County of Santa Barbara
State of California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Cachuma Lake Recreational Area

Robert W. Geis, CPA, CPFO
Auditor-Controller

Located off scenic Highway 154 and flanked by the picturesque Santa Ynez and San Rafael Mountains, Cachuma Lake Recreational Area lies midway between the beaches of Santa Barbara and the ranches and vineyards of the Santa Ynez Valley. The United States Bureau of Reclamation (USBR) constructed Cachuma Lake and Bradbury Dam in the early 1950s as part of the Cachuma Project. The construction of Bradbury Dam began in August of 1950 and was completed on June 17, 1953. Filling of the reservoir and resulting lake was completed in 1958.

In all seasons, Cachuma Lake is a thriving habitat for a great variety of flora and fauna. The winter season brings out migratory and resident bald eagles and waterfowl. In spring and summer, wildflowers cover the hills, resident birds can be seen building nests, and other wildlife with their young appear amongst the trees and shrubs that line the lake. It is also one of Southern California's finest fishing lakes because of the lake-bottom topography of rocky drop-offs, shallow areas, and aquatic plant beds -- all great habitats for different kinds of fish.

Front Cover Photograph – Cachuma Lake, CA by Tom Fayram
Inside Cover Photograph – Bald Eagle Pair by Larry Friesen

COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA

Comprehensive Annual Financial Report

For FISCAL YEAR Ended JUNE 30, 2011

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

COUNTY OF SANTA BARBARA, CALIFORNIA
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COUNTY OF SANTA BARBARA

CALIFORNIA

COUNTY OF SANTA BARBARA

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FAX (805) 568-2016

OFFICE OF THE AUDITOR-CONTROLLER

August 29, 2011

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, 2011, 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, 2011.

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 426,189. 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 for, among other things, passing ordinances; adopting budgets; and appointing committees, the County Executive Officer (CEO), and non-elected department directors. Supervisors are elected to four-year staggered terms with two supervisors elected in even-years and three supervisors elected in odd-years. The County has five elected department directors responsible for the offices of the Clerk-Recorder-Assessor, Auditor-Controller, District Attorney, Sheriff, 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
Second District Supervisor

Doreen Farr, Vice-Chair
Third District Supervisor

Joni Gray, Chair
Fourth District Supervisor

Steve Lavagnino
Fifth District Supervisor

Chandra L. Wallar
County Executive Officer (CEO)
General County Programs

Dennis Marshall
County Counsel

Law & Justice

Joyce Dudley
District Attorney

Raimundo Montes De Oca
Public Defender

Gary Blair
Court Special Services

Public Safety

Michael Dyer
Fire

Patricia Stewart
Probation

Bill Brown
Sheriff-Coroner

Health & Public Assistance

Ann Detrick
Alcohol, Drug, & Mental Health Services (ADMHS)

Carrie Topliffe, CPA
Child Support Services

Dr. Takashi Wada
Public Health Services

Kathy Gallagher
Social Services

Community Resources & Facilities

Cathy Fisher
Agriculture & Cooperative Extension

Sharon Friedrichsen, interim
Housing & Community Development

Brian Roney, interim
Parks

Glenn Russell
Planning & Development

Scott McGolpin
Public Works

General Government & Support Services

Robert W. Geis, CPA, CPFO
Auditor-Controller

Joseph E. Holland, CPFO
Clerk-Recorder-Assessor

Robert Nisbet
General Services

Jeri Muth, interim
Human Resources

Harry E. Hagan, CPA, CPFO
Treasurer-Tax Collector & Public Administrator

The County, with an average of 4,062 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 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 fund balance categories, which are maintained at the line item level. The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the County Executive Office.

Factors Affecting Economic Condition

Economy

During fiscal year (FY) 10-11, the County saw positive trends in some economic segments, led by consumer spending and tourism. However, the real estate housing market and labor market have not shown much of a rebound, and are caught in a tepid recovery.

The following highlights are evidence of the changing economy.

Employment

- The County's average unemployment rate during FY 10-11 increased from 9.1% to 9.2%.
- The June 2011 unemployment rate of 8.9% was still below a state unemployment rate of 11.8% and a national unemployment rate of 9.2%.

> "North County Jobless Rates Remain High"
>
> Santa Barbara News-Press May 7, 2011

Income

- Average annual wages had a slight increase to $47,230 in 2010 from $45,310 in 2009.

Retail Sales

- Local retail sales increased 6% to $5.3 billion for the 2010 calendar year, slightly up from $5.0 billion in 2009.
- Retail sales continued to rebound from the December 2010 low point.
- California retail sales followed a similar pattern and began increasing in January 2011.

> "Economy 'Weak-Covery' Described At Summit"
>
> Santa Barbara News-Press May 6, 2011

Real Estate

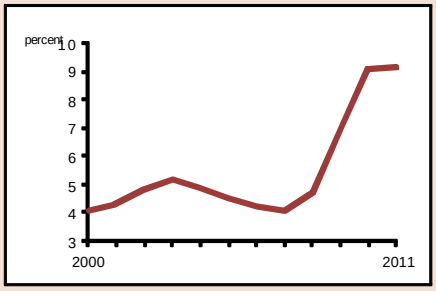
- The countywide median home prices dropped 2.4% to $325,000 after an 11% increase in the prior year.
- The real estate market is struggling in terms of home sales, home prices, and new construction.

Tourism

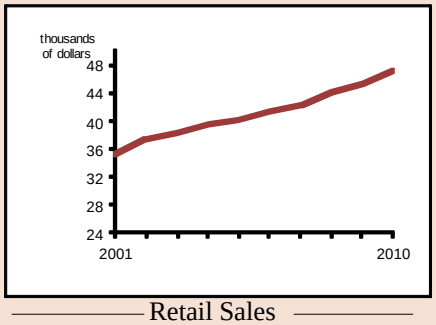
- Transient occupancy tax increased 17% in FY 10-11, driven by an upturn in tourism and business conference travel.
- The County's major destination resort hotels experienced the largest increases.

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

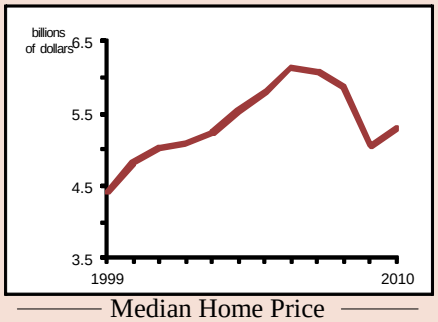
Unemployment Rate



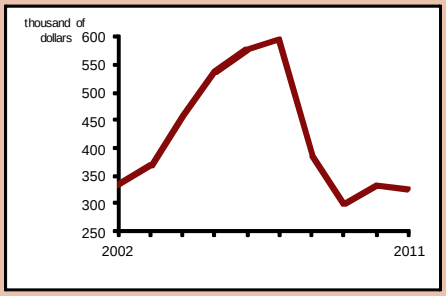
Average Salary



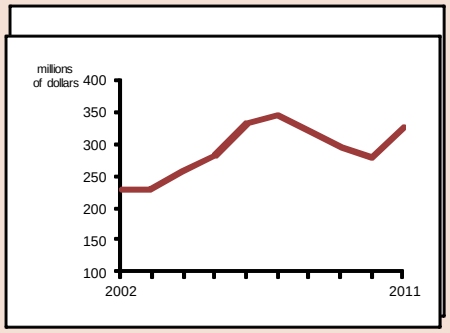
Retail Sales



Median Home Price



Hotel/Motel Room Sales



Economic Indicators

The County seems to lag behind in economic recovery cycles. While there have been seven quarters of positive Gross Domestic Product at the national level, the County saw signs of slow growth during FY 10-11. Unemployment remains high and the real estate market is struggling in terms of home sales, home prices, and new construction.

We saw positive trends developing in the second half of FY 09-10 and the trends continued through FY 10-11. Consumer spending and tourism showed signs of recovery. The real estate housing market and labor market have not shown much of a rebound and are caught in a tepid recovery.

Financial Indicators

Most County tax revenues increased slightly in FY 10-11. Property taxes are the County's biggest source of revenue and largest discretionary revenue source. County property taxes grew 0.6% in FY 10-11, the lowest growth rate in the last 30 years. However, many other California counties saw negative growth rates as well. The current estimate for FY 11-12 is a 1.5% property tax growth rate, but this is well below the average 8% growth rate for the last 30 years. Taxes related to the real estate housing market that we consider leading indicators to property tax growth rates are property transfer taxes and supplemental property taxes. These indicators provide a mixed message since a decline in property transfer taxes of 5.8% reflects a decline in home sales and home prices. Conversely supplemental property tax grew by 34% over the prior year, but this includes a significant transaction by a top ten taxpayer that is now under assessment appeal. Growth in property tax revenue is still waiting for a housing market recovery.

Local sales tax grew 5.7% after a three year decline, and Proposition 172, the statewide Public Safety ½ cent sales tax, increased 6% after a four year decline. These are good signs of economic upturn in the County and throughout California. Transient occupancy tax increased 17% after three years of decline, with improved occupancy and revenues at the County's major destination resorts.

On the expenditure side, pension rates and related pension costs for the County are rising rapidly due to declines in the value of the Santa Barbara County Employees Retirement System (SBCERS) plan assets. Calendar year pension investment market losses in 2008 and 2009 were smoothed into the rates paid by the County over a five year period. The rates have so far risen to 34.5% of payroll creating large year over year increases in pension cost. However, the value of pension assets has bounced back with investment gains in FY 09-10 and FY 10-11 that should slow the rate of future increases.

Major Initiatives:

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

- Strengthened emergency management capabilities with completion of new $8 million Emergency Operations Center (EOC). The EOC has been built to withstand major disaster events and includes high tech communication systems, equipment, and redundant energy systems.
- Litigated and resolved numerous appeals by Greka Oil & Gas that resulted in $2 million in administrative fines for the County.
- Developed an Arson Task Force, collaborating with 30 County officials.
- Added Automatic Vehicle Locators/Mobile Computers to all fire emergency response vehicles.
- Extended the Safe Surrender program to all County fire stations, designating them as safe surrender sites for newborn infants.
- Implemented kiosk reporting services in the Probation department to facilitate more efficient monitoring of parolees.

Major Initiatives—continued:

- Secured ownership of a north county jail site and initiated plans to provide funding for ongoing operations of the jail when constructed, and opened two day reporting centers to reduce jail overcrowding and recidivism rates.
- Completed a number of significant capital projects including the Arroyo Burro Beach Overlook, Cachuma Lake sewage lift station, installation of yurts and cabins at Jalama and Cachuma parks, and completed Lookout Beach park improvements.
- Purchased property on Camino Pescadero to build 40 very low income housing units, and completed Phase 1 of the Embarcadero Loop Improvement Project in the Isla Vista community. The Embarcadero Loop Improvement Project will enhance roads, provide for undergrounding and replacement of utilities, and aid in the development of adjacent properties and parks.
- Assisted numerous homeowners affected by the Tea and Jesusita fires through expedited permitting for the rebuilding process.
- Administered Propositions 50 and 84 state grants for numerous County agencies, to support regional water management projects.
- Awarded new long-term solid waste franchise collection contracts that resulted in $2.4 million in annual savings to residents throughout the County.
- Developed a collaborative call center with Ventura County for child support services.

Significant Capital Projects and Operating Impacts

The County completed $22.2 million in capital projects in the current year, and has approved $70.8 million in capital and capital maintenance projects, equipment, software, and information systems projects for FY 11-12 as described in Section E "Capital Budget Summary" of the County's Proposed Operating Budget (available at www.countyofsb.org/ceo/index.asp). The largest of the ongoing projects relate to transportation improvements.

Long-term Financial Planning:

Local assessed property values for FY 11-12 grew 1.4% over FY 10-11 values; this will increase secured and unsecured property tax revenues by approximately an equal percentage. The FY 11-12 budget was adopted reflecting a conservative 1.5% increase in these revenues.

The County is committed to building and maintaining a strategic reserve of $27 million, equal to 8% of annual General Fund revenues, or approximately 30 days working capital. Current economic conditions, however, have required the County to use a portion of this commitment in order to maintain services, thereby reducing this reserve to $19.4 million at June 30, 2011.

The County's Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 11-12, the CIP includes $70.8 million of funding for planned projects and is included in the proposed budget. Significant projects include $24.4 million for transportation projects, $4.7 million for the Mission Creek Flood Control project, $4.1 million for Santa Maria Levee reinforcement, $2.9 million for the Tajiguas Landfill liner, $1.9 million for the Public Defender Courthouse annex remodel, and $1.9 for the Electronic Health Record system.

Factors Affecting Economic Condition – Continued

Relevant Financial Policies:

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

Fund Balance Reserve

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

Multiyear Financial Forecasting

The County's Proposed Operating 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 has established a strategic reserve policy, and is in the process of building a strategic reserve that will equal 8% of annual General Fund revenues (approximately 30 days working capital). The County also has other significant fund balances in its special revenue funds. The most noteworthy is the Flood Control 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 residual General Fund balance should not be used to fund ongoing operations, but could be used to fund commitments.

Financial Reporting Awards

The Government Finance Officers Association (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for twenty consecutive years and the Certificate of Achievement in Popular Annual Financial Reporting for fourteen 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.

Superior Debt Disclosure Practices

The County maintains a complex set of disclosures in the County's Proposed Operating 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 59% over the next ten years.

Five-year Capital Improvement Plan

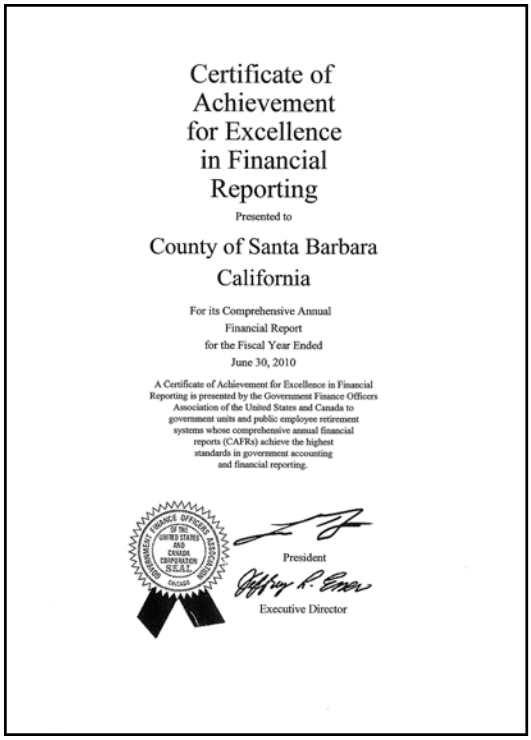
The County's Five-Year Capital Improvement Plan provides for an integration of capital projects and operating impacts in the proposed operating budget each budget cycle.

Budgeting Awards

The GFOA has presented the Distinguished Budget Presentation Award to the County for fourteen 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, 2010. This was the twentieth 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.



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Santa Barbara
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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, 2010. 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, 2010. 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 Excellence: In September 2010, the International City/County Management Association (ICMA) presented the 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.

Chandra L. Wallar
County Executive Officer

Robert W. Geis, CPA
Auditor-Controller

COUNTY OF SANTA BARBARA

CALIFORNIA

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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BROWN ARMSTRONG
Certified Public Accountants

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, 2011, 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, 2011, 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 29, 2011, 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 101, and the schedule of funding progress for the County of Santa Barbara's Other Post Employment Benefit (OPEB) Plan on page 102 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 do not express an opinion or provide any assurance on them.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
August 29, 2011

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, 2011. 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 $747,860 *(net assets)*:

- $540,269 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).*
- $178,530 is available for the County's ongoing obligations related to programs with external restrictions (*restricted net assets).*
- $29,061 is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net assets).*

The County's total net assets increased by $10,913 over the prior year:

- The $13,603 increase in net assets invested in capital assets, net of related debt, represents capital expenditures less depreciation and the retirement of related long-term debt. See further discussion of capital assets and long-term debt on page 23.
- The $11,315 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 $14,005 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 $254,463 was a decrease of $9,976, from the prior year ending fund balance of $264,439. Amounts available for spending include *restricted, committed, assigned, and unassigned fund balances*; these totaled $228,212, or 90% of ending fund balance. Of this amount, $189,880 is restricted by law or externally imposed requirements, and $59,719 is committed for specific purposes. Available fund balance for the General Fund decreased $4,181 to $58,270, which equates to 17% 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 $29,776, or 5%, to $602,878. 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 $19,975 against its assets. The County's long-term debt outstanding had a net decrease of $2,354, or 2%, to $92,161 due to current year debt payments of $6,524 off-set by the issuance of new debt of $4,170.

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, and sanitation services.

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 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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – CONTINUED

information may be useful in evaluating the County's near-term financing requirements. To understand the long-term impact of the County's near-term financing decisions, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 68 individual governmental funds combined into 30 funds 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 governmental funds are provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all of its operating funds. The budget and actual comparison 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, and sanitation services. *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), and the Laguna Sanitation 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 49-99 of this report display the notes to the financial statements.

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 $747,860 at the close of the current fiscal year.

A summary of net assets is as follows:

Summary of Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2010	2011	2010	2011	2010	2011	Dollar Change	Percent Change
Assets:								
Current and other assets	$ 437,494	$ 416,922	$ 39,618	$ 48,949	$ 477,112	$ 465,871	$ (11,241)	(2%)
Capital assets	500,548	527,401	72,554	75,477	573,102	602,878	29,776	5%
Total assets	938,042	944,323	112,172	124,426	1,050,214	1,068,749	18,535	2%
Liabilities:								
Current and other liabilities	93,442	90,544	1,635	4,838	95,077	95,382	305	0%
Long-term liabilities	178,254	178,301	39,936	47,206	218,190	225,507	7,317	3%
Total liabilities	271,696	268,845	41,571	52,044	313,267	320,889	7,622	2%
Net assets:								
Invested in capital assets, net of related debt	466,916	480,240	59,750	60,029	526,666	540,269	13,603	3%
Restricted	167,215 *	178,530	-	-	167,215	178,530	11,315	7%
Unrestricted	32,215 *	16,708	10,851	12,353	43,066	29,061	(14,005)	(33%)
Total net assets	$ 666,346	$ 675,478	$ 70,601	$ 72,382	$ 736,947	$ 747,860	$ 10,913	1%

*2010 as restated

Analysis of Net Assets:

The County's total net assets increased by $10,913, or 1%, 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 $540,269 at fiscal year-end, and consisted of the following: investment in capital assets (net of accumulated depreciation) of $602,878, less the related debt of $62,608. The $13,603 increase in net assets that are invested in capital assets, net of related debt, represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt.

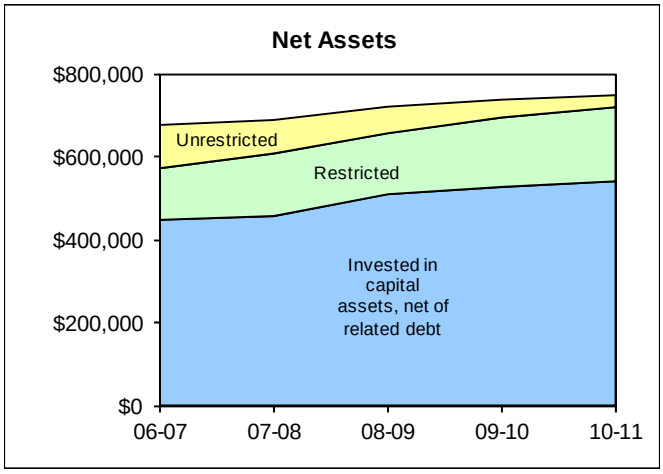
GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

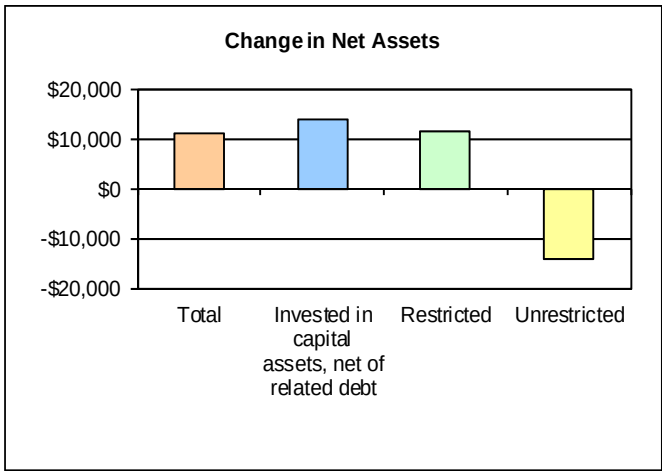
Restricted net assets: Restricted net assets of $178,530 represent resources that are subject to external restrictions on their use, or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net assets than unrestricted net assets. Restricted net assets are comprised of: (1) 40% property taxes dedicated to specific services such as flood control and fire protection, (2) 21% state imposed restrictions, (3) 20% federal and state allocations for roads and health services, (4) 13% federal imposed restrictions for federally-qualified health centers and housing programs, (5) 3% grant, land use and permit agreements, (6) 2% for various County imposed purposes, and (7) 1% cable television public access agreement funds.

