<u>\$ 18,435</u>

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

	Depreciation/ Amortization (excluding ISF)	ISF Depreciation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	\$ 138	\$ 37	\$ 175
Law & justice	675	86	761
Public safety	3,070	1,582	4,652
Health & public assistance	2,289	747	3,036
Community resources & public facilities	5,104	533	5,637
General government & support services	1,065	259	1,324
General county programs	556	40	596
Sub-total governmental activities	<u>12,897</u>	<u>3,284</u>	<u>16,181</u>
Business-type activities:			
Resource Recovery	2,227	104	2,331
Laguna Sanitation	942	7	949
Sub-total business-type activities	<u>3,169</u>	<u>111</u>	<u>3,280</u>
Total depreciation expense	<u>\$ 16,066</u>	<u>\$ 3,395</u>	<u>\$ 19,461</u>

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

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6. CAPITAL ASSETS - CONTINUED

Construction in progress at June 30, 2010 consists of the following projects for the primary government:

Governmental activities:

Capital Outlay projects:			
North County jail	\$	5,540	
Lompoc fire & sheriff station		5,434	
Emergency operations center		2,483	
Clerk-Recorder-Assessor archive building		1,285	
Cachuma water treatment system		1,199	
Clerk-Recorder-Assessor VA building remodel		1,097	
North County maintenance yard		717	
Replace RMS		523	
Other projects (individually less than \$500)		<u>6,720</u>	
			\$ 24,998
Roads projects:			
Tepesquet low water bridge		7,022	
Jalama bridge		1,621	
Santa Ynez bike lanes		1,318	
El Colegio Rd improvements		1,041	
Floridale Ave bridge		790	
Black Road bridge rehabilitation		517	
El Embarcadero sidewalks		501	
Other projects (individually less than \$500)		<u>4,891</u>	
			17,701
Flood Control projects:			
Mission Creek Corps project		3,990	
Las Vegas Creek/Encina drain		1,703	
Santa Maria levee reinforcement		461	
Foster Road storm drain		282	
Other projects (individually less than \$200)		<u>761</u>	
			7,197
Public Health projects			43
General Fund projects			3,021
Sub-total governmental activities			<u>52,960</u>

Business-type activities:

Resource Recovery projects:			
Ballard water system, phase 2			704
Laguna Sanitation projects:			
Recycled water distribution		198	
Other projects (individually less than \$100)		<u>134</u>	
			332
Sub-total business-type activities			<u>1,036</u>
Total construction in progress			<u>\$ 53,996</u>

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7. UNEARNED AND 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 unearned revenue.

Under the modified accrual basis of accounting, 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 as liabilities of the current period.

At June 30, 2010, the various components of deferred and unearned revenue reported are as follows:

	Unearned	Deferred (Unavailable)	Total
General Fund:			
Statewide election reimbursement	\$ --	\$ 1,751	\$ 1,751
Delinquent property taxes	--	613	613
Other receivables	--	293	293
Total General Fund	<u>--</u>	<u>2,657</u>	<u>2,657</u>
Roads Fund:			
Advances from California Department of Transportation for road projects	8,190	--	8,190
Developer mitigation fees	3,118	--	3,118
Total Roads Fund	<u>11,308</u>	<u>--</u>	<u>11,308</u>
Public Health Fund:			
Medi-Cal audit settlements	--	1,182	1,182
Advance on Federal grant for disaster preparedness	294	--	294
Total Public Health Fund	<u>294</u>	<u>1,182</u>	<u>1,476</u>
Social Services Fund:			
Grant drawdowns prior to meeting eligibility requirements	8,972	--	8,972
Alcohol, Drug, and Mental Health Services Fund			
Mental Health Services Act prevention and early intervention	2,875	--	2,875
Mental Health Services Act capital/information technology	2,863	--	2,863
Early, periodic, screening, diagnosis, and treatment	800	--	800
Total Alcohol, Drug and Mental Health Fund	<u>6,538</u>	<u>--</u>	<u>6,538</u>
Flood Control District Fund:			
Developer mitigation fees	294	--	294
Capital Projects Fund:			
Developer mitigation fees	4,671	--	4,671
Nonmajor Governmental Funds:			
Other receivables - RDA	4,671	--	4,671
Advances on State and Federal grants for Affordable Housing	585	--	585
Advances on State & Federal grants for Child Support Services	47	--	47
Fire district mitigation fees	26	--	26
Total Nonmajor Governmental Funds	<u>5,329</u>	<u>--</u>	<u>5,329</u>
Total unearned and deferred revenue	<u>\$ 37,406</u>	<u>\$ 3,839</u>	<u>\$ 41,245</u>

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8. LONG-TERM LIABILITIES

Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Governmental activities:					
Capital lease obligations	\$ 3,707	\$ 1,747	\$ (672)	\$ 4,782	\$ 765
Certificates of participation (COP)	64,510	18,640	(6,902)	76,248	4,927
Unamortized premium on COP	729	278	(135)	872	--
Unamortized discount on COP	(170)	(147)	21	(296)	--
Compensated absences	30,165	26,079	(27,511)	28,733	27,422
Liability for self-insurance claims	37,383	17,228	(16,350)	38,261	10,833
Estimated litigation liability	310	1,132	--	1,442	--
Rebatable arbitrage earnings	19	61	--	80	80
OPEB obligation	18,681	9,451	--	28,132	--
Sub-total governmental activities	<u>155,334</u>	<u>74,469</u>	<u>(51,549)</u>	<u>178,254</u>	<u>44,027</u>
Business-type activities:					
Capital lease obligations	15	--	(8)	7	7
Certificates of participation	8,803	--	(1,906)	6,897	388
Unamortized premium on COP	43	--	(7)	36	--
Note payable	7,009	--	(428)	6,581	437
Compensated absences	655	600	(649)	606	278
Landfill closure/postclosure care costs	25,390	931	(1,128)	25,193	189
OPEB obligation	406	210	--	616	--
Sub-total business-type activities	<u>42,321</u>	<u>1,741</u>	<u>(4,126)</u>	<u>39,936</u>	<u>1,299</u>
Total long-term liabilities	<u>\$ 197,655</u>	<u>\$ 76,210</u>	<u>\$ (55,675)</u>	<u>\$ 218,190</u>	<u>\$ 45,326</u>

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8. LONG-TERM LIABILITIES - CONTINUED

The long-term liability activity for each major enterprise fund for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Resource Recovery:					
Capital lease obligations	\$ 12	\$ --	\$ (7)	\$ 5	\$ 5
Certificates of participation	8,803	--	(1,906)	6,897	388
Unamortized premium on COP	43	--	(7)	36	--
Compensated absences	531	487	(533)	485	162
Landfill closure/postclosure care costs	25,390	931	(1,128)	25,193	189
OPEB obligation	337	172	--	509	--
Sub-total Resource Recovery	<u>35,116</u>	<u>1,590</u>	<u>(3,581)</u>	<u>33,125</u>	<u>744</u>
Laguna Sanitation:					
Capital lease obligations	3	--	(1)	2	2
Note payable	7,009	--	(428)	6,581	437
Compensated absences	124	113	(116)	121	116
OPEB obligation	69	38	--	107	--
Sub-total Laguna Sanitation	<u>7,205</u>	<u>151</u>	<u>(545)</u>	<u>6,811</u>	<u>555</u>
Total long-term liabilities - business-type activities	<u>\$ 42,321</u>	<u>\$ 1,741</u>	<u>\$ (4,126)</u>	<u>\$ 39,936</u>	<u>\$ 1,299</u>

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, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Internal Service Funds:					
Capital lease obligation	\$ 134	\$ 4	\$ (68)	\$ 70	\$ 70
Compensated absences	727	532	(596)	663	506
Liability for self-insurance claims	37,383	17,228	(16,350)	38,261	10,833
OPEB obligation	365	193	--	558	--
Total long-term liabilities - Internal Service Funds	<u>\$ 38,609</u>	<u>\$ 17,957</u>	<u>\$ (17,014)</u>	<u>\$ 39,552</u>	<u>\$ 11,409</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
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8. LONG-TERM LIABILITIES - CONTINUED

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, 2010, recorded a rebatable arbitrage liability of \$80 within governmental activities.

Governmental Activities – Conduit Debt

Certificates of Participation

In March 2004, the County issued conduit debt in the form of certificates of participation (COP) under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. This was done on behalf of the Montecito Retirement Association (Association). These funds were used to finance the construction of facilities in the County, to finance certain equipment used by the Association in its operations, and to refund other debt held by the Association. The COP do not represent a liability of the County, as the County is not obligated in any manner for the debt. Accordingly, the COP are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the conduit debt principal amount outstanding was \$14,680.

9. LEASES

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2010:

Year Ending June 30,	<u>Amount</u>
2011	\$ 259
2012	156
2013	17
Total minimum rental payments	<u>\$ 432</u>

Total rental expenditure/expense for the year ended June 30, 2010 was \$4,035 of which \$476 was recorded in the General Fund.

Operating Leases as Lessor

The County as lessor leases sections of the Casa Nueva building to both the Santa Barbara County Association of Governments and the Santa Barbara Air Pollution Control District under operating leases with terms from July 2003 through April 2034. The original cost of the Casa Nueva building was \$6,168. As of June 30, 2010, the building had a carrying amount of \$5,428, net of accumulated depreciation of \$740.

The County as lessor also leases sections of the Public Health building known as the VA Clinic to the Veterans Administration under an operating lease with a term of October 2007 through September 2012. The original cost of the VA Clinic was \$891. As of June 30, 2010, the building had a carrying amount of \$375, net of accumulated depreciation of \$516.

COUNTY OF SANTA BARBARA, CALIFORNIA
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9. LEASES - CONTINUED

The following is a schedule of future minimum rentals to be received under operating leases entered into by the County as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2010:

Year Ending June 30,	<u>Amount</u>
2011	\$ 562
2012	375
2013	312
2014	312
2015	312
2016-2020	1,561
2021-2025	1,561
2026-2030	1,561
2031-2034	1,196
Total minimum rentals to be received	<u>\$ 7,752</u>

As of the year ended June 30, 2010, total rental income was \$555, all of which was recorded in the General Fund.

Capital Leases

The County has entered into certain capital lease arrangements under which the related structures and equipment will become the property of the County when all terms of the lease agreements are met. The following is a schedule of future minimum capital lease payments, payable from the General Fund, certain special revenue funds, internal services funds, and enterprise funds as of June 30, 2010:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2011	\$ 1,007	\$ 7
2012	507	--
2013	507	--
2014	507	--
2015	506	--
2016-2020	2,187	--
2021-2025	991	--
2026-2027	297	--
Total minimum lease payments	<u>6,509</u>	<u>7</u>
Less: amount representing interest	<u>(1,727)</u>	<u>--</u>
Total present value of minimum lease payments	<u>\$ 4,782</u>	<u>\$ 7</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
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9. LEASES - CONTINUED

The following is a schedule of capital assets acquired through capital leases as of June 30, 2010:

	Governmental Activities	Business-type Activities
Land	\$ 1,283	\$ --
Construction in progress	1,097	--
Structures and improvements	1,917	--
Equipment	1,627	37
Total capital assets, gross	5,924	37
Less: accumulated depreciation	(1,424)	(35)
Total capital assets, net, under capital leases	<u>\$ 4,500</u>	<u>\$ 2</u>

Depreciation expense related to capital assets under capital leases for governmental and business-type activities was \$359 and \$2, respectively, for the year ended June 30, 2010.

10. CERTIFICATES OF PARTICIPATION (COP)

The Santa Barbara County Finance Corporation (the "Corporation"), a public benefit corporation, was created to issue certificates of participation that are securities issued and marketed to investors. The certificates are sold to provide funds to the County to finance the costs of acquisition, installation and construction of capital projects. These certificates are secured by annual lease payments paid by the County to the Corporation and these lease payments are used by the Corporation to pay the interest and principal of the debt.

The certificates contain certain debt covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease payments due each year in its annual budget and make the necessary appropriations. The County is also required to maintain certain levels of liability, property damage, casualty, business interruption, earthquake and title insurance in connection with each lease agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

Federal stimulus legislation known as the American Recovery and Reinvestment Act (Recovery Act) was passed in early 2009. Recovery Zone Economic Development Bonds (RZEDB) were among the various new types of municipal debt that were authorized in the Recovery Act. In FY 09-10, the County issued \$18,640 of COP debt: \$3,705 of tax-exempt debt, and \$14,935 of taxable debt classified as RZEDB for purposes of the Recovery Act. Pursuant to the Recovery Act, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable with respect to the RZEDB portion. It is anticipated that the Federal government will provide subsidies to the County of \$9,105 over the life of the subject COP.

COUNTY OF SANTA BARBARA, CALIFORNIA
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10. CERTIFICATES OF PARTICIPATION (COP) - CONTINUED

The 1998 Capital Improvements COP was paid in full in January 2010, ahead of its maturity date of February 1, 2011.

A summary of COP principal outstanding as of June 30, 2010 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2010
Governmental activities:					
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	\$ 30,324	\$ 23,258
2004 Capital Improvements	2.00-3.00	3/31/2004	3/1/2011	20,023	2,625
2005 Capital Improvements	3.00-4.50	4/21/2005	3/1/2025	18,785	14,725
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	17,000	17,000
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	3,705	3,705
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	14,935
Sub-total governmental activities				<u>104,772</u>	<u>76,248</u>
Business-type activities:					
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	1,101	767
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,625	6,130
Sub-total business-type activities				<u>7,726</u>	<u>6,897</u>
Total COP principal outstanding				<u>\$ 112,498</u>	<u>\$ 83,145</u>

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2010:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 4,927	\$ 3,614	\$ 388	\$ 278
2012	3,600	3,451	400	266
2013	3,958	3,293	412	251
2014	4,350	3,102	430	234
2015	4,757	2,892	448	215
2016-2020	19,819	11,759	2,546	774
2021-2025	17,587	7,019	2,273	200
2026-2030	8,130	3,839	--	--
2031-2035	3,725	2,284	--	--
2036-2040	4,420	1,014	--	--
2041	975	31	--	--
Sub-total	<u>76,248</u>	<u>42,298</u>	<u>6,897</u>	<u>2,218</u>
Unamortized premium	872	--	36	--
Unamortized discount	(296)	--	--	--
Total COP debt, net	<u>\$ 76,824</u>	<u>\$ 42,298</u>	<u>\$ 6,933</u>	<u>\$ 2,218</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
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11. NOTES PAYABLE

Governmental Activities

Tax and Revenue Anticipation Notes

During FY 09-10 tax and revenue anticipation notes (TRAN) of \$63,715 were issued bearing interest at 2.50% and a yield of .33%, and were repaid prior to year-end. Proceeds from the notes were used to meet FY 09-10 cash flow requirements.

The following is a summary of changes in TRAN payable for the year ended June 30, 2010:

	July 1, 2009	Additions	Deletions	June 30, 2010
2009-2010 TRAN	\$ -	\$ 63,715	\$ (63,715)	\$ -

Business-Type Activities

Laguna Wastewater Treatment Plant Note Payable

On August 16, 2001, the Laguna County 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 of February 2002 through June 2003. Repayment of the note commenced in July 2004 and will continue through July 2023. Note payments are due on July 1st of each year, as such, these payments are regularly made in June of the prior fiscal year. The interest rate on the note is 2.4% per annum.

The note payable outstanding at June 30, 2010 is \$6,581. The following is the repayment schedule as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 437	\$ 158	\$ 595
2013	448	147	595
2014	459	137	596
2015	470	126	596
2016	481	114	595
2017-2021	2,582	393	2,975
2022-2024	1,704	82	1,786
Total note payable	\$ 6,581	\$ 1,157	\$ 7,738

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12. SELF INSURANCE

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. For these risks, the County has chosen to establish risk management internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits. In addition, the County has established separate self insurance financing funds for unemployment claims and dental insurance benefits to employees and their dependents.

For general liability, medical malpractice, and workers' compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which includes 93% of the counties in California and nearly 60% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. A Board of Directors consisting of representatives from its members governs the Authority. The County's aggregate annual premium, including property insurance, paid to the Authority for the year ended June 30, 2010, was \$3,664. The Authority issues its own audited Comprehensive Annual Financial Report which can be obtained from the Authority located at 3017 Gold Canal Dr., Rancho Cordova, CA 95670.

The Authority retains financial responsibility for risk management claims in excess of the County's self-insurance retention. Self-insurance and Authority limits are as follows:

Type of Coverage	Self-Insurance Limit	Authority Limit
General Liability	\$ 500	\$ 25,000
Medical Malpractice	\$ 500	\$ 10,000
Workers' Compensation*	\$ 500	Statutory

*Self-insured retention limit varies depending on the date of injury; \$500 since July 2004

The County purchases property insurance through the Authority from commercial insurance companies via a pool comprised of a majority of California counties and other California Public Agencies. The County is insured up to \$600,000 for "All Risk and Flood" and combined earthquake up to \$360,000. All property damage risks are covered on a per occurrence basis and insured at full replacement values up to the policy limits. Deductibles per occurrence are \$10 for fire or other property damage, and \$25 for flood. The earthquake deductible is 5% of total values per separate building per occurrence, subject to a \$100 minimum.

The unpaid claims liabilities included in the risk management self-insurance internal service funds are based on the results of actuarial studies and include amounts for claims incurred but not reported and adjustment expenses. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. General liability, workers' compensation, and medical malpractice liabilities are carried at present value using a discount rate of 4%. It is the County's practice to obtain full actuarial studies annually for general liability, medical malpractice, and workers' compensation coverages. Premiums are charged to departments using various allocation methods that include actual costs, trends in claims experience, and payroll costs. Premiums charged annually are established such that, when added with cash reserves on hand, adequate resources are provided to meet liabilities as they come due.

Changes in the claims liability for all self-insurance claims during the past two fiscal years are as follows:

	Fiscal Year Ended	
	June 30, 2009	June 30, 2010
Unpaid claims, beginning of year	\$ 36,704	\$ 37,383
Incurred claims	17,028	17,228
Claim payments	(16,349)	(16,350)
Unpaid claims, end of year	\$ 37,383	\$ 38,261

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13. COMMITMENTS AND CONTINGENCIES

Litigation

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of \$1,442, 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.

Property Tax Administration Fee

On July 7, 2010, the Court of Appeal of the State of California issued a decision in favor of the cities and against the County of Los Angeles in a case brought by 47 cities regarding the calculation of Property Tax Administration Fees (PTAF). The legal issue in dispute is whether counties can include "flip" and "swap" revenues in the calculation of administrative costs that counties recover from cities. At the trial court level, the court-appointed Referee had concluded that the County of Los Angeles' calculation of the PTAF starting in 2006/07 comported with Section 97.75 of California's Revenue and Taxation Code. The Court of Appeal reversed the judgment and remanded for further proceedings, holding that the County of Los Angeles' method of calculating its fee under Section 97.75 was unlawful.

This decision is significant for the County of Santa Barbara because of similar claims against this County. The potential financial impact to the County related to the outcome of this case averages approximately \$475 per year of tax administration fees. The estimated total amount of PTAF that could be at issue for the 2006/07 through 2009/10 fiscal years is approximately \$1,900, plus possible interest. It is expected that the County of Los Angeles will petition the California Supreme Court for review. This remains a statewide issue.