Restricted net assets increased $11,315, or 7%. Significant changes occurred in the following funds:

- ADMHS Fund had a net increase of $7,676. Mental Health Services Act (MHSA) funding increased $7,613 as the state released significant prior year allocations at year-end;
- Roads Fund increased $5,371 due to projects funded by transportation improvement funds received in the current year to be spent in subsequent year;
- Flood Control Fund had an increase of $3,169 due to a carryover of funding for capital and maintenance projects;
- Public Health Fund increased $779 mostly due to increases in Federally Qualified Health Care (FQHC) revenues;
- The Redevelopment Agency Fund decreased $2,950 as it completed projects, and provided affordable housing construction financing;
- The Fire Protection District Fund decreased $2,097 as a result of current year operations; and
- Affordable Housing Fund had a net decrease of $805 for projects funded in the current period.

Unrestricted net assets: Unrestricted net assets in the amount of $29,061 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 $14,005, or 33%, mostly due to the $11,003 increase in Other Post Employment Benefits (OPEB) expense for the unfunded portion of the liability for retiree medical benefits, and a $2,288 increase in unfunded Compensated Absences liability. In past years unrestricted net assets have been set aside for audit settlements and cost report settlements related to the funding of ADMHS programs. Unrestricted net assets in the amount of $3,957 were released from the General Fund this year, reducing the liability in the ADMHS fund from $12,530 to $8,573.





GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Governmental Activities:

Governmental activities increased the County's net assets by $2,632 for the year ended June 30, 2011, accounting for 60% of the total increase in net assets. Governmental activities operating revenues exceeded operating expenses by $1,630. Transfers from business-type activities increased net assets by $1,002.

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

Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2010	2011	2010	2011	2010	2011	Dollar Change	Percent Change
Revenues								
Program revenues:								
Charges for services	$ 175,003	$ 176,149	$ 26,984	$ 28,455	$ 201,987	$ 204,604	$ 2,617	1%
Operating grants and contributions	293,672	306,564	2,778	1,245	296,450	307,809	11,359	4%
Capital grants and contributions	85	209	--	--	85	209	124	146%
General revenues:								
Property taxes	211,109	212,727	--	--	211,109	212,727	1,618	1%
Sales taxes	13,444	13,456	--	--	13,444	13,456	12	0%
Transient occupancy tax	5,950	6,977	--	--	5,950	6,977	1,027	17%
Unrestricted investment earnings	2,404	1,372	374	286	2,778	1,658	(1,120)	(40%)
Gain (loss) on sale of capital assets	71	175	(126)	1	(55)	176	231	(420%)
Other	6,548	6,870	--	--	6,548	6,870	322	5%
Total revenues	708,286	724,499	30,010	29,987	738,296	754,486	16,190	2%
Expenses								
Policy & executive	7,356	11,074	--	--	7,356	11,074	3,718	51%
Law & justice	46,810	47,230	--	--	46,810	47,230	420	1%
Public safety	200,418	215,903	--	--	200,418	215,903	15,485	8%
Health & public assistance	297,590	308,149	--	--	297,590	308,149	10,559	4%
Community resources & public facilities	85,914	83,770	--	--	85,914	83,770	(2,144)	(2%)
General government & support services	31,750	31,123	--	--	31,750	31,123	(627)	(2%)
General county programs	19,494	20,694	--	--	19,494	20,694	1,200	6%
Interest on long-term debt	4,645	4,926	--	--	4,645	4,926	281	6%
Resource recovery	--	--	21,659	21,258	21,659	21,258	(401)	(2%)
Laguna sanitation	--	--	5,633	5,946	5,633	5,946	313	6%
Municipal energy finance	--	--	10	--	10	--	(10)	0%
Total expenses	693,977	722,869	27,302	27,204	721,279	750,073	28,794	4%
Excess of revenues over expenses	14,309	1,630	2,708	2,783	17,017	4,413	(12,604)	(74%)
Transfers	(995)	1,002	995	(1,002)	--	--	--	--
Increase in net assets	13,314	2,632	3,703	1,781	17,017	4,413	(12,604)	(74%)
Net assets - beginning	653,032	666,346	66,898	70,601	719,930	736,947	17,017	2%
Prior period adjustment	--	6,500	--	--	--	6,500	6,500	0%
Net assets - beginning, as restated	653,032	672,846	66,898	70,601	719,930	743,447	23,517	3%
Net assets - ending	$ 666,346	$ 675,478	$ 70,601	$ 72,382	$ 736,947	$ 747,860	$ 10,913	1%

Revenues: Total revenues for the County's governmental activities had an overall increase from the prior year of $16,213, or 2%, to $724,499. Revenues are divided into two categories: program revenues and general revenues.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Program revenues had an overall increase of $14,162, or 3%, from the prior year. As an arm of the state government, operating grants and contributions and charges for services for programs like Medicare and Medi-Cal are tied to mandated services such as public assistance, health, and mental health grants and contributions that represent 42% of the County's funding for governmental activities and charges for services represent 24% of these activities.

Operating grants and contributions had a net increase $12,892, or 4% due primarily to the following:

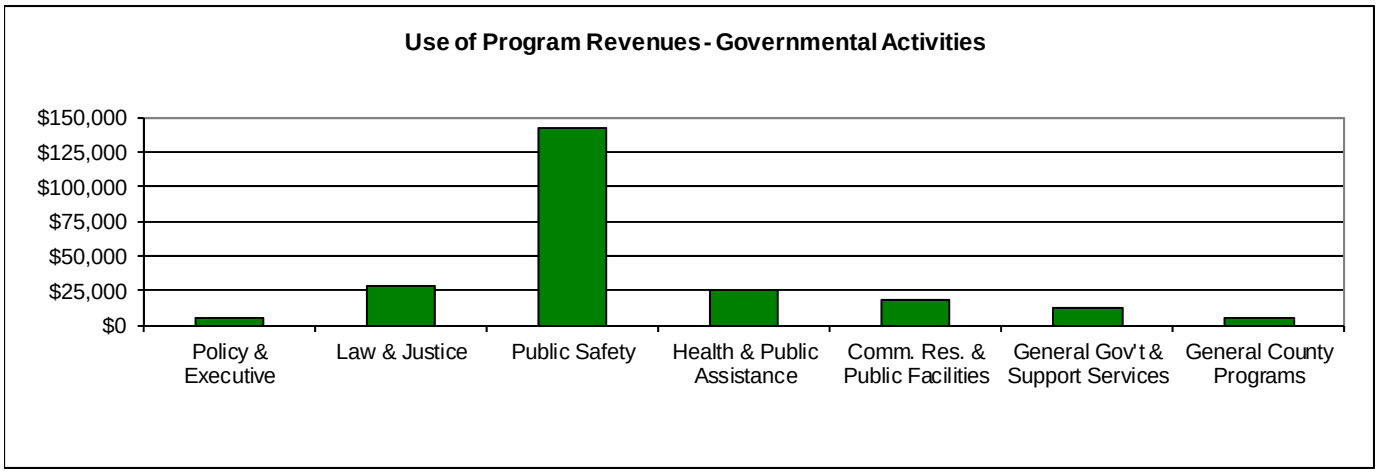
- $8,468 of Mental Health revenue for state funded MHSA programs due to a significant distribution by the state Department of Mental Health (DMH) as the state released balances of prior year allocations at year-end, due to the transfer of MHSA program management to the Department of Health Services,
- $3,181 increase of road funding for transportation projects,
- $1,741 increase in Alcohol Drug grants for treatment programs,
- $1,652 reimbursement for the 2009 statewide election,
- $1,356 in homeland security grants for equipment in the new emergency operations center,
- $1,083 of alternative farmworker vanpool program funds for transportation,
- $6,414 decrease in disaster reimbursements for prior year Tea and Jesusita fire incidents, and
- $3,538 decrease in American Recovery and Reinvestment Act (ARRA) funding for a variety federally funded programs. However, ARRA stimulus funding still totaled over $12,765 after receipt of $15,664 in the prior year.

Charges for services had an overall increase of $1,146, or 1%, mostly attributable to General Fund activity fees.

General revenues had an overall increase of $2,051, 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 increase in general revenues is due primarily to the changes in the following:

- Property tax revenue increased $1,618, or 1%, to $212,717 primarily due to increases in assessed values of real property, and the related secured property tax revenue increased $919. In addition, supplemental tax revenue increased $589, offset by a small decrease in property transfer tax revenue of $142.
- Sales tax revenue of $13,456 showed little change from the prior year. Total sales tax revenue includes a 3/4% sales tax allocation to the General Fund that increased $406, or 6%, to $7,500. Measure A regional 1/2% sales tax, that includes an allocation to the County Roads Fund, was reduced under a new ordinance and the distribution decreased $273, or 5%, to $5,541. Finally, a 1/4% sales tax distribution to transit funding decreased $123, or 23%, to $414.
- Transient occupancy tax revenue increased $1,027, or 17%, to $6,977. This tax revenue decreased through January 2010, and then increased for the remainder of last fiscal year and continued to improve throughout FY 10-11.
- Unrestricted investment earnings decreased $1,032, or 43%, to $1,372 due to very low available market interest rate returns on investments.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED



Expenses: Total expenses for governmental activities were $722,869, an increase of 4%, or $28,892, from the prior year.

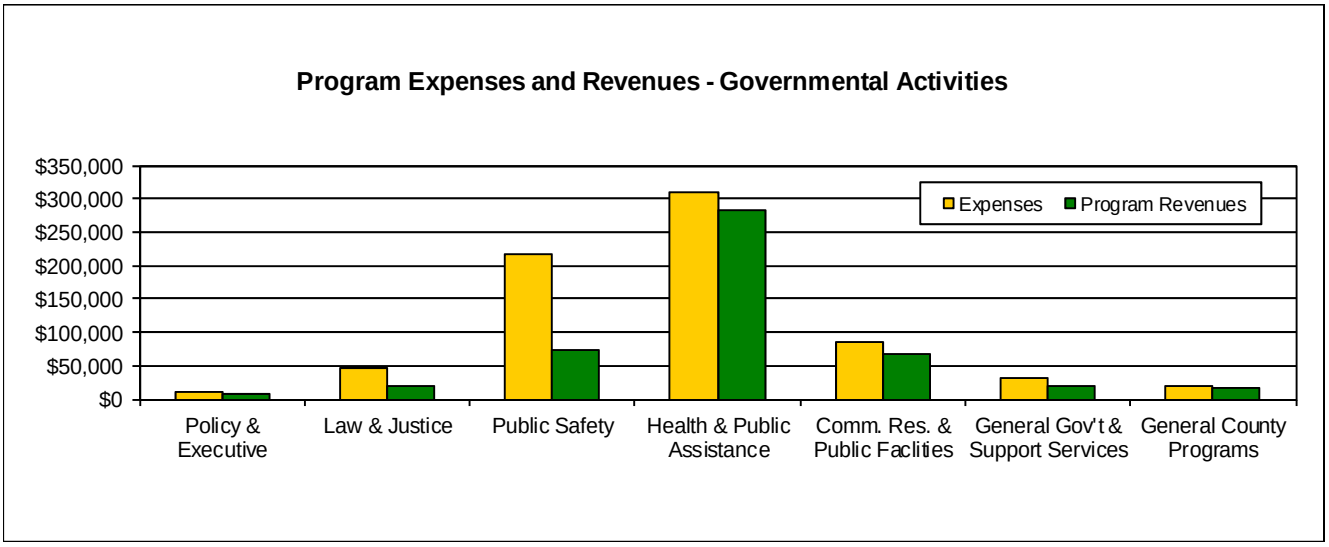
As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 60% of the total County governmental expenses. The average full time equivalent (FTE) employee count for the County (including business-type activities) had a net decrease of 88 FTEs from 4,150 in the prior year, to 4,062 at June 30, 2011.

Program expenses for the County's governmental activities increased $28,892. This is generally attributable to the following factors:

- Total salaries and benefits expense increased $15,665, or 4%, to $445,937 across all functions and is primarily made up of the following:
  - an increase in retirement cost of $8,585, or 11%, due to a cost increase of $14,926 across all departments, offset by a decrease in the cost of the County early retirement program (purchase of 2 years of service credit) offered in the prior year that totaled $6,342;
  - an increase in compensated absences expense of $3,467, or 253%;
  - an increase in workers' compensation expense of $2,894, or 31%, due to actuarial losses on prior years' claims;
  - an increase in employer health insurance cost of $1,489, or 8%;
  - an increase of $1,275, or 7%, in Other Post Employment Benefits (OPEB) that included contributions by the County totaling $8,235, and an increase to the unfunded OPEB liability for the remaining $10,768;
  - an increase in overtime expense of $444, or 4%, due mostly to increases of $944 in the Sheriff department and $94 in the Probation department, offset by a $641 decrease in the Fire department;
  - a decrease in unemployment insurance expense of $395, or 28%; and
  - a decrease in salary cost of $1,881, or 1%, as a workforce reduction of 88 FTEs helped to offset negotiated increases in salary and wage agreements with a number of labor groups.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

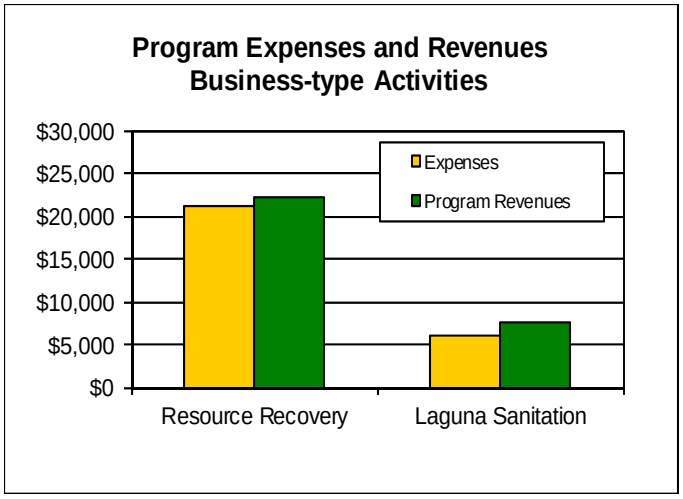
- Expenses related to services, supplies and other charges increased $13,227, or 5% to $276,932. Some of the significant changes are as follows:
  - General County Programs expenses had a net increase of $3,084 mainly due to the following: $2,743 for the RDA El Colegio and Embarcadaro infrastructure improvement projects, $2,341 in RDA housing project loans, and a decrease in contracted community services expense of $1,786.
  - Public Safety expenses increased $3,822, due primarily to an increase of $1,500 for a day reporting center and $618 to provide reimbursement for other responders for the Jesusita Fire, $425 in fire department supplies, and $287 in fire department computer equipment.
  - Health and Public Assistance expenses increased $3,733 largely due to an increase in Social Services cash assistance payments of $2,137, Multi Integrated System of Care (MISC) audit settlement payments of $1,003, and a $711 increase in Public Health service costs.
  - Law and Justice expenses increased $1,242 due to MISC audit settlements in the Probation department.
  - Community Resources and Public Facility costs decreased $2,918, mostly due to a decrease in Flood Control projects, as the Jesusita Fire hydro-mulching project of $3,841 was completed in the prior year.
  - Interest expense increased $282 related to the issuance of additional long-term debt at the end of the prior year.

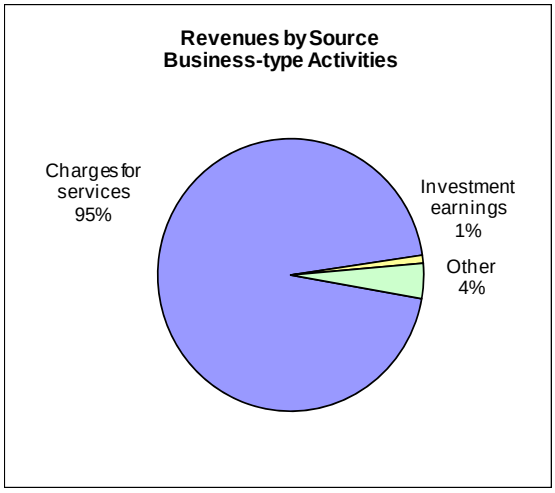


GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Analysis of Business-type Activities:

The net assets of business-type activities increased by 3%, or $1,781, which indicates these activities generated revenues sufficient to cover the costs of operations. Revenues decreased $23, or less than 1%, to $29,987. Program revenues had a net decrease of $62. Sales generated by the Resource Recovery Fund increased $536, and Laguna Sanitation user fees increased $499. These increases were offset by a $1,479 decrease in Resource Recovery non-operating revenue. Overall expenses decreased $98, or less than 1%.





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, *total fund balance less the nonspendable portion* is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2011, the County's governmental funds reported total fund balances of $254,463, a $9,976 decrease in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows (for more information see Note 15 – Fund Balances):

- *Nonspendable fund balance*, $26,251, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) long term receivables of $19,079, (2) legally required Teeter Tax program loss reserves of $6,566, and (3) prepaid expenses and deposits of $606.
- *Restricted fund balance*, $189,880, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control) of $107,203, (2) grants for capital outlay of $17,837, (3) legislated amounts reserved for health care of $15,102, and (4) debt proceeds for capital expenditures of $11,802.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

- *Committed fund balance*, $59,719, are amounts for specific purposes determined by the Board of Supervisors, such as strategic reserve of $19,448, and audit exceptions of $10,200.
- *Assigned fund balance* of $883 represents residual fund balance intended for use by special revenue funds.
- *Unassigned fund balance*, ($22,270), represents the residual classification for the County's General Fund of $4,330, as well as governmental funds where expenditures exceed other available fund balance, including the ADMHS Fund, ($9,470), and RDA Debt Service Fund, ($17,000).

Approximately 90%, or $228,212, of the total fund balances is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund: The General Fund is the main operating fund of the County. The General Fund's total fund balance decreased by 6%, or $5,315, to $83,840 at June 30, 2011. The nonspendable portion of fund balance was $25,570, and the spendable portion was $58,270, a decrease of $4,181 from the prior year spendable balance of $62,451. This decrease was primarily due to a draw on audit exception reserves and the strategic reserve for ADMHS/MISC program state repayments related to unallowable Medi-Cal billings in the amount of $8,665; offset by general fund revenues exceeding expenditures by $4,081.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 25% of total General Fund expenditures while spendable fund balance equates to 17% of total General Fund expenditures. Of the General Fund spendable fund balance, $7,844, or 13% is restricted, and $46,096, or 79% is committed.

The most significant committed amounts are a $19,448 strategic reserve earmarked for severe economic downturns and emergencies, $10,200 for audit exceptions for potential additional Medi-Cal billing repayments, $2,413 for a tax collector property tax system, $2,108 for a litigation reserve which is earmarked for settlements of adverse litigation without other coverage, and $2,015 for elections voting equipment. General Fund unassigned fund balance at year-end was $4,330, an 83% or $3,594 increase from the prior year.

Other governmental funds: As compared with the prior year, the total fund balances of the remaining governmental funds decreased 3%, or $4,661, to $170,623 with the following significant changes:

- The Capital Projects Fund decreased by $14,213 from $30,576 to $16,363. The County expended $18,094 for capital outlay, with a significant portion funded by of proceeds from Recovery Zone Economic Development Bonds and Certificates of Participation (COP). The County completed land purchases of $2,270, expended $2,712 on Parks department capital projects, and expended $13,253 on partial completion of various projects including an emergency operations center and a remodel of the Public Defender offices in the County Courthouse.
- The fund balance of the Flood Control District Fund increased 5%, or $3,169, primarily as a result of the carryover of project related assessments.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

- The fund balance of the ADMHS Fund increased by $10,948 to a positive $9,798. The net increase is mostly made up of a Mental Health Services Fund deficit reduction of $3,270 to ($9,462). The deficit was caused by prior years' unallowable Medi-Cal billings; General Fund monies were released to reduce the deficit. This negative fund balance is offset by the Mental Health Services Act Fund's positive fund balance increase of $7,613 to $18,543, as the state released significant prior year allocations related to this program at year-end.
- The RDA Debt Service Fund includes a liability for a FY 07-08 borrowing from the General Fund via COP debt for the purpose of financing various redevelopment projects. This transaction created a deficit fund balance which is expected to reduce as repayments are made. The borrowing includes capitalized interest for the projects that resulted in an increase in deficit fund balance of $555 to ($15,562) at June 30, 2011. Debt payments will begin in FY 11-12.
- The fund balance for nonmajor governmental funds as a whole decreased by $7,668 to $50,709. The significant changes occurred in the following funds:
    - RDA Fund decreased $2,950. Changes include a decrease of $2,743 to complete the El Colegio Road improvement project and to make progress on the Embarcadero infrastructure improvement project, a decrease of $2,341 for construction loans made to developers, and an increase of $2,562 due to project revenue carryovers.
    - Fire Protection District Fund decreased $2,097 as operations outpaced revenues, and
    - Santa Barbara Finance Corporation Debt Service Fund decreased $1,951 due to reserve releases related to the payoff of the 2004 COP debt.

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 at year-end were comprised of the Resource Recovery Fund and the Laguna Sanitation Fund, increased by $1,903, or 3%, from the prior year. Resource Recovery Fund net assets increased by $1,216, Laguna Sanitation Fund net assets increased by $1,682, and the Municipal Energy Finance Fund decreased by $995. The Municipal Energy Finance fund was discontinued as an enterprise fund when the Property Assessed Clean Energy (PACE) program was stopped by the Federal Housing Finance Agency (FHFA), and $995 of prior year start up funds were returned to the General Fund.