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the County's Federal grant programs are audited in accordance with the requirements of the 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.

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13. COMMITMENTS AND CONTINGENCIES - CONTINUED

Alcohol, Drug and Mental Health Services (ADMHS) Fund

Amounts received or receivable from Federal and State agencies that fund the County's ADMHS programs are subject to audit, adjustment and settlement by those agencies. These audits typically occur five years in arrears. Any disallowed claims for ADMHS or its third party providers, including amounts already collected, may constitute a liability of the applicable funds. ADMHS receives significant revenues for Federal Medicare/Medi-Cal and State EPSDT/Realignment funds. The County has identified and reported to the State potential issues regarding cost reporting, claiming and accounting methods by ADMHS and its third party providers for FY 02-03 through FY 07-08 that could result in claim adjustments.

The County's accrued liability related to these claim adjustments is \$12,530 as of June 30, 2010. Two small adjustments resulted in a \$119 decrease in liability from the prior year. The County has identified General Fund designations that could be used to settle the remaining liability. This liability is still subject to State cost settlement and audit procedures, an appeal process, negotiation and settlement between the County, State and third party providers.

In March 2008, the State Department of Mental Health (DMH) completed an audit for FY 02-03, and proposed a finding that a portion of costs billed under the Medi-Cal program may be disallowed. These questioned costs were related to the Multi Integrated System of Care (MISC) and the Counseling and Education Center (CEC) programs and included services provided by other County departments. These costs, extrapolated over the period of FY 02-03 through FY 07-08, are estimated at \$14,400 and are considered a contingent liability. The County believes it has the appropriate supporting documentation to meet the Medi-Cal eligibility requirements.

In October 2008, the County participated in an informal administrative hearing with DMH. In March 2009, the County received an adverse determination by DMH on the issue of MISC/CEC services and was billed \$2,208 for FY 02-03. Based on the County's belief that it has the appropriate supporting documentation to meet the Medi-Cal eligibility requirements, a formal appeal was filed, and a hearing date is now scheduled for November 2010.

In April 2010, DMH completed an audit for FY 03-04 and the County received another adverse finding and an invoice for \$1,713: \$237 is attributable to the original self-reported liability, \$2,632 is related to the above mentioned MISC/CEC contingent liability, and these amounts are offset by a positive cost report settlement of \$1,156. The FY 04-05 and FY 05-06 audits by the State are currently in progress.

Due to the extended nature of the audit and settlement process, these expenditures, if materialized, are anticipated to take place over a number of years. Successful appeal could result in reductions of audit settlements.

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately \$79,261 will be payable upon future performance under these contracts.

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14. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County owns and operates four landfill sites: Tajiguas, Foxen Canyon, Ventucopa and New Cuyama. New Cuyama and Ventucopa were closed during FY 95-96. Foxen Canyon was converted to a transfer station in FY 03-04, and was subsequently closed in FY 08-09. State and Federal laws require the County to close landfills once their capacities are reached and to monitor and maintain the sites for thirty (30) 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 landfill's capacity used as of the balance sheet date. As of June 30, 2010, the County had incurred a liability of \$25,193, 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 \$7,332, which will be recognized as the remaining capacities are used. The estimated total costs of closure and postclosure care totaling \$32,525 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:

<u>Landfill</u>	<u>Capacity Used</u>	<u>Remaining Years</u>
Tajiguas	74%	13
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 \$25,000, which will be funded by the Resource Recovery enterprise fund's 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 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% of all postclosure maintenance costs. Restricted cash and investments are expected to fund the remaining 33% of postclosure costs and all closure costs at Foxen Canyon and New Cuyama. The amount of \$15,262 is currently reported as a portion of restricted cash and investments in the Resource Recovery enterprise fund on the balance sheet (see Note 5).

Restricted cash for closure and postclosure costs at June 30, 2010 is comprised of the following:

<u>Landfill</u>	<u>Closure Cost</u>	<u>Postclosure Cost</u>	<u>Total Restricted Cash</u>
Tajiguas	\$ 9,903	\$ 4,045	\$ 13,948
Foxen Canyon	--	842	842
New Cuyama	--	472	472
Total	<u>\$ 9,903</u>	<u>\$ 5,359</u>	<u>\$ 15,262</u>

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15. 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, 2010 for governmental activities are as follows:

Restricted for Public Safety:			
Fire Protection District	\$	7,258	
Sheriff		3,469	
Probation		167	
		<u>167</u>	\$ 10,894
Restricted for Health & Public Assistance:			
Public Health		17,624	
Alcohol, Drug and Mental Health Services		11,582	
Child Support Services		279	
Social Services		181	
Other		23	
		<u>23</u>	29,689
Restricted for Community Resources & Public Facilities:			
Flood Control Districts		59,371	
Redevelopment Agency		18,045	
Roads		10,357	
Water Agency		6,105	
Other		2,464	
County Service Areas		2,187	
Coastal Resources Enhancement		1,707	
Planning and Development		1,030	
Arts Commission		324	
		<u>324</u>	101,590
Restricted for General Government & Support Services:			
Clerk-Recorder-Assessor		3,608	
Affordable Housing		3,650	
		<u>3,650</u>	7,258
Restricted for General County Programs:			
First Five Children and Families Commission		5,115	
Public and Educational Access		1,590	
Criminal Justice and Courthouse Construction		578	
Other		147	
		<u>147</u>	7,430
Restricted for Law & Justice:			
Trial Courts		163	
District Attorney		28	
		<u>28</u>	191
Total restricted net assets - governmental activities			<u>\$ 157,052</u>

Included in governmental activities restricted net assets at June 30, 2010 are net assets restricted by enabling legislation of \$5,462.

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16. RESERVED AND DESIGNATED FUND BALANCES

Reserved fund balances are not available for appropriation or are not considered “expendable available financial resources.” Designated fund balances are unreserved fund balances that have been earmarked by the Board for specified purposes. Fund balances at June 30, 2010 are as follows:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Governmental Funds	Total Governmental Funds
Reserved for:										
Advances	\$ 18,759	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 18,759
Debt service	--	--	--	--	--	--	--	1,430	8,153	9,583
Property held for resale	--	--	--	--	--	--	--	--	6,815	6,815
Property tax loss	6,441	--	--	--	--	--	--	--	--	6,441
MHSA prudent reserve	--	--	--	--	5,694	--	--	--	--	5,694
Other receivables	1,500	--	--	--	--	--	--	--	--	1,500
Prepaid items	50	--	--	503	--	--	--	--	4	557
Lease maintenance requirement	418	--	--	--	--	--	--	--	--	418
Imprest cash	23	1	3	15	4	--	--	--	--	46
Total reserved fund balance	<u>27,191</u>	<u>1</u>	<u>3</u>	<u>518</u>	<u>5,698</u>	<u>--</u>	<u>--</u>	<u>1,430</u>	<u>14,972</u>	<u>49,813</u>
Designated for:										
COP proceeds	--	--	--	--	--	--	26,016	--	209	26,225
Strategic reserve	21,046	--	--	--	--	--	--	--	--	21,046
Capital outlay	4,376	2,876	--	--	--	12,202	--	--	812	20,266
Health care services	--	--	16,064	--	--	--	--	--	--	16,064
Various	12,049	412	--	145	--	--	55	--	406	13,067
Audit exceptions	8,779	--	--	--	--	--	--	--	--	8,779
Endowments	--	--	--	32	--	--	--	--	5,083	5,115
Fire protection projects	--	--	--	--	--	--	--	--	4,643	4,643
Litigation	3,623	--	--	--	--	--	--	--	--	3,623
Salary and retirement offset	2,366	--	40	116	--	--	--	--	--	2,522
Elections Proposition 41	2,015	--	--	--	--	--	--	--	--	2,015
Sheriff category grants	1,948	--	--	--	--	--	--	--	--	1,948
Public Health-tobacco settlement	--	--	1,805	--	--	--	--	--	--	1,805
Sheriff dispatch system	--	--	--	--	--	--	1,871	--	--	1,871
Unrealized gains	483	76	135	52	--	334	27	--	339	1,446
Contingencies	228	--	--	--	--	864	99	--	173	1,364
Public Health special projects	103	--	1,200	--	--	--	--	--	--	1,303
Salaries & benefits reductions	114	421	216	93	--	140	--	--	129	1,113
Planning and development	1,030	--	--	--	--	--	--	--	--	1,030
General capital projects	--	--	--	--	--	985	--	--	--	985
Capital contribution	837	--	--	--	--	--	--	--	--	837
Clerk-Recorder automation	632	--	--	--	--	--	--	--	--	632
Cachuma recreation	580	--	--	--	--	--	--	--	--	580
Assessor AB 818	553	--	--	--	--	--	--	--	--	553
Forfeit penalty	512	--	--	--	--	--	--	--	--	512
Total designated fund balances	<u>61,274</u>	<u>3,785</u>	<u>19,460</u>	<u>438</u>	<u>--</u>	<u>14,525</u>	<u>28,068</u>	<u>--</u>	<u>11,794</u>	<u>139,344</u>
Total unreserved-undesigned fund balances	<u>690</u>	<u>6,571</u>	<u>7,081</u>	<u>5,260</u>	<u>(6,848)</u>	<u>44,846</u>	<u>2,508</u>	<u>(16,437)</u>	<u>31,611</u>	<u>75,282</u>
Total fund balances	<u>\$ 89,155</u>	<u>\$ 10,357</u>	<u>\$ 26,544</u>	<u>\$ 6,216</u>	<u>\$ (1,150)</u>	<u>\$ 59,371</u>	<u>\$ 30,576</u>	<u>\$ (15,007)</u>	<u>\$ 58,377</u>	<u>\$ 264,439</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
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17. RETAINED DEFICIT

Alcohol, Drug and Mental Health Services (ADMHS) Fund

The ADMHS Fund had a retained deficit of \$1,150 at June 30, 2010, resulting from a prior year recognition of liabilities related to estimated settlements with the State of California (see Note 13). The ADMHS Fund is made up of four separate funds based on specific funding source and purpose. The financial results and position for the group as a whole has improved over last year as demonstrated below, but problems remain with the Mental Health Services fund.

The respective fund balances at June 30, 2010 are as follows:

	Balance at July 1, 2009	Balance at June 30, 2010
Mental Health Services	\$ (8,895)	\$ (12,732)
Substance Abuse and Crime Prevention	489	215
Mental Health Services Act	5,486	10,930
Alcohol and Drug Programs	1,072	437
Total ADMHS fund balance	\$ (1,848)	\$ (1,150)

The County's corrective action plan includes regular internal compliance reviews, compliance reports from the ADMHS department and an executive oversight committee to eliminate the conditions that contributed to the deficit. The General Fund's FY 10-11 budget contains a transfer from designations to eliminate the remaining deficit.

Redevelopment Agency (RDA) Debt Service Fund

The General Fund issued \$17,000 in COP debt during FY 07-08 with the explicit purpose of lending the proceeds to the RDA. In accordance with GAAP, bond proceeds and an advance receivable were recorded in the General Fund while cash and an advance payable were recorded in the RDA Debt Service Fund. The cash proceeds were subsequently transferred to the RDA Special Revenue Fund leaving the Debt Service Fund with a retained deficit, as a liability was recorded without the related proceeds. The Debt Service Fund's retained deficit balance is \$15,007 at June 30, 2010. A debt service schedule with annual payments funded by RDA tax increment is in place that will eliminate the debt and retained deficit by 2029.

COUNTY OF SANTA BARBARA, CALIFORNIA
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(in thousands)

18. INTERFUND TRANSACTIONS

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	ADMHS Fund	\$ 17,465
General Fund	Capital Projects Fund	422
Social Services Fund	IHSS Public Authority Fund	323
General Fund	Community Facilities District Fund	54
General Fund	Affordable Housing Fund	8
General Fund	Child Support Services Fund	5
General Fund	Court Activities Fund	4
Total due to/from other funds		<u>\$ 18,281</u>

Advances to/from other funds at June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	RDA Debt Service Fund	\$ 17,000
General Fund	Resource Recovery Fund	1,759
Total advances to/from other funds		<u>\$ 18,759</u>

The \$17,000 advanced to the RDA Debt Service Fund represents the remaining balance of an initial \$17,000 loan that provided financing resources for the RDA to construct infrastructure projects and acquire property in the Isla Vista Area. To fund this loan the County issued certificates of participation on behalf of the Agency in FY 07-08. This advance is scheduled to be repaid by the RDA by FY 28-29.

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

Transfers

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

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

18. INTERFUND TRANSACTIONS – CONTINUED

Transfers to/from other funds at June 30, 2010 are as follows:

Transfer From	Transfer To	Amount	
General Fund	Nonmajor Governmental Funds	\$ 40,065	
	Social Services Fund	10,309	
	Public Health Fund	7,498	
	Capital Projects Fund	5,260	
	Alcohol Drug & Mental Health Services Fund	3,047	
	Roads Fund	1,402	
	Municipal Energy Finance Program Fund	1,000	
	Internal Service Funds	934	
		<u>69,515</u>	\$ 69,515
Roads Fund	Capital Projects Fund	97	
	General Fund	21	
	Nonmajor Governmental Funds	8	
		<u>126</u>	
Public Health Fund	General Fund	1,912	
	Alcohol Drug & Mental Health Services Fund	400	
	Nonmajor Governmental Funds	55	
		<u>2,367</u>	
Social Services Fund	Nonmajor Governmental Funds	5,949	
	General Fund	2,127	
	Alcohol Drug & Mental Health Services Fund	180	
	Capital Projects Fund	122	
		<u>8,378</u>	
Alcohol Drug & Mental Health Services Fund	Nonmajor Governmental Funds	604	
	General Fund	314	
	Social Services Fund	7	
		<u>925</u>	
Flood Control District Fund	Internal Service Funds	12	
	Capital Projects Fund	7	
		<u>19</u>	
Capital Projects Fund	General Fund	4,314	
	Nonmajor Governmental Funds	483	
	Social Services Fund	2	
	Public Health Fund	1	
		<u>4,800</u>	
RDA Debt Service Fund	Nonmajor Governmental Funds	739	
		<u>739</u>	
Nonmajor Governmental Funds	General Fund	56,583	
	Nonmajor Governmental Funds	3,082	
	Capital Projects Fund	402	
	Public Health Fund	35	
	Flood Control Districts Fund	20	
		<u>60,122</u>	
Resource Recovery Fund	Capital Projects Fund	5	
		<u>5</u>	
Internal Service Funds	General Fund	922	
	Capital Projects Fund	158	
	Public Health Fund	23	
	Alcohol Drug & Mental Health Services Fund	22	
	Nonmajor Governmental Funds	4	
		<u>1,129</u>	
	Total transfers	<u>\$ 148,125</u>	

COUNTY OF SANTA BARBARA, CALIFORNIA
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(in thousands)

19. RETIREMENT PLANS

Santa Barbara County Employees' Retirement System

Plan Description

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

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, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

The Retirement System has four County retirement plans of which three plans (consisting of five rate tiers) are currently available for new employees. All plans provide benefits as defined by CERL upon retirement, death or disability of members. Benefits are based on age, years of service, final average salary, 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, governed by the Board of Retirement, is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the Retirement System's assets under authority granted by Article XVI of the Constitution of the State of California. Article XVI, Section 17(a) provides the Retirement Board has the "sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries." Section 17(b) further provides that "members of the Retirement Board of a public retirement system shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board's duty to its participants and their beneficiaries shall take precedence over any other duty."

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

19. RETIREMENT PLANS – CONTINUED

The Board consists of nine members and two alternates. These positions are filled as follows: the County Board of Supervisors appoints four, members of the Retirement System elect six (including the two alternates), and the County Treasurer-Tax Collector is an ex-officio member. The Retirement System is a legally separate entity and is not a component unit of the County. It publishes its own Comprehensive Annual Financial Report and receives its own independent audit.

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

Employer/Employee Contribution Rate Tiers

Employer and employee contribution rates are as follows:

		<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>
<u>Participants</u>			
<u>Open for New Enrollment:</u>			
Safety Plan 4B	(a) Probation safety managers, and (b) Fire Chief hired on or after October 10, 1994	20.39%	8.93 – 16.15%
Safety Plan 4C	(a) Non-management Probation safety employees, and (b) Firefighters hired on or after October 10, 1994 (except Fire Chief)	26.31%	4.28 – 8.02%
General Plan 5B	General members hired on or after October 10, 1994 & in Bargaining Units 10, 11, 14, 15, 17, 35, 36, 40-43	21.00%	4.77 – 10.19%
General Plan 5C	General members hired on or after October 10, 1994 & in Bargaining Units 21-29, 32	21.94%	2.29 – 5.10%
Safety Plan 6B	Sheriff/DA safety members hired on or after October 10, 1994 enrolled in plan.	31.44%	4.28 – 8.02%
<u>Closed to New Enrollment:</u>			
General Plan 2	Non-contributory; employees hired before January 1999 may continue in plan.	11.74%	N/A
Safety Plan 4A	Firefighters hired before October 10, 1994 may continue in plan.	26.75%	4.47 – 8.08%
General Plan 5A	General members hired before October 10, 1994 may continue in plan.	21.06%	2.39 – 5.10%
Safety Plan 6A	Sheriff/DA safety members hired before October 10, 1994 may continue in plan.	30.83%	4.47 – 8.08%

The annual required contribution for the current year was determined as part of an actuarial valuation performed as of June 30, 2008. 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%; and (3) projected salary increases of varying percentages based on service (duration) for merit and longevity. Under an open/rolling amortization method, the entire unfunded actuarial accrued liability is amortized over a constant period, in this case, 17 years. The amortization factor does not change from year to year unless the discount rate or salary assumption is changed.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

19. RETIREMENT PLANS – CONTINUED

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 two preceding years, are as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>County Contributions</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contribution</u>
6/30/2008	6/30/2006	\$ 63,944	\$ 63,944	100%
6/30/2009	6/30/2007	69,704	69,704	100%
6/30/2010	6/30/2008	78,308	78,308	100%

Funding Policy

Contributions are made by participating employers based on 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.

Santa Barbara County Replacement Benefit Plan

Internal Revenue Code (IRC) Section 415(b) limits the maximum annual amount that a defined benefit plan such as the Retirement System can pay to any individual. The Santa Barbara County Replacement Benefit Plan, a qualified IRC 415(m) plan, provides annual retirement benefits otherwise earned by and payable to Retirement System members, but limited by Section 415(b).

Participation is limited solely to retired members whose benefits payable by the Retirement System are limited by Section 415(b). No assets directly or indirectly relating to this plan are held in trust or otherwise held or set aside for the exclusive benefit of participants and their beneficiaries. As of June 30, 2010, one retired member was participating in the plan.

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

<u>Fiscal Year Ended</u>	<u>Contribution</u>
6/30/2008	\$38
6/30/2009	\$16
6/30/2010	\$12

COUNTY OF SANTA BARBARA, CALIFORNIA
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(in thousands)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

In September 2008, the County and the Retirement System adopted an Internal Revenue Code (IRC) Section 401(h) account that provides for these benefits. Under GASB Statement 43, *Reporting for Post Employment Benefit Plans Other Than Pension Plans* and GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the liability related to the plan is required to be determined for both retirement systems and employers. GASB Statements 43 and 45 are not limited to the reporting of vested benefits.

The Retirement System issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained online at www.sbcers.org or by writing to the Santa Barbara County Employees' Retirement System at 3916 State St. Suite 210 Santa Barbara, CA 93105.

Plan Benefits

The County negotiates health care contracts with providers for both its active employees and the participating retired members of the Retirement System. Retirees are offered the same health plans as active County employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active County employees; as such, the County does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the Board of Supervisors has determined to provide a monthly insurance premium subsidy of \$15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in a County-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any amount in excess of the premium is forfeited. If an Eligible Retired Participant does not participate in the County-sponsored health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

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

Survivors of Eligible Retired Participants (Spouses and Dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

Funding Policy

The County and other participating employer plan sponsors individually determine their separate contributions to the Retirement System to fund the OPEB Plan. The County has adopted an initial 3% employer contribution rate of covered retiree payroll.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Annual OPEB Cost and Net OPEB Obligation

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

For fiscal year ended June 30, 2010, the OPEB ARC was \$18,833, or 6.74% percent of the County’s estimated annual covered payroll. This includes the normal cost for the year for current active employees of \$5,003, and \$13,830 for UAAL amortization. The County’s contribution to the OPEB Plan for fiscal year ended June 30, 2010 was \$8,462.

The following are the components of the County’s annual OPEB cost for the fiscal year ended June 30, 2010:

Annual required contribution (ARC)	\$	18,833
Interest on net OPEB obligation		859
Adjustment to ARC		(1,569)
Annual OPEB cost (expense)		18,123
Contributions made		(8,462)
Increase in net OPEB obligation		9,661
Net OPEB obligation - beginning of year		19,087
Net OPEB obligation - end of year		\$ 28,748

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 12,434	0%	\$ 12,434
6/30/2009	13,183	50%	19,087
6/30/2010	18,123	47%	28,748

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

COUNTY OF SANTA BARBARA, CALIFORNIA
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June 30, 2010
(in thousands)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Funded Status and Funding Progress

Using the most recent actuarial valuation dated June 30, 2009, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	\$ 161,999
Actuarial value of plan assets	<u>(1,041)</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 160,958</u>
Funded ratio (actuarial value of plan assets/AAL)	0.64%
Covered payroll (active plan members)	\$ 279,494
UAAL as percentage of covered payroll	57.59%

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

Actuarial Methods and Assumptions

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

In the County’s June 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of investment expenses). The OPEB Plan’s unfunded AAL is being amortized as a level percentage of projected payroll on a closed basis. A closed amortization period of 15 years was established as of January 1, 2007. The remaining amortization period at June 30, 2009 was 12.5 years.

COUNTY OF SANTA BARBARA, CALIFORNIA
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(in thousands)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Request for Internal Revenue Service Determination on the Continued Qualified Status of Plan and Submission to the Voluntary Correction Program

In July 2008 the County requested a determination from the Internal Revenue Service (IRS) on the continued qualified status of the Santa Barbara County Employees’ Retirement System Plan (Plan) in its entirety under Section 401(a) of the Internal Revenue Code of 1986. In conjunction with this determination the Plan was submitted for a correction through the IRS’s Voluntary Compliance Program (VCP). The purpose of the submission was to correct both Plan document and operational compliance issues stemming from practices related to the funding of retiree health benefits. The submission identified the problem area, the cause of the problem, and proposed solution(s) for IRS approval; the County’s proposed solution included a 401(h) plan. In September 2008 the County and Retirement System adopted a 401(h) plan to provide retiree health benefits.

In May 2010 the County submitted a supplement to the July 2008 VCP filing to the IRS. This filing was primarily based on a report produced by the actuarial firm Mercer entitled “Contributions in Excess of the Annual Required Contribution.” In this report, Mercer reviewed the historical contributions the County made to the Plan and compared them to what the Annual Required Contribution (ARC) would have been if the reserve earmarked for retiree health benefits had not been established, and those assets were included as pension valuation assets. In each fiscal year, the County’s pension contribution in excess of the otherwise required ARC also exceeded the amount paid out by the Plan in retiree healthcare benefits for that year. Cumulatively, the County contributed approximately \$122,000 in excess of the otherwise required ARC for pension benefits compared to approximately \$66,000 in retiree healthcare premium payments.

At this time, the County is unable to predict the exact timing of any guidance that may be obtained from the IRS or the results or impact of such guidance. In order for the County and the Retirement System to maintain the qualified status of the Retirement System, the IRS may request that the County restore any pension funds used to pay retiree health benefits (plus interest), pay fees, pay interest, and/or request that the Retirement System reallocate assets between pension liabilities and retiree health liabilities. Based on the above mentioned Mercer report, the County does not expect an adverse determination or any corrective action, but must await final notification; therefore the amount of any additional fees, interest, reallocation, and contributions is unknown at this time.

21. DEFERRED COMPENSATION PLANS

Santa Barbara County Supplemental Retirement Plan

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

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

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

<u>Fiscal Year Ended</u>	<u>Contributions</u>
6/30/2008	\$ 200
6/30/2009	194
6/30/2010	166

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

21. DEFERRED COMPENSATION PLANS – CONTINUED

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 \$16,500 (in whole dollars) per calendar year, so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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

County of Santa Barbara Social Security Compliance Deferred Compensation Plan

The Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the County in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular 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 the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Contributions</u>
6/30/2008	\$ 108
6/30/2009	97
6/30/2010	124

22. VOLUNTARY TERMINATION BENEFITS

In September 2009, the Board of Supervisors adopted two resolutions as part of an Early Retirement Incentive Program, authorizing two (2) years additional retirement service credit to the following employee classifications:

1. For Sr. Deputy District Attorneys who were age 50 and otherwise eligible to retire, and who retired by October 30, 2009; and
2. For all County employees 60 years of age on or before January 24, 2010, who were otherwise eligible to retire, and who accepted the incentive by November 13, 2009.

Five Sr. Deputy District Attorneys and 114 other employees accepted the program and, as a result, termination benefits of \$6,938 were incurred. These benefits consisted of payments to the Retirement System for the two years additional retirement service credit for the 119 employees who accepted the voluntary Early Retirement Incentive Program.

COUNTY OF SANTA BARBARA, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010
(in thousands)

23. SUBSEQUENT EVENT

Tax and Revenue Anticipation Notes

In July 2010, the County issued tax and revenue anticipation notes (TRAN) totaling \$64,295 due June 30, 2011. These were sold at a premium with an average interest rate of 1.62% and a true interest cost of 0.52%. Proceeds from the notes will be used to meet FY 10-11 cash flow requirements. The principal of the notes, together with the interest thereon, will be payable from taxes, income, revenue, cash receipts and other moneys that are received by the General Fund during or attributable to FY 10-11, and that are generally available for the payment of current expenditures and other obligations of the County.

COUNTY OF SANTA BARBARA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2010
(in thousands)

Santa Barbara County Employees' Retirement System - Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
6/30/2004	\$ 1,379,170	\$ 1,578,769	87.4%	\$ 199,599	\$ 266,960	74.8%
6/30/2005	1,443,824	1,687,632	85.6%	243,808	267,785	91.0%
6/30/2006	1,552,776	1,809,656	85.8%	256,880	287,382	89.4%
6/30/2007	1,735,489	1,987,854	87.3%	252,365	294,163	85.8%
6/30/2008	1,893,984	2,138,483	88.6%	244,499	307,264	79.6%
6/30/2009	1,705,733	2,263,862	75.3%	558,129	306,524	182.1%

Source: Santa Barbara County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2009.

See accompanying independent auditor's report.

Notes to Required Supplementary Information

1. This information is intended to help users assess the Retirement System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. The information presented relates to the entire Santa Barbara County Employees' Retirement System, of which the County is one participating employer, and should provide data helpful for understanding the scale of the information presented relative to the employer.

COUNTY OF SANTA BARBARA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2010
(in thousands)

Other Post Employment Benefits (OPEB) Plan - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2006	\$ -	\$ 132,082	\$ 132,082	0.00%	\$ 235,810	56.01%
6/30/2009 *	1,041	161,999	160,958	0.64%	279,494	57.59%

* Source: Milliman, Inc. "Santa Barbara County Employees' Retirement System Actuarial Valuation of Post Employment Benefits Other than Pensions as of June 30, 2009"

See accompanying independent auditor's report.

Notes to Required Supplementary Information

1. This information is intended to help users assess the County's OPEB plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. The information presented relates solely to the County and not Santa Barbara County Employees' Retirement System as a whole.
3. Because this is the second valuation under GASB 45, only one year of historical information is provided. In the future, information from the three most recent valuations will be presented.

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:

First 5 Children and Families Commission

As required by Proposition 10, the First 5 Children and Families Commission Fund accounts for the revenues generated by a tax increase on cigarettes and tobacco products. The Proposition 10 revenues are deposited into the First 5 Children and Families Commission 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 FY 98-99. 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 revenues and expenditures for the propagation and conservation of fish and game. The Board of Supervisors authorizes expenditures on advice of the Fish and Game Commission.

Petroleum

The Petroleum Fund, established pursuant to Chapter 25 of the County Code, is used to account for the revenues and expenditures associated with administering the Petroleum Ordinance. The Petroleum Ordinance regulates the issuing of oil well drilling permits; regulates drilling, operating and abandoning petroleum wells, pipelines, tanks and associated petroleum equipment for prevention of erosion, pollution and fire hazards and for safety controls.

Public and Educational Access

The fund for Public and Educational Access was established in December 2001 by the Board of Supervisors to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund are the support of education and public information through programs aimed at expanding public access and educational access to telecommunication services.

Special Aviation

The Special Aviation Fund is used to account for activity related to the Santa Ynez Airport.

In-Home Supportive Services Public Authority (IHSS)

The In-Home Supportive Services Public Authority Fund was established by the Board to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.

Child Support Services

AB 196, AB 150, and SB 542 established the Child Support Services Fund during FY 00-01 to provide separate fund accountability as required. These legislative bills mandated that all Family Support Divisions located in the District Attorney's Offices become separate and independent departments. Child Support Services establishes paternity, obtains and enforces court orders for child support, collects and distributes payments, and provides community outreach about those services for the benefit of minor children.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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 the FEF. In early 1993, the Planning Commission approved a supplemental needs assessment that, pursuant to Board-adopted FEF Guidelines, recommends specific projects to be pursued for FEF awards.

Local Fishermen's Contingency

The Local Fishermen's Contingency Fund is financed by County permit conditions placed upon energy projects to mitigate impacts to the commercial fishing industry. The intent of the fund is to provide an interest-free loan program to fishermen awaiting payment of claims from the Federal Fishermen's Contingency Fund. The claims are for damage or loss resulting from outer continental shelf development or production, and to reimburse fishermen for damage or loss of gear, not covered under the Federal fund, which occurs in State waters because of Federal or State oil and gas development, or because of oil production activities such as transport.

Coastal Resources Enhancement

The Coastal Resources Enhancement Fund was established on May 10, 1988 to account for revenues received from offshore oil and gas projects pursuant to permit conditions, and expanded by the Board of Supervisors to projects that mitigate impacts to coastal recreation, aesthetics, tourism, and/or sensitive environmental resources.

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 FY 93-94 to account for Federal affordable housing funds for the consortium which currently includes the cities of Buellton, Carpinteria, Goleta, Lompoc, Santa Maria, and Solvang.

Community Development Block Grant Program

The Community Development Block Grant Program Fund was established in FY 07-08 to account for Federal Community Development Block Grant funds whose primary objective is the development of viable urban communities for the consortium which currently includes the cities of Buellton, Carpinteria, Lompoc, and Solvang.

Court Activities

AB 2544 in FY 94-95 established the Court Activities Fund to account for the State's portion of Trial Court Funding. AB Bill 233, adopted in FY 97-98, transferred State funding out of the County entity. This fund represents the portion of Trial Court Operations under the County's control.

Criminal Justice Construction

The Criminal Justice Construction Fund was established to account for State authorized surcharges on criminal fines, which are statutorily designated for the establishment of adequate criminal justice facilities in the County.

Courthouse Construction

The Courthouse Construction Fund was established to account for State authorized surcharges on fines for non-parking and other criminal cases, which are statutorily designated for renovation and/or construction of courtroom facilities.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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.

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 Redevelopment Project Area, which was established by ordinance November 27, 1990, was formed to eliminate blight in the Project Area.

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 (CSA's)

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 1,430 streetlights and maintains approximately 535 acres of open space and 148 acres of parks. This fund also made payments for the Goleta Valley Community Center and the Santa Barbara Shores property prior to the transfer of these assets to the City of Goleta.

County Service Area #4

This service area is located north of the City of Lompoc and serves the communities of Mission Hills and Vandenberg Village. It provides 702 streetlights and maintains approximately 52 acres of open space.

County Service Area #5

This service area serves the Orcutt area south of Santa Maria, providing extended park and open space activities. Extending from Waller Park, to just south of Rice Ranch Road, CSA #5 provides 1,737 streetlights and 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 service area was established for the purpose of assessing property owners for the ongoing maintenance of the sewer system and septic tank inspection services for those properties in the prohibition area but not on public sewers. A separate assessment is charged to properties remaining on septic systems in order to provide septic performance tracking.

County Service Area #31

This service area embraces the unincorporated community of Isla Vista, located west of the University of California at Santa Barbara, and provides 277 streetlights.

County Service Area #32

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

County Service Area #41

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

Community Facilities Districts (CFD's)

Orcutt Community Facilities District

In October 2002, qualified landowners approved the formation of a CFD within the Orcutt Planning Area, located south of the City of Santa Maria. The CFD levied a special tax that may be used to finance infrastructure construction, fire and sheriff protection services, maintenance of parks, parkways and open space, and flood and storm protection services.

Providence Landing Community Facilities District

This Mello-Roos district encompasses the Providence Landing subdivision in South Vandenberg Village and provides funding for the maintenance of a public park.

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. 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 FY 94-95 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.

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
 June 30, 2010 (in thousands)

	Special Revenue							
	First 5 Children and Families Commission	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	Fishermen Assistance
ASSETS								
Cash and investments	\$ 5,371	\$ 40	\$ 234	\$ 1,586	\$ 280	\$ --	\$ 381	\$ 442
Accounts receivable, net:								
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	--
Use of money and property	13	--	1	3	7	--	2	2
Intergovernmental	841	--	--	--	--	--	318	--
Charges for services	--	--	--	--	--	576	--	--
Other	258	--	--	--	--	--	--	--
Notes receivable	--	--	--	--	--	--	--	--
Other receivables	4	--	--	--	--	--	--	--
Property held for resale	--	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--	--
Total assets	<u>\$ 6,487</u>	<u>\$ 40</u>	<u>\$ 235</u>	<u>\$ 1,589</u>	<u>\$ 287</u>	<u>\$ 576</u>	<u>\$ 701</u>	<u>\$ 444</u>
LIABILITIES								
Accounts payable	\$ 1,297	\$ --	\$ --	\$ --	\$ --	\$ 197	\$ 1	\$ --
Salaries and benefits payable	75	--	15	--	--	33	370	--
Other payables	--	--	--	--	--	--	--	--
Customer deposits payable	--	--	--	--	--	--	--	--
Unearned revenues	--	--	--	--	--	--	47	--
Due to other funds	--	--	--	--	--	323	5	--
Total liabilities	<u>1,372</u>	<u>--</u>	<u>15</u>	<u>--</u>	<u>--</u>	<u>553</u>	<u>423</u>	<u>--</u>
FUND BALANCES								
Reserved for:								
Receivables	4	--	--	--	--	--	--	--
Debt service	--	--	--	--	--	--	--	--
Inventories: property held for resale	--	--	--	--	--	--	--	--
Unreserved:								
Designated	4,171	--	11	1,006	2	4	2	3
Undesignated	940	40	209	583	285	19	276	441
Total fund balances	<u>5,115</u>	<u>40</u>	<u>220</u>	<u>1,589</u>	<u>287</u>	<u>23</u>	<u>278</u>	<u>444</u>
Total liabilities and fund balances	<u>\$ 6,487</u>	<u>\$ 40</u>	<u>\$ 235</u>	<u>\$ 1,589</u>	<u>\$ 287</u>	<u>\$ 576</u>	<u>\$ 701</u>	<u>\$ 444</u>

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

**Special
Revenue**

Coastal Resources Enhancement	Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
\$ 1,703	\$ 4,237	\$ 479	\$ 250	\$ 149	\$ 826	ASSETS
--	--	174	90	90	--	Cash and investments
4	10	--	--	--	2	Accounts receivable, net:
--	116	--	--	--	--	Fines, forfeitures, and penalties
--	--	290	--	--	--	Use of money and property
--	--	173	--	--	--	Intergovernmental
--	--	--	--	--	--	Charges for services
--	--	--	--	--	--	Other
--	585	--	--	--	--	Notes receivable
--	--	--	--	--	--	Other receivables
--	--	--	--	--	--	Property held for resale
--	--	--	--	--	--	Restricted cash and investments
<u>\$ 1,707</u>	<u>\$ 4,948</u>	<u>\$ 1,116</u>	<u>\$ 340</u>	<u>\$ 239</u>	<u>\$ 828</u>	Total assets
\$ --	\$ 115	\$ 949	\$ --	\$ --	\$ 1	LIABILITIES
--	--	--	--	--	36	Accounts payable
--	--	--	1	--	--	Salaries and benefits payable
--	--	--	--	--	--	Other payables
--	585	--	--	--	--	Customer deposits payable
--	8	4	--	--	--	Unearned revenues
--	--	--	--	--	--	Due to other funds
<u>--</u>	<u>708</u>	<u>953</u>	<u>1</u>	<u>--</u>	<u>37</u>	Total liabilities
--	--	--	--	--	--	FUND BALANCES
--	--	--	--	--	--	Reserved for:
--	--	--	--	--	--	Receivables
--	--	--	--	--	--	Debt service
--	--	--	--	--	--	Inventories: property held for resale
70	24	156	268	1	31	Unreserved:
1,637	4,216	7	71	238	760	Designated
<u>1,707</u>	<u>4,240</u>	<u>163</u>	<u>339</u>	<u>239</u>	<u>791</u>	Undesignated
<u>\$ 1,707</u>	<u>\$ 4,948</u>	<u>\$ 1,116</u>	<u>\$ 340</u>	<u>\$ 239</u>	<u>\$ 828</u>	Total fund balances
						Total liabilities and fund balances

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA
 COMBINING BALANCE SHEET (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010 (in thousands)