The Resource Recovery Fund operating revenues increased by $994, or 5%, due primarily to an increase in revenue from the sale of recyclables. The Laguna Sanitation Fund operating revenues increased by $477, or 7%, due primarily to increases in customer usage and increases in residential sewer service rates.

Total internal service funds net assets decreased by $3,882, or 7% to $50,055. The Risk Management and Insurance Fund's net assets decreased $4,042, or 42% to $5,665. The workers' compensation portion of this fund incurred larger than expected costs and actuarial losses of $2,891. The County now purchases workers' compensation insurance for new claims through a statewide risk pool for public entities, and is in the process of closing out its self-insured tail claims. The remaining internal service funds experienced the following changes: the Information Technology Services Fund and the Reprographics and Digital Imaging Services Fund both had an increase in net assets of $297 and $192, respectively. The Vehicle Operations and Maintenance Fund and the Communications Services Fund both had a decrease in net assets of $311 and $22, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

During the fiscal year, the County's investment in capital assets increased by $29,776, or 5%, to $602,878 (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 Activities		Business-type Activities		Total		Total	
	2010	2011	2010	2011	2010	2011	Dollar Change	Percent Change
Land	$ 36,589	$ 42,129	$ 12,244	$ 12,244	$ 48,833	$ 54,373	$ 5,540	11%
Land easements	47,257	47,316	--	--	47,257	47,316	59	0%
Construction in progress	52,960	57,687	1,036	5,053	53,996	62,740	8,744	16%
Capital assets, not being depreciated	136,806	147,132	13,280	17,297	150,086	164,429	14,343	10%
Land improvements	6,746	7,856	206	338	6,952	8,194	1,242	18%
Structures and improvements	141,753	141,102	4,632	5,181	146,385	146,283	(102)	(%)
Equipment and software	36,011	41,174	11,393	10,647	47,404	51,821	4,417	9%
Infrastructure	179,232	190,137	43,043	42,014	222,275	232,151	9,876	4%
Capital assets, net of accumulated depreciation	363,742	380,269	59,274	58,180	423,016	438,449	15,433	4%
Total	$ 500,548	$ 527,401	$ 72,554	$ 75,477	$ 573,102	$ 602,878	$ 29,776	5%

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 $4,727 for governmental activities and $4,017 for business-type activities, as CIP expenditures of $38,496 were offset by project completions/disposals of $29,752.

The County completed and capitalized projects costing approximately $22,220. Major projects completed were as follows:

- Public Safety – North County jail land purchase ($5,089),
- General Government and Support Services – Elections division remodel of and heating and cooling system replacement in the Veterans Administration Clinic building ($2,198), and
- Community Resources and Public Facilities – Tepusquet low water bridge ($7,078), intersection improvements in Orcutt ($1,875), and El Colegio Road widening and street lights ($1,213).

During the year, the County capitalized $14,147 in equipment and software purchases, and also recorded depreciation of $19,975 against its capital assets. Non-CIP capital asset disposals totaled $424, net of accumulated depreciation, during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

The following table details the changes in capital assets:

Changes in Capital Assets (in thousands)

	Increase (Decrease)	
Capital assets, not being depreciated		
Land additions	$ 5,540	
Land easements additions	59	
CIP additions	38,496	
CIP completions/disposals	(29,752)	
Total capital assets, not being depreciated		$ 14,343
Capital assets, being depreciated		
Land improvements additions	1,597	
Land improvements depreciation	(355)	
Structures and improvements additions	5,113	
Structures and improvements depreciation	(5,215)	
Equipment and software additions	14,147	
Equipment and software disposals (net)	(959)	
Equipment and software depreciation/amortization	(8,771)	
Infrastructure additions	15,510	
Infrastructure depreciation	(5,634)	
Total capital assets, being depreciated		15,433
Total changes in capital assets		$ 29,776

Additional capital assets information, including depreciation and outstanding CIP by project as of June 30, 2011, can be found in Note 6 in the Notes to the Financial Statements, pages 67-71.

Debt Administration:

At June 30, 2011, the County had total long-term debt outstanding of $92,161. This amount was comprised of $77,830 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 $4,017 of capital lease obligations, and $10,314 of bonds and a state sponsored note payable for the Laguna Sanitation Fund.

Outstanding Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2010	2011	2010	2011	2010	2011	Dollar Change	Percent Change
Capital lease obligations	$ 4,782	$ 4,017	$ 7	$ --	$ 4,789	$ 4,017	$ (772)	(16%)
Certificates of participation	76,248	68,500	6,897	9,330	83,145	77,830	(5,315)	(6%)
Bonds and notes payable	--	--	6,581	10,314	6,581	10,314	3,733	57%
Total	$ 81,030	$ 72,517	$ 13,485	$ 19,644	$ 94,515	$ 92,161	$ (2,354)	(2%)

The County's total long-term debt decreased by $2,354, or 2%, during the fiscal year. The net decrease was due to the issuance of $4,170 of Qualified Energy Conservation Bonds (QECB) in the Laguna Sanitation Fund to provide funding for a solar power project, offset by the following payments being made: $5,315 for COP debt, $772 for capital lease obligations, and $437 for the Laguna Wastewater Treatment Plant note payable. Also during the fiscal year, $2,821 of 2010 COP debt was transferred from governmental activities to business-type activities for a new landfill liner in the Resource Recovery Fund.

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 assigned an 'AA+' rating to the County's appropriation debt.

The credit profile made several observations about the 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 'AA+' rating is based on the 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.

Standard & Poor's, in its May 20, 2011 rating of the County's FY 11-12 $60,000 Tax and Revenue Anticipation Notes (TRAN), states that the 'SP-1+' rating "reflects the County's very strong underlying general credit characteristics," as well as "adequate county-projected debt coverage of 1.32x at maturity."

Additional information on the County's long-term debt can be found on pages 73-75 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 $9,493, or 3%. Supplemental appropriations of $9,493 were approved during the fiscal year. The major changes in appropriations are as follows:

- Salaries and benefits increased $337.
- Services, supplies and other charges increased $7,902 made up primarily of the following: Probation added MISC audit settlements of $2,225; Sheriff added $1,500 for day reporting program and $619 to provide reimbursement for other responders for the Jesusita Fire; General County Programs added $1,500 for the City of Goleta loan forgiveness and $400 of developer mitigation fees and contingency funds for Orcutt Library tenant improvements; Office of Emergency Services added Homeland Security grant expenditures of $659, and General Services added $423 for Courthouse fire damage funded by insurance proceeds.
- Capital asset appropriations increased $1,255. Significant asset additions included $518 of public safety equipment funded by Homeland Security grants, a $392 diesel exhaust system funded by a grant, and a $110 enhancement to a video conference system.

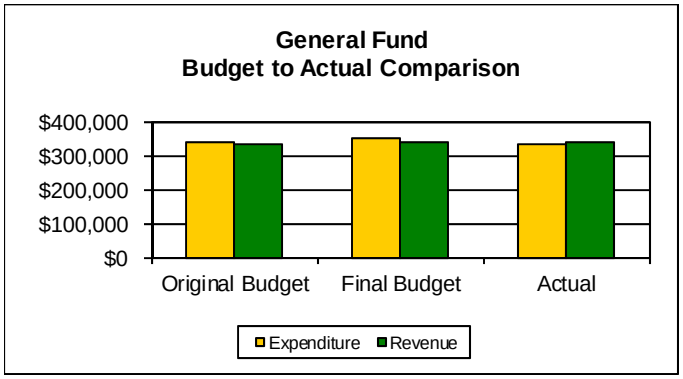
GENERAL FUND BUDGETARY HIGHLIGHTS - CONTINUED

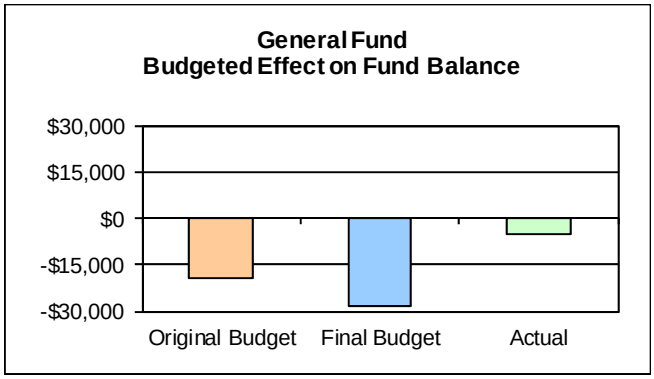
Revenues: General Fund revenues were $449 more than total adjusted budget revenue estimates. The main reasons are as follows:

- Tax revenues outperformed revenue estimates by $3,299 primarily due to the following: General Fund property taxes exceeded estimates by $2,575, transient occupancy tax by $306, and local sales tax by $400. Tax revenues exceeded the adopted budget revenue estimates by just 2%; however, the upward trend in economic driven tax revenue is of significance.
- Licenses, permits, and franchise revenues had a negative $786 variance from budget due to decreased building permit activity and reduced franchise fees.
- Fines, forfeitures, and penalties revenues were $1,500 more than budgeted as increased delinquent property taxes generated greater penalties and collection revenue than originally estimated.
- Interest earnings were greater than budget estimates by $352. However, interest rates remain at historical low levels.
- Intergovernmental revenues were less than budgeted by $3,296 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 variances were mainly in the Sheriff and Probation departments.
- Charges for services fell short of revenue estimates by $449. Fire Protection District reimbursements to the General Fund were $1,426 under the revenue estimate due to fewer fire incidents, while the Sheriff department had a positive variance of $830 including $586 from state parolee reimbursements.

Expenditures: The variance between the final budget and actual expenditures resulted in $17,419 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately $9,269 resulting from unfilled positions across all functions and bolstered by a strong hiring freeze implemented at mid-year, $4,141 resulting from unspent appropriations for services and supplies across all functions, and $3,274 resulting from capital assets 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 decreased $5,315, versus the budget plan to draw on fund equity by $28,237. The most significant part of the equity draw in the budget plan was for scheduled operating transfers to ADMHS of approximately $12,529 for various audit settlement liabilities. However, only $3,956 was transferred for settlement payments and $8,573 was retained in the audit exception committed fund balance at year-end. The General Fund budget to actual statement can be found on page 36 of this report.





ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following known factors were considered in preparing the County's operating budget for FY 11-12:

- The FY 11-12 budget contains a slight decrease in General Fund general revenues of 1%, or $2,383, compared to FY 10-11 actual revenues.
  - Secured property taxes, property transfer taxes, supplemental property taxes, transient occupancy tax, and other payments in lieu of taxes were estimated approximately 1% higher than FY 10-11 actual revenues.
  - Delinquent property tax penalties related to the Teeter Tax collection program were budgeted at 29% less, and unrestricted investment earnings at 26% less than FY 10-11 actual revenues, but these only account for a minor portion of general revenues.
  - We are expecting an economic upturn to continue in 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 1.4% for FY 10-11 which will increase property tax revenue by an equivalent amount for secured and unsecured property taxes collected in FY 11-12. The FY 11-12 budget was adopted with a similar conservative 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 6%, or $25,152, increase in salaries and benefits when compared to prior year actuals for all County funds. The budget includes significant increases for retirement rates resulting in an 18% increase in cost for retirement contributions, as well as a 14% increase in employer health insurance costs. The County is working toward and has been successful in attaining wage concessions from unions with both expired and unexpired contracts after adoption of the FY 11-12 budget. This will generate budgetary salary savings to lessen the impact of the appropriated increases in salary costs, and the use of one-time funds that were necessary to adopt a balanced budget.
- The state budget was adopted subsequent to the County's budget. The County will make adjustments to its adopted budget as a result of the state realignment of programs to the County, the transfer of Proposition 10 funds from the County to the state, and changes in RDA funding as a result of changes in RDA restructuring legislation.

As of June 30, 2011, the available General Fund balance was $58,270. Of this amount, $7,844 was restricted and $46,096 was committed but remains available for appropriation. The County's General Fund ended with $4,330 of unassigned fund balance at June 30, 2011. The County's proposed performance-based FY 11-12 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.

COUNTY OF SANTA BARBARA

CALIFORNIA

BASIC FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET ASSETS

June 30, 2011 (in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (Note 4)	$ 273,388	$ 29,444	$ 302,832
Accounts receivable, net:			
Taxes	25,271	--	25,271
Licenses, permits, and franchises	538	500	1,038
Fines, forfeitures, and penalties	353	--	353
Use of money and property	778	127	905
Intergovernmental	29,627	6	29,633
Charges for services	25,357	1,281	26,638
Other	1,648	622	2,270
Internal balances	2,309	(2,309)	--
Inventories	360	307	667
Prepaid items	600	--	600
Other receivables	12,922	14	12,936
Deferred charges	638	125	763
Property held for resale	9,515	--	9,515
Restricted cash and investments (Notes 4 & 5)	33,618	18,832	52,450
Capital assets, not being depreciated/amortized (Note 6)	147,132	17,297	164,429
Capital assets, net of accumulated depreciation/amortization (Note 6)	380,269	58,180	438,449
Total assets	944,323	124,426	1,068,749
LIABILITIES			
Accounts payable	17,787	3,568	21,355
Salaries and benefits payable	23,303	490	23,793
Interest payable	455	36	491
Other payables	10,297	472	10,769
Unearned revenue (Note 7)	31,764	--	31,764
Customer deposits payable	6,938	272	7,210
Long-term liabilities (Note 8):			
Portion due within one year:			
Compensated absences (Note 8)	17,059	398	17,457
Capital lease obligations (Note 9)	294	--	294
Certificates of participation, net (Note 10)	3,334	667	4,001
Bonds and notes payable (Note 11)	--	678	678
Liability for self-insurance claims (Note 12)	9,337	--	9,337
Landfill closure/postclosure care costs (Note 14)	--	147	147
Portion due in more than one year:			
Compensated absences (Note 8)	13,886	284	14,170
Capital lease obligations (Note 9)	3,723	--	3,723
Certificates of participation, net (Note 10)	65,425	8,865	74,290
Bonds and note payable (Note 11)	--	9,636	9,636
Liability for self-insurance claims (Note 12)	24,228	--	24,228
Estimated litigation liability (Note 13)	2,115	--	2,115
Landfill closure/postclosure care costs (Note 14)	--	25,680	25,680
Other post employment benefits (OPEB) obligation (Note 20)	38,900	851	39,751
Total liabilities	268,845	52,044	320,889
NET ASSETS			
Invested in capital assets, net of related debt	480,240	60,029	540,269
Restricted for (Note 16):			
Law and justice	184	--	184
Public safety	9,533	--	9,533
Health and public assistance	42,328	--	42,328
Community resources and public facilities	106,691	--	106,691
General government and support services	4,523	--	4,523
General county programs	15,271	--	15,271
Unrestricted	16,708	12,353	29,061
Total net assets	$ 675,478	$ 72,382	$ 747,860

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, 2011 (in thousands)

				Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	**Direct Expenses**	**Indirect Expenses**	**Total Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:									
Policy & executive	$ 16,306	$ (5,232)	$ 11,074	$ 4,811	$ 1,390	$ --	$ (4,873)	$ --	$ (4,873)
Law & justice	45,552	1,678	47,230	11,466	7,442	--	(28,322)	--	(28,322)
Public safety	206,769	9,134	215,903	36,345	37,452	--	(142,106)	--	(142,106)
Health & public assistance	300,884	7,265	308,149	77,085	205,276	--	(25,788)	--	(25,788)
Community resources & public facilities	80,437	3,333	83,770	22,925	43,006	209	(17,630)	--	(17,630)
General government & support services	47,718	(16,595)	31,123	14,115	5,443	--	(11,565)	--	(11,565)
General county programs	20,822	(128)	20,694	9,402	6,555	--	(4,737)	--	(4,737)
Interest on long-term debt	4,926	--	4,926	--	--	--	(4,926)	--	(4,926)
Total governmental activities	723,414	(545)	722,869	176,149	306,564	209	(239,947)	--	(239,947)
Business-type activities:									
Resource Recovery	20,803	455	21,258	21,151	985	--	--	878	878
Laguna Sanitation	5,856	90	5,946	7,304	260	--	--	1,618	1,618
Total business-type activities	26,659	545	27,204	28,455	1,245	--	--	2,496	2,496
Total primary government	$ 750,073	$ --	$ 750,073	$ 204,604	$ 307,809	$ 209	(239,947)	2,496	(237,451)
General Revenues:									
Taxes:									
Property							167,618	--	167,618
Sales							7,677	--	7,677
Transient occupancy							6,977	--	6,977
Payments in lieu of taxes							4,147	--	4,147
Franchise fees							2,641	--	2,641
Other general revenues							82	--	82
Restricted for community resources and public facilities:									
Sales tax, allocated to roads							5,779	--	5,779
Property tax, levied for flood control districts							8,306	--	8,306
Property tax, levied for county service areas							1,106	--	1,106
Property tax, levied for water agency							2,180	--	2,180
Property tax, levied for lighting districts							402	--	402
Property tax, levied for community facilities districts							326	--	326
Tax increment, allocated to redevelopment agency							4,132	--	4,132
Restricted for public safety:									
Property tax, levied for fire district							28,657	--	28,657
Unrestricted investment earnings							1,372	286	1,658
Gain on sale of capital assets							175	1	176
Transfers							1,002	(1,002)	--
Total general revenues and transfers							242,579	(715)	241,864
Change in net assets							2,632	1,781	4,413
Net assets - beginning							666,346	70,601	736,947
Prior period adjustment (Note 22)							6,500	--	6,500
Net assets - beginning, as restated							672,846	70,601	743,447
Net assets - ending							$ 675,478	$ 72,382	$ 747,860

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

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011 (in thousands)

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service
ASSETS								
Cash and investments (Note 4)	$ 26,517	$ 24,491	$ 25,355	$ 9,069	$ 15,550	$ 62,962	$ 7,083	$ --
Accounts receivable, net:								
Taxes	25,271	--	--	--	--	--	--	--
Licenses, permits, and franchises	523	15	--	--	--	--	--	--
Fines, forfeitures, and penalties	14	--	--	--	--	--	--	--
Use of money and property	296	42	50	16	17	125	18	--
Intergovernmental	8,272	1,341	5,131	7,250	3,245	--	2,731	--
Charges for services	3,677	1,832	1,676	--	16,641	--	--	--
Other	47	54	--	19	100	--	711	--
Due from other funds (Note 18)	7,611	--	--	--	--	--	176	--
Prepaid items	50	--	--	550	--	--	--	--
Other receivables	5,386	--	--	--	--	11	33	--
Advances to other funds (Note 18)	18,759	--	--	--	--	--	--	--
Property held for resale	--	--	--	--	--	--	--	--
Restricted cash and investments (Note 4 & 5)	13,034	--	--	--	--	--	12,300	1,438
Total assets	$ 109,457	$ 27,775	$ 32,212	$ 16,904	$ 35,553	$ 63,098	$ 23,052	$ 1,438
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 2,212	$ 1,192	$ 2,233	$ 1,152	$ 5,915	$ 18	$ 898	$ --
Salaries and benefits payable	13,700	623	2,815	3,026	1,759	222	--	--
Interest payable	--	--	--	--	--	--	--	--
Other payables	394	190	199	6	8,682	23	801	--
Unearned revenue (Note 7)	168	9,663	37	6,986	2,208	295	4,846	--
Deferred revenue (Note 7)	2,608	--	1,575	--	--	--	--	--
Due to other funds (Note 18)	--	--	--	40	7,191	--	144	--
Customer deposits payable	6,535	379	--	--	--	--	--	--
Advances payable (Note 18)	--	--	--	--	--	--	--	17,000
Total liabilities	25,617	12,047	6,859	11,210	25,755	558	6,689	17,000
Fund balances (Note 15):								
Nonspendable	25,570	--	--	550	--	11	--	--
Restricted	7,844	15,728	19,797	2,123	19,268	62,529	12,598	1,438
Committed	46,096	--	5,556	2,759	--	--	3,144	--
Assigned	--	--	--	262	--	--	621	--
Unassigned	4,330	--	--	--	(9,470)	--	--	(17,000)
Total fund balances	83,840	15,728	25,353	5,694	9,798	62,540	16,363	(15,562)
Total liabilities and fund balances	$ 109,457	$ 27,775	$ 32,212	$ 16,904	$ 35,553	$ 63,098	$ 23,052	$ 1,438

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, reprographics and digital imaging services, 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	
		ASSETS
$ 35,148	$ 206,175	Cash and investments (Note 4)
		Accounts receivable, net:
--	25,271	Taxes
--	538	Licenses, permits, and franchises
339	353	Fines, forfeitures, and penalties
81	645	Use of money and property
1,657	29,627	Intergovernmental
758	24,584	Charges for services
356	1,287	Other
27	7,814	Due from other funds (Note 18)
--	600	Prepaid items
7,492	12,922	Other receivables
--	18,759	Advances to other funds (Note 18)
9,515	9,515	Property held for resale
6,836	33,608	Restricted cash and investments (Note 4 & 5)
$ 62,209	$ 371,698	Total assets
		LIABILITIES AND FUND BALANCES
		Liabilities:
$ 2,794	$ 16,414	Accounts payable
638	22,783	Salaries and benefits payable
2	2	Interest payable
2	10,297	Other payables
7,561	31,764	Unearned revenue (Note 7)
--	4,183	Deferred revenue (Note 7)
479	7,854	Due to other funds (Note 18)
24	6,938	Customer deposits payable
--	17,000	Advances payable (Note 18)
11,500	117,235	Total liabilities
		Fund balances (Note 15):
120	26,251	Nonspendable
48,555	189,880	Restricted
2,164	59,719	Committed
--	883	Assigned
(130)	(22,270)	Unassigned
50,709	254,463	Total fund balances
$ 62,209	$ 371,698	Total liabilities and fund balances

	$ 254,463
	509,227
	(143,185)
	(453)
	4,183
	638
	50,055
	550
	$ 675,478

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2011 (in thousands)

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service
Revenues								
Taxes	$ 183,578	$ 5,956	$ --	$ --	$ --	$ 8,246	$ --	$ --
Licenses, permits, and franchises	12,158	254	103	69	--	--	--	--
Fines, forfeitures, and penalties	7,838	--	1,054	12	4	--	--	--
Use of money and property	2,490	116	114	218	17	326	79	32
Intergovernmental	50,815	27,969	27,394	120,487	41,301	4,168	4,230	--
Charges for services	76,246	5,050	38,338	142	35,819	3,184	402	--
Other	3,968	295	4,135	688	439	38	2,071	--
Total revenues	337,093	39,640	71,138	121,616	77,580	15,962	6,782	32
Expenditures								
Current:								
Policy & executive	15,661	--	--	--	--	--	--	--
Law & justice	28,174	--	--	--	--	--	--	--
Public safety	196,040	--	--	--	--	--	--	--
Health & public assistance	5,135	--	77,665	133,932	74,744	--	--	--
Community resources & public facilities	34,427	36,267	--	--	--	12,778	599	--
General government & support services	46,478	--	--	--	--	--	605	--
General county programs	5,933	--	--	--	--	--	--	--
Debt service:								
Principal	14	--	--	--	--	--	--	--
Interest	1,047	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	18,094	--
Total expenditures	332,909	36,267	77,665	133,932	74,744	12,778	19,298	--
Excess (deficiency) of revenues over (under) expenditures	4,184	3,373	(6,527)	(12,316)	2,836	3,184	(12,516)	32
Other Financing Sources (Uses)								
Transfers in (Note 18)	36,068	1,951	7,479	12,102	8,940	19	3,379	152
Transfers out (Note 18)	(45,586)	(107)	(2,143)	(308)	(828)	(34)	(5,076)	(739)
Proceeds from sale of capital assets	19	154	--	--	--	--	--	--
Total other financing sources (uses)	(9,499)	1,998	5,336	11,794	8,112	(15)	(1,697)	(587)
Net change in fund balances	(5,315)	5,371	(1,191)	(522)	10,948	3,169	(14,213)	(555)
Fund balances - beginning	89,155	10,357	26,544	6,216	(1,150)	59,371	30,576	(15,007)
Fund balances - ending	$ 83,840	$ 15,728	$ 25,353	$ 5,694	$ 9,798	$ 62,540	$ 16,363	$ (15,562)

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/amortization 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.