	Special Revenue							Special Revenue Total
	Redevelopment Agency	County Service Areas	Community Facilities Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	Water Agency	
ASSETS								
Cash and investments	\$ 11,141	\$ 2,182	\$ 336	\$ 7,260	\$ 347	\$ 174	\$ 6,487	\$ 43,905
Accounts receivable, net:								
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	354
Use of money and property	98	6	1	24	--	--	16	189
Intergovernmental	--	--	--	--	--	--	--	1,275
Charges for services	--	--	--	--	--	--	--	866
Other	--	--	--	--	--	--	--	431
Notes receivable	100	--	--	--	--	--	--	100
Other receivables	4,571	--	--	--	--	--	--	5,160
Property held for resale	6,815	--	--	--	--	--	--	6,815
Restricted cash and investments	--	--	--	--	--	--	6	6
Total assets	<u>\$ 22,725</u>	<u>\$ 2,188</u>	<u>\$ 337</u>	<u>\$ 7,284</u>	<u>\$ 347</u>	<u>\$ 174</u>	<u>\$ 6,509</u>	<u>\$ 59,101</u>
LIABILITIES								
Accounts payable	\$ 8	\$ 1	\$ --	\$ --	\$ --	\$ --	\$ 357	\$ 2,926
Salaries and benefits payable	--	--	--	--	--	--	41	570
Other payables	--	--	--	--	--	--	--	1
Customer deposits payable	--	--	--	--	--	--	6	6
Unearned revenues	4,671	--	--	26	--	--	--	5,329
Due to other funds	--	--	54	--	--	--	--	394
Total liabilities	<u>4,679</u>	<u>1</u>	<u>54</u>	<u>26</u>	<u>--</u>	<u>--</u>	<u>404</u>	<u>9,226</u>
FUND BALANCES								
Reserved for:								
Receivables	--	--	--	--	--	--	--	4
Debt service	--	--	--	--	--	--	--	--
Inventories: property held for resale	6,815	--	--	--	--	--	--	6,815
Unreserved:								
Designated	44	566	246	4,658	2	1	179	11,445
Undesignated	11,187	1,621	37	2,600	345	173	5,926	31,611
Total fund balances	<u>18,046</u>	<u>2,187</u>	<u>283</u>	<u>7,258</u>	<u>347</u>	<u>174</u>	<u>6,105</u>	<u>49,875</u>
Total liabilities and fund balances	<u>\$ 22,725</u>	<u>\$ 2,188</u>	<u>\$ 337</u>	<u>\$ 7,284</u>	<u>\$ 347</u>	<u>\$ 174</u>	<u>\$ 6,509</u>	<u>\$ 59,101</u>

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

<u>Debt Service</u>			
Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds		
\$ 354	\$ 44,259	ASSETS	
--	354	Cash and investments	
--	189	Accounts receivable, net:	
--	1,275	Fines, forfeitures, and penalties	
--	866	Use of money and property	
--	431	Intergovernmental	
--	100	Charges for services	
--	5,160	Other	
--	6,815	Notes receivable	
8,232	8,238	Other receivables	
<u>\$ 8,586</u>	<u>\$ 67,687</u>	Property held for resale	
		Restricted cash and investments	
		Total assets	
		LIABILITIES	
\$ 84	\$ 3,010	Accounts payable	
--	570	Salaries and benefits payable	
--	1	Other payables	
--	6	Customer deposits payable	
--	5,329	Unearned revenues	
--	394	Due to other funds	
<u>84</u>	<u>9,310</u>	Total liabilities	
		FUND BALANCES	
		Reserved for:	
--	4	Receivables	
8,153	8,153	Debt service	
--	6,815	Inventories: property held for resale	
		Unreserved:	
349	11,794	Designated	
--	31,611	Undesignated	
<u>8,502</u>	<u>58,377</u>	Total fund balances	
<u>\$ 8,586</u>	<u>\$ 67,687</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, 2010 (in thousands)

	Special Revenue							
	First 5 Children and Families Commission	Fish and Game	Petroleum	Public & Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	
Revenues								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, permits, and franchises	--	--	76	--	--	--	--	--
Fines, forfeitures, and penalties	--	4	--	--	--	--	--	--
Use of money and property	49	--	2	14	8	(7)	8	4
Intergovernmental	4,365	--	--	--	9	--	9,262	--
Charges for services	--	--	331	--	--	--	--	--
Other	728	--	--	--	47	437	6	8
Total revenues	<u>5,142</u>	<u>4</u>	<u>409</u>	<u>14</u>	<u>64</u>	<u>430</u>	<u>9,276</u>	<u>12</u>
Expenditures								
Current:								
Law & justice	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	--	6,379	9,297	--
Community resources & public facilities	--	8	334	--	--	--	--	20
General government & support services	--	--	--	--	235	--	--	--
General county programs	6,455	--	--	186	--	--	--	--
Debt service:								
Principal	--	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--
Total expenditures	<u>6,455</u>	<u>8</u>	<u>334</u>	<u>186</u>	<u>235</u>	<u>6,379</u>	<u>9,297</u>	<u>20</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,313)</u>	<u>(4)</u>	<u>75</u>	<u>(172)</u>	<u>(171)</u>	<u>(5,949)</u>	<u>(21)</u>	<u>(8)</u>
Other Financing Sources (Uses)								
Transfers in	27	--	--	--	--	5,949	4	--
Transfers out	(3)	--	--	--	--	--	(12)	--
Long-term debt issued	--	--	--	--	--	--	--	--
Issuance discount on long-term debt	--	--	--	--	--	--	--	--
Issuance premium on long-term debt	--	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>24</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,949</u>	<u>(8)</u>	<u>--</u>
Net change in fund balances	(1,289)	(4)	75	(172)	(171)	--	(29)	(8)
Fund balances - beginning	6,404	44	145	1,761	458	23	307	452
Fund balances - ending	<u>\$ 5,115</u>	<u>\$ 40</u>	<u>\$ 220</u>	<u>\$ 1,589</u>	<u>\$ 287</u>	<u>\$ 23</u>	<u>\$ 278</u>	<u>\$ 444</u>

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

**Special
Revenue**

Coastal Resources Enhancement	Affordable Housing	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	Revenues
--	--	--	--	--	--	Taxes
--	--	2,147	1,085	1,072	--	Licenses, permits, and franchises
15	41	6	1	2	476	Fines, forfeitures, and penalties
--	3,222	--	--	--	--	Use of money and property
--	2	3,483	--	--	--	Intergovernmental
623	527	1,238	--	--	467	Charges for services
<u>638</u>	<u>3,792</u>	<u>6,874</u>	<u>1,086</u>	<u>1,074</u>	<u>943</u>	Other
						Total revenues
						Expenditures
						Current:
--	--	15,193	--	--	--	Law & justice
--	--	38	--	--	1,028	Public safety
--	--	--	--	--	--	Health & public assistance
489	2,358	--	--	--	--	Community resources & public facilities
--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	General county programs
--	--	--	--	--	--	Debt service:
--	--	--	--	--	--	Principal
--	--	--	--	--	--	Interest
<u>489</u>	<u>2,358</u>	<u>15,231</u>	<u>--</u>	<u>--</u>	<u>1,028</u>	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
<u>149</u>	<u>1,434</u>	<u>(8,357)</u>	<u>1,086</u>	<u>1,074</u>	<u>(85)</u>	
						Other Financing Sources (Uses)
--	--	8,368	106	157	--	Transfers in
--	(1,350)	--	(1,338)	(1,345)	(232)	Transfers out
--	--	--	--	--	--	Long-term debt issued
--	--	--	--	--	--	Issuance discount on long-term debt
--	--	--	--	--	--	Issuance premium on long-term debt
<u>--</u>	<u>(1,350)</u>	<u>8,368</u>	<u>(1,232)</u>	<u>(1,188)</u>	<u>(232)</u>	Total other financing sources (uses)
149	84	11	(146)	(114)	(317)	Net change in fund balances
1,558	4,156	152	485	353	1,108	Fund balances - beginning
<u>\$ 1,707</u>	<u>\$ 4,240</u>	<u>\$ 163</u>	<u>\$ 339</u>	<u>\$ 239</u>	<u>\$ 791</u>	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, 2010 (in thousands)

	Special Revenue						
	Redevelop- ment Agency	County Service Areas	Community Facilities Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	
Revenues							
Taxes	\$ 3,940	\$ 1,097	\$ 399	\$ 28,082	\$ 403	\$ --	\$ 2,153
Licenses, permits, and franchises	--	--	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	260	24	5	114	3	1	14
Intergovernmental	--	93	--	1,745	1	--	2,592
Charges for services	--	689	--	458	--	--	76
Other	31	2	--	5	--	--	1
Total revenues	<u>4,231</u>	<u>1,905</u>	<u>404</u>	<u>30,404</u>	<u>407</u>	<u>1</u>	<u>4,836</u>
Expenditures							
Current:							
Law & justice	--	--	--	--	--	--	--
Public safety	--	--	--	1,700	--	--	--
Health & public assistance	--	--	--	--	--	--	--
Community resources & public facilities	--	935	29	--	394	29	5,202
General government & support services	--	--	--	--	--	--	--
General county programs	3,860	--	--	--	--	--	--
Debt service:	--	--	--	--	--	--	--
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total expenditures	<u>3,860</u>	<u>935</u>	<u>29</u>	<u>1,700</u>	<u>394</u>	<u>29</u>	<u>5,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>371</u>	<u>970</u>	<u>375</u>	<u>28,704</u>	<u>13</u>	<u>(28)</u>	<u>(366)</u>
Other Financing Sources (Uses)							
Transfers in	--	26,499	--	52	--	--	470
Transfers out	(554)	(27,129)	(399)	(27,625)	(39)	--	(96)
Long-term debt issued	--	--	--	147	--	--	--
Issuance discount on long-term debt	--	--	--	--	--	--	--
Issuance premium on long-term debt	--	--	--	--	--	--	--
Total other financing sources (uses)	<u>(554)</u>	<u>(630)</u>	<u>(399)</u>	<u>(27,426)</u>	<u>(39)</u>	<u>--</u>	<u>374</u>
Net change in fund balances	(183)	340	(24)	1,278	(26)	(28)	8
Fund balances - beginning	18,229	1,847	307	5,980	373	202	6,097
Fund balances - ending	<u>\$ 18,046</u>	<u>\$ 2,187</u>	<u>\$ 283</u>	<u>\$ 7,258</u>	<u>\$ 347</u>	<u>\$ 174</u>	<u>\$ 6,105</u>

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

Special Revenue Total	Debt Service Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds	
\$ 36,074	\$ --	\$ 36,074	Revenues
76	--	76	Taxes
4,308	--	4,308	Licenses, permits, and franchises
1,040	218	1,258	Fines, forfeitures, and penalties
21,289	--	21,289	Use of money and property
5,039	--	5,039	Intergovernmental
4,120	--	4,120	Charges for services
<u>71,946</u>	<u>218</u>	<u>72,164</u>	Other
			Total revenues
			Expenditures
			Current:
15,193	--	15,193	Law & justice
2,766	--	2,766	Public safety
15,676	--	15,676	Health & public assistance
9,798	--	9,798	Community resources & public facilities
235	--	235	General government & support services
10,501	252	10,753	General county programs
--	7,494	7,494	Debt service:
--	3,041	3,041	Principal
<u>54,169</u>	<u>10,787</u>	<u>64,956</u>	Interest
			Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
<u>17,777</u>	<u>(10,569)</u>	<u>7,208</u>	
			Other Financing Sources (Uses)
41,632	9,357	50,989	Transfers in
(60,122)	--	(60,122)	Transfers out
147	1,530	1,677	Long-term debt issued
--	(148)	(148)	Issuance discount on long-term debt
--	278	278	Issuance premium on long-term debt
<u>(18,343)</u>	<u>11,017</u>	<u>(7,326)</u>	Total other financing sources (uses)
(566)	448	(118)	Net change in fund balances
<u>50,441</u>	<u>8,054</u>	<u>58,495</u>	Fund balances - beginning
<u>\$ 49,875</u>	<u>\$ 8,502</u>	<u>\$ 58,377</u>	Fund balances - ending