Long-term debt:

(5) The transfer of long-term debt to other agencies does not provide current financial resources but increases the value of net assets.
(6) Principal payments on long-term debt use current financial resources but have no effect on net assets.

Measurement focus:

(7) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
(8) 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:

(9) 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)

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

Other Governmental Funds	Total Governmental Funds	
		Revenues
$ 36,574	$ 234,354	Taxes
55	12,639	Licenses, permits, and franchises
4,391	13,299	Fines, forfeitures, and penalties
1,190	4,582	Use of money and property
27,983	304,347	Intergovernmental
5,449	164,630	Charges for services
4,738	16,372	Other
80,380	750,223	Total revenues
		Expenditures
		Current:
--	15,661	Policy & executive
16,082	44,256	Law & justice
1,563	197,603	Public safety
16,424	307,900	Health & public assistance
13,601	97,672	Community resources & public facilities
(10)	47,073	General government & support services
13,024	18,957	General county programs
		Debt service:
5,607	5,621	Principal
3,871	4,918	Interest
--	18,094	Capital outlay
70,162	757,755	Total expenditures
10,218	(7,532)	Excess (deficiency) of revenues over (under) expenditures
		Other Financing Sources (Uses)
18,496	88,586	Transfers in (Note 18)
(36,383)	(91,204)	Transfers out (Note 18)
1	174	Proceeds from sale of capital assets
(17,886)	(2,444)	Total other financing sources (uses)
(7,668)	(9,976)	Net change in fund balances
58,377	264,439	Fund balances - beginning
$ 50,709	$ 254,463	Fund balances - ending

	$ (9,976)
	34,474
	(13,492)
	(174)
	(196)
	2,999
	5,621
	346
	21
	80
	(2,115)
	(673)
	(10,535)
	12
	(3,760)
	$ 2,632

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 179,413	$ 180,279	$ 183,578	$ 3,299
Licenses, permits, and franchises	12,884	12,944	12,158	(786)
Fines, forfeitures, and penalties	6,013	6,338	7,838	1,500
Use of money and property	2,964	2,138	2,490	352
Intergovernmental	50,035	54,111	50,815	(3,296)
Charges for services	76,581	76,695	76,246	(449)
Other	2,764	4,139	3,968	(171)
Total revenues	330,654	336,644	337,093	449
Expenditures				
Current:				
Policy & executive	15,559	16,889	15,661	1,228
Law & justice	29,056	28,943	28,174	769
Public safety	197,615	203,481	196,040	7,441
Health & public assistance	5,331	5,400	5,135	265
Community resources & public facilities	35,394	36,047	34,427	1,620
General government & support services	51,746	52,182	46,478	5,704
General county programs	4,513	6,325	5,933	392
Debt service:				
Principal	14	14	14	--
Interest	1,607	1,047	1,047	--
Total expenditures	340,835	350,328	332,909	17,419
Excess (deficiency) of revenues over (under) expenditures	(10,181)	(13,684)	4,184	17,868
Other Financing Sources (Uses)				
Transfers in	66,567	40,113	36,068	(4,045)
Transfers out	(75,980)	(54,673)	(45,586)	9,087
Proceeds from sale of capital assets	--	7	19	12
Total other financing sources (uses)	(9,413)	(14,553)	(9,499)	5,054
Net change in fund balances	(19,594)	(28,237)	(5,315)	22,922
Fund balances - beginning	89,155	89,155	89,155	--
Fund balances - ending	$ 69,561	$ 60,918	$ 83,840	$ 22,922

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,815	$ 6,465	$ 5,956	$ (509)
Licenses, permits, and franchises	324	224	254	30
Use of money and property	106	75	116	41
Intergovernmental	24,836	41,672	27,969	(13,703)
Charges for services	7,682	5,917	5,050	(867)
Other	65	87	295	208
Total revenues	38,828	54,440	39,640	(14,800)
Expenditures				
Current:				
Community resources & public facilities	42,066	51,781	36,267	15,514
Total expenditures	42,066	51,781	36,267	15,514
Excess (deficiency) of revenues over (under) expenditures	(3,238)	2,659	3,373	714
Other Financing Sources (Uses)				
Transfers in	2,661	2,467	1,951	(516)
Transfers out	(851)	(657)	(107)	550
Proceeds from sale of capital assets	--	112	154	42
Total other financing sources (uses)	1,810	1,922	1,998	76
Net change in fund balances	(1,428)	4,581	5,371	790
Fund balances - beginning	10,357	10,357	10,357	--
Fund balances - ending	$ 8,929	$ 14,938	$ 15,728	$ 790

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 146	$ 156	$ 103	$ (53)
Fines, forfeitures, and penalties	1,002	1,122	1,054	(68)
Use of money and property	331	254	114	(140)
Intergovernmental	26,763	26,958	27,394	436
Charges for services	38,827	38,915	38,338	(577)
Other	4,940	4,940	4,135	(805)
Total revenues	72,009	72,345	71,138	(1,207)
Expenditures				
Current:				
Health & public assistance	79,979	82,413	77,665	4,748
Total expenditures	79,979	82,413	77,665	4,748
Deficiency of revenues under expenditures	(7,970)	(10,068)	(6,527)	3,541
Other Financing Sources (Uses)				
Transfers in	9,754	7,719	7,479	(240)
Transfers out	(4,974)	(2,463)	(2,143)	320
Total other financing sources (uses)	4,780	5,256	5,336	80
Net change in fund balances	(3,190)	(4,812)	(1,191)	3,621
Fund balances - beginning	26,544	26,544	26,544	--
Fund balances - ending	$ 23,354	$ 21,732	$ 25,353	$ 3,621

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ --	$ 66	$ 69	$ 3
Fines, forfeitures, and penalties	--	13	12	(1)
Use of money and property	324	232	218	(14)
Intergovernmental	126,648	120,916	120,487	(429)
Charges for services	--	142	142	--
Other	793	738	688	(50)
Total revenues	127,765	122,107	121,616	(491)
Expenditures				
Current:				
Health & public assistance	134,445	134,440	133,932	508
Total expenditures	134,445	134,440	133,932	508
Deficiency of revenues under expenditures	(6,680)	(12,333)	(12,316)	17
Other Financing Sources (Uses)				
Transfers in	11,965	12,150	12,102	(48)
Transfers out	(7,751)	(523)	(308)	215
Total other financing sources (uses)	4,214	11,627	11,794	167
Net change in fund balances	(2,466)	(706)	(522)	184
Fund balances - beginning	6,216	6,216	6,216	--
Fund balances - ending	$ 3,750	$ 5,510	$ 5,694	$ 184

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 4	$ 4	$ 4	$ --
Use of money and property	61	10	17	7
Intergovernmental	30,942	41,334	41,301	(33)
Charges for services	38,665	38,786	35,819	(2,967)
Other	213	278	439	161
Total revenues	69,885	80,412	77,580	(2,832)
Expenditures				
Current:				
Health & public assistance	74,841	78,329	74,744	3,585
Total expenditures	74,841	78,329	74,744	3,585
Excess (deficiency) of revenues over (under) expenditures	(4,956)	2,083	2,836	753
Other Financing Sources (Uses)				
Transfers in	16,307	17,667	8,940	(8,727)
Transfers out	(999)	(905)	(828)	77
Total other financing sources (uses)	15,308	16,762	8,112	(8,650)
Net change in fund balances	10,352	18,845	10,948	(7,897)
Fund balances - beginning	(1,150)	(1,150)	(1,150)	--
Fund balances - ending	$ 9,202	$ 17,695	$ 9,798	$ (7,897)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 8,285	$ 8,297	$ 8,246	$ (51)
Use of money and property	296	102	326	224
Intergovernmental	5,704	5,772	4,168	(1,604)
Charges for services	3,041	3,061	3,184	123
Other	80	80	38	(42)
Total revenues	17,406	17,312	15,962	(1,350)
Expenditures				
Current:				
Community resources & public facilities	16,094	17,248	12,778	4,470
Total expenditures	16,094	17,248	12,778	4,470
Excess of revenues over expenditures	1,312	64	3,184	3,120
Other Financing Sources (Uses)				
Transfers in	19	19	19	--
Transfers out	(10)	(36)	(34)	2
Total other financing sources (uses)	9	(17)	(15)	2
Net change in fund balances	1,321	47	3,169	3,122
Fund balances - beginning	59,371	59,371	59,371	--
Fund balances - ending	$ 60,692	$ 59,418	$ 62,540	$ 3,122

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, 2011 (in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Nonmajor- Municipal Energy Finance	Total	
ASSETS					
Current assets:					
Cash and investments (Note 4)	$ 18,964	$ 10,480	$ --	$ 29,444	$ 67,213
Accounts receivable, net:					
Licenses, permits, and franchises	500	--	--	500	--
Use of money and property	109	18	--	127	133
Intergovernmental	6	--	--	6	--
Charges for services	1,223	58	--	1,281	773
Other	622	--	--	622	361
Due from other funds	--	--	--	--	40
Inventories	288	19	--	307	360
Other receivables	--	14	--	14	--
Total current assets	21,712	10,589	--	32,301	68,880
Noncurrent assets:					
Deferred charges	72	53	--	125	--
Restricted cash and investments (Notes 4 & 5)	18,182	650	--	18,832	10
Capital assets, not being depreciated/amortized (Note 6)	10,689	6,608	--	17,297	--
Capital assets, net of accumulated depreciation/amortization (Note 6)	31,777	26,403	--	58,180	18,174
Total noncurrent assets	60,720	33,714	--	94,434	18,184
Total assets	82,432	44,303	--	126,735	87,064
LIABILITIES					
Current liabilities:					
Accounts payable	758	2,810	--	3,568	1,373
Salaries and benefits payable	394	96	--	490	520
Interest payable	9	27	--	36	--
Other payables	91	381	--	472	--
Customer deposits payable	200	72	--	272	--
Compensated absences (Note 8)	315	83	--	398	524
Certificates of participation payable (Note 10)	667	--	--	667	--
Bonds and notes payable (Note 11)	--	678	--	678	--
Liability for self-insurance claims (Note 12)	--	--	--	--	9,337
Landfill closure/postclosure care costs (Note 14)	147	--	--	147	--
Total current liabilities	2,581	4,147	--	6,728	11,754
Noncurrent liabilities:					
Compensated absences (Note 8)	236	48	--	284	236
Certificates of participation payable, net (Note 10)	8,865	--	--	8,865	--
Bonds and note payable (Note 11)	--	9,636	--	9,636	--
Liability for self-insurance claims (Note 12)	--	--	--	--	24,228
Landfill closure/postclosure care costs (Note 14)	25,680	--	--	25,680	--
Advances payable (Note 18)	1,759	--	--	1,759	--
OPEB obligation (Note 20)	698	153	--	851	791
Total noncurrent liabilities	37,238	9,837	--	47,075	25,255
Total liabilities	39,819	13,984	--	53,803	37,009
NET ASSETS					
Invested in capital assets, net of related debt	36,701	23,328	--	60,029	18,174
Unrestricted	5,912	6,991	--	12,903	31,881
Total net assets	$ 42,613	$ 30,319	$ --	72,932	$ 50,055
Adjustment to reflect the allocation of the internal service funds' cumulative net loss				(550)	
Net assets of business-type activities				$ 72,382	

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, 2011 (in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Nonmajor-Municipal Energy Finance	Total	
Operating revenues:					
Charges for services	$ 14,262	$ 7,283	$ --	$ 21,545	$ 43,758
Sale of scrap and recyclables	3,850	--	--	3,850	--
Franchise fees	398	--	--	398	--
Self-insurance recovery	--	--	--	--	1,792
Other operating revenues	2,641	21	--	2,662	515
Total operating revenues	21,151	7,304	--	28,455	46,065
Operating expenses:					
Salaries and benefits	7,887	1,797	--	9,684	9,310
Services and supplies	3,960	2,368	--	6,328	26,865
Self-insurance claims	--	--	--	--	11,002
Contractual services	5,590	532	--	6,122	370
Depreciation and amortization	1,998	963	--	2,961	3,522
County overhead allocation	455	90	--	545	475
Closure/postclosure costs	798	--	--	798	--
Total operating expenses	20,688	5,750	--	26,438	51,544
Operating income (loss)	463	1,554	--	2,017	(5,479)
Non-operating revenues (expenses):					
Use of money and property	516	54	--	570	451
Interest expense	(354)	(180)	--	(534)	(2)
Gain (loss) on sale of capital assets	(55)	1	--	(54)	82
Settlements and damages	(55)	--	--	(55)	--
Other non-operating revenues	708	253	--	961	444
Total non-operating revenues (expenses), net	760	128	--	888	975
Income (loss) before transfers	1,223	1,682	--	2,905	(4,504)
Transfers in	--	--	--	--	1,047
Transfers out (Note 18)	(7)	--	(995)	(1,002)	(425)
Transfers in (out), net	(7)	--	(995)	(1,002)	622
Change in net assets	1,216	1,682	(995)	1,903	(3,882)
Total net assets - beginning	41,397	28,637	995	71,029	53,937
Total net assets - ending	$ 42,613	$ 30,319	$ --	$ 72,932	$ 50,055

Change in net assets - total enterprise funds	$ 1,903
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(122)
Change in net assets of business-type activities	$ 1,781

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, 2011 (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	$ --	$ --	$ --	$ --	$ 44,460
Receipts from self-insurance recovery	--	--	--	--	1,792
Receipts from customers and users	21,327	7,250	--	28,577	--
Payments to employees	(7,588)	(1,728)	--	(9,316)	(8,877)
Payments to suppliers	(9,379)	71	--	(9,308)	(31,740)
Payments for self-insurance claims	--	--	--	--	(11,002)
Payments for landfill closure/postclosure costs	(164)	--	--	(164)	--
County overhead allocation payments to the General Fund	(455)	(90)	--	(545)	(477)
Other receipts	708	253	--	961	444
Net cash provided (used) by operating actiivities	4,449	5,756	--	10,205	(5,400)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	--	--	--	--	1,047
Transfers to other funds	(7)	--	(995)	(1,002)	(425)
Payment on landfill settlement	(55)	--	--	(55)	--
Net cash provided (used) by noncapital financing activities	(62)	--	(995)	(1,057)	622
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(1,919)	(4,389)	--	(6,308)	(3,425)
Proceeds from sale of capital assets	369	1	--	370	245
Principal paid on capital lease obligations	(5)	(2)	--	(7)	(70)
Interest paid on capital lease obligations	--	--	--	--	(2)
Principal paid on certificates of participation	(388)	--	--	(388)	--
Interest paid on certificates of participation	(345)	--	--	(345)	--
Principal paid on bonds and notes payable	--	(437)	--	(437)	--
Interest paid on bonds and notes payable	--	(158)	--	(158)	--
Proceeds of long-term debt	2,821	4,170	--	6,991	--
Net cash provided (used) by capital and related financing activities	533	(815)	--	(282)	(3,252)
CASH FLOWS FROM INVESTING ACTIVITIES					
Use of money and property received	683	56	--	739	500
Net cash provided by investing activities	683	56		739	500
Net change in cash and cash equivalents	5,603	4,997	(995)	9,605	(7,530)
Cash and cash equivalents - beginning	31,543	6,133	995	38,671	74,753
Cash and cash equivalents - ending	$ 37,146	$ 11,130	$ --	$ 48,276	$ 67,223
Reconciliation of cash and cash equivalents to the Statement of Net Assets					
Cash and investments per Statement of Net Assets	$ 18,964	$ 10,480	$ --	$ 29,444	$ 67,213
Restricted cash and investments per Statement of Net Assets	18,182	650	--	18,832	10
Total cash and cash equivalents per Statement of Net Assets	$ 37,146	$ 11,130	$ --	$ 48,276	$ 67,223
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 463	$ 1,554	$ --	$ 2,017	$ (5,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/amortization	1,998	963	--	2,961	3,522
Other non-operating revenues	708	253	--	961	444
Changes in assets and liabilities:					
Accounts and other receivables	276	(54)	--	222	191
Inventories	(8)	(3)	--	(11)	(47)
Deferred charges	(19)	(53)	--	(72)	--
Accounts payable	198	3,027	--	3,225	232
Salaries and benefits payable	299	69	--	368	433
Customer deposits	(100)	--	--	(100)	--
Liability for self-insurance claims	--	--	--	--	(4,696)
Landfill closure cost liability	634	--	--	634	--
Net cash provided (used) by operating activities	$ 4,449	$ 5,756	$ --	$ 10,205	$ (5,400)
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, 2011 (in thousands)

	Investment Trust Fund	Agency Funds
Assets		
Cash and investments (Note 4)	$ 563,235	$ 32,573
Interest receivable	1,181	139
Total assets	564,416	$ 32,712
Liabilities		
Accounts payable	--	$ 1,731
Funds held as agent for others	--	30,981
Total liabilities	--	$ 32,712
Net Assets		
Held in trust for pool participants	$ 564,416	

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, 2011 (in thousands)

	Investment Trust Fund
Additions:	
Contributions to pooled investments	$ 3,204,349
Interest and investment income	4,881
Total additions	3,209,230
Deductions:	
Distributions from pooled investments	3,182,284
Total deductions	3,182,284
Net increase in net assets	26,946
Net assets held in trust for pool participants - beginning	537,470
Net assets held in trust for pool participants - ending	$ 564,416

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA

CALIFORNIA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The County of Santa Barbara (County), which was established by an act of the Legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by 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, or 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's Board acting as the governing board for each of the component units.

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

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

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 1306 Santa Barbara Street, 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, 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 cities of Buellton, Solvang and Goleta, and private lands within the National Forest. The District provides a full range of fire services funded primarily from property taxes. The National Forest and military installations provide their own fire protection.

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 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. The RDA publishes its own Annual Financial Report and receives its own independent audit.

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.

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 Pronouncements

Government Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the County implemented Government Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions.*" The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section of this footnote.

GASB 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The definitions of the General Fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are also clarified by the provisions in this statement.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, and sanitation operations.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the County except those required to be accounted for in specialized funds.

The **Roads Fund** is used to account for the planning, design, construction, maintenance and administration of County roads. It is also used to account for traffic safety and other transportation planning activities. Funding comes primarily from local sales and state highway user taxes, along with state and federal highway improvement grants.

The **Public Health Fund** accounts for a variety of preventative health programs, outpatient services and inmate health programs. The fund is also used to account for Environmental Health, and Emergency Medical Services. Revenue sources are primarily state and federal grants, and vehicle license fees.

The **Social Services Fund** accounts for a variety of public assistance and social service programs that are funded primarily from state and federal grants.

The **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." Revenue sources are primarily charges for services, sales tax revenue and state grants.

The **Flood Control District Fund** is used to account for the provision of flood protection activities. Revenues come from a variety of sources including property taxes, charges for services, benefits assessments and federal grants.

The **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Additionally, the County reports the following fund types:

Internal Service Funds account for vehicle operations, risk management, information technology, reprographics and digital imaging services, 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 408 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 277 different agency funds.

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

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 (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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, 2011. The deposits held for these districts are included in the Investment Trust Fund.

Accounts Receivable and Payable

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

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County including school and special districts. Article XIIIB 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, 2011, property taxes receivable of $25,271 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 nonspendable portion of fund balance in the General Fund (see Note 16).

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 nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 shown as nonspendable.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the County's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.
- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Balance Policy

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its county funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 15% of operating revenue (approximately 60 days working capital) at the close of each fiscal year, consistent with the recommended level promulgated by the Government Finance Officers Association (GFOA).

Additional detailed information, along with the complete *Fund Balance Policy* can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

Strategic Reserve Policy

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 8% of operating revenue (approximately 30 days working capital) for the General Fund. Funding for the Strategic Reserve is appropriated annually by the Board of Supervisors as part of the budget approval process.

The purpose of the County's Strategic Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;
2. Mitigate state or federal budget actions that may reduce County revenue;
3. Maintain core service levels essential to public health, safety, and welfare;
4. Front-fund or completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state or federal level are eligible for funding from the Strategic Reserve; and
5. Absorb liability settlements in excess of available resources in the County's commited litigation fund balance.

The monies in the Strategic Reserve are separate monies used only for the purposes stated above. The funds are used only to support the operating budget when general revenue increases less than 3% from the prior fiscal year. Any transfer of funds is approved by the Board of Supervisors and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

As of June 30, 2011, the County's Strategic Reserve fund balance was $19,448.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

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 the fiscal year ended June 30, 2011, no instances existed in which expenditures exceeded appropriations.

The Board must approve amendments or transfers of appropriations between funds or departments, as well as items related to capital assets or designations. 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.

The Budget adopted by the County for FY 10-11 uses the fund balance language of the County Budget Act which has not yet been updated to reflect GASB Statement 54. The County has presented the Statement of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual in conformity with GASB Statement 54.

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	$ 206,175	$ --	$ 67,213	$ --	$ 273,388
Accounts receivable, net:					
Taxes	25,271	--	--	--	25,271
Licenses, permits, and franchises	538	--	--	--	538
Fines, forfeitures, and penalties	353	--	--	--	353
Use of money and property	645	--	133	--	778
Intergovernmental	29,627	--	--	--	29,627
Charges for services	24,584	--	773	--	25,357
Other	1,287	--	361	--	1,648
Due from other funds	7,814	--	40	(7,854)	--
Internal balances	--	--	--	2,309	2,309
Inventories	--	--	360	--	360
Prepaid items	600	--	--	--	600
Other receivables	12,922	--	--	--	12,922
Deferred charges	--	638	--	--	638
Advances to other funds	18,759	--	--	(18,759)	--
Property held for resale	9,515	--	--	--	9,515
Restricted cash and investments	33,608	--	10	--	33,618
Capital assets	--	509,227	18,174	--	527,401
Total assets	$ 371,698	$ 509,865	$ 87,064	$ (24,304)	$ 944,323
Liabilities:					
Accounts payable	$ 16,414	$ --	$ 1,373	$ --	$ 17,787
Salaries and benefits payable	22,783	--	520	--	23,303
Interest payable	2	453	--	--	455
Other payables	10,297	--	--	--	10,297
Unearned revenue	31,764	--	--	--	31,764
Deferred revenue	4,183	(4,183)	--	--	--
Due to other funds	7,854	--	--	(7,854)	--
Customer deposits payable	6,938	--	--	--	6,938
Advances payable	17,000	--	--	(17,000)	--
Compensated absences	--	30,185	760	--	30,945
Capital lease obligations	--	4,017	--	--	4,017
Certificates of participation (COP)	--	68,500	--	--	68,500
Unamortized premium on COP	--	528	--	--	528
Unamortized discount on COP	--	(269)	--	--	(269)
Liability for self-insurance claims	--	--	33,565	--	33,565
Estimated litigation liability	--	2,115	--	--	2,115
OPEB obligation	--	38,109	791	--	38,900
Total liabilities	117,235	139,455	37,009	(24,854)	268,845
Fund balance/net assets:					
Total fund balance/net assets	254,463	370,410	50,055	550	675,478
Total liabilities & fund balance/net assets	$ 371,698	$ 509,865	$ 87,064	$ (24,304)	$ 944,323

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).		$ 509,227
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	$ (68,500)	
Unamortized premium on certificates of participation	(528)	
Unamortized discount on certificates of participation	269	
Capital lease obligations (excluding Internal Service Funds)	(4,017)	
Estimated liability for litigation	(2,115)	
Compensated absences (excluding Internal Service Funds)	(30,185)	
OPEB obligation (excluding Internal Service Funds)	(38,109)	
Total long-term liabilities		(143,185)
Accrued interest on long-term debt		(453)
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)		4,183
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue.		638
		$ 370,410

(2) Internal Service Funds are used by management to charge the costs of information technology, reprographics and digital imaging services, vehicle operations and maintenance, risk management and insurance, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets.	$ 50,055
(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.	$ 550

4. CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer. The Santa Barbara County Treasury Pool (Pool) is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund. The Statement of Assets also includes investments that reside outside of the Investment Pool and are held with fiscal agents (Investments Held with Fiscal Agents).

Investments are stated at fair value. Fair value is established quarterly based on quoted market prices received from the securities custodian. Fair value of investments held fluctuates with interest rates. The fair value of participants' position in the Pool is the same as the value of the Pool shares. The value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. The total percentage share of the Pool that relates to external involuntary participants is 56% as of June 30, 2011.

The Pool participates in the State of California Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). Investments in the LAIF and CAMP are governed by state statutes and overseen by a five member Local Investment Advisory Board and a seven member Board of Trustees, respectively.

4. CASH AND INVESTMENTS - CONTINUED

The 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 is primarily to safeguard investment principal by mitigating exposure to risk factors, secondarily maintaining sufficient liquidity to meet cash flow needs, and lastly to attain a return on the funds. On this last objective the Treasurer's Investment Policy specifies the attainment of a "market average rate of return" consistent with the primary objectives of safety and liquidity.

The Treasurer has not provided nor obtained any legally binding guarantees during the year ended June 30, 2011 to support the value of shares in the Pool.

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the Pool's bank deposits are insured by the Federal Depository Insurance Corporation (FDIC). Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) fully guaranteed all funds in noninterest-bearing transaction deposit accounts held at FDIC-insured depository institutions. As the Pool's deposits are fully insured under the DFA, collateralization under Government Code Section 53652 is waived.

At June 30, 2011, the carrying amount of the Pool's deposits was $140,000 and the corresponding bank balance was $135,373. The difference of $4,627 was principally due to deposits in transit.

Investments

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

The Investment Policy Statement provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the Treasurer's Investment Policy is more restrictive than state law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and the investment pools managed by a Joint Powers Authority.

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.

4. CASH AND INVESTMENTS - CONTINUED

The Treasurer's Investment Policy sets specific parameters by type of investment to be met at the time of purchase. For securities issued and fully guaranteed as to payment by an agency or government sponsored enterprise of the U.S. Government the issuer shall be rated AAA by at least two of the three major rating services of Fitch Ratings, 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 at a minimum of AA by at least two of the three major rating services. Corporate notes, with a maturity of three years or less, shall be rated at a minimum of AA- by at least two of the three major ratings services. Corporate Temporary Liquidity Guarantee Program (TLGP) notes shall be rated AAA by one of three major ratings services.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2011:

	Moody's	S&P	Fitch	% of Portfolio
Treasurer's Pooled Investments:				
LAIF	NR*	NR	NR	6.34%
CAMP	NR	AAAm	NR	7.61%
Corporate Notes: TLGP**	Aaa	AAA	AAA	0.64%
Corporate Notes	AA2	AA+	NR	0.63%
Corporate Notes	A1	AA-	AA-	1.95%
Government Agency Bonds and Notes	Aaa	AAA	AAA	60.95%
Government Agency Bonds and Notes	Aaa	AAA	NR	21.88%
Total Treasurer's Pooled Investments				100.00%
Investments Held with Fiscal Agents:				
Money Market	P-1	A-1+	F1+	79.30%
Government Agency Bonds and Notes	Aaa	AAA	NR	20.70%
				100.00%

* Not Rated
**Temporary Liquidity Guarantee Program

Instruments in any one issuer that represent 5% or more of the County's investments as of June 30, 2011 (excluding external investment pools and debt explicitly guaranteed by the U.S. government) are as follows:

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
Federal Home Loan Mortgage Corporation	Government Sponsored	$ 74,982	9.51%
Federal Home Loan Bank	Government Sponsored	$ 187,461	23.78%
Federal Farm Credit Bank	Government Sponsored	$ 194,204	24.64%
Federal National Mortgage Association	Government Sponsored	$ 196,230	24.89%
Investments Held with Fiscal Agents:			
Federal Home Loan Bank	Government Sponsored	$ 4,702	20.70%

4. CASH AND INVESTMENTS - CONTINUED

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

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

At June 30, 2011, $44,946 or 4.84% of the Treasurer's Pooled Investments was held in U.S. agency step-up notes. These securities grant the issuer the option to call the note on a certain specified date(s). On a certain date, or dates, the coupon rate of the note increases (steps up) by an amount specified at the inception of the note.

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 year ended June 30, 2011:

Interest income	$	8,995
Realized gain		1,338
Administration fees		(1,767)
Miscellaneous adjustments		(3)
Total net investment income	$	8,563

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 a 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 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).

4. CASH AND INVESTMENTS - CONTINUED

The following is a summary of investments held by the County as of June 30, 2011:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments:					
LAIF	$ 50,000	$ 50,000	0.48%	On Demand	On Demand
CAMP	60,000	60,000	0.10%	On Demand	On Demand
Corporate notes: TLGP	4,999	5,062	3.00%	12/11	161 days
Corporate notes	20,099	20,349	0.44 -5.50%	8/11-8/12	176 days
Government agency bonds and notes	651,199	652,877	Discount; 0.50-4.82%	7/11-6/16	746 days
Total pooled and directed investments	786,297	788,288			
Investments held with fiscal agents:					
Money Market	18,015	18,015	0.00-0.11%	On Demand	On Demand
Government agency bonds and notes	4,636	4,702	Discount; 1.25%	11/11-10/15	592 days
Total investments	$ 808,948	811,005			
Cash in banks:					
Non-interest bearing deposits		140,000			
Cash on hand		85			
Total cash and investments		$ 951,090			
Total unrestricted cash and investments		$ 898,640			
Total restricted cash and investments (Note 5)		52,450			
Total cash and investments		$ 951,090			
Total cash and investments summary:					
Total governmental activities		$ 307,006			
Total business-type activities		48,276			
Total fiduciary funds		595,808			
Total cash and investments		$ 951,090			

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2011:

Statement of Net Assets	
Net assets held for pool	$ 928,293
Equity of internal pool participants	$ 365,058
Equity of external pool participants (voluntary and involuntary)	563,235
Total equity	$ 928,293
Statement of Changes in Net Assets	
Net assets held for pool participants, July 1, 2010	$ 881,264
Net change in investments by pool participants	47,029
Net assets held for pool participants, June 30, 2011	$ 928,293

5. RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2011 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities		
General Fund		
Property tax loss reserves	$ 6,566	
Deposits by various developers	6,387	
Court ordered restitution funds	81	
Total General Fund		$ 13,034
Major Governmental Funds		
Capital projects funds	12,300	
Debt service reserves	1,438	
Total major governmental funds		13,738
Nonmajor Governmental Funds		
Debt service reserves	5,766	
RDA projects funds	1,061	
Clean water plan check trust	9	
Total nonmajor governmental funds		6,836
Internal Service Funds		
Funds for underground tank clean-up	10	
Total internal service funds		10
Total governmental activities		33,618
Business-type Activities		
Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 14)	15,749	
Financial assurance for landfill corrective action	1,534	
Debt service reserves	899	
Total Resource Recovery Fund		18,182
Laguna Sanitation Fund		
Capital project funds	579	
Deposits by various developers	71	
Total Laguna Sanitation Fund		650
Total business-type activities		18,832
Total restricted cash and investments		$ 52,450

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 includes the following transfers and/or adjustments:

- A $1 net equipment transfer between the Vehicle Operations and Maintenance internal service fund and the Roads fund.
- A $10 adjustment between governmental activities structures and improvements basis and related accumulated depreciation/amortization.

6. CAPITAL ASSETS - CONTINUED

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2011
Governmental activities:					
Capital assets, non-depreciable:					
Land	$ 36,589	$ 5,540	$ --	$ --	$ 42,129
Land easements	47,257	59	--	--	47,316
Construction in progress	52,960	33,776	(29,049)	--	57,687
Total capital assets, non-depreciable	136,806	39,375	(29,049)	--	147,132
Capital assets, depreciable/amortizable:					
Land improvements	11,717	1,456	--	--	13,173
Structures and improvements	217,765	4,385	--	10	222,160
Equipment and software	96,614	13,429	(5,477)	--	104,566
Infrastructure	258,631	14,806	--	--	273,437
Total capital assets, depreciable/amortizable	584,727	34,076	(5,477)	10	613,336
Less accumulated depreciation/amortization for:					
Land improvements	(4,971)	(346)	--	--	(5,317)
Structures and improvements	(76,012)	(5,036)	--	(10)	(81,058)
Equipment and software	(60,603)	(7,731)	4,942	--	(63,392)
Infrastructure	(79,399)	(3,901)	--	--	(83,300)
Total accumulated depreciation/amortization	(220,985)	(17,014)	4,942	(10)	(233,067)
Total capital assets, depreciable/amortizable, net	363,742	17,062	(535)	--	380,269
Sub-total governmental activities	500,548	56,437	(29,584)	--	527,401
Business-type activities:					
Capital assets, non-depreciable:					
Land	12,244	--	--	--	12,244
Construction in progress	1,036	4,720	(703)	--	5,053
Total capital assets, non-depreciable	13,280	4,720	(703)	--	17,297
Capital assets, depreciable/amortizable:					
Land improvements	344	141	--	--	485
Structures and improvements	7,792	728	--	--	8,520
Equipment and software	26,772	718	(2,131)	--	25,359
Infrastructure	56,054	704	--	--	56,758
Total capital assets, depreciable/amortizable	90,962	2,291	(2,131)	--	91,122
Less accumulated depreciation/amortization for:					
Land improvements	(138)	(9)	--	--	(147)
Structures and improvements	(3,160)	(179)	--	--	(3,339)
Equipment and software	(15,379)	(1,040)	1,707	--	(14,712)
Infrastructure	(13,011)	(1,733)	--	--	(14,744)
Total accumulated depreciation/amortization	(31,688)	(2,961)	1,707	--	(32,942)
Total capital assets, depreciable/amortizable, net	59,274	(670)	(424)	--	58,180
Sub-total business-type activities	72,554	4,050	(1,127)	--	75,477
Total capital assets, net	$ 573,102	$ 60,487	$ (30,711)	$ --	$ 602,878

6. CAPITAL ASSETS - CONTINUED

Capital assets activity for each major enterprise fund for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2011
Resource Recovery:					
Capital assets, non-depreciable:					
Land	$ 9,445	$ --	$ --	$ --	$ 9,445
Construction in progress	704	1,243	(703)	--	1,244
Total capital assets, non-depreciable	10,149	1,243	(703)	--	10,689
Capital assets, depreciable/amortizable:					
Structures and improvements	3,175	--	--	--	3,175
Equipment and software	20,721	675	(2,131)	--	19,265
Infrastructure	29,790	704	--	--	30,494
Total capital assets, depreciable/amortizable	53,686	1,379	(2,131)	--	52,934
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,348)	(84)	--	--	(1,432)
Equipment and software	(12,439)	(775)	1,707	--	(11,507)
Infrastructure	(7,079)	(1,139)	--	--	(8,218)
Total accumulated depreciation/amortization	(20,866)	(1,998)	1,707	--	(21,157)
Total capital assets, depreciable/amortizable, net	32,820	(619)	(424)	--	31,777
Sub-total Resource Recovery	42,969	624	(1,127)	--	42,466
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	2,799	--	--	--	2,799
Construction in progress	332	3,477		--	3,809
Total capital assets, non-depreciable	3,131	3,477	--	--	6,608
Capital assets, depreciable/amortizable:					
Land improvements	344	141	--	--	485
Structures and improvements	4,617	728	--	--	5,345
Equipment and software	6,051	43	--	--	6,094
Infrastructure	26,264	--	--	--	26,264
Total capital assets, depreciable/amortizable	37,276	912	--	--	38,188
Less accumulated depreciation/amortization for:					
Land improvements	(138)	(9)	--	--	(147)
Structures and improvements	(1,812)	(95)	--	--	(1,907)
Equipment and software	(2,940)	(265)	--	--	(3,205)
Infrastructure	(5,932)	(594)	--	--	(6,526)
Total accumulated depreciation/amortization	(10,822)	(963)	--	--	(11,785)
Total capital assets, depreciable/amortizable, net	26,454	(51)	--	--	26,403
Sub-total Laguna Sanitation	29,585	3,426	--	--	33,011
Total capital assets, net - business-type activities	$ 72,554	$ 4,050	$ (1,127)	$ --	$ 75,477

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, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2011
Internal Service Funds:					
Capital assets, depreciable/amortizable:					
Structures and improvements	$ 2,603	$ --	$ --	$ --	$ 2,603
Equipment and software	42,448	3,424	(2,181)	(4)	43,687
Total capital assets, depreciable/amortizable	45,051	3,424	(2,181)	(4)	46,290
Less accumulated depreciation/amortization for:					
Structures and improvements	(560)	(56)	--	--	(616)
Equipment and software	(26,056)	(3,466)	2,017	5	(27,500)
Total accumulated depreciation/amortization	(26,616)	(3,522)	2,017	5	(28,116)
Total capital assets, net - internal service funds	$ 18,435	$ (98)	$ (164)	$ 1	$ 18,174

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

	Depreciation/ Amortization (excluding ISF)	ISF Deprecation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	$ 450	$ 75	$ 525
Law & justice	505	103	608
Public safety	3,456	1,547	5,003
Health & public assistance	2,281	801	3,082
Community resources & public facilities	5,271	723	5,994
General government & support services	1,284	256	1,540
General county programs	245	17	262
Sub-total governmental activities	13,492	3,522	17,014
Business-type activities:			
Resource Recovery	1,998	--	1,998
Laguna Sanitation	963	--	963
Sub-total business-type activities	2,961	--	2,961
Total depreciation expense	$ 16,453	$ 3,522	$ 19,975

(1) Depreciation/amortization of capital assets held by the County's ISF is charged to the various functions based on their usage of the assets.