COUNTY OF SANTA BARBARA, CALIFORNIA

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 245	\$ 270	\$ 117	\$ (153)
Intergovernmental	1,401	4,091	2,747	(1,344)
Charges for services	--	149	149	--
Other	1,225	3,437	439	(2,998)
Total revenues	<u>2,871</u>	<u>7,947</u>	<u>3,452</u>	<u>(4,495)</u>
Expenditures				
Current:				
Public safety	40	205	205	--
Community resources & public facilities	550	3,204	2,323	881
General government & support services	--	47	47	--
Capital outlay	11,464	19,611	8,639	10,972
Total expenditures	<u>12,054</u>	<u>23,067</u>	<u>11,214</u>	<u>11,853</u>
Deficiency of revenues under expenditures	<u>(9,183)</u>	<u>(15,120)</u>	<u>(7,762)</u>	<u>7,358</u>
Other Financing Sources (Uses)				
Transfers in	4,128	9,366	6,051	(3,315)
Transfers out	(810)	(5,698)	(4,800)	898
Long-term debt issued	--	18,710	18,710	--
Total other financing sources (uses)	<u>3,318</u>	<u>22,378</u>	<u>19,961</u>	<u>(2,417)</u>
Net change in fund balances	(5,865)	7,258	12,199	4,941
Fund balances - beginning	18,377	18,377	18,377	--
Fund balances - ending	<u>\$ 12,512</u>	<u>\$ 25,635</u>	<u>\$ 30,576</u>	<u>\$ 4,941</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
 REDEVELOPMENT AGENCY (RDA) DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 23	\$ 5	\$ 26	\$ 21
Total revenues	<u>23</u>	<u>5</u>	<u>26</u>	<u>21</u>
Expenditures				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>23</u>	<u>5</u>	<u>26</u>	<u>21</u>
Other Financing Uses				
Transfers out	<u>(739)</u>	<u>(739)</u>	<u>(739)</u>	<u>--</u>
Total other financing uses	<u>(739)</u>	<u>(739)</u>	<u>(739)</u>	<u>--</u>
Net change in fund balances	(716)	(734)	(713)	21
Fund balances - beginning	(14,294)	(14,294)	(14,294)	--
Fund balances - ending	<u>\$ (15,010)</u>	<u>\$ (15,028)</u>	<u>\$ (15,007)</u>	<u>\$ 21</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
FIRST 5 CHILDREN AND FAMILIES COMMISSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 250	\$ 228	\$ 49	\$ (179)
Intergovernmental	4,269	4,269	4,365	96
Other	581	605	728	123
Total revenues	<u>5,100</u>	<u>5,102</u>	<u>5,142</u>	<u>40</u>
Expenditures				
Current:				
General county programs	<u>6,276</u>	<u>6,500</u>	<u>6,455</u>	<u>45</u>
Total expenditures	<u>6,276</u>	<u>6,500</u>	<u>6,455</u>	<u>45</u>
Deficiency of revenues under expenditures	<u>(1,176)</u>	<u>(1,398)</u>	<u>(1,313)</u>	<u>85</u>
Other Financing Sources (Uses)				
Transfers in	27	27	27	--
Transfers out	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>--</u>
Total other financing sources (uses)	<u>24</u>	<u>24</u>	<u>24</u>	<u>--</u>
Net change in fund balances	(1,152)	(1,374)	(1,289)	85
Fund balances - beginning	<u>6,404</u>	<u>6,404</u>	<u>6,404</u>	<u>--</u>
Fund balances - ending	<u>\$ 5,252</u>	<u>\$ 5,030</u>	<u>\$ 5,115</u>	<u>\$ 85</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 FISH AND GAME SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 8	\$ 8	\$ 4	\$ (4)
Use of money and property	1	--	--	--
Total revenues	<u>9</u>	<u>8</u>	<u>4</u>	<u>(4)</u>
Expenditures				
Current:				
Community resources & public facilities	27	27	8	19
Total expenditures	<u>27</u>	<u>27</u>	<u>8</u>	<u>19</u>
Deficiency of revenues under expenditures	(18)	(19)	(4)	15
Net change in fund balances	(18)	(19)	(4)	15
Fund balances - beginning	44	44	44	--
Fund balances - ending	<u>\$ 26</u>	<u>\$ 25</u>	<u>\$ 40</u>	<u>\$ 15</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 PETROLEUM SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses, permits, and franchises	\$ 15	\$ 15	\$ 76	\$ 61
Use of money and property	22	22	2	(20)
Charges for services	306	306	331	25
Total revenues	<u>343</u>	<u>343</u>	<u>409</u>	<u>66</u>
Expenditures				
Current:				
Community resources & public facilities	400	400	334	66
Total expenditures	<u>400</u>	<u>400</u>	<u>334</u>	<u>66</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57)</u>	<u>(57)</u>	<u>75</u>	<u>132</u>
Other Financing Sources				
Transfers in	25	25	--	(25)
Total other financing sources	<u>25</u>	<u>25</u>	<u>--</u>	<u>(25)</u>
Net change in fund balances	(32)	(32)	75	107
Fund balances - beginning	145	145	145	--
Fund balances - ending	<u>\$ 113</u>	<u>\$ 113</u>	<u>\$ 220</u>	<u>\$ 107</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 PUBLIC AND EDUCATIONAL ACCESS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 26	\$ 14	\$ 14	\$ --
Total revenues	<u>26</u>	<u>14</u>	<u>14</u>	<u>--</u>
Expenditures				
Current:				
General county programs	126	186	186	--
Total expenditures	<u>126</u>	<u>186</u>	<u>186</u>	<u>--</u>
Deficiency of revenues under expenditures	<u>(100)</u>	<u>(172)</u>	<u>(172)</u>	<u>--</u>
Net change in fund balances	(100)	(172)	(172)	--
Fund balances - beginning	1,761	1,761	1,761	--
Fund balances - ending	<u>\$ 1,661</u>	<u>\$ 1,589</u>	<u>\$ 1,589</u>	<u>\$ --</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 SPECIAL AVIATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 6	\$ 4	\$ 8	\$ 4
Intergovernmental	10	10	9	(1)
Other	--	43	47	4
Total revenues	<u>16</u>	<u>57</u>	<u>64</u>	<u>7</u>
Expenditures				
Current:				
General government & support services	<u>10</u>	<u>295</u>	<u>235</u>	<u>60</u>
Total expenditures	<u>10</u>	<u>295</u>	<u>235</u>	<u>60</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>(238)</u>	<u>(171)</u>	<u>67</u>
Net change in fund balances	6	(238)	(171)	67
Fund balances - beginning	458	458	458	--
Fund balances - ending	<u>\$ 464</u>	<u>\$ 220</u>	<u>\$ 287</u>	<u>\$ 67</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 IN-HOME SUPPORTIVE SERVICES (IHSS) PUBLIC AUTHORITY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ (7)	\$ (6)	\$ (7)	\$ (1)
Other	437	143	437	294
Total revenues	<u>430</u>	<u>137</u>	<u>430</u>	<u>293</u>
Expenditures				
Current:				
Health & public assistance	<u>6,378</u>	<u>6,512</u>	<u>6,379</u>	<u>133</u>
Total expenditures	<u>6,378</u>	<u>6,512</u>	<u>6,379</u>	<u>133</u>
Deficiency of revenues under expenditures	<u>(5,948)</u>	<u>(6,375)</u>	<u>(5,949)</u>	<u>426</u>
Other Financing Sources				
Transfers in	<u>5,949</u>	<u>6,369</u>	<u>5,949</u>	<u>(420)</u>
Total other financing sources	<u>5,949</u>	<u>6,369</u>	<u>5,949</u>	<u>(420)</u>
Net change in fund balances	1	(6)	--	6
Fund balances - beginning	<u>23</u>	<u>23</u>	<u>23</u>	<u>--</u>
Fund balances - ending	<u>\$ 24</u>	<u>\$ 17</u>	<u>\$ 23</u>	<u>\$ 6</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 30	\$ 27	\$ 8	\$ (19)
Intergovernmental	9,419	9,324	9,262	(62)
Other	1	1	6	5
Total revenues	<u>9,450</u>	<u>9,352</u>	<u>9,276</u>	<u>(76)</u>
Expenditures				
Current:				
Health & public assistance	<u>9,438</u>	<u>9,481</u>	<u>9,297</u>	<u>184</u>
Total expenditures	<u>9,438</u>	<u>9,481</u>	<u>9,297</u>	<u>184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12</u>	<u>(129)</u>	<u>(21)</u>	<u>108</u>
Other Financing Sources (Uses)				
Transfers in	--	4	4	--
Transfers out	<u>(12)</u>	<u>(12)</u>	<u>(12)</u>	<u>--</u>
Total other financing sources (uses)	<u>(12)</u>	<u>(8)</u>	<u>(8)</u>	<u>--</u>
Net change in fund balances	--	(137)	(29)	108
Fund balances - beginning	<u>307</u>	<u>307</u>	<u>307</u>	<u>--</u>
Fund balances - ending	<u>\$ 307</u>	<u>\$ 170</u>	<u>\$ 278</u>	<u>\$ 108</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 FISHERMEN ASSISTANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 10	\$ 9	\$ 4	\$ (5)
Other	8	8	8	--
Total revenues	<u>18</u>	<u>17</u>	<u>12</u>	<u>(5)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>37</u>	<u>49</u>	<u>20</u>	<u>29</u>
Total expenditures	<u>37</u>	<u>49</u>	<u>20</u>	<u>29</u>
Deficiency of revenues under expenditures	<u>(19)</u>	<u>(32)</u>	<u>(8)</u>	<u>24</u>
Net change in fund balances	(19)	(32)	(8)	24
Fund balances - beginning	<u>452</u>	<u>452</u>	<u>452</u>	<u>--</u>
Fund balances - ending	<u>\$ 433</u>	<u>\$ 420</u>	<u>\$ 444</u>	<u>\$ 24</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 COASTAL RESOURCES ENHANCEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 20	\$ 18	\$ 15	\$ (3)
Other	623	623	623	--
Total revenues	<u>643</u>	<u>641</u>	<u>638</u>	<u>(3)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>1,515</u>	<u>1,515</u>	<u>489</u>	<u>1,026</u>
Total expenditures	<u>1,515</u>	<u>1,515</u>	<u>489</u>	<u>1,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(872)</u>	<u>(874)</u>	<u>149</u>	<u>1,023</u>
Net change in fund balances	(872)	(874)	149	1,023
Fund balances - beginning	<u>1,558</u>	<u>1,558</u>	<u>1,558</u>	<u>--</u>
Fund balances - ending	<u>\$ 686</u>	<u>\$ 684</u>	<u>\$ 1,707</u>	<u>\$ 1,023</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 120	\$ 112	\$ 41	\$ (71)
Intergovernmental	6,354	8,665	3,222	(5,443)
Charges for services	102	102	2	(100)
Other	175	175	527	352
Total revenues	<u>6,751</u>	<u>9,054</u>	<u>3,792</u>	<u>(5,262)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>5,885</u>	<u>7,759</u>	<u>2,358</u>	<u>5,401</u>
Total expenditures	<u>5,885</u>	<u>7,759</u>	<u>2,358</u>	<u>5,401</u>
Excess of revenues over expenditures	<u>866</u>	<u>1,295</u>	<u>1,434</u>	<u>139</u>
Other Financing Uses				
Transfers out	<u>(1,533)</u>	<u>(1,950)</u>	<u>(1,350)</u>	<u>600</u>
Total other financing uses	<u>(1,533)</u>	<u>(1,950)</u>	<u>(1,350)</u>	<u>600</u>
Net change in fund balances	(667)	(655)	84	739
Fund balances - beginning	<u>4,156</u>	<u>4,156</u>	<u>4,156</u>	<u>--</u>
Fund balances - ending	<u>\$ 3,489</u>	<u>\$ 3,501</u>	<u>\$ 4,240</u>	<u>\$ 739</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 COURT ACTIVITIES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 2,385	\$ 2,141	\$ 2,147	\$ 6
Use of money and property	29	30	6	(24)
Charges for services	3,942	3,577	3,483	(94)
Other	1,105	1,105	1,238	133
Total revenues	<u>7,461</u>	<u>6,853</u>	<u>6,874</u>	<u>21</u>
Expenditures				
Current:				
Law & justice	15,020	15,175	15,193	(18)
Public safety	56	56	38	18
Total expenditures	<u>15,076</u>	<u>15,231</u>	<u>15,231</u>	<u>--</u>
Deficiency of revenues under expenditures	<u>(7,615)</u>	<u>(8,378)</u>	<u>(8,357)</u>	<u>21</u>
Other Financing Sources				
Transfers in	7,606	8,371	8,368	(3)
Total other financing sources	<u>7,606</u>	<u>8,371</u>	<u>8,368</u>	<u>(3)</u>
Net change in fund balances	(9)	(7)	11	18
Fund balances - beginning	152	152	152	--
Fund balances - ending	<u>\$ 143</u>	<u>\$ 145</u>	<u>\$ 163</u>	<u>\$ 18</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 CRIMINAL JUSTICE CONSTRUCTION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 1,135	\$ 1,098	\$ 1,085	\$ (13)
Use of money and property	20	18	1	(17)
Total revenues	<u>1,155</u>	<u>1,116</u>	<u>1,086</u>	<u>(30)</u>
Expenditures				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>1,155</u>	<u>1,116</u>	<u>1,086</u>	<u>(30)</u>
Other Financing Sources (Uses)				
Transfers in	--	106	106	--
Transfers out	<u>(1,368)</u>	<u>(1,368)</u>	<u>(1,338)</u>	<u>30</u>
Total other financing sources (uses)	<u>(1,368)</u>	<u>(1,262)</u>	<u>(1,232)</u>	<u>30</u>
Net change in fund balances	(213)	(146)	(146)	--
Fund balances - beginning	485	485	485	--
Fund balances - ending	<u>\$ 272</u>	<u>\$ 339</u>	<u>\$ 339</u>	<u>\$ --</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 COURTHOUSE CONSTRUCTION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Fines, forfeitures, and penalties	\$ 1,135	\$ 1,071	\$ 1,072	\$ 1
Use of money and property	15	7	2	(5)
Total revenues	<u>1,150</u>	<u>1,078</u>	<u>1,074</u>	<u>(4)</u>
Expenditures				
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of revenues over expenditures	<u>1,150</u>	<u>1,078</u>	<u>1,074</u>	<u>(4)</u>
Other Financing Sources (Uses)				
Transfers in	--	157	157	--
Transfers out	<u>(1,208)</u>	<u>(1,350)</u>	<u>(1,345)</u>	<u>5</u>
Total other financing sources (uses)	<u>(1,208)</u>	<u>(1,193)</u>	<u>(1,188)</u>	<u>5</u>
Net change in fund balances	(58)	(115)	(114)	1
Fund balances - beginning	353	353	353	--
Fund balances - ending	<u>\$ 295</u>	<u>\$ 238</u>	<u>\$ 239</u>	<u>\$ 1</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 INMATE WELFARE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 637	\$ 633	\$ 476	\$ (157)
Other	485	485	467	(18)
Total revenues	<u>1,122</u>	<u>1,118</u>	<u>943</u>	<u>(175)</u>
Expenditures				
Current:				
Public safety	<u>1,144</u>	<u>1,144</u>	<u>1,028</u>	<u>116</u>
Total expenditures	<u>1,144</u>	<u>1,144</u>	<u>1,028</u>	<u>116</u>
Deficiency of revenues under expenditures	<u>(22)</u>	<u>(26)</u>	<u>(85)</u>	<u>(59)</u>
Other Financing Uses				
Transfers out	<u>(232)</u>	<u>(232)</u>	<u>(232)</u>	<u>--</u>
Total other financing uses	<u>(232)</u>	<u>(232)</u>	<u>(232)</u>	<u>--</u>
Net change in fund balances	(254)	(258)	(317)	(59)
Fund balances - beginning	<u>1,108</u>	<u>1,108</u>	<u>1,108</u>	<u>--</u>
Fund balances - ending	<u>\$ 854</u>	<u>\$ 850</u>	<u>\$ 791</u>	<u>\$ (59)</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,786	\$ 3,786	\$ 3,940	\$ 154
Use of money and property	262	244	260	16
Other	12	12	31	19
Total revenues	<u>4,060</u>	<u>4,042</u>	<u>4,231</u>	<u>189</u>
Expenditures				
Current:				
General county programs	<u>8,630</u>	<u>9,779</u>	<u>3,860</u>	<u>5,919</u>
Total expenditures	<u>8,630</u>	<u>9,779</u>	<u>3,860</u>	<u>5,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,570)</u>	<u>(5,737)</u>	<u>371</u>	<u>6,108</u>
Other Financing Uses				
Transfers out	<u>(445)</u>	<u>(555)</u>	<u>(554)</u>	<u>1</u>
Total other financing uses	<u>(445)</u>	<u>(555)</u>	<u>(554)</u>	<u>1</u>
Net change in fund balances	(5,015)	(6,292)	(183)	6,109
Fund balances - beginning	<u>18,229</u>	<u>18,229</u>	<u>18,229</u>	<u>--</u>
Fund balances - ending	<u>\$ 13,214</u>	<u>\$ 11,937</u>	<u>\$ 18,046</u>	<u>\$ 6,109</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY SERVICE AREAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,129	\$ 1,110	\$ 1,097	\$ (13)
Use of money and property	50	47	24	(23)
Intergovernmental	50	93	93	--
Charges for services	636	636	689	53
Other	--	--	2	2
Total revenues	<u>1,865</u>	<u>1,886</u>	<u>1,905</u>	<u>19</u>
Expenditures				
Current:				
Community resources & public facilities	873	991	935	56
Total expenditures	<u>873</u>	<u>991</u>	<u>935</u>	<u>56</u>
Excess of revenues over expenditures	<u>992</u>	<u>895</u>	<u>970</u>	<u>75</u>
Other Financing Sources (Uses)				
Transfers in	26,279	26,499	26,499	--
Transfers out	<u>(27,164)</u>	<u>(27,164)</u>	<u>(27,129)</u>	<u>35</u>
Total other financing sources (uses)	<u>(885)</u>	<u>(665)</u>	<u>(630)</u>	<u>35</u>
Net change in fund balances	107	230	340	110
Fund balances - beginning	1,847	1,847	1,847	--
Fund balances - ending	<u>\$ 1,954</u>	<u>\$ 2,077</u>	<u>\$ 2,187</u>	<u>\$ 110</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 COMMUNITY FACILITIES DISTRICTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 336	\$ 352	\$ 399	\$ 47
Use of money and property	2	1	5	4
Total revenues	<u>338</u>	<u>353</u>	<u>404</u>	<u>51</u>
Expenditures				
Current:				
Community resources & public facilities	35	35	29	6
Total expenditures	<u>35</u>	<u>35</u>	<u>29</u>	<u>6</u>
Excess of revenues over expenditures	<u>303</u>	<u>318</u>	<u>375</u>	<u>57</u>
Other Financing Uses				
Transfers out	(384)	(401)	(399)	2
Total other financing uses	<u>(384)</u>	<u>(401)</u>	<u>(399)</u>	<u>2</u>
Net change in fund balances	(81)	(83)	(24)	59
Fund balances - beginning	307	307	307	--
Fund balances - ending	<u>\$ 226</u>	<u>\$ 224</u>	<u>\$ 283</u>	<u>\$ 59</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 28,677	\$ 28,677	\$ 28,082	\$ (595)
Use of money and property	141	192	114	(78)
Intergovernmental	272	1,433	1,745	312
Charges for services	200	200	458	258
Other	--	--	5	5
Total revenues	<u>29,290</u>	<u>30,502</u>	<u>30,404</u>	<u>(98)</u>
Expenditures				
Current:				
Public safety	350	1,701	1,700	1
Total expenditures	<u>350</u>	<u>1,701</u>	<u>1,700</u>	<u>1</u>
Excess of revenues over expenditures	<u>28,940</u>	<u>28,801</u>	<u>28,704</u>	<u>(97)</u>
Other Financing Sources (Uses)				
Transfers in	--	--	52	52
Transfers out	(30,211)	(30,298)	(27,625)	2,673
Long-term debt issued	--	147	147	--
Total other financing sources (uses)	<u>(30,211)</u>	<u>(30,151)</u>	<u>(27,426)</u>	<u>2,725</u>
Net change in fund balances	(1,271)	(1,350)	1,278	2,628
Fund balances - beginning	5,980	5,980	5,980	--
Fund balances - ending	<u>\$ 4,709</u>	<u>\$ 4,630</u>	<u>\$ 7,258</u>	<u>\$ 2,628</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 LIGHTING DISTRICTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 423	\$ 423	\$ 403	\$ (20)
Use of money and property	10	9	3	(6)
Intergovernmental	3	3	1	(2)
Charges for services	151	151	--	(151)
Total revenues	<u>587</u>	<u>586</u>	<u>407</u>	<u>(179)</u>
Expenditures				
Current:				
Community resources & public facilities	<u>399</u>	<u>399</u>	<u>394</u>	<u>5</u>
Total expenditures	<u>399</u>	<u>399</u>	<u>394</u>	<u>5</u>
Excess of revenues over expenditures	<u>188</u>	<u>187</u>	<u>13</u>	<u>(174)</u>
Other Financing Uses				
Transfers out	<u>(39)</u>	<u>(39)</u>	<u>(39)</u>	<u>--</u>
Total other financing uses	<u>(39)</u>	<u>(39)</u>	<u>(39)</u>	<u>--</u>
Net change in fund balances	149	148	(26)	(174)
Fund balances - beginning	<u>373</u>	<u>373</u>	<u>373</u>	<u>--</u>
Fund balances - ending	<u>\$ 522</u>	<u>\$ 521</u>	<u>\$ 347</u>	<u>\$ (174)</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
 SANDYLAND SEAWALL MAINTENANCE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 5	\$ 4	\$ 1	\$ (3)
Total revenues	<u>5</u>	<u>4</u>	<u>1</u>	<u>(3)</u>
Expenditures				
Current:				
Community resources & public facilities	210	210	29	181
Total expenditures	<u>210</u>	<u>210</u>	<u>29</u>	<u>181</u>
Deficiency of revenues under expenditures	<u>(205)</u>	<u>(206)</u>	<u>(28)</u>	<u>178</u>
Net change in fund balances	(205)	(206)	(28)	178
Fund balances - beginning	202	202	202	--
Fund balances - ending	<u>\$ (3)</u>	<u>\$ (4)</u>	<u>\$ 174</u>	<u>\$ 178</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
WATER AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,128	\$ 2,128	\$ 2,153	\$ 25
Use of money and property	120	61	14	(47)
Intergovernmental	7,724	7,724	2,592	(5,132)
Charges for services	104	104	76	(28)
Other	--	--	1	1
Total revenues	<u>10,076</u>	<u>10,017</u>	<u>4,836</u>	<u>(5,181)</u>
Expenditures				
Current:				
Community resources & public facilities	10,823	10,823	5,202	5,621
Total expenditures	<u>10,823</u>	<u>10,823</u>	<u>5,202</u>	<u>5,621</u>
Deficiency of revenues under expenditures	<u>(747)</u>	<u>(806)</u>	<u>(366)</u>	<u>440</u>
Other Financing Sources (Uses)				
Transfers in	1,013	586	470	(116)
Transfers out	<u>(647)</u>	<u>(220)</u>	<u>(96)</u>	<u>124</u>
Total other financing sources (uses)	<u>366</u>	<u>366</u>	<u>374</u>	<u>8</u>
Net change in fund balances	(381)	(440)	8	448
Fund balances - beginning	6,097	6,097	6,097	--
Fund balances - ending	<u>\$ 5,716</u>	<u>\$ 5,657</u>	<u>\$ 6,105</u>	<u>\$ 448</u>

COUNTY OF SANTA BARBARA, CALIFORNIA
SANTA BARBARA COUNTY FINANCE CORPORATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 310	\$ 257	\$ 218	\$ (39)
Total revenues	<u>310</u>	<u>257</u>	<u>218</u>	<u>(39)</u>
Expenditures				
Current:				
General county programs	26	376	252	124
Debt service:				
Principal	6,165	7,496	7,494	2
Interest	<u>2,999</u>	<u>3,041</u>	<u>3,041</u>	<u>--</u>
Total expenditures	<u>9,190</u>	<u>10,913</u>	<u>10,787</u>	<u>126</u>
Deficiency of revenues under expenditures	<u>(8,880)</u>	<u>(10,656)</u>	<u>(10,569)</u>	<u>87</u>
Other Financing Sources (Uses)				
Transfers in	9,124	9,480	9,357	(123)
Long-term debt issued	--	2,500	1,530	(970)
Issuance discount on long-term debt	--	(150)	(148)	2
Issuance premium on long-term debt	--	500	278	(222)
Total other financing sources (uses)	<u>9,124</u>	<u>12,330</u>	<u>11,017</u>	<u>(1,313)</u>
Net change in fund balances	244	1,674	448	(1,226)
Fund balances - beginning	<u>8,054</u>	<u>8,054</u>	<u>8,054</u>	<u>--</u>
Fund balances - ending	<u>\$ 8,298</u>	<u>\$ 9,728</u>	<u>\$ 8,502</u>	<u>\$ (1,226)</u>



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 enterprise information technology services to County departments and various other governmental agencies. Four lines of service are supported: Network and Security, Infrastructure, Desktop Support, and Enterprise Applications. Costs are allocated to all users based upon utilization factors for each service and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

VEHICLE OPERATIONS AND MAINTENANCE

This fund provides for the maintenance, servicing and repair of County vehicles. Rental rates, which include the cost of gas, oil, maintenance, replacement of equipment and personnel costs, are charged to the user department to support the vehicle program. Vehicles are replaced based on mileage and age criteria which varies per class of vehicle; new additions to the vehicle fleet are provided through the Garage Equipment and Motor Pool budgets of the General Fund and through contributions from other funds.

RISK MANAGEMENT AND INSURANCE

This column combines the County's five self-insurance funds: Dental, Unemployment, Workers' Compensation, General Liability, and Medical Malpractice.

Dental Self-Insurance

This fund provides for the payment of dental expenses incurred by County employees, eligible dependents and retirees who are part of the self-funded plan. This fund does not account for employees or retirees on the Dental Net, Prudential or Firefighter health plans. Professional administrators process all claims and make payments to claimants based on a payment schedule of medical and dental benefits. The fund reimburses the claims administrator for the payment of claims plus a fee for administration and participation in a prescription drug program. Additionally, the County contracts with a preferred provider organization for reduced fees from member dental service providers, physicians, and other specialists. The County contributes towards the cost of employee coverage through departmental budgets; the employee pays any remaining employee or dependent coverage.

Unemployment Self-Insurance

State law requires the County to maintain unemployment insurance. The County has elected to be self-insured and has established this fund for the payment of unemployment insurance claims by County employees, which have been processed and approved by the State Employment Development Department. Each department has been charged a percentage of its gross payroll for the establishment of a general reserve for this program and to provide for claim payments.

Workers' Compensation Self-Insurance

This fund provides for investigation services, temporary disability and medical payments, excess insurance, permanent disability awards, administrative services, litigation costs, and safety services. Premiums based on employee worker classifications are charged to each department to maintain actuarially recommended reserves for claims proportionate to current industry rates applicable to job functions.