6. CAPITAL ASSETS - CONTINUED

Construction in progress at June 30, 2011 consists of the following projects for the primary government:

Governmental activities:		
Capital Outlay projects:		
Emergency operations center	$ 6,828	
Lompoc fire & sheriff station	5,443	
Court House annex Public Defender remodel	2,717	
North County jail	2,388	
Santa Maria Court clerk building	2,357	
Cachuma water treatment system	1,397	
Clerk-Recorder-Assessor archive building	1,323	
Court House seismic retrofitting	797	
Santa Maria building administration expansion	599	
Other projects (individually less than $500)	7,072	
		$ 30,921
Roads projects:		
El Embarcadero sidewalks	3,084	
El Colegio Road improvements	2,154	
Santa Ynez bike lanes	1,377	
Jalama Road bridge	1,192	
Black Road bridge rehabilitation	873	
Floridale Avenue bridge	818	
Jalama Road slope wall	613	
Santa Rosa Road bridge replacement	583	
Other projects (individually less than $500)	3,256	
		13,950
Flood Control projects:		
Mission Creek Corps project	4,529	
Las Vegas Creek/Encina drain	1,929	
Santa Maria levee reinforcement	516	
Foster Road storm drain	282	
Montecito Creek fish modification	259	
Other projects (individually less than $200)	1,103	
		8,618
General Fund projects		3,313
Public Health projects		885
Sub-total governmental activities		57,687
Business-type activities:		
Laguna Sanitation projects:		
Solar power	3,792	
Other projects (individually less than $100)	17	
		3,809
Resource Recovery projects:		
Tajiguas liner phase 2C		1,244
Sub-total business-type activities		5,053
Total construction in progress		$ 62,740

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, 2011, the various components of deferred and unearned revenue reported are as follows:

	Unearned	Deferred (Unavailable)	Total
General Fund:			
Greka Oil settlement	$ --	$ 1,600	$ 1,600
Delinquent property taxes	--	973	973
Title IV-E overpayment	164	--	164
Federal interest subsidy	--	35	35
Other unearned revenue	4	--	4
Total General Fund	168	2,608	2,776
Roads Fund:			
Advances from California Department of Transportation for road projects	6,977	--	6,977
Developer mitigation fees	2,632	--	2,632
Farmworker fare revenue	54	--	54
Total Roads Fund	9,663	--	9,663
Public Health Fund:			
Medi-Cal audit settlements	--	1,575	1,575
Advance on federal grant for disaster preparedness	37	--	37
Total Public Health Fund	37	1,575	1,612
Social Services Fund:			
Grant drawdowns prior to meeting eligibility requirements	6,986	--	6,986
Alcohol, Drug and Mental Health Services Fund:			
Mental Health Services Act capital/information technology	1,408	--	1,408
Early, periodic, screening, diagnosis, and treatment	800	--	800
Total Alcohol, Drug and Mental Health Fund	2,208	--	2,208
Flood Control District Fund:			
Developer mitigation fees	295	--	295
Capital Projects Fund:			
Developer mitigation fees	4,846	--	4,846
Nonmajor Governmental Funds:			
Other receivables - RDA	6,779	--	6,779
Advances on state & federal grants for Affordable Housing	586	--	586
Fire district mitigation fees	109	--	109
Advances on state & federal grants for Child Support Services	87	--	87
Total Nonmajor Governmental Funds	7,561	--	7,561
Total unearned and deferred revenue	$ 31,764	$ 4,183	$ 35,947

8. LONG-TERM LIABILITIES

Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Capital lease obligations	$ 4,782	$ --	$ (765)	$ 4,017	$ 294
Certificates of participation (COP)	76,248	--	(7,748)	68,500	3,334
Unamortized premium on COP	872	--	(344)	528	--
Unamortized discount on COP	(296)	--	27	(269)	--
Compensated absences	28,733	19,271	(17,059)	30,945	17,059
Liability for self-insurance claims	38,261	6,306	(11,002)	33,565	9,337
Estimated litigation liability	1,442	673	--	2,115	--
Rebatable arbitrage earnings	80	--	(80)	-	--
OPEB obligation	28,132	10,768	--	38,900	--
Sub-total governmental activities	178,254	37,018	(36,971)	178,301	30,024
Business-type activities:					
Capital lease obligations	7	--	(7)	--	--
Certificates of participation	6,897	2,821	(388)	9,330	667
Unamortized premium on COP	36	211	(45)	202	--
Bonds and notes payable	6,581	4,170	(437)	10,314	678
Compensated absences	606	474	(398)	682	398
Landfill closure/postclosure care costs	25,193	781	(147)	25,827	147
OPEB obligation	616	235	--	851	--
Sub-total business-type activities	39,936	8,692	(1,422)	47,206	1,890
Total long-term liabilities	$ 218,190	$ 45,710	$ (38,393)	$ 225,507	$ 31,914

8. LONG-TERM LIABILITIES - CONTINUED

The long-term liability activity for each major enterprise fund for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Resource Recovery:					
Capital lease obligations	$ 5	$ --	$ (5)	$ --	$ --
Certificates of participation	6,897	2,821	(388)	9,330	667
Unamortized premium on COP	36	211	(45)	202	--
Compensated absences	485	381	(315)	551	315
Landfill closure/postclosure care costs	25,193	781	(147)	25,827	147
OPEB obligation	509	189	--	698	--
Sub-total Resource Recovery	33,125	4,383	(900)	36,608	1,129
Laguna Sanitation:					
Capital lease obligations	2	--	(2)	--	--
Bonds and notes payable	6,581	4,170	(437)	10,314	678
Compensated absences	121	93	(83)	131	83
OPEB obligation	107	46	--	153	--
Sub-total Laguna Sanitation	6,811	4,309	(522)	10,598	761
Total long-term liabilities - business-type activities	$ 39,936	$ 8,692	$ (1,422)	$ 47,206	$ 1,890

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, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Internal Service Funds:					
Capital lease obligation	$ 70		$ (70)	$ --	$ --
Compensated absences	663	663	(566)	760	524
Liability for self-insurance claims	38,261	6,306	(11,002)	33,565	9,337
OPEB obligation	558	233	--	791	--
Total long-term liabilities - Internal Service Funds	$ 39,552	$ 7,202	$ (11,638)	$ 35,116	$ 9,861

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 found that the County had no rebateable arbitrage liability at June 30, 2011.

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, 2011, the conduit debt principal amount outstanding was $13,865.

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, 2011:

Year Ending June 30,	Amount
2012	$ 272
2013	162
2014	11
Total minimum rental payments	$ 445

Total rental expenditure/expense for the year ended June 30, 2011 was $3,298 of which $269 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, 2011, the building had a carrying amount of $5,304, net of accumulated depreciation of $864.

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, 2011, the building had a carrying amount of $363, net of accumulated depreciation of $528.

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, 2011:

Year Ending June 30,	Amount
2012	$ 570
2013	377
2014	312
2015	312
2016	312
2017-2021	1,561
2022-2026	1,561
2027-2031	1,561
2032-2034	884
Total minimum rentals to be received	$ 7,450

As of the year ended June 30, 2011, total rental income was $562, all of which was recorded in the General Fund.

Capital Leases

The County has entered into certain capital lease arrangements under which the related structures and equipment will become the property of the County when all terms of the lease agreements are met. The following is a schedule of future minimum capital lease payments, payable from the General Fund and certain special revenue funds as of June 30, 2011:

Year Ending June 30,	Governmental Activities
2012	$ 507
2013	507
2014	507
2015	506
2016	506
2017-2021	1,881
2022-2026	991
2027	99
Total minimum lease payments	5,504
Less: amount representing interest	(1,487)
Total present value of minimum lease payments	$ 4,017

9. LEASES - CONTINUED

The following is a schedule of capital assets acquired through capital leases as of June 30, 2011:

	Governmental Activities
Land	$ 1,283
Structures and improvements	3,610
Equipment	160
Total capital assets, gross	5,053
Less: accumulated depreciation	(342)
Total capital assets, net, under capital leases	$ 4,711

Depreciation expense related to capital assets under capital leases for governmental activities was $68 for the year ended June 30, 2011.

10. CERTIFICATES OF PARTICIPATION (COP)

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

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

In FY 09-10, the County issued $14,935 of taxable COP debt classified as Recovery Zone Economic Development Bonds (RZEDB) for purposes of the American Recovery and Reinvestment Act (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. The County received a subsidy of $409 during the current fiscal year.

In June 2011, $2,821 of the tax-exempt portion of the 2010 COP was transferred from governmental activities to business-type activities to fund a landfill liner at the Tajiguas Landfill. The Resource Recovery fund assumed this liability and related debt payments as of the beginning of this fiscal year.

10. CERTIFICATES OF PARTICIPATION (COP) - CONTINUED

A summary of COP principal outstanding as of June 30, 2011 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2011
Governmental activities:					
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	$ 30,324	$ 21,821
2005 Capital Improvements	3.00-4.50	4/21/2005	3/1/2025	18,785	13,860
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	884	884
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	14,935
Sub-total governmental activities				81,928	68,500
Business-type activities:					
2001 Capital Improvements	2.00-5.25	12/1/2001	12/1/2021	1,101	719
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,625	5,790
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	2,821	2,821
Sub-total business-type activities				10,547	9,330
Total COP principal outstanding				$ 92,475	$ 77,830

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2011:

	Governmental Activities		Business-type Activities	
Year Ending June 30,	Principal	Interest	Principal	Interest
2012	$ 3,334	$ 3,346	$ 667	$ 371
2013	3,680	3,198	690	346
2014	4,061	3,020	719	315
2015	4,453	2,822	752	285
2016	3,322	2,638	778	255
2017-2021	19,347	10,717	4,023	785
2022-2026	14,803	6,200	1,701	112
2027-2031	7,075	3,431	--	--
2032-2036	3,855	2,047	--	--
2037-2041	4,570	733	--	--
Sub-total	68,500	38,152	9,330	2,469
Unamortized premium	528	--	202	--
Unamortized discount	(269)	--	--	--
Total COP debt, net	$ 68,759	$ 38,152	$ 9,532	$ 2,469

11. BONDS AND NOTES PAYABLE

Governmental Activities

Tax and Revenue Anticipation Notes

During FY 10-11 tax and revenue anticipation notes (TRAN) of $64,295 were issued at a premium with an average interest rate of 1.62% and a true interest cost of 0.52%. Proceeds from the notes were used to meet FY 10-11 cash flow requirements.

The following is a summary of changes in TRAN payable for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
2010-2011 TRAN	$ -	$ 64,295	$ (64,295)	$ -

Business-Type Activities

Laguna Sanitation Wastewater Treatment Plant Note Payable

On August 16, 2001, the Laguna County Sanitation District (District) entered into a financing contract with the State of California (State) for the construction of a Total Dissolved Solids and Recycled Water Treatment Plant. Under the contract, the State made fifteen disbursements totaling $9,150 to 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 2.40% per annum.

The note payable outstanding at June 30, 2011 is $6,144. The following is the repayment schedule as of June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
2013	$ 448	$ 147	$ 595
2014	459	137	596
2015	470	126	596
2016	481	114	595
2017	492	103	595
2018-2022	2,645	330	2,975
2023-2024	1,149	42	1,191
Total note payable	$ 6,144	$ 999	$ 7,143

11. BONDS AND NOTES PAYABLE - CONTINUED

Laguna Sanitation Qualified Energy Conservation Bonds

On May 25, 2011, the Laguna County Sanitation District (District) issued $4,170 of Qualified Energy Conservation Bonds (QECB) at an interest rate of 5.25% per annum. The proceeds were used to acquire a photovoltaic solar energy facility, which is projected to save the District $12,000 in financing, operating and maintenance costs over a 30 year period.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.95%; therefore the District will receive a Treasury subsidy of 70% of 4.95%, or $1,162 over the life of the bonds, resulting in a true interest cost of 1.97%.

The bonds payable outstanding at June 30, 2011 is $4,170. The following is the repayment schedule as of June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
2012	$ 230	$ 202	$ 432
2013	250	204	454
2014	255	191	446
2015	260	177	437
2016	265	163	428
2017-2021	1,385	603	1,988
2022-2026	1,525	221	1,746
Total bonds payable	$ 4,170	$ 1,761	$ 5,931

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 for employees and their dependents.

For general liability, medical malpractice, and workers' compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which 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, 2011, was $11,869. The Authority issues its own audited Comprehensive Annual Financial Report which can be obtained from the Authority located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

12. SELF-INSURANCE - CONTINUED

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	$ 20,000
Workers' Compensation*	$ -	Statutory

*Self-insured retention limit varies depending on the date of injury: $500 since July 2004 through June 30, 2010. The County purchased primary (dollar-one) insurance coverage beginning July 1, 2011.

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 $610,000 for "All Risk and Flood" and Earthquake up to $305,000. 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 annually obtain full actuarial studies for general liability, medical malpractice, and workers' compensation coverages. Premiums are charged to departments using various allocation methods that include actual costs, trends in claims experience, and payroll costs. Premiums charged annually are established such that, when added with cash reserves on hand, adequate resources are provided to meet liabilities as they come due.

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

	Fiscal Year Ended	
	June 30, 2010	June 30, 2011
Unpaid claims, beginning of year	$ 37,383	$ 38,261
Incurred claims	17,228	6,306
Claim payments	(16,350)	(11,002)
Unpaid claims, end of year	$ 38,261	$ 33,565

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 $2,115, 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. It is expected that the County of Los Angeles will petition the California Supreme Court for review.

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 $513 per year of tax administration fees. The estimated amount of PTAF for FY 06-07 through FY 10-11 that could be at issue is $2,566, plus possible interest. 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.

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 cost settlement, adjustment and audits by those agencies. These cost settlements typically occur one to two years in arrears and 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 Medicare/Medi-Cal and state Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and 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 and audit adjustments.

The County's accrued liability related to these claim adjustments is $8,573 as of June 30, 2011. Two payments to the State Department of Mental Health (DMH) resulted in a $3,957 decrease in the liability from the prior year. The County has identified General Fund commitments 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 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 00-01 through FY 07-08, are estimated at $14,400 and are considered a contingent liability. After the original contingent liability was established, it was increased by an additional $1,933 for FYs 02-03 thru 04-05. The County believes it has the appropriate supporting documentation to substantiate a significant portion of the Medi-Cal costs. However, the state has recouped MISC/CEC funding for FY 02-03 through FY 05-06 in the amount of $ 8,770. The County also believes that FY 00-01 and FY 01-02 are closed to audit and the amount due for those years, $3,329, will not be recouped by the state. This leaves a potential remaining contingent liability of approximately $4,234.

During FY 10-11, the DMH completed audits for FY 04-05 and FY 05-06. The County received an adverse finding in both audits. The FY 04-05 audit resulted in a payment to the state of $3,941: $2,153 was related to the MISC/CEC contingent liability, $957 was related to the accrued liability, $777 was for disallowed services provided by a contracted service provider, and $54 was a normal audit adjustment. The FY 05-06 audit resulted in a payment to the state of $1,777 related to the MISC/CEC contingent liability. Finally, the County received a FY 06-07 cost settlement report with a recoupment in the amount of $3,000, which was included in the original accrued liability.

Due to the extended nature of the audit and settlement process, audits of the remaining years through the first half of FY 08-09 are anticipated to take place over a number of years. Successful appeal could result in reductions of audit settlements.

First 5 Children and Families Commission (First 5)

Assembly Bill 99 (AB 99), adopted as part of the FY 11-12 State Budget Act, mandated a shifting of $1,000,000 from state and local First 5 commissions to the State Treasurer. AB 99 required payments of $50,000 from the state First 5 and $950,000 from the local First 5 commissions. First 5 Santa Barbara County's share of this mandate is $867.

Six counties are in litigation against the State Governor and State Controller challenging this bill on the grounds that the bill is unconstitutional. The ultimate outcome of this litigation cannot presently be determined. Accordingly, as of June 30, 2011, the agency has not yet recorded a liability on the financial statements for this matter, but resources are available in the fund should payment be required.

13. COMMITMENTS AND CONTINGENCIES - CONTINUED

Santa Barbara County Redevelopment Agency (Redevelopment Agency or Agency)

The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.) On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Voluntary Program Act was to provide a voluntary alternative for local governments to continue redevelopment activities. The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the County) to take several legislative actions to implement the various provisions of each assembly bill.

If the County, as the Agency's sponsoring government, does not elect to continue the Agency under the provisions of the Voluntary Program Act, the Agency will be deemed dissolved effective October 1, 2011. Under the provisions of the Dissolution Act, a schedule of "enforceable obligations" will be adopted by the Agency and presented to the County Auditor-Controller for certification. The last official act of the Agency will be to provide a draft "Recognized Obligation Payment Schedule" to a successor agency. The Recognized Obligation Payment Schedule is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the County Auditor-Controller is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the agencies that had shifted property tax increment to the Agency.

If the County elects to continue the Agency, it must enact a non-binding resolution of its intent to continue the Agency no later than October 1, 2011, and it must also enact an ordinance agreeing to comply with the Voluntary Program Act no later than November 1, 2011. Pursuant to the Voluntary Program Act, the County must make an annual "Community Remittance" payment into a special fund established for the benefit of other governments. The remittance will then be refunded to the County by the Agency. The remittance amount was calculated by the State Department of Finance and released to the County on August 1, 2011. The County's payment will be $1,953 for FY 11-12. Subsequent remittance payments will be calculated using a statutorily designed ratio that will be applied to the FY 11-12 payment and adjusted for inflation. The County estimates that the Community Remittance payment for FY 12-13 will be $460.

The County has not recorded any liability related to the Redevelopment Restructuring Act in these financial statements. At the close of FY 10-11 the amount of the Community Remittance Payment was not yet known. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear California Redevelopment Assn. v. Matosantos (S194861) and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of the dissolution of redevelopment agencies and remittance payments mandated by the Dissolution and Voluntary Program Acts. The stay prevents redevelopment agencies from being forced to make the payments until the Supreme Court rules on the merits of the case. The Supreme Court did not, however, extend the stay to the provision of the Dissolution Act that puts a freeze on redevelopment activities prior to dissolution; the Dissolution Act remains in effect insofar as it precludes agencies from incurring any new indebtedness or other commitments. The realization of any costs related to the Redevelopment Restructuring Act is subject to an action by the County Board of Supervisors (Board) taken subsequent to the issuance of this report.

Should the Board elect to discontinue the Agency, it would then be dissolved effective October 1, 2011 and its rights, obligations and responsibilities would be assigned to a successor agency. The Board will consider the ordinance required for continuation of the Agency subsequent to the issuance of this report.

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately $65,798 will be payable upon future performance under these contracts.

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, 2011, the County had incurred a liability of $25,827, 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 $6,831, which will be recognized as the remaining capacities are used. The estimated total costs of closure and postclosure care totaling $32,657 are subject to changes such as the effects of inflation, revisions of laws and other variables.

The estimated percentages of landfill capacity used are as follows:

Landfill	Capacity Used	Remaining Years
Tajiguas	76%	15
Foxen Canyon	95%	closed
New Cuyama	100%	closed
Ventucopa	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 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 $15,749 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, 2011 is comprised of the following:

Landfill	Closure Cost	Postclosure Cost	Total Restricted Cash
Tajiguas	$ 14,516	$ --	$ 14,516
Foxen Canyon	--	756	756
New Cuyama	--	477	477
Total	$ 14,516	$ 1,233	$ 15,749

15. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2011 is as follows:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
Nonspendable:										
Receivables	$ 18,954	$ --	$ --	$ --	$ --	$ 11	$ --	$ --	$ 114	$ 19,079
Teeter Tax Losses	6,566	--	--	--	--	--	--	--	--	6,566
Prepaids/Deposits	50	--	--	550	--	--	--	--	6	606
Total nonspendable fund balance	25,570	--	--	550	--	11	--	--	120	26,251
Restricted for:										
Purpose of Fund	--	12,355	3,173	1,953	13,033	49,879	--	--	26,810	107,203
Allocated for Capital Outlay	--	2,875	--	--	--	12,520	--	--	2,442	17,837
Health Care Programs	--	--	15,102	--	--	--	--	--	--	15,102
COP Proceeds	--	--	--	--	--	--	11,593	--	209	11,802
Inventories Held for Resale	--	--	--	--	--	--	--	--	9,515	9,515
Debt Service	--	--	--	--	--	--	--	--	6,277	6,277
MHSA Prudent Reserve	--	--	--	--	5,694	--	--	--	--	5,694
Housing Trust Funds	--	--	--	--	--	--	--	--	1,780	1,780
PHD Special Projects	--	--	1,482	--	--	--	--	--	--	1,482
GF Loan Covenant	--	--	--	--	--	--	--	1,430	--	1,430
Sheriff Categorical Grants	1,232	--	--	--	--	--	--	--	--	1,232
Donations	151	--	--	32	--	--	--	--	998	1,181
P&D Offsite Mitigation	1,046	--	--	--	--	--	--	--	--	1,046
DMV/Livescan	--	--	--	--	--	--	964	--	--	964
Probation YOBG	778	--	--	--	--	--	--	--	--	778
Forfeiture Penalty	722	--	--	--	--	--	--	--	--	722
Public Safety Prop 172	591	--	--	--	--	--	--	--	--	591
Assessor AB818	553	--	--	--	--	--	--	--	--	553
Road Infrastructure Mitigation	--	449	--	--	--	--	--	--	--	449
Maintenance-Casa Nueva Bldg	447	--	--	--	--	--	--	--	--	447
Alcoholism Programs	--	--	--	--	428	--	--	--	--	428
Unrealized Gains	--	46	37	20	31	130	4	--	133	401
Survey Monument	370	--	--	--	--	--	--	--	--	370
Recorder Modernization	322	--	--	--	--	--	--	--	--	322
Gaviota Bikeway	315	--	--	--	--	--	--	--	--	315
Public Arts Program	286	--	--	--	--	--	--	--	--	286
Vital Records	227	--	--	--	--	--	--	--	--	227
State CDBG	--	--	--	--	--	--	--	--	176	176
Dispute Resolution	--	--	--	--	--	--	--	--	156	156
Probation Programs	153	--	--	--	--	--	--	--	--	153
Recorder Micrographics	151	--	--	--	--	--	--	--	--	151
State Off Hwy Fee	147	--	--	--	--	--	--	--	--	147
Recorder Operations	133	--	--	--	--	--	--	--	--	133
Animal Control Programs	125	--	--	--	--	--	--	--	--	125
DSS Childrens Trust	--	--	--	103	--	--	--	--	--	103
Parks Projects	--	--	--	--	--	--	37	--	57	94
Drug Abuse Programs	--	--	--	--	77	--	--	--	--	77
DARE	40	--	--	--	--	--	--	--	--	40
Real Estate Fraud	28	--	--	--	--	--	--	--	--	28
Imprest Cash	--	1	3	15	5	--	--	--	2	26
Recorder Redaction	23	--	--	--	--	--	--	--	--	23
Capitalized Interest	--	--	--	--	--	--	--	8	--	8
Probation LESF/COPS	4	--	--	--	--	--	--	--	--	4
School Safety AB186	--	2	--	--	--	--	--	--	--	2
Total restricted fund balance	7,844	15,728	19,797	2,123	19,268	62,529	12,598	1,438	48,555	189,880

15. FUND BALANCES - CONTINUED

A detailed schedule of fund balances at June 30, 2011 continued:

	General	Roads	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	RDA Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
Committed to:										
Strategic Reserve	19,448	--	--	--	--	--	--	--	--	19,448
Audit Exceptions	10,200	--	--	--	--	--	--	--	--	10,200
Purpose of Fund	--	--	--	2,759	--	--	98	--	2,138	4,995
Health Care Programs	--	--	4,996	--	--	--	--	--	--	4,996
Tax Collector Prop Tax System	2,413	--	--	--	--	--	--	--	--	2,413
Litigation	2,108	--	--	--	--	--	--	--	--	2,108
Elections Voting Equipment	2,015	--	--	--	--	--	--	--	--	2,015
Sheriff Projects	512	--	--	--	--	--	1,245	--	--	1,757
Program Restoration	1,391	--	--	--	--	--	--	--	--	1,391
General Services Projects	221	--	--	--	--	--	1,155	--	--	1,376
Auditor Systems Maint/Develop	1,301	--	--	--	--	--	--	--	--	1,301
Assessor Tax Admin Program	1,037	--	--	--	--	--	--	--	--	1,037
Facilities Maintenance	884	--	--	--	--	--	--	--	--	884
Contingencies	826	--	--	--	--	--	--	--	--	826
Parks Projects	--	--	--	--	--	--	646	--	--	646
County Executive Programs	610	--	--	--	--	--	--	--	--	610
Tobacco Settlement	--	--	549	--	--	--	--	--	--	549
Planning/Development Projects	532	--	--	--	--	--	--	--	--	532
P&D Land Use System	528	--	--	--	--	--	--	--	--	528
Human Resources Programs	450	--	--	--	--	--	--	--	--	450
General County Programs	432	--	--	--	--	--	--	--	--	432
Recorder Projects	247	--	--	--	--	--	--	--	--	247
Accumulated Capital Outlay	175	--	--	--	--	--	--	--	22	197
Unrealized Gains	177	--	11	--	--	--	--	--	4	192
Ag Commissioner Projects	178	--	--	--	--	--	--	--	--	178
Public Defender Progams	113	--	--	--	--	--	--	--	--	113
Probation Programs	94	--	--	--	--	--	--	--	--	94
Rental Maintenance	83	--	--	--	--	--	--	--	--	83
Building & Safety Permitting	40	--	--	--	--	--	--	--	--	40
Salary & Benefits Reductions	24	--	--	--	--	--	--	--	--	24
Imprest Cash	23	--	--	--	--	--	--	--	--	23
Housing Programs	21	--	--	--	--	--	--	--	--	21
Toxic Waste Monitoring	10	--	--	--	--	--	--	--	--	10
District Attorney Programs	3	--	--	--	--	--	--	--	--	3
Total committed fund balance	46,096	--	5,556	2,759	--	--	3,144	--	2,164	59,719
Assigned to purpose of fund:	--	--	--	262	--	--	621	--	--	883
Unassigned fund balance:	4,330	--	--	--	(9,470)	--	--	(17,000)	(130)	(22,270)
Total fund balances	$ 83,840	$ 15,728	$25,353	$ 5,694	$ 9,798	$62,540	$16,363	$(15,562)	$ 50,709	$254,463

16. 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, 2011 for governmental activities are as follows:

Restricted for Public Safety:		
Fire Protection District	$ 5,162	
Sheriff	3,325	
Probation	1,046	
		$ 9,533
Restricted for Health & Public Assistance:		
Public Health	19,922	
Alcohol, Drug and Mental Health Services	19,267	
Social Services	2,848	
Child Support Services	291	
		42,328
Restricted for Community Resources & Public Facilities:		
Flood Control Districts	62,540	
Roads	15,728	
Redevelopment Agency	15,097	
Water Agency	5,367	
Other	2,493	
County Service Areas	2,389	
Coastal Resources Enhancement	1,715	
Planning and Development	1,362	
		106,691
Restricted for General Government & Support Services:		
Affordable Housing	2,666	
Clerk-Recorder-Assessor	1,410	
General Services	447	
		4,523
Restricted for General County Programs:		
Teeter Tax Losses	6,566	
First Five Children and Families Commission	5,051	
Public and Educational Access	1,429	
Sheriff	964	
Criminal Justice and Courthouse Construction	882	
Other	379	
		15,271
Restricted for Law & Justice:		
Trial Courts	156	
District Attorney	28	
		184
Total restricted net assets - governmental activities		$ 178,530

Included in governmental activities restricted net assets at June 30, 2011 are net assets restricted by enabling legislation of $6,754.

17. RETAINED 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 $15,562 at June 30, 2011. 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.

18. INTERFUND TRANSACTIONS

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2011 are as follows:

Receivable Fund	Payable Fund	Amount
General	ADMHS	$ 7,191
General	Community Facilities Districts	254
Capital Projects	Affordable Housing	176
General	Capital Projects	144
Risk Management and Insurance	Social Services	40
Community Facilities Districts	Affordable Housing	27
General	Affordable Housing	17
General	Child Support Services	5
Total due to/from other funds		$ 7,854

Advances to/from other funds at June 30, 2011 are as follows:

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

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 RDA 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.

In FY 10-11 $2,998 of Certificates of Participation debt and related costs was transferred from the Municipal Finance Debt Service governmental fund to the Resource Recovery enterprise fund. Unlike in the Statement of Revenues, Expenditures and Changes in Fund Balance additions to long-term debt do not flow through the Statement of Revenues, Expenses and Changes in Fund Balance therefore, transfers in and out between governmental funds and enterprise funds are out of balance by $2,998.

18. INTERFUND TRANSACTIONS – CONTINUED

Transfers to/from other funds at June 30, 2011 are as follows:

Transfer From	Transfer To	Amount	
General Fund	Nonmajor Governmental Funds	$ 13,669	
	Social Services Fund	11,342	
	Alcohol Drug & Mental Health Services Fund	8,558	
	Public Health Fund	7,436	
	Roads Fund	1,951	
	Capital Projects Fund	1,865	
	Internal Service Fund	765	
			$ 45,586
Roads Fund	Capital Projects Fund	98	
	Nonmajor Governmental Funds	9	
			107
Public Health Fund	General Fund	951	
	Social Services Fund	755	
	Alcohol Drug & Mental Health Services Fund	382	
	Nonmajor Governmental Funds	55	
			2,143
Social Services Fund	Nonmajor Governmental Funds	141	
	Internal Service Funds	114	
	General Fund	53	
			308
Alcohol Drug & Mental Health Services Fund	Nonmajor Governmental Funds	613	
	General Fund	210	
	Social Services Fund	5	
			828
Flood Control District Fund	Internal Service Funds	26	
	Capital Projects Fund	5	
	Nonmajor Governmental Funds	3	
			34
Capital Projects Fund	Resource Recovery Enterprise Fund	2,767	
	General Fund	1,662	
	Nonmajor Governmental Funds	507	
	Internal Service Funds	140	
			5,076
RDA Debt Service Fund	Nonmajor Governmental Funds	739	
			739
Nonmajor Governmental Funds	General Fund	32,985	
	Nonmajor Governmental Funds	1,765	
	Capital Projects Fund	1,188	
	Resource Recovery Enterprise Fund	231	
	RDA - Debt Service Fund	152	
	Public Health Fund	43	
	Flood Control Districts Fund	19	
			36,383
Enterpise Funds	Nonmajor Governmental Funds	995	
	Capital Projects Fund	5	
	Internal Service Funds	2	
			1,002
Internal Service Funds	Capital Projects Fund	218	
	General Fund	207	
			425
	Total transfers		$ 92,631

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."

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:

	Participants	Employer Contribution Rates	Employee Contribution Rates
Open for New Enrollment:			
Safety Plan 4B	(a) Probation safety managers, and (b) Fire Chief hired on or after October 10, 1994	32.35%	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)	37.93%	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	24.90%	4.77 – 10.19%
General Plan 5C	General members hired on or after October 10, 1994 & in Bargaining Units 21-29, 32	25.82%	2.29 – 5.10%
Safety Plan 6B	Sheriff/DA safety members hired on or after October 10, 1994 enrolled in plan.	40.09%	4.28 – 8.02%
Closed to New Enrollment:			
General Plan 2	Non-contributory; employees hired before January 1999 may continue in plan.	15.70%	N/A
Safety Plan 4A	Firefighters hired before October 10, 1994 may continue in plan.	38.63%	4.47 – 8.08%
General Plan 5A	General members hired before October 10, 1994 may continue in plan.	24.93%	2.39 – 5.10%
Safety Plan 6A	Sheriff/DA safety members hired before October 10, 1994 may continue in plan.	39.51%	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, 2009. 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 4.00%; 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.

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:

Fiscal Year Ended	Actuarial Valuation Date	County Contributions	Annual Pension Cost	Percentage of Annual Pension Cost Contribution
6/30/2009	6/30/2007	$ 69,704	$ 69,704	100%
6/30/2010	6/30/2008	78,308	78,308	100%
6/30/2011	6/30/2009	86,802	86,802	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, 2011, one retired member was participating in the plan.

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

Fiscal Year Ended	Contribution
6/30/2009	$16
6/30/2010	$12
6/30/2011	$18

20. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County's agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan) is administered by the Santa Barbara County Employees' Retirement System (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 Postemployment 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, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

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

Funding Policy

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

20. OTHER POSTEMPLOYMENT 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, 2011, the OPEB ARC was $20,811, or 7.43% percent of the County's estimated annual covered payroll. This includes the normal cost of $5,052 for the year for current active employees, and $15,759 for UAAL amortization. The County's contribution to the OPEB Plan for fiscal year ended June 30, 2011 was $8,416.

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2011:

Annual required contribution (ARC)	$ 20,811
Interest on net OPEB obligation	1,159
Adjustment to ARC	(2,551)
Annual OPEB cost (expense)	19,419
Contributions made	(8,416)
Increase in net OPEB obligation	11,003
Net OPEB obligation - beginning of year	28,748
Net OPEB obligation - end of year	$ 39,751

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 13,183	50%	$ 19,087
6/30/2010	18,123	47%	28,748
6/30/2011	19,419	43%	39,751

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.

20. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Funded Status and Funding Progress

Using the most recent actuarial valuation dated June 30, 2010, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	$ 173,944
Actuarial value of plan assets	(1,875)
Unfunded actuarial accrued liability (UAAL)	$ 172,069
Funded ratio (actuarial value of plan assets/AAL)	1.1%
Covered payroll (active plan members)	$ 280,040
UAAL as percentage of covered payroll	61.4%

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, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of investment expenses), and an inflation assumption of 3.25%. The actuarial value of assets was determined using the market value of the assets as of the valuation date.

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, 2010 was 11.5 years.

20. OTHER POSTEMPLOYMENT 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:

Fiscal Year Ended	Contributions
6/30/2009	$ 194
6/30/2010	166
6/30/2011	162

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:

Fiscal Year Ended	Contributions
6/30/2009	$ 97
6/30/2010	124
6/30/2011	130

22. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $6,500 was made to increase the governmental activities beginning net assets. The adjustment was made due to a donated capital asset, a Sheriff helicopter received in FY 09-10, not being included in the Statement of Net Assets.

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

	Governmental Activities
Net assets at July 1, 2010, as previously stated	$ 666,346
Prior period adjustment for equipment capital asset	6,500
Net assets at July 1, 2010, as restated	$ 672,846

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

In July 2011, the County issued tax and revenue anticipation notes (TRAN) totaling $60,000 due June 29, 2012. These were sold at a premium with an average interest rate of 2.00% for Serial Bond 1 and 0.27% for Serial Bond 2, and a true interest cost of 0.41%. Proceeds from the notes will be used to meet FY 11-12 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 11-12, and that are generally available for the payment of current expenditures and other obligations of the County.

Santa Barbara County Treasurer's Investment Pool

In October 2009 the Treasurer's Investment Pool was assigned Standard & Poor's (S&P) top rating of 'AAAf" for credit quality, reflecting the highest level of protection against potential losses from default and a top rating of 'S1' for volatility, indicting the low risk sensitivity of the investment pool to interest rate movements, credit risk, investment diversification or concentration, liquidity, and leverage.

On August 8, 2011 S&P lowered the County's 'AAAf' fund credit quality rating to 'AAf' because of its significant exposure to the U.S. sovereign credit ratings through direct and indirect investments in U.S. Treasury and U.S. government agency securities. This action follows the downgrade by S&P on August 5, 2011 of the long-term sovereign credit rating on the United States of America to 'AA+' from 'AAA.' The rating agency has stated that "the downgrade reflects our opinion that the fiscal consolidation plan that Congress and the Administration recently agreed to falls short of what, in our view, would be necessary to stabilize the government's medium-term debt dynamics." The long-term senior debt ratings issued by Fannie Mae, Freddie Mac, Federal Home Loan Bank, and the Farm Credit System Banks have also been adversely affected by the downgrade of the U.S. sovereign credit rating.

Long-term Debt Issuance

The County intends to enter into an asset transfer financing obligation (bonds) on September 27, 2011. The bonds will consist of two series: Series A and Series B.

Series A will be issued as taxable Qualified Energy Conservation Bonds (QCEB). These QCEBs will be issued in an amount not to exceed $5,250, with a term of 15 years and an interest rate of approximately 4.50% per annum. After a U.S. Treasury subsidy, the true interest cost will be approximately 1.30%. The proceeds will be used to acquire a photovoltaic solar energy facility.

Series B will be issued as tax-exempt debt in an amount not to exceed $17,000, with a nine year term and an interest rate of approximately 2.50% per annum. The proceeds will be used to refund the County's 2001 Certificates of Participation.

Santa Barbara County Redevelopment Agency (Redevelopment Agency or Agency)

On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act (additional information on this legislation is available in Note 13). On August 9, 2011, the Board of Directors of the Redevelopment Agency adopted the enforceable obligations payment schedule, and determined not to appeal the amount of the Community Remittance payment calculated by the California Department of Finance. The Board of Directors took no action to appoint another party as the successor agency; barring that appointment, the County will become the successor agency to the Redevelopment Agency. If the County Board of Supervisors does not elect to continue the Agency on or before October 1, 2011, the Agency will be dissolved pursuant to California Community Redevelopment law.

COUNTY OF SANTA BARBARA

CALIFORNIA

COUNTY OF SANTA BARBARA, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
June 30, 2011
(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)
6/30/2005	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%
6/30/2010	1,927,229	2,616,147	73.7%	688,918	306,963	224.4%

Source: Santa Barbara County Employees' Retirement System Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2010.

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, 2011
(in thousands)

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2006	$ -	$ 132,082	$ 132,082	0.0%	$ 235,810	56.0%
6/30/2009	1,041	161,999	160,958	0.6%	279,494	57.6%
6/30/2010	* 1,875	173,944	172,069	1.1%	280,040	61.4%

* Source: Milliman, Inc. "Santa Barbara County Employees' Retirement System Actuarial Valuation of Postemployment Benefits Other than Pensions as of June 30, 2010"

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.

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 on cigarettes and tobacco products. Proposition 10 revenues are deposited into the First 5 Children and Families Commission Fund, and are used to promote, support and improve the early development of children from the prenatal stage to five years of age. The funds are to be used only for projects or expenditures within the scope of Proposition 10 objectives. This fund was established during FY 98-99.

Fish and Game

The Fish and Game Fund is used to account for fines and forfeitures received under Section 13003 of the State of California Fish and Game Code and for other revenues and expenditures for the propagation and conservation of fish and game. The Board of Supervisors authorizes expenditures on advice of the Fish and Game Commission.

Petroleum

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

Public and Educational Access

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

Special Aviation

The Special Aviation Fund is used to account for activity related to the Santa Ynez Airport. It is funded primarily by state and federal grants for airport improvements.

In-Home Supportive Services 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.

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.

Municipal Energy Finance Program

The Municipal Energy Finance Fund was established in FY 09-10 to account for a federally funded program intended to create, through private partnerships, low cost financing to residential property owners of Santa Barbara County for the purpose of energy efficiency enhancements to residences located in the County.

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.

Inmate Welfare

The Inmate Welfare Fund was established pursuant to Penal Code Section 4025 to account for profits from the County jail store and any money attributable to the use of pay telephones. The funds are expended primarily for the benefit, education, and welfare of the inmates confined within the jail.

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 (CSAs)

County Service Area #3

This service area serves part of the Goleta Valley, providing extended park and open space acquisition and 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 maintains approximately 52 acres of open space.

County Service Area #5

This service area serves the Orcutt area south of Santa Maria, providing extended park and open space activities. Extending from Waller Park, to just south of Rice Ranch Road, CSA #5 encompasses approximately 68 acres of parkland (Waller Park) and 11 acres of open space.

County Service Area #11

This service area embraces the unincorporated urbanized area of Carpinteria Valley and Summerland. The service area provides the community with 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, and funds the acquisition of open space in conjunction with the Santa Barbara County Redevelopment Agency.

County Service Area #41
This service area was established to assess property owners of the Rancho Santa Rita Subdivision, located outside the City of Lompoc, for road repairs, maintenance and improvements.

Community Facilities Districts (CFDs)

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 for public safety within the District's boundaries. The Fire Department provides a full range of emergency services for most of the unincorporated territory of Santa Barbara County, the Cities of Buellton, Solvang, and Goleta, and private lands within the National Forest. The National Forest and military installations provide their own fire protection.

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, and is financed by property taxes and benefit assessments.

North County Lighting District
Casmalia, Los Alamos, and Orcutt Lighting Districts and the lighting function of CSA #4 and #5 were consolidated in FY 94-95 to form the North County Lighting District which provides 2,764 streetlights in the North County. This district is financed by property taxes and benefit assessments.

Sandyland Seawall Maintenance
This district provides for the maintenance of a seawall constructed in the Sandyland Cove area, and is financed through benefit assessments levied against those properties adjacent to that beachfront area.

Water Agency
This agency prepares investigations and reports on the County's water requirements, project development, and efficient use of water. The agency provides technical assistance to other County departments, water districts, and the public concerning water availability and water well locations and design. The agency also administers the Cachuma Project and Twitchell Dam Project contracts with the U.S. Bureau of Reclamation. It is funded primarily by state grants and property tax revenue.