INTERNAL SERVICE FUNDS (Continued)

General Liability Self-Insurance

This fund provides for payment of self-insured general liability and automobile liability claims, excess insurance, claims adjusting services, litigation costs, and administrative services. Contributions are made by participating County departments and funds based on past claims experience and appropriate risk factors.

Medical Malpractice Self-Insurance

This fund provides for the payment of self-insured medical malpractice and general liability claims, excess insurance, claim investigation services, and litigation costs. Contributions are made by covered participating County departments and are based on allocation of expenses by past claims experience and appropriate risk factor.

COMMUNICATIONS SERVICES

This fund provides communication services to County departments and various other governmental agencies. Telephone, Radio and Audio-Visual Systems are maintained. Costs are billed from a standard price schedule which is periodically adjusted to reflect cost changes and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

UTILITIES

This fund provides for payment of County-wide utility costs. Utility costs are allocated to various County departments based on their energy consumption. Charging County departments for their energy usage fosters awareness and accountability related to energy costs and savings.

REPROGRAPHICS AND DIGITAL IMAGING SERVICES

This fund provides reprographic and digital imaging services to County departments and various other governmental agencies. Rates charged to all users are designed to recover costs and are billed from a standard pricing schedule which is periodically adjusted to reflect cost changes. Profits or losses are carried forward as retained amounts and used to adjust price schedules of subsequent billing rates. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2010 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Reprographics and Digital Imaging Services	Total
ASSETS							
Current assets:							
Cash and investments	\$ 3,615	\$ 15,625	\$ 47,057	\$ 8,152	\$ 218	\$ 76	\$ 74,743
Accounts receivable, net:							
Use of money and property	9	35	113	19	--	--	176
Charges for services	--	2	1,356	--	--	8	1,366
Inventories	--	203	--	110	--	--	313
Total current assets	<u>3,624</u>	<u>15,865</u>	<u>48,526</u>	<u>8,281</u>	<u>218</u>	<u>84</u>	<u>76,598</u>
Noncurrent assets:							
Restricted cash and investments	--	10	--	--	--	--	10
Capital assets, net of							
accumulated depreciation (Note 6)	1,481	14,849	22	1,783	--	300	18,435
Total noncurrent assets	<u>1,481</u>	<u>14,859</u>	<u>22</u>	<u>1,783</u>	<u>--</u>	<u>300</u>	<u>18,445</u>
Total assets	<u>5,105</u>	<u>30,724</u>	<u>48,548</u>	<u>10,064</u>	<u>218</u>	<u>384</u>	<u>95,043</u>
LIABILITIES							
Current liabilities:							
Accounts payable	272	353	322	21	187	3	1,158
Salaries and benefits payable	163	97	55	49	6	26	396
Compensated absences	242	136	85	25	11	7	506
Capital lease obligations	4	--	4	1	--	61	70
Liability for self-insurance claims	--	--	10,833	--	--	--	10,833
Total current liabilities	<u>681</u>	<u>586</u>	<u>11,299</u>	<u>96</u>	<u>204</u>	<u>97</u>	<u>12,963</u>
Noncurrent liabilities:							
Compensated absences	42	32	10	49	9	15	157
Liability for self-insurance claims	--	--	27,428	--	--	--	27,428
OPEB obligation	223	118	104	76	4	33	558
Total noncurrent liabilities	<u>265</u>	<u>150</u>	<u>27,542</u>	<u>125</u>	<u>13</u>	<u>48</u>	<u>28,143</u>
Total liabilities	<u>946</u>	<u>736</u>	<u>38,841</u>	<u>221</u>	<u>217</u>	<u>145</u>	<u>41,106</u>
NET ASSETS							
Invested in capital assets,							
net of related debt	1,477	14,850	17	1,782	--	238	18,364
Unrestricted	2,682	15,138	9,690	8,061	1	1	35,573
Total net assets	<u>\$ 4,159</u>	<u>\$ 29,988</u>	<u>\$ 9,707</u>	<u>\$ 9,843</u>	<u>\$ 1</u>	<u>\$ 239</u>	<u>\$ 53,937</u>

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

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, 2010 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Reprographics and Digital Imaging Services	Total
Operating revenues:							
Charges for sales and services	\$ 5,918	\$ 9,294	\$ 22,094	\$ 3,349	\$ 5,344	\$ 761	\$ 46,760
Self-insurance recovery	--	--	3,698	--	--	--	3,698
Other operating revenues	--	58	--	155	--	56	269
Total operating revenues	<u>5,918</u>	<u>9,352</u>	<u>25,792</u>	<u>3,504</u>	<u>5,344</u>	<u>817</u>	<u>50,727</u>
Operating expenses:							
Salaries and benefits	3,394	2,054	1,260	1,139	95	569	8,511
Services and supplies	1,771	4,601	5,003	1,654	5,393	404	18,826
Self-insurance claims	--	--	17,857	--	--	--	17,857
Contractual services	--	42	173	249	--	14	478
Depreciation and amortization	521	2,228	6	558	--	82	3,395
County overhead allocation	511	233	(319)	75	51	62	613
Total operating expenses	<u>6,197</u>	<u>9,158</u>	<u>23,980</u>	<u>3,675</u>	<u>5,539</u>	<u>1,131</u>	<u>49,680</u>
Operating income (loss)	<u>(279)</u>	<u>194</u>	<u>1,812</u>	<u>(171)</u>	<u>(195)</u>	<u>(314)</u>	<u>1,047</u>
Non-operating revenues (expenses):							
Use of money and property	37	148	445	78	--	--	708
Interest expense	--	--	--	--	--	(4)	(4)
Gain (loss) on sale of capital assets	(85)	34	--	--	--	--	(51)
State and federal aid	19	--	--	5	--	--	24
Other non-operating revenues (expenses)	--	(11)	717	4	191	--	901
Total non-operating revenues (expenses)	<u>(29)</u>	<u>171</u>	<u>1,162</u>	<u>87</u>	<u>191</u>	<u>(4)</u>	<u>1,578</u>
Income (loss) before transfers	<u>(308)</u>	<u>365</u>	<u>2,974</u>	<u>(84)</u>	<u>(4)</u>	<u>(318)</u>	<u>2,625</u>
Transfers in	--	764	--	182	--	--	946
Transfers out	--	(262)	--	(867)	--	--	(1,129)
Transfers in (out), net	<u>--</u>	<u>502</u>	<u>--</u>	<u>(685)</u>	<u>--</u>	<u>--</u>	<u>(183)</u>
Change in net assets	<u>(308)</u>	<u>867</u>	<u>2,974</u>	<u>(769)</u>	<u>(4)</u>	<u>(318)</u>	<u>2,442</u>
Total net assets - beginning	<u>4,467</u>	<u>29,121</u>	<u>6,733</u>	<u>10,612</u>	<u>5</u>	<u>557</u>	<u>51,495</u>
Total net assets - ending	<u>\$ 4,159</u>	<u>\$ 29,988</u>	<u>\$ 9,707</u>	<u>\$ 9,843</u>	<u>\$ 1</u>	<u>\$ 239</u>	<u>\$ 53,937</u>

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

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2010 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi- cations Services	Utilities	Reprographics and Digital Imaging Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from interfund services provided	\$ 5,927	\$ 9,363	\$ 21,212	\$ 3,508	\$ 5,344	\$ 830	\$ 46,184
Receipts from self-insurance recovery	--	--	3,698	--	--	--	3,698
Payments to employees	(3,332)	(2,016)	(1,258)	(1,124)	(136)	(568)	(8,434)
Payments to suppliers	(1,525)	(4,392)	(5,951)	(1,913)	(5,410)	(416)	(19,607)
Payments for self-insurance claims	--	--	(16,349)	--	--	--	(16,349)
County overhead allocation							
payments to the General Fund	(511)	(233)	319	(75)	(51)	(62)	(613)
Other receipts (payments)	--	(11)	717	4	191	--	901
Net cash provided (used) by operating activities	<u>559</u>	<u>2,711</u>	<u>2,388</u>	<u>400</u>	<u>(62)</u>	<u>(216)</u>	<u>5,780</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	--	764	--	182	--	--	946
Transfers to other funds	--	(262)	--	(867)	--	--	(1,129)
State and federal aid	19	--	--	5	--	--	24
Net cash provided (used) by noncapital and related financing activities	<u>19</u>	<u>502</u>	<u>--</u>	<u>(680)</u>	<u>--</u>	<u>--</u>	<u>(159)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(687)	(3,006)	(4)	(161)	--	(6)	(3,864)
Proceeds from sales of capital assets	26	96	--	--	--	--	122
Principal paid on capital lease obligations	(4)	--	(4)	(1)	--	(59)	(68)
Interest paid on capital lease obligations	--	--	--	--	--	(4)	(4)
Proceeds of long-term debt	--	--	4	--	--	--	4
Net cash used by capital and related financing activities	<u>(665)</u>	<u>(2,910)</u>	<u>(4)</u>	<u>(162)</u>	<u>--</u>	<u>(69)</u>	<u>(3,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Use of money and property received	43	166	498	89	1	1	798
Net cash provided by investing activities	<u>43</u>	<u>166</u>	<u>498</u>	<u>89</u>	<u>1</u>	<u>1</u>	<u>798</u>
Net increase (decrease) in cash and cash equivalents	(44)	469	2,882	(353)	(61)	(284)	2,609
Cash and cash equivalents - beginning	3,659	15,166	44,175	8,505	279	360	72,144
Cash and cash equivalents - ending	<u>\$ 3,615</u>	<u>\$ 15,635</u>	<u>\$ 47,057</u>	<u>\$ 8,152</u>	<u>\$ 218</u>	<u>\$ 76</u>	<u>\$ 74,753</u>
Reconciliation of cash and cash equivalents to the Statement of Net Assets							
Cash and investments per Statement of Net Assets	\$ 3,615	\$ 15,625	\$ 47,057	\$ 8,152	\$ 218	\$ 76	74,743
Restricted cash and investments per Statement of Net Assets	--	10	--	--	--	--	10
Total cash and cash equivalents per Statement of Net Assets	<u>\$ 3,615</u>	<u>\$ 15,635</u>	<u>\$ 47,057</u>	<u>\$ 8,152</u>	<u>\$ 218</u>	<u>\$ 76</u>	<u>\$ 74,753</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (279)	\$ 194	\$ 1,812	\$ (171)	\$ (195)	\$ (314)	\$ 1,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	521	2,228	6	558	--	82	3,395
Other non-operating revenues	--	(11)	717	4	191	--	901
Changes in assets and liabilities:							
Accounts receivable	9	11	(882)	4	--	13	(845)
Inventories	--	(63)	--	(12)	--	--	(75)
Accounts payable	246	314	(94)	2	(17)	2	453
Salaries and benefits payable	62	38	2	15	(41)	1	77
Self-insurance claims	--	--	827	--	--	--	827
Net cash provided (used) by operating activities	<u>\$ 559</u>	<u>\$ 2,711</u>	<u>\$ 2,388</u>	<u>\$ 400</u>	<u>\$ (62)</u>	<u>\$ (216)</u>	<u>\$ 5,780</u>
Noncash investing, capital, and financing activities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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



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, 2010 (in thousands)

	July 1, 2009	Additions	Deductions	June 30, 2010
CLEARING AND REVOLVING FUNDS				
Assets:				
Cash and investments	\$ 8,546	\$ 911,033	\$ 909,620	\$ 9,959
Interest receivable	(1)	--	--	(1)
Total assets	<u>\$ 8,545</u>	<u>\$ 911,033</u>	<u>\$ 909,620</u>	<u>\$ 9,958</u>
Liabilities:				
Accounts payable	\$ 6,969	\$ 231,713	\$ 230,659	\$ 8,023
Funds held for others	1,576	1,143,957	1,143,598	1,935
Total liabilities	<u>\$ 8,545</u>	<u>\$ 1,375,670</u>	<u>\$ 1,374,257</u>	<u>\$ 9,958</u>
DEPOSITS FUNDS				
Assets:				
Cash and investments	\$ 1,723	\$ 16,637	\$ 16,864	\$ 1,496
Total assets	<u>\$ 1,723</u>	<u>\$ 16,637</u>	<u>\$ 16,864</u>	<u>\$ 1,496</u>
Liabilities:				
Accounts payable	\$ 1	\$ 322	\$ 317	\$ 6
Funds held for others	1,722	16,954	17,186	1,490
Total liabilities	<u>\$ 1,723</u>	<u>\$ 17,276</u>	<u>\$ 17,503</u>	<u>\$ 1,496</u>
OTHER AGENCY FUNDS				
Assets:				
Cash and investments	\$ 4,698	\$ 134,811	\$ 135,682	\$ 3,827
Interest receivable	13	37	43	7
Total assets	<u>\$ 4,711</u>	<u>\$ 134,848</u>	<u>\$ 135,725</u>	<u>\$ 3,834</u>
Liabilities:				
Accounts payable	\$ 48	\$ 3,887	\$ 3,931	\$ 4
Funds held for others	4,663	138,779	139,612	3,830
Total liabilities	<u>\$ 4,711</u>	<u>\$ 142,666</u>	<u>\$ 143,543</u>	<u>\$ 3,834</u>
STATE AND CITY REVENUE FUNDS				
Assets:				
Cash and investments	\$ 6,550	\$ 139,532	\$ 136,915	\$ 9,167
Interest receivable	45	106	121	30
Total assets	<u>\$ 6,595</u>	<u>\$ 139,638</u>	<u>\$ 137,036</u>	<u>\$ 9,197</u>
Liabilities:				
Accounts payable	\$ 91	\$ 103,754	\$ 103,708	\$ 137
Funds held for others	6,504	243,346	240,790	9,060
Total liabilities	<u>\$ 6,595</u>	<u>\$ 347,100</u>	<u>\$ 344,498</u>	<u>\$ 9,197</u>
TAX COLLECTION FUNDS				
Assets:				
Cash and investments	\$ 12,236	\$ 1,605,038	\$ 1,608,981	\$ 8,293
Interest receivable	192	431	538	85
Total assets	<u>\$ 12,428</u>	<u>\$ 1,605,469</u>	<u>\$ 1,609,519</u>	<u>\$ 8,378</u>
Liabilities:				
Accounts payable	\$ 1,072	\$ 18,456	\$ 19,527	\$ 1
Funds held for others	11,356	1,624,996	1,627,975	8,377
Total liabilities	<u>\$ 12,428</u>	<u>\$ 1,643,452</u>	<u>\$ 1,647,502</u>	<u>\$ 8,378</u>
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 33,753	\$ 2,807,051	\$ 2,808,062	\$ 32,742
Interest receivable	249	574	702	121
Total assets	<u>\$ 34,002</u>	<u>\$ 2,807,625</u>	<u>\$ 2,808,764</u>	<u>\$ 32,863</u>
Liabilities:				
Accounts payable	\$ 8,181	\$ 358,132	\$ 358,142	\$ 8,171
Funds held for others	25,821	3,168,032	3,169,161	24,692
Total liabilities	<u>\$ 34,002</u>	<u>\$ 3,526,164</u>	<u>\$ 3,527,303</u>	<u>\$ 32,863</u>

STATISTICAL SECTION

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

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REVENUE CAPACITY These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	153
DEBT CAPACITY 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.	157
ECONOMIC AND DEMOGRAPHIC INFORMATION These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the County's financial activities take place.	160
OPERATING INFORMATION 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.	162

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)

	2000-01	2001-02	2002-03 as restated	2003-04	2004-05	2005-06	2006-07	2007-08 as restated	2008-09 as restated	2009-10
Governmental activities										
Invested in capital asset, net of related debt	\$ --	\$ 176,024	\$ 326,836	\$ 343,596	\$ 366,246	\$ 381,435	\$ 399,800	\$ 408,831	\$ 451,648	\$ 466,916
Restricted for:										
Law & justice	--	--	--	--	--	--	--	--	185	191
Public safety	--	10,973	9,599	8,193	10,017	10,152	12,990	13,695	8,952	10,894
Health & public assistance	--	19,014	20,595	16,129	18,188	15,992	19,237	12,987	25,118	29,689
Community resources & public facilities	--	56,055	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,590
General government & support services	--	7,715	10,368	10,520	10,854	8,589	9,913	8,082	7,594	7,258
General county programs	--	20,846	13,222	13,413	14,009	13,485	12,469	17,496	9,150	7,430
Debt service	--	9,768	9,271	6,997	8,630	8,652	8,484	10,088	--	--
Unrestricted	--	49,047	51,563	62,673	64,827	81,386	93,424	65,462	54,439	42,378
Total governmental activities net assets	\$ --	\$ 349,442	\$ 491,318	\$ 514,420	\$ 544,224	\$ 579,340	\$ 616,803	\$ 623,786	\$ 653,032	\$ 666,346
Business-type activities										
Invested in capital assets, net of related debt	\$ --	\$ 32,216	\$ 34,219	\$ 36,339	\$ 40,539	\$ 45,006	\$ 47,611	\$ 47,604	\$ 57,338	\$ 59,750
Restricted for:										
Debt service	--	933	933	933	1,043	1,023	717	1,307	--	--
Unrestricted	--	5,312	4,824	6,016	7,345	8,750	10,922	15,321	9,560	10,851
Total business-type activities net assets	\$ --	\$ 38,461	\$ 39,976	\$ 43,288	\$ 48,927	\$ 54,779	\$ 59,250	\$ 64,232	\$ 66,898	\$ 70,601
Primary government										
Invested in capital assets, net of related debt	\$ --	\$ 208,240	\$ 361,055	\$ 379,935	\$ 406,785	\$ 426,441	\$ 447,411	\$ 456,435	\$ 508,986	\$ 526,666
Restricted for:										
Law & justice	--	--	--	--	--	--	--	--	185	191
Public safety	--	56,055	9,599	8,193	10,017	10,152	12,990	13,695	8,952	10,894
Health & public assistance	--	8,648	20,595	16,129	18,188	15,992	19,237	12,987	25,118	29,689
Community resources & public facilities	--	--	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,590
General government & support services	--	--	10,368	10,520	10,854	8,589	9,913	8,082	7,594	7,258
General county programs	--	20,846	13,222	13,413	14,009	13,485	12,469	21,878	9,150	7,430
Debt service	--	9,768	10,204	7,930	9,673	9,675	9,201	11,395	--	--
Unrestricted	--	54,359	56,387	68,689	72,172	90,136	104,346	76,401	63,999	53,229
Total primary government net assets, restated	\$ --	\$ 357,916	\$ 531,294	\$ 557,708	\$ 593,151	\$ 634,119	\$ 676,053	\$ 688,018	\$ 719,930	\$ 736,947

Notes:

- (1) Trend data is only available for the last nine 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 FY 2003-04 from \$243,671 to \$361,055.
- (3) FY 2007-08 net assets 'restricted for general county programs' was restated from \$17,496 to \$21,878. As a result, 'unrestricted' net assets was restated from \$61,080 to \$65,462.
- (4) FY 2008-09 net assets 'invested in capital assets, net of related debt' was restated in FY 2009-10 from \$486,969 to \$508,986, and 'restricted' net assets was restated from \$163,264 to \$146,945. As a result, 'unrestricted' net assets was restated from \$69,697 to \$63,999.
- (5) 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)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Expenses										
Governmental activities:										
Policy & executive	\$ --	\$ 6,960	\$ 7,235	\$ 6,242	\$ 5,204	\$ 7,353	\$ 8,569	\$ 9,069	\$ 8,596	\$ 7,356
Law & justice	--	36,843	36,850	38,088	39,158	39,592	41,186	44,586	46,033	46,810
Public safety	--	135,606	142,190	149,819	158,460	169,497	181,566	201,511	204,994	200,418
Health & public assistance	--	215,182	221,988	230,432	237,144	258,369	271,806	292,094	287,178	297,590
Community resources & public facilities	--	68,528	65,268	68,780	88,165	71,200	84,785	83,293	84,585	85,914
General government & support services	--	29,843	26,927	26,942	25,224	30,818	36,771	35,743	32,115	31,750
General county programs	--	11,241	15,644	13,050	9,673	15,530	14,734	14,461	23,167	19,494
Interest on long-term debt	--	4,541	4,610	4,172	4,151	4,880	2,889	2,626	3,321	4,645
Subtotal governmental activities expenses	--	508,744	520,712	537,525	567,179	597,239	642,306	683,383	689,989	693,977
Business-type activities:										
Resource Recovery	--	20,265	18,295	17,394	17,790	19,356	21,857	22,042	23,226	21,659
Laguna Sanitation	--	2,043	3,825	3,495	4,495	4,870	5,066	5,113	5,609	5,633
Transit Operations	--	36	27	16	59	57	62	384	682	10
Subtotal business-type activities expenses	--	22,344	22,147	20,905	22,344	24,283	26,985	27,539	29,517	27,302
Total primary government expenses	\$ --	\$ 531,088	\$ 542,859	\$ 558,430	\$ 589,523	\$ 621,522	\$ 669,291	\$ 710,922	\$ 719,506	\$ 721,279
Program revenues										
Governmental activities:										
Charges for services										
Health & public assistance	\$ --	\$ 51,549	\$ 55,539	\$ 58,603	\$ 67,917	\$ 70,292	\$ 80,546	\$ 78,555	\$ 79,095	\$ 79,048
Public safety	--	19,510	27,134	27,890	30,619	30,152	34,767	40,125	37,999	36,479
Other	--	66,538	58,110	56,949	56,343	58,320	58,950	63,894	63,089	59,476
Operating grants & contributions	--	252,572	236,391	238,621	255,317	260,905	274,169	281,421	291,171	293,672
Capital grants & contributions	--	272	131	1,144	1,256	754	476	229	259	85
Subtotal governmental activities revenues	--	390,441	377,305	383,207	411,452	420,423	448,908	464,224	471,613	468,760
Business-type activities:										
Charges for services										
Resource Recovery	--	16,388	18,170	19,183	20,971	21,743	21,511	22,454	20,854	20,157
Laguna Sanitation	--	2,582	3,463	3,377	5,050	5,513	5,950	6,276	6,464	6,827
Other	--	37	8	7	9	9	9	52	34	--
Operating grants & contributions	--	1,573	1,344	1,308	1,232	1,410	854	1,745	2,678	2,778
Capital grants & contributions	--	--	--	--	--	--	--	--	1,169	--
Subtotal business-type activities revenues	--	20,580	22,985	23,875	27,262	28,675	28,324	30,527	31,199	29,762
Total primary government program revenue	\$ --	\$ 411,021	\$ 400,290	\$ 407,082	\$ 438,714	\$ 449,098	\$ 477,232	\$ 494,751	\$ 502,812	\$ 498,522
Net (expense) / revenue										
Governmental activities	\$ --	\$ (118,303)	\$ (143,407)	\$ (154,318)	\$ (155,727)	\$ (176,816)	\$ (193,398)	\$ (219,159)	\$ (218,376)	\$ (225,217)
Business-type activities	--	(1,764)	838	2,970	4,918	4,392	1,339	2,988	1,682	2,460
Total primary government net expense	\$ --	\$ (120,067)	\$ (142,569)	\$ (151,348)	\$ (150,809)	\$ (172,424)	\$ (192,059)	\$ (216,171)	\$ (216,694)	\$ (222,757)

(Continued)

Note:

(1) Trend data is only available for the last nine 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)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General revenue and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	\$ --	\$ 105,922	\$ 107,279	\$ 119,973	\$ 155,057	\$ 176,748	\$ 195,001	\$ 205,822	\$ 205,583	\$ 207,169
Motor vehicle in-lieu tax	--	26,078	26,932	29,923	3,818	3,745	271	--	--	--
Sales taxes	--	21,674	16,134	16,359	14,935	15,743	17,286	16,362	15,643	13,444
Transient occupancy tax	--	5,877	4,423	5,448	4,815	5,631	6,591	7,174	6,431	5,950
Unrestricted investment earnings	--	4,670	3,420	1,087	3,373	4,308	2,867	2,926	1,610	2,404
Extraordinary item and special item	--	(22,992)	5,433	--	--	--	--	--	--	--
Transfers	--	(133)	17	(34)	174	55	3	(5)	661	(995)
Other	--	5,537	4,261	4,664	3,359	5,702	8,842	8,066	12,212	10,559
Subtotal governmental activities	--	146,633	167,899	177,420	185,531	211,932	230,861	240,345	242,140	238,531
Business-type activities:										
Unrestricted investment earnings	--	1,414	971	270	828	942	2,089	1,796	1,248	374
Transfers	--	133	(17)	34	(174)	(55)	(3)	5	(661)	995
Other	--	96	(277)	38	67	573	1,046	193	397	(126)
Subtotal business-type activities	--	1,643	677	342	721	1,460	3,132	1,994	984	1,243
Total primary government	\$ --	\$ 148,276	\$ 168,576	\$ 177,762	\$ 186,252	\$ 213,392	\$ 233,993	\$ 242,339	\$ 243,124	\$ 239,774
Changes in net assets										
Governmental activities	\$ --	\$ 28,330	\$ 24,492	\$ 23,102	\$ 29,804	\$ 35,116	\$ 37,463	\$ 21,186	\$ 23,764	\$ 13,314
Business-type activities	--	(121)	1,515	3,312	5,639	5,852	4,471	4,982	2,666	3,703
Total primary government	\$ --	\$ 28,209	\$ 26,007	\$ 26,414	\$ 35,443	\$ 40,968	\$ 41,934	\$ 26,168	\$ 26,430	\$ 17,017

Note:

(1) Trend data is only available for the last nine 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>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
General Fund										
Reserved for:										
Receivables and prepaids	\$ --	\$ 11,433	\$ 5,039	\$ 5,094	\$ 4,663	\$ 4,094	\$ 3,309	\$ 20,309	\$ 20,309	\$ 20,309
Imprest cash	--	14	17	18	18	15	15	15	15	23
Lease maintenance requirement	--	--	--	--	--	--	--	--	--	418
Property tax loss reserve	--	3,591	3,845	4,138	4,515	5,044	5,632	6,057	6,373	6,441
Unreserved:										
Designated	--	26,387	28,723	28,359	33,538	43,481	58,488	56,447	55,741	61,274
Undesignated	--	7,546	12,050	9,953	8,564	16,206	11,484	5,311	2,150	690
Subtotal General Fund	<u>--</u>	<u>48,971</u>	<u>49,674</u>	<u>47,562</u>	<u>51,298</u>	<u>68,840</u>	<u>78,928</u>	<u>88,139</u>	<u>84,588</u>	<u>89,155</u>
All Other Governmental Funds										
Reserved for:										
Receivables and prepaids	--	4,249	379	261	226	2,378	390	503	482	507
Imprest cash	--	24	24	23	23	24	22	23	25	23
Debt service	--	8,071	8,251	6,697	7,701	7,592	7,601	9,333	9,062	9,583
MHSA prudent reserve	--	--	--	--	--	--	--	--	1,900	5,694
Inventories: property held for resale	--	--	--	--	--	--	--	2,600	6,039	6,815
Unreserved:										
Designated, reported in:										
Special revenue funds	--	54,485	60,264	53,920	50,792	52,041	54,569	51,745	52,557	49,653
Capital projects fund	--	28,760	22,019	14,015	26,992	24,370	22,854	15,985	13,038	28,068
Debt service funds	--	--	--	--	--	--	315	230	422	349
Undesignated, reported in:										
Special revenue funds	--	61,626	55,716	58,221	59,261	66,358	70,799	80,838	85,181	88,521
Capital projects fund	--	6,243	7,323	5,217	4,043	3,868	6,411	4,988	5,339	2,508
Debt service funds	--	--	--	--	--	--	--	(15,134)	(15,724)	(16,437)
Subtotal all other governmental funds	<u>--</u>	<u>163,458</u>	<u>153,976</u>	<u>138,354</u>	<u>149,038</u>	<u>156,631</u>	<u>162,961</u>	<u>151,111</u>	<u>158,321</u>	<u>175,284</u>
Total governmental fund balance	<u>\$ --</u>	<u>\$ 212,429</u>	<u>\$ 203,650</u>	<u>\$ 185,916</u>	<u>\$ 200,336</u>	<u>\$ 225,471</u>	<u>\$ 241,889</u>	<u>\$ 239,250</u>	<u>\$ 242,909</u>	<u>\$ 264,439</u>

Notes:

- (1) Trend data is only available for the last nine 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 and Analysis (MD&A).

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

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues (by source):										
Taxes	\$ --	\$ 132,298	\$ 126,636	\$ 140,594	\$ 176,747	\$ 202,078	\$ 220,583	\$ 231,955	\$ 232,781	\$ 231,648
Licenses, permits, and franchises	--	13,521	12,258	14,407	13,712	14,094	14,336	14,294	13,643	13,223
Fines, forfeitures, and penalties	--	10,809	12,162	9,554	9,675	12,020	11,020	12,333	13,218	13,527
Use of money and property	--	14,013	10,735	5,532	9,489	10,783	13,025	12,173	8,739	6,121
Intergovernmental	--	270,384	260,779	260,609	253,104	263,025	266,953	271,211	286,846	290,440
Charges for service	--	117,468	117,061	123,739	134,276	134,664	148,311	156,648	163,332	162,525
Other	--	16,830	13,479	13,058	15,751	15,255	13,414	13,637	16,614	17,046
Total revenues	--	<u>575,323</u>	<u>553,110</u>	<u>567,493</u>	<u>612,754</u>	<u>651,919</u>	<u>687,642</u>	<u>712,251</u>	<u>735,173</u>	<u>734,530</u>
Expenditures (by function):										
Policy & executive	--	9,925	10,334	10,024	10,229	10,824	11,846	13,290	13,971	13,266
Law & justice	--	34,970	35,500	36,802	37,361	38,083	39,247	41,875	43,869	44,495
Public safety	--	122,754	130,996	140,458	148,978	160,249	175,500	189,364	193,291	188,661
Health & public assistance	--	215,452	223,913	232,782	241,023	260,562	273,314	287,957	287,110	298,239
Community resources & public facilities	--	68,271	64,104	67,161	85,219	78,085	90,994	89,859	106,471	100,047
General government & support services	--	39,390	38,049	39,828	40,007	46,686	47,380	48,356	50,736	48,818
General county programs	--	14,781	15,224	13,918	9,731	12,574	14,552	18,452	22,822	18,449
Debt service										
Principal	--	6,323	5,004	5,153	6,030	6,582	7,876	6,595	6,230	7,506
Interest	--	4,541	4,628	4,413	3,986	4,741	2,930	2,642	3,324	4,637
Capital outlay	--	40,164	35,404	35,862	36,155	11,029	10,620	20,055	7,017	8,639
Total expenditures	--	<u>556,571</u>	<u>563,156</u>	<u>586,401</u>	<u>618,719</u>	<u>629,415</u>	<u>674,259</u>	<u>718,445</u>	<u>734,841</u>	<u>732,757</u>
Excess (deficiency) of revenues over (under) expenditures	--	18,752	(10,046)	(18,908)	(5,965)	22,504	13,383	(6,194)	332	1,773
Other Financing Sources (Uses):										
Transfers in	--	102,349	94,777	102,682	108,564	118,235	128,567	149,323	139,021	146,179
Transfers out	--	(103,420)	(95,111)	(103,185)	(108,188)	(118,419)	(129,201)	(148,765)	(138,722)	(146,991)
Proceeds from sale of capital assets	--	456	145	69	46	862	1,269	288	147	52
Long-term debt issued	--	31,425	1,456	20,023	20,138	1,953	2,400	17,000	--	20,387
Issuance discount on long-term debt	--	--	--	--	(175)	--	--	(88)	--	(148)
Issuance premium on long-term debt	--	--	--	--	--	--	--	--	--	278
Payment to refunded debt escrow agent	--	--	--	(18,415)	--	--	--	--	--	--
Total other financing sources (uses)	--	<u>30,810</u>	<u>1,267</u>	<u>1,174</u>	<u>20,385</u>	<u>2,631</u>	<u>3,035</u>	<u>17,758</u>	<u>446</u>	<u>19,757</u>
Net change in fund balance	\$ --	<u>\$ 49,562</u>	<u>\$ (8,779)</u>	<u>\$ (17,734)</u>	<u>\$ 14,420</u>	<u>\$ 25,135</u>	<u>\$ 16,418</u>	<u>\$ 11,564</u>	<u>\$ 778</u>	<u>\$ 21,530</u>
Debt service as a percentage of noncapital expenditures:	0.00%	2.03%	1.78%	1.74%	1.72%	1.86%	1.66%	1.36%	1.35%	1.72%
Expenditures (2):										
General government	\$ 47,090	\$ 59,857	\$ 58,434	\$ 59,228	\$ 55,274	\$ 53,409	\$ 65,106	\$ 65,271	\$ 64,020	\$ 62,761
Public protection	186,132	200,927	210,021	221,671	234,963	242,782	259,208	281,771	299,802	288,599
Public ways and facilities	30,794	43,801	36,702	24,441	32,560	31,890	30,926	23,117	32,301	32,111
Health and sanitation	103,760	106,767	110,424	117,342	130,160	139,106	149,855	160,095	155,148	157,155
Public assistance	99,982	104,726	105,933	105,203	107,408	116,916	120,572	125,547	130,962	138,166
Education	2,518	2,691	2,645	2,783	2,763	2,773	2,894	3,269	3,223	3,289
Recreational and cultural services	7,907	8,947	8,959	10,305	9,420	9,615	10,462	11,941	11,232	12,899
Debt service	9,474	8,680	9,218	9,566	10,016	11,323	10,807	9,237	9,555	12,144
Capital outlay	14,075	20,175	20,820	35,862	36,155	21,601	24,429	38,197	28,598	25,633
Total expenditures	<u>\$ 501,732</u>	<u>\$ 556,571</u>	<u>\$ 563,156</u>	<u>\$ 586,401</u>	<u>\$ 618,719</u>	<u>\$ 629,415</u>	<u>\$ 674,259</u>	<u>\$ 718,445</u>	<u>\$ 734,841</u>	<u>\$ 732,757</u>

Notes:

- (1) Expenditure trend data by function is only available for the last nine 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)

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
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
2005 - 2006	47,838,453	2,458,096	737,982	(1,544,353)	49,490,178	1.00000
2006 - 2007	52,791,691	2,546,922	769,814	(1,587,094)	54,521,333	1.00000
2007 - 2008	56,836,827	2,571,180	833,438	(1,772,777)	58,468,668	1.00000
2008 - 2009	59,457,127	2,795,296	806,086	(1,928,671)	61,129,838	1.00000
2009 - 2010	60,136,238	2,874,141	718,678	(2,128,966)	61,600,091	1.00000

Notes:

- (1) Local assessed secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (3) Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization. Most of the amount reported is unitary but includes a small amount of other state-assessed property.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (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

Fiscal Year	County Direct Rates		Overlapping Rates		Total
	Santa Barbara County General	Cities (1)	Schools (2)		
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%
2005 - 2006	1.00000%	0.00014%	0.01053%		1.01067%
2006 - 2007	1.00000%	0.00013%	0.01237%		1.01250%
2007 - 2008	1.00000%	0.00012%	0.01375%		1.01387%
2008 - 2009	1.00000%	0.00010%	0.01307%		1.01317%
2009 - 2010	1.00000%	0.00012%	0.01265%		1.01277%

Notes:

- (1) Rate shown represent a weighted average of the eight incorporated cities within the County of Santa Barbara for FY 2002-03 and thereafter. Prior years rates represent a weighted average of seven incorporated cities, excluding the City of Goleta which incorporated in 2002-03.
- (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, 2010 AND JUNE 30, 2001 (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, 2010, and June 30, 2001:

June 30, 2010:

<u>Taxpayers</u>	<u>Type of Business</u>	(1) <u>Net Assessed Secured Property Value</u>	<u>Percentage of Total Net Assessed Value</u>	(2) <u>Total Secured Tax Levy Fiscal Year 2009-10</u>	<u>Percentage of Total Secured Tax Levy Fiscal Year 2009-10</u>
Exxon Corporation	Petroleum & Gas	\$ 345,356	0.59%	\$ 3,544	0.61%
United Launch Alliance	Aerospace	182,019	0.31%	2,140	0.37%
Southern California Gas Co.	Utility	169,248	0.29%	1,933	0.33%
Fairway BB Property	Residential	149,741	0.25%	1,534	0.26%
Verizon California Inc.	Utility	149,536	0.25%	1,751	0.30%
Southern California Edison Co.	Utility	142,527	0.24%	1,664	0.29%
Raytheon Company	Light Manufacturing	130,034	0.22%	1,412	0.24%
1260 BB Property	Hotel	130,000	0.22%	1,637	0.28%
Pacific Offshore Pipeline Co.	Petroleum & Gas	120,447	0.21%	1,235	0.21%
Ht-Santa Barbara Inc	Hotel	118,000	0.20%	1,290	0.23%
Ten largest taxpayers		1,636,908	2.79%	18,140	3.12%
All other taxpayers		57,089,042	97.22%	562,357	96.88%
Total		<u>\$ 58,725,950</u>	<u>100.00%</u>	<u>\$ 580,497</u>	<u>100.00%</u>

June 30, 2001:

<u>Taxpayers</u>	<u>Type of Business</u>	(1) <u>Net Assessed Secured Property Value</u>	<u>Percentage of Total Net Assessed Value</u>	(2) <u>Total Secured Tax Levy Fiscal Year 2000-01</u>	<u>Percentage of Total Secured Tax Levy Fiscal Year 2000-01</u>
Exxon Corporation	Petroleum & Gas	\$ 633,162	2.04%	\$ 6,332	2.06%
GTE California Incorporated	Utility	231,351	0.74%	2,446	0.80%
Southern California Gas Co.	Utility	144,760	0.47%	1,523	0.50%
Pacific Offshore Pipeline Co.	Petroleum & Gas	146,131	0.47%	1,461	0.48%
Applied Magnetics Corporation	Electromagnetic Systems	119,076	0.38%	1,305	0.43%
Ht-Santa Barbara Inc	Hotel	100,049	0.32%	1,045	0.34%
Girsh Lester A/Viola S. Trustees	Retail Stores	89,546	0.29%	966	0.31%
Santa Barbara Redevelopment Agency	Retail Stores	84,798	0.27%	911	0.30%
Southern California Edison Co.	Utility	84,980	0.27%	897	0.29%
Ratheon Company	Electromagnetic Systems	88,580	0.29%	875	0.28%
Ten largest taxpayers		1,722,433	5.54%	17,761	5.79%
All other taxpayers		29,348,376	94.46%	288,926	94.21%
Total		<u>\$ 31,070,809</u>	<u>100.00%</u>	<u>\$ 306,687</u>	<u>100.00%</u>

Notes:

- (1) Net Assessed Secured amounts include Secured & Unitary less exemptions.
See "Assessed Value of Taxable Property and Actual Value of Property" schedule for total assessed value. The 2009-10 total is based on secured \$60,136,238 plus unitary \$718,678 less exemptions of \$2,128,966. The 2000-01 total is based on secured \$31,368,402 plus unitary \$724,164 less exemptions of \$1,021,757.
- (2) Includes 1%, bonds, fixed charges, late penalties and costs (Only Secured & Unitary Tax Levy amounts).

Source:

County of Santa Barbara Treasurer / Tax Collector

COUNTY OF SANTA BARBARA, CALIFORNIA
PROPERTY TAX LEVIES and COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Taxes Levied	(2) Collections within the fiscal		Collections in Subsequent Years	Total Collections to Date	
		year of the levy			Amount	% of Levy
		Amount	% of Levy		Amount	% of Levy
2000 - 2001	\$ 306,687	\$ 301,590	98.34%	\$ 5,084	\$ 306,674	100.00%
2001 - 2002	333,424	329,327	98.77%	4,083	333,410	100.00%
2002 - 2003	355,912	351,584	98.78%	4,311	355,895	100.00%
2003 - 2004	385,715	381,887	99.01%	3,808	385,695	99.99%
2004 - 2005	419,530	415,040	98.93%	4,440	419,480	99.99%
2005 - 2006	466,497	460,518	98.72%	5,879	466,397	99.98%
2006 - 2007	516,452	505,691	97.92%	10,288	515,979	99.91%
2007 - 2008	555,687	542,365	97.60%	12,458	554,823	99.84%
2008 - 2009	577,815	561,873	97.24%	14,048	575,921	99.67%
2009 - 2010	580,497	566,774	97.64%	-	566,774	97.64%

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 Settlement	Note Payable	Certificates of Participation	Capital Leases	Long-Term Settlement	Notes Payable				
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	0.30%	295	
2004 - 2005	71,169	1,272	1,117	475	55,000	6,886	130	220	8,620	144,889	0.32%	346	
2005 - 2006	65,173	3,301	1,030	200	47,000	5,655	83	165	8,231	130,838	0.26%	310	
2006 - 2007	59,143	5,015	11	--	--	4,321	30	110	7,833	76,463	0.14%	180	
2007 - 2008	70,209	4,301	--	--	--	9,851	23	55	7,426	91,865	0.16%	214	
2008 - 2009	64,513	3,707	--	--	--	8,803	15	--	7,009	84,047	0.14%	195	
2009 - 2010	76,248	4,782	--	--	--	6,897	8	--	6,581	94,516	0.15%	218	

Notes:

- (1) See the "Assessed Value of Taxable Property and Actual Value of Property" schedule for total taxable assessed value. Assessed value does not include tax exempt property.
- (2) See the "Demographic and Economic Statistics" schedule for population figures. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.
- (3) In FY 2001-02 the County reclassified Laguna Sanitation District from a special revenue to an enterprise fund.

Source:

Auditor-Controller, County of Santa Barbara

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

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	Total Net Applicable Debt	(3) Legal Debt Margin	Legal Debt Margin / Debt Limit
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%
2005 - 2006	49,490,178	618,627	--	618,627	100%
2006 - 2007	54,521,333	681,517	--	681,517	100%
2007 - 2008	58,468,668	730,858	--	730,858	100%
2008 - 2009	61,129,838	764,123	--	764,123	100%
2009 - 2010	61,600,091	770,001	--	770,001	100%

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property" schedule.
- (2) California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25% of the total full cash valuation.
- (3) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source:

Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
AS OF June 30, 2010 (in thousands)

2009-2010 Assessed Valuation:	\$ 61,600,090
Redevelopment Incremental Valuation:	3,825,329
Adjusted Assessed Valuation:	<u>\$ 57,774,761</u>

<u>Overlapping Tax and Assessment Debt:</u>	<u>Percent Applicable (1)</u>	<u>Debt (3)</u>
Allan Hancock Joint Community College District	99.764%	\$ 95,229
Santa Barbara Community College District	100%	45,940
High School Districts	99.996-100%	118,656
Unified School Districts	100%	50,471
Goleta Union School Districts	100%	20,860
Orcutt School District	100%	13,175
Santa Barbara School District	100%	25,938
Other School District	100%	41,730
Lompoc Healthcare District	100%	74,500
Santa Ynez River Water Conservation District ID No.1	100%	805
Solvang Assessment District	100%	65
Special District 1915 Act Bonds	62.105-100%	7,204
Total Overlapping Tax and Assessment Debt		<u>\$ 494,573</u>

<u>Direct and Overlapping General Fund Obligation Debt:</u>		
Santa Barbara County General Fund Obligations	100%	\$ 66,575
Santa Maria Joint Union High School District Certificates of Participation	99.996%	24,749
Santa Maria-Bonita School District Certificates of Participation	99.993%	22,203
Santa Ynez Valley Union High School District Certificates of Participation	100%	3,635
Buellton School District Certificates of Participation	100%	2,245
College School District Certificates of Participation	100%	3,190
Solvang School District Certificates of Participation	100%	1,020
City of Carpinteria Certificates of Participation	100%	1,155
City of Santa Barbara Certificates of Participation	100%	50,830
City of Santa Maria General Fund Obligations	100%	13,335
Carpinteria Sanitary District General Fund Obligations	100%	13,790
Santa Maria Cemetery District Certificates of Participation	100%	1,245
Total Gross Direct and Overlapping General Fund Obligation Debt		<u>203,972</u>
Less: City of Santa Barbara revenue bonds supported by airport revenues		(47,270)
Less: Carpinteria Sanitary District (100% self-supporting)		(13,790)
Total Net Direct and Overlapping General Fund Obligation Debt		<u>\$ 142,912</u>

Gross Combined Total Debt	\$ 698,545 (2)
Net Combined Total Debt	\$ 637,485

<u>Ratio to 2009-10 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	0.80%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$66,575)	0.12%
Gross Combined Total Debt	1.21%
Net Combined Total Debt	1.10%

Notes:

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the County.
- (2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations and state contractual obligations within the Department of Water Resources.
- (3) Debt as of April 2, 2010.

Source:

California Municipal Statistics, Incorporated

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

(1) Year	(2) Population	(4) Personal Income	Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
2001	409	\$ 13,400,000 (7)	\$ 32.8	66	2.8%
2002	408	13,400,000 (7)	32.8	67	3.7%
2003	410	14,100,000 (7)	34.4	67	3.5%
2004	415	15,800,000 (7)	38.1	68	3.4%
2005	419	16,700,000 (7)	39.9	68	4.0%
2006	422	18,300,000 (7)	43.4	67	3.5%
2007	424	19,100,000 (7)	45.0	67	3.8%
2008	429	19,400,000 (7)	45.2	66	5.2%
2009	431	19,000,000 (7)	44.1	66	8.2%
2010	434	19,000,000 (3)	43.8	66	8.8%

Detail of estimated population, as of January 1, 2010 (whole numbers):

Incorporated Cities	
Buellton	4,833
Carpinteria	14,528
Goleta	31,099
Guadalupe	6,570
Lompoc	43,079
Santa Barbara	90,893
Santa Maria	93,225
Svang	5,487
Total of Incorporated	289,714
Total of Unincorporated Areas	144,767
Total Population	434,481

Notes:

- (1) Calendar year
- (2) Population as of January 1
- (3) Estimated amounts
- (7) Prior year personal income was adjusted to reflect new source

Sources:

- (2) California Department of Finance
- (4) Bureau of Economic Analysis
- (5) Santa Barbara County Schools Administrative Office
- (6) Employment Development Department Research Center

**COUNTY OF SANTA BARBARA, CALIFORNIA
 PRINCIPAL EMPLOYERS (UNAUDITED)
 June 30, 2010 AND June 30, 2001**

June 30, 2010			June 30, 2001		
Company or Organization	Jobs (1)	Percent of Total County Employment	Company or Organization	Jobs (2)	Percent of Total County Employment
Vandenberg Air Force Base	6,330	3.12%	Vandenberg Air Force Base	13,012	6.72%
University of California at Santa Barbara	6,230	3.07%	University of California at Santa Barbara	8,834	4.57%
County of Santa Barbara	4,025	1.99%	County of Santa Barbara	4,600	2.38%
Santa Barbara School Districts	2,500	1.23%	Santa Barbara Cottage Hospital	2,242	1.16%
Santa Barbara Cottage Hospital	2,468	1.22%	Santa Barbara City College	2,000	1.03%
Santa Barbara City College	2,281	1.13%	Santa Barbara High School District	1,900	0.98%
Santa Maria-Bonita School District	1,886	0.93%	Raytheon Electronic Systems	1,700	0.88%
U.S. Postal Service	1,881	0.93%	Lompoc Unified School District	1,500	0.78%
Chumash Casino Resort	1,627	0.80%	City of Santa Barbara	1,510	0.78%
Raytheon Electronic Systems	1,500	0.74%	Santa Maria-Bonita School District	1,398	0.72%
Total ten largest	30,728	15.16%	Total ten largest	38,696	20.00%
Total all other	171,972	84.84%	Total all other	154,804	80.00%
Total companies or organizations	<u>202,700</u>	<u>100.00%</u>	Total companies or organizations	<u>193,500</u>	<u>100.00%</u>

Notes:

- (1) As of June 2010
- (2) As of June 2001

Source:

State Employment Development Department, Labor Market Information Division and Pacific Coast Business Times, Book of Lists

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

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Paid employees										
Policy & executive	--	98	94	93	95	88	98	99	91	85
Law & justice	--	236	213	211	208	217	221	223	212	198
Public safety	--	1,389	1,383	1,367	1,357	1,415	1,425	1,443	1,405	1,358
Health & public assistance	--	1,685	1,667	1,652	1,660	1,706	1,688	1,704	1,654	1,765
Community resources & public facilities	--	583	556	552	519	524	502	506	476	451
General government & support services	--	464	441	432	425	436	432	438	437	410
General county programs	--	19	29	19	14	34	40	34	31	30
Resource Recovery	--	94	93	91	91	91	90	90	91	85
Laguna Sanitation	--	14	14	13	13	15	15	15	16	16
Total County employees	--	4,582	4,490	4,430	4,382	4,526	4,511	4,552	4,413	4,398
Actual full-time equivalent employees										
Policy & executive	--	92	88	87	88	87	91	90	83	79
Law & justice	--	227	209	207	205	206	214	216	205	193
Public safety	--	1,319	1,321	1,298	1,287	1,331	1,365	1,394	1,356	1,307
Health & public assistance	--	1,595	1,589	1,560	1,563	1,596	1,598	1,615	1,573	1,633
Community resources & public facilities	--	556	536	527	498	473	476	473	445	421
General government & support services	--	435	422	413	405	410	408	414	414	392
General county programs	--	18	28	18	14	28	38	34	30	29
Resource Recovery	--	91	88	86	87	86	85	86	86	80
Laguna Sanitation	--	14	14	13	13	16	15	15	16	16
Total County employees	--	4,347	4,295	4,209	4,160	4,233	4,290	4,337	4,208	4,150

Note:

- (1) County employees by function/program is only available for the last nine fiscal years due to the change in the County's functions as a result of the implementation of GASB 34.
- (2) Paid employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job for which the employee was paid.
- (3) Actual full-time equivalent employees: Count of number of full-time equivalents paid. For full-time and part-time, the full-time equivalent (FTE) used is from the employee's assigned work schedule. For extra help and contractors, the FTE is calculated as the number of hours worked this pay period divided by 80.
- (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):**

<u>Fiscal Year</u>	<u>Full-Time Equivalents</u>
2000-2001 (4)	4,239
2001-2002	4,347
2002-2003	4,295
2003-2004	4,209
2004-2005	4,160
2005-2006	4,233
2006-2007	4,290
2007-2008	4,337
2008-2009	4,208
2009-2010	4,150

Source:

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

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

Function/Program	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Law & justice										
Filed felonies-District Attorney	--	2,249	2,287	2,389	2,799	3,040	3,040	2,610	2,578	2,482
Filed misdemeanors-District Attorney	--	11,771	12,071	13,558	13,691	13,195	14,781	14,622	14,532	14,633
Public Defender's total new caseload	--	22,700	23,400	25,600	26,700	22,900	25,302	24,939	21,859	23,056
Public safety										
Fire emergency responses	--	8,400	8,750	9,400	9,500	9,700	10,163	11,090	11,392	11,278
Total miles patrolled by Sheriffs	--	1,580,000	1,410,000	1,277,615	1,518,166	1,504,057	1,546,905	1,572,795	1,563,910	1,530,054
Processed and booked adult offenders-Sheriff	--	16,967	17,496	17,535	19,582	17,747	18,403	17,915	17,992	18,319
Juvenile referrals processed-Probation	--	6,000	6,000	6,300	6,400	6,589	6,822	6,287	5,880	5,431
Adult and Juvenile cases supervised-Probation	--	7,100	7,400	10,550	10,579	10,191	11,678	11,986	10,509	11,264
Institutional care for minors-Probation (days)	--	63,100	63,400	58,300	52,280	62,375	67,154	68,730	68,286	67,861
Submit written reports to courts on Adults-Probation	--	8,585	8,938	8,431	7,892	7,831	8,153	7,190	5,832	4,941
Health & public assistance										
ADMHS clients served	--	12,357	12,568	13,253	14,807	13,059	13,629	14,565	13,637	14,785
Established orders for child support	--	n/a	13,809	13,818	14,985	15,469	16,965	14,635	14,630	14,800
Assistance claims paid to eligible recipients	--	n/a	60,000	62,500	64,500	64,200	65,405	65,686	71,249	77,966
Patient treatments at Public Health clinics	--	100,000	100,000	112,000	116,100	118,400	123,000	126,200	134,450	136,867
Community resources & public facilities										
Building inspections	--	39,500	28,700	27,800	34,900	34,000	40,034	33,800	21,523	19,159
Enhanced or maintained road lanes (miles)	--	124	190	150	117	117	246	102	100	195
Flood control work requests	--	169	234	145	200	185	112	110	180	195
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	--	110,000	139,000	170,000	131,000	123,700	135,000	108,000	99,000	99,000
Resource Recovery										
Waste recycled (tons per month)	--	5,900	10,000	10,200	8,857	8,177	8,270	7,692	7,074	6,576
Landfill waste disposal (tons per month)	--	17,200	18,345	19,910	20,510	19,679	18,483	17,964	17,099	15,626

Note:

Operating Indicators by function/program is only available for the last nine 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 TEN FISCAL YEARS

Function/Program	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Policy & executive										
Buildings		Occupied with general government and support services.								
Law & justice										
Court buildings	--	9	9	9	9	9	9	7	7	7
Other buildings	--	4	4	4	5	5	5	5	5	5
Public safety										
Fire stations	--	15	15	15	15	15	16	16	16	16
Fire trucks	--	39	39	39	41	41	42	41	43	42
Ambulances	--	4	4	4	4	4	4	4	4	4
Sheriff sub stations	--	2	2	2	2	2	2	2	3	3
Patrol units	--	49	49	49	49	49	49	49	49	49
Aircrafts	--	5	5	5	5	5	5	5	5	6
Jail and detention facilities	--	6	6	6	6	6	6	6	6	6
Administration buildings	--	8	8	8	8	8	8	9	9	9
Health & public assistance										
Clinics	--	5	5	5	5	6	7	7	7	7
Administration buildings	--	5	5	5	5	5	5	5	5	5
Community resources & public facilities										
Public parks & open space acreage	--	2,617	2,617	2,617	2,617	2,243	2,243	2,455	2,469	2,469
Day use & camping parks	--	24	24	24	24	21	21	22	22	23
Open space areas (County developed)	--	29	29	29	29	17	17	17	17	18
Outdoor events center	--	1	1	1	1	1	1	1	1	1
Veterans buildings	--	3	3	3	3	3	3	3	3	3
Seawalls	--	2	2	2	2	2	2	2	2	2
Road lane miles	--	1,839 (3)	1,668	1,668	1,668	1,668	1,668	1,668	1,685	1,685
Bridges	--	43	44	44	44	112	112	112	112	112
Traffic signals	--	25	25	25	25	25	25	25	26	26
Roads heavy equipment	--	36	40	43	43	43	48	51	49	51
Sanitary sewers (miles of collection)	--	160	160	160	160	160	160	111	121	121
Treatment capacity (million gallons per day)	--	2	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	--	53	55	60	65	65	69	69	82	84
General government & support services										
Buildings	--	4	4	4	5	5	5	5	5	5

Notes:

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

COUNTY OF SANTA BARBARA, CALIFORNIA
GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2010

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 of a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION - A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS - A liability account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

ADVANCE TO OTHER FUNDS - An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

AGENCY FUND - A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AGENT MULTIPLE-EMPLOYER PLAN - Group of single-employer plans with pooled administrative and investment functions but separate actuarial valuations and contribution rates.

AMORTIZATION - (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.

ANNUAL OPEB COST - An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

ANNUAL REQUIRED CONTRIBUTIONS (ARC) - Term used in connection with defined benefit pension and other postemployment benefit plans to describe the amount an employer must contribute in a given year.

APPROPRIATION - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION - A valuation set upon real estate or other property by a government as a basis for levying taxes.

AUDITOR'S REPORT - In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET - The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS) - The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: 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 equipment, buildings, improvements other than buildings, land, infrastructure and intangible assets. In the private sector, these assets are referred to most often as property, plant and equipment, and intangible assets.

CAPITAL EXPENDITURES - Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY - The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE - An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

CAPITAL PROJECTS FUND - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS - 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/CUFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS - The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

CLOSED AMORTIZATION PERIOD - Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

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.

COUNTY OF SANTA BARBARA, CALIFORNIA
GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) - A CAFR is a financial report that encompasses all funds and component units of the government. It contains (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. It is the governmental unit's official annual report and it also contains introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY - Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CONTRIBUTION DEFICIENCIES - The difference between the annual required contributions of the employer(s) (ARC) and the employer's actual contributions in relation to the ARC.

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

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

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

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

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

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

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 OPEB PLAN - Plan having terms that specify the amount of benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of

service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

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

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

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 reflecting amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS - A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS - Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net 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.

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

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

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

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.

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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 or investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT - A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE - The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS - Basic financial statements presented on the basis of funds. Term used in contrast with *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 (e.g. property tax, sales tax, and transient occupancy tax). All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) - An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING - The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL ACTIVITIES - Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. The five different types of governmental funds are as follows: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

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.

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

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

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

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

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

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

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

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

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all 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 (MD&A) - A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS - A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of 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.

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

OTHER FINANCING SOURCES - An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES - A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Medical, dental, vision, and other health-related benefits provided to terminated employees, retired employees, dependents, and beneficiaries.

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

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

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

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

POSTEMPLOYMENT - Period following termination of employment, including the time between termination and retirement Post employment healthcare benefits.

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.

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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, 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, cemetery districts, transit authorities, port authorities and electric power authorities.

SPECIAL REVENUE FUND - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

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.

UNRESERVED UNDESIGNATED 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).