DEBT SERVICE FUNDS

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

Santa Barbara County Finance Corporation

The Santa Barbara County Finance Corporation Debt Service Fund accounts for the accumulation of resources for, and payment of, principal and interest incurred from the sale of Certificates of Participation and other municipal debt that is issued to finance various County capital projects.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011 (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	$ 4,953	$ 32	$ 430	$ 1,426	$ 335	$ 254	$ 474	$ 428
Accounts receivable, net:								
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	--
Use of money and property	11	--	1	3	1	--	2	1
Intergovernmental	758	--	--	--	--	364	329	--
Charges for services	118	--	--	--	--	332	--	--
Other	166	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--	--
Other receivables	16	--	--	--	--	--	--	--
Property held for resale	--	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--	--
Total assets	$ 6,022	$ 32	$ 431	$ 1,429	$ 336	$ 950	$ 805	$ 429
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 887	$ --	$ --	$ --	$ --	$ 197	$ 6	$ --
Salaries and benefits payable	84	--	19	--	--	27	417	--
Interest payable	--	--	--	--	--	2	--	--
Other payables	--	--	--	--	--	--	--	--
Unearned revenues	--	--	--	--	--	--	87	--
Due to other funds	--	--	--	--	--	--	5	--
Customer deposits payable	--	--	--	--	--	--	--	--
Total liabilities	971	--	19	--	--	226	515	--
Fund balances:								
Nonspendable	6	--	--	--	--	--	--	--
Restricted	5,045	32	412	1,429	336	724	323	429
Committed	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	(33)	--
Total fund balances	5,051	32	412	1,429	336	724	290	429
Total liabilities and fund balances	$ 6,022	$ 32	$ 431	$ 1,429	$ 336	$ 950	$ 805	$ 429

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	
						ASSETS
$ 1,711	$ 3,359	$ 728	$ 4	$ 699	$ 763	Cash and investments
						Accounts receivable, net:
--	--	159	90	90	--	Fines, forfeitures, and penalties
4	8	--	--	1	1	Use of money and property
--	206	--	--	--	--	Intergovernmental
--	--	308	--	--	--	Charges for services
--	--	190	--	--	--	Other
--	--	--	--	--	--	Due from other funds
--	585	--	--	--	--	Other receivables
--	--	--	--	--	--	Property held for resale
--	--	--	--	--	--	Restricted cash and investments
$ 1,715	$ 4,158	$ 1,385	$ 94	$ 790	$ 764	Total assets
						LIABILITIES AND FUND BALANCES
						Liabilities:
$ --	$ 17	$ 1,221	$ --	$ --	$ 5	Accounts payable
--	--	--	--	--	42	Salaries and benefits payable
--	--	--	--	--	--	Interest payable
--	--	--	1	1	--	Other payables
--	586	--	--	--	--	Unearned revenues
--	220	--	--	--	--	Due to other funds
--	--	--	--	--	--	Customer deposits payable
--	823	1,221	1	1	47	Total liabilities
						Fund balances:
--	--	--	--	--	--	Nonspendable
1,715	2,774	156	--	--	717	Restricted
--	650	8	93	789	--	Committed
--	(89)	--	--	--	--	Unassigned
1,715	3,335	164	93	789	717	Total fund balances
$ 1,715	$ 4,158	$ 1,385	$ 94	$ 790	$ 764	Total liabilities and fund balances

(Continued)

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011 (in thousands)

	Special Revenue							
	Redevelop-ment Agency	County Service Areas	Community Facilites Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	Water Agency	Special Revenue Total
ASSETS								
Cash and investments	$ 4,533	$ 2,388	$ 449	$ 5,143	$ 364	$ 40	$ 5,850	$ 34,363
Accounts receivable, net:								
Fines, forfeitures, and penalties	--	--	--	--	--	--	--	339
Use of money and property	11	5	1	18	1	--	12	81
Intergovernmental	--	--	--	--	--	--	--	1,657
Charges for services	--	--	--	--	--	--	--	758
Other	--	--	--	--	--	--	--	356
Due from other funds	--	--	27	--	--	--	--	27
Other receivables	6,779	--	--	109	--	--	3	7,492
Property held for resale	9,515	--	--	--	--	--	--	9,515
Restricted cash and investments	1,061	--	--	--	--	--	9	1,070
Total assets	$ 21,899	$ 2,393	$ 477	$ 5,270	$ 365	$ 40	$ 5,874	$ 55,658
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 9	$ 3	$ --	$ --	$ --	$ --	$ 449	$ 2,794
Salaries and benefits payable	--	--	--	--	--	--	49	638
Interest payable	--	--	--	--	--	--	--	2
Other payables	--	--	--	--	--	--	--	2
Unearned revenues	6,779	--	--	109	--	--	--	7,561
Due to other funds	--	--	254	--	--	--	--	479
Customer deposits payable	15	--	--	--	--	--	9	24
Total liabilities	6,803	3	254	109	--	--	507	11,500
Fund balances:								
Nonspendable	--	1	--	109	--	--	4	120
Restricted	15,096	2,397	223	5,052	365	40	4,739	42,004
Committed	--	--	--	--	--	--	624	2,164
Unassigned	--	(8)	--	--	--	--	--	(130)
Total fund balances	15,096	2,390	223	5,161	365	40	5,367	44,158
Total liabilities and fund balances	$ 21,899	$ 2,393	$ 477	$ 5,270	$ 365	$ 40	$ 5,874	$ 55,658

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

Debt Service: Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds	
		ASSETS
$ 785	$ 35,148	Cash and investments
		Accounts receivable, net:
--	339	Fines, forfeitures, and penalties
--	81	Use of money and property
--	1,657	Intergovernmental
--	758	Charges for services
--	356	Other
--	27	Due from other funds
--	7,492	Other receivables
--	9,515	Property held for resale
5,766	6,836	Restricted cash and investments
$ 6,551	$ 62,209	Total assets
		LIABILITIES AND FUND BALANCES
		Liabilities:
$ --	$ 2,794	Accounts payable
--	638	Salaries and benefits payable
--	2	Interest payable
--	2	Other payables
--	7,561	Unearned revenues
--	479	Due to other funds
--	24	Customer deposits payable
--	11,500	Total liabilities
		Fund balances:
--	120	Nonspendable
6,551	48,555	Restricted
--	2,164	Committed
--	(130)	Unassigned
6,551	50,709	Total fund balances
$ 6,551	$ 62,209	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, 2011 (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
Revenues								
Taxes	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Licenses, permits, and franchises	--	--	55	--	--	--	--	--
Fines, forfeitures, and penalties	--	7	--	--	--	--	--	--
Use of money and property	26	--	2	7	2	(9)	6	2
Intergovernmental	4,444	--	--	--	37	6,036	9,466	--
Charges for services	--	--	345	--	--	--	--	--
Other	990	--	226	--	--	174	25	9
Total revenues	5,460	7	628	7	39	6,201	9,497	11
Expenditures								
Current:								
Law & justice	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	--	6,951	9,473	--
Community resources & public facilities	--	15	436	--	--	--	--	26
General government & support services	--	--	--	--	(10)	--	--	--
General county programs	5,521	--	--	167	--	--	--	--
Debt service:								
Principal	--	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--	--
Total expenditures	5,521	15	436	167	(10)	6,951	9,473	26
Excess (deficiency) of revenues over (under) expenditures	(61)	(8)	192	(160)	49	(750)	24	(15)
Other Financing Sources (Uses)								
Transfers in	--	--	--	--	--	1,451	--	--
Transfers out	(3)	--	--	--	--	--	(12)	--
Proceeds from sale of capital assets	--	--	--	--	--	--	--	--
Total other financing sources (uses)	(3)	--	--	--	--	1,451	(12)	--
Net change in fund balances	(64)	(8)	192	(160)	49	701	12	(15)
Fund balances - beginning	5,115	40	220	1,589	287	23	278	444
Fund balances - ending	$ 5,051	$ 32	$ 412	$ 1,429	$ 336	$ 724	$ 290	$ 429

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
--	--	--	--	--	--	Licenses, permits, and franchises
--	--	2,201	1,092	1,091	--	Fines, forfeitures, and penalties
8	18	9	--	37	497	Use of money and property
--	4,429	--	--	--	--	Intergovernmental
--	25	4,252	--	--	--	Charges for services
623	547	1,377	--	--	454	Other
631	5,019	7,839	1,092	1,128	951	Total revenues
						Expenditures
						Current:
--	--	16,082	--	--	--	Law & justice
--	--	33	--	--	1,024	Public safety
--	--	--	--	--	--	Health & public assistance
623	4,571	--	--	--	--	Community resources & public facilities
--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	General county programs
						Debt service:
--	--	--	--	--	--	Principal
--	--	--	--	--	--	Interest
623	4,571	16,115	--	--	1,024	Total expenditures
8	448	(8,276)	1,092	1,128	(73)	Excess (deficiency) of revenues over (under) expenditures
						Other Financing Sources (Uses)
--	1,016	8,277	--	--	--	Transfers in
--	(2,369)	--	(1,338)	(578)	(1)	Transfers out
--	--	--	--	--	--	Proceeds from sale of capital assets
--	(1,353)	8,277	(1,338)	(578)	(1)	Total other financing sources (uses)
8	(905)	1	(246)	550	(74)	Net change in fund balances
1,707	4,240	163	339	239	791	Fund balances - beginning
$ 1,715	$ 3,335	$ 164	$ 93	$ 789	$ 717	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, 2011 (in thousands)

	Special Revenue						
	Redevelop-ment Agency	County Service Areas	Community Facilities Districts	Fire Protection District	Lighting Districts	Sandyland Seawall Maintenance	Water Agency
Revenues							
Taxes	$ 4,132	$ 1,099	$ 326	$ 28,453	$ 400	$ --	$ 2,164
Licenses, permits, and franchises	--	--	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	306	13	3	63	2	--	28
Intergovernmental	--	7	--	262	3	--	3,299
Charges for services	--	701	--	--	--	--	126
Other	96	--	--	5	9	--	4
Total revenues	4,534	1,820	329	28,783	414	--	5,621
Expenditures							
Current:							
Law & justice	--	--	--	--	--	--	--
Public safety	--	--	--	506	--	--	--
Health & public assistance	--	--	--	--	--	--	--
Community resources & public facilities	--	872	(4)	--	396	134	6,532
General government & support services	--	--	--	--	--	--	--
General county programs	7,329	--	--	--	--	--	--
Debt service:	--	--					
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total expenditures	7,329	872	(4)	506	396	134	6,532
Excess (deficiency) of revenues over (under) expenditures	(2,795)	948	333	28,277	18	(134)	(911)
Other Financing Sources (Uses)							
Transfers in	--	--	--	56	--	--	300
Transfers out	(155)	(745)	(393)	(30,430)	--	--	(128)
Proceeds from sale of capital assets	--	--	--	--	--	--	1
Total other financing sources (uses)	(155)	(745)	(393)	(30,374)	--	--	173
Net change in fund balances	(2,950)	203	(60)	(2,097)	18	(134)	(738)
Fund balances - beginning	18,046	2,187	283	7,258	347	174	6,105
Fund balances - ending	$ 15,096	$ 2,390	$ 223	$ 5,161	$ 365	$ 40	$ 5,367

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	
			Revenues
$ 36,574	$ --	$ 36,574	Taxes
55	--	55	Licenses, permits, and franchises
4,391	--	4,391	Fines, forfeitures, and penalties
1,020	170	1,190	Use of money and property
27,983	--	27,983	Intergovernmental
5,449	--	5,449	Charges for services
4,539	199	4,738	Other
80,011	369	80,380	Total revenues
			Expenditures
			Current:
16,082	--	16,082	Law & justice
1,563	--	1,563	Public safety
16,424	--	16,424	Health & public assistance
13,601	--	13,601	Community resources & public facilities
(10)	--	(10)	General government & support services
13,017	7	13,024	General county programs
			Debt service:
--	5,607	5,607	Principal
--	3,871	3,871	Interest
60,677	9,485	70,162	Total expenditures
19,334	(9,116)	10,218	Excess (deficiency) of revenues over (under) expenditures
			Other Financing Sources (Uses)
11,100	7,396	18,496	Transfers in
(36,152)	(231)	(36,383)	Transfers out
1	--	1	Proceeds from sale of capital assets
(25,051)	7,165	(17,886)	Total other financing sources (uses)
(5,717)	(1,951)	(7,668)	Net change in fund balances
49,875	8,502	58,377	Fund balances - beginning
$ 44,158	$ 6,551	$ 50,709	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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 68	$ 121	$ 79	$ (42)
Intergovernmental	4,803	6,684	4,230	(2,454)
Charges for services	45	551	402	(149)
Other	2,106	2,211	2,071	(140)
Total revenues	7,022	9,567	6,782	(2,785)
Expenditures				
Current:				
Public safety	40	--	--	--
Community resources & public facilities	2,220	2,619	599	2,020
General government & support services	--	605	605	--
Capital outlay	34,063	37,937	18,094	19,843
Total expenditures	36,323	41,161	19,298	21,863
Deficiency of revenues under expenditures	(29,301)	(31,594)	(12,516)	19,078
Other Financing Sources (Uses)				
Transfers in	7,258	6,512	3,379	(3,133)
Transfers out	(5,996)	(7,444)	(5,076)	2,368
Total other financing sources (uses)	1,262	(932)	(1,697)	(765)
Net change in fund balances	(28,039)	(32,526)	(14,213)	18,313
Fund balances - beginning	30,576	30,576	30,576	--
Fund balances - ending	$ 2,537	$ (1,950)	$ 16,363	$ 18,313

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 23	$ 23	$ 32	$ 9
Total revenues	23	23	32	9
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	23	23	32	9
Other Financing Sources (Uses)				
Transfers in	164	179	152	(27)
Transfers out	(742)	(742)	(739)	3
Total other financing sources (uses)	(578)	(563)	(587)	(24)
Net change in fund balances	(555)	(540)	(555)	(15)
Fund balances - beginning	(15,007)	(15,007)	(15,007)	--
Fund balances - ending	$ (15,562)	$ (15,547)	$ (15,562)	$ (15)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 79	$ 58	$ 26	$ (32)
Intergovernmental	4,606	4,520	4,444	(76)
Other	317	1,504	990	(514)
Total revenues	5,002	6,082	5,460	(622)
Expenditures				
Current:				
General county programs	4,893	6,070	5,521	549
Total expenditures	4,893	6,070	5,521	549
Excess (deficiency) of revenues over (under) expenditures	109	12	(61)	(73)
Other Financing Uses				
Transfers out	(3)	(3)	(3)	--
Total other financing uses	(3)	(3)	(3)	--
Net change in fund balances	106	9	(64)	(73)
Fund balances - beginning	5,115	5,115	5,115	--
Fund balances - ending	$ 5,221	$ 5,124	$ 5,051	$ (73)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 5	$ 5	$ 7	$ 2
Total revenues	5	5	7	2
Expenditures				
Current:				
Community resources & public facilities	18	18	15	3
Total expenditures	18	18	15	3
Deficiency of revenues under expenditures	(13)	(13)	(8)	5
Net change in fund balances	(13)	(13)	(8)	5
Fund balances - beginning	40	40	40	--
Fund balances - ending	$ 27	$ 27	$ 32	$ 5

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 10	$ 46	$ 55	$ 9
Use of money and property	2	1	2	1
Charges for services	325	330	345	15
Other	--	226	226	--
Total revenues	337	603	628	25
Expenditures				
Current:				
Community resources & public facilities	476	517	436	81
Total expenditures	476	517	436	81
Excess (deficiency) of revenues over (under) expenditures	(139)	86	192	106
Other Financing Sources				
Transfers in	25	25	--	(25)
Total other financing sources	25	25	--	(25)
Net change in fund balances	(114)	111	192	81
Fund balances - beginning	220	220	220	--
Fund balances - ending	$ 106	$ 331	$ 412	$ 81

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 10	$ 6	$ 7	$ 1
Total revenues	10	6	7	1
Expenditures				
Current:				
General county programs	138	168	167	1
Total expenditures	138	168	167	1
Deficiency of revenues under expenditures	(128)	(162)	(160)	2
Net change in fund balances	(128)	(162)	(160)	2
Fund balances - beginning	1,589	1,589	1,589	--
Fund balances - ending	$ 1,461	$ 1,427	$ 1,429	$ 2

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 1	$ --	$ 2	$ 2
Intergovernmental	10	37	37	--
Total revenues	11	37	39	2
Expenditures				
Current:				
General government & support services	(3)	(7)	(10)	3
Total expenditures	(3)	(7)	(10)	3
Excess of revenues over expenditures	14	44	49	5
Net change in fund balances	14	44	49	5
Fund balances - beginning	287	287	287	--
Fund balances - ending	$ 301	$ 331	$ 336	$ 5

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ (9)	$ 1	$ (9)	$ (10)
Intergovernmental	6,036	5,977	6,036	59
Other	174	143	174	31
Total revenues	6,201	6,121	6,201	80
Expenditures				
Current:				
Health & public assistance	6,951	7,003	6,951	52
Total expenditures	6,951	7,003	6,951	52
Deficiency of revenues under expenditures	(750)	(882)	(750)	132
Other Financing Sources				
Transfers in	1,451	1,583	1,451	(132)
Total other financing sources	1,451	1,583	1,451	(132)
Net change in fund balances	701	701	701	--
Fund balances - beginning	23	23	23	--
Fund balances - ending	$ 724	$ 724	$ 724	$ --

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 14	$ 13	$ 6	$ (7)
Intergovernmental	9,467	9,637	9,466	(171)
Other	1	26	25	(1)
Total revenues	9,482	9,676	9,497	(179)
Expenditures				
Current:				
Health & public assistance	9,210	9,620	9,473	147
Total expenditures	9,210	9,620	9,473	147
Excess of revenues over expenditures	272	56	24	(32)
Other Financing Uses				
Transfers out	(12)	(12)	(12)	--
Total other financing uses	(12)	(12)	(12)	--
Net change in fund balances	260	44	12	(32)
Fund balances - beginning	278	278	278	--
Fund balances - ending	$ 538	$ 322	$ 290	$ (32)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 4	$ 3	$ 2	$ (1)
Other	8	8	9	1
Total revenues	12	11	11	--
Expenditures				
Current:				
Community resources & public facilities	35	42	26	16
Total expenditures	35	42	26	16
Deficiency of revenues under expenditures	(23)	(31)	(15)	16
Net change in fund balances	(23)	(31)	(15)	16
Fund balances - beginning	444	444	444	--
Fund balances - ending	$ 421	$ 413	$ 429	$ 16

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 15	$ 9	$ 8	$ (1)
Other	623	623	623	--
Total revenues	638	632	631	(1)
Expenditures				
Current:				
Community resources & public facilities	1,471	1,471	623	848
Total expenditures	1,471	1,471	623	848
Excess (deficiency) of revenues over (under) expenditures	(833)	(839)	8	847
Net change in fund balances	(833)	(839)	8	847
Fund balances - beginning	1,707	1,707	1,707	--
Fund balances - ending	$ 874	$ 868	$ 1,715	$ 847

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 408	$ 43	$ 18	$ (25)
Intergovernmental	6,765	8,256	4,429	(3,827)
Charges for services	88	52	25	(27)
Other	625	225	547	322
Total revenues	7,886	8,576	5,019	(3,557)
Expenditures				
Current:				
Community resources & public facilities	20,879	7,898	4,571	3,327
Debt service:				
Interest	644	--	--	--
Total expenditures	21,523	7,898	4,571	3,327
Excess (deficiency) of revenues over (under) expenditures	(13,637)	678	448	(230)
Other Financing Sources (Uses)				
Transfers in	--	21	1,016	995
Transfers out	(1,630)	(2,574)	(2,369)	205
Long-term debt issued	15,000	--	--	--
Total other financing sources (uses)	13,370	(2,553)	(1,353)	1,200
Net change in fund balances	(267)	(1,875)	(905)	970
Fund balances - beginning	4,240	4,240	4,240	--
Fund balances - ending	$ 3,973	$ 2,365	$ 3,335	$ 970

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 2,275	$ 2,275	$ 2,201	$ (74)
Use of money and property	15	15	9	(6)
Charges for services	3,808	4,408	4,252	(156)
Other	1,100	1,200	1,377	177
Total revenues	7,198	7,898	7,839	(59)
Expenditures				
Current:				
Law & justice	14,737	16,108	16,082	26
Public safety	56	56	33	23
Total expenditures	14,793	16,164	16,115	49
Deficiency of revenues under expenditures	(7,595)	(8,266)	(8,276)	(10)
Other Financing Sources				
Transfers in	7,606	8,277	8,277	--
Total other financing sources	7,606	8,277	8,277	--
Net change in fund balances	11	11	1	(10)
Fund balances - beginning	163	163	163	--
Fund balances - ending	$ 174	$ 174	$ 164	$ (10)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,075	$ 1,075	$ 1,092	$ 17
Use of money and property	5	4	--	(4)
Total revenues	1,080	1,079	1,092	13
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	1,080	1,079	1,092	13
Other Financing Uses				
Transfers out	(1,368)	(1,368)	(1,338)	30
Total other financing uses	(1,368)	(1,368)	(1,338)	30
Net change in fund balances	(288)	(289)	(246)	43
Fund balances - beginning	339	339	339	--
Fund balances - ending	$ 51	$ 50	$ 93	$ 43

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,075	$ 1,075	$ 1,091	$ 16
Use of money and property	5	6	37	31
Total revenues	1,080	1,081	1,128	47
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	1,080	1,081	1,128	47
Other Financing Uses				
Transfers out	(582)	(582)	(578)	4
Total other financing uses	(582)	(582)	(578)	4
Net change in fund balances	498	499	550	51
Fund balances - beginning	239	239	239	--
Fund balances - ending	$ 737	$ 738	$ 789	$ 51

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 456	$ 453	$ 497	$ 44
Other	485	485	454	(31)
Total revenues	941	938	951	13
Expenditures				
Current:				
Public safety	1,089	1,089	1,024	65
Total expenditures	1,089	1,089	1,024	65
Deficiency of revenues under expenditures	(148)	(151)	(73)	78
Other Financing Uses				
Transfers out	(278)	(278)	(1)	277
Total other financing uses	(278)	(278)	(1)	277
Net change in fund balances	(426)	(429)	(74)	355
Fund balances - beginning	791	791	791	--
Fund balances - ending	$ 365	$ 362	$ 717	$ 355

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,860	$ 3,867	$ 4,132	$ 265
Use of money and property	224	318	306	(12)
Other	21	21	96	75
Total revenues	4,105	4,206	4,534	328
Expenditures				
Current:				
General county programs	8,687	9,356	7,329	2,027
Total expenditures	8,687	9,356	7,329	2,027
Deficiency of revenues under expenditures	(4,582)	(5,150)	(2,795)	2,355
Other Financing Uses				
Transfers out	(164)	(179)	(155)	24
Total other financing uses	(164)	(179)	(155)	24
Net change in fund balances	(4,746)	(5,329)	(2,950)	2,379
Fund balances - beginning	18,046	18,046	18,046	--
Fund balances - ending	$ 13,300	$ 12,717	$ 15,096	$ 2,379

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,095	$ 1,097	$ 1,099	$ 2
Use of money and property	27	19	13	(6)
Intergovernmental	6	6	7	1
Charges for services	694	694	701	7
Total revenues	1,822	1,816	1,820	4
Expenditures				
Current:				
Community resources & public facilities	964	1,006	872	134
Total expenditures	964	1,006	872	134
Excess of revenues over expenditures	858	810	948	138
Other Financing Sources (Uses)				
Transfers in	27,683	--	--	--
Transfers out	(28,821)	(1,142)	(745)	397
Total other financing sources (uses)	(1,138)	(1,142)	(745)	397
Net change in fund balances	(280)	(332)	203	535
Fund balances - beginning	2,187	2,187	2,187	--
Fund balances - ending	$ 1,907	$ 1,855	$ 2,390	$ 535

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 398	$ 398	$ 326	$ (72)
Use of money and property	2	1	3	2
Total revenues	400	399	329	(70)
Expenditures				
Current:				
Community resources & public facilities	5	5	(4)	9
Total expenditures	5	5	(4)	9
Excess of revenues over expenditures	395	394	333	(61)
Other Financing Uses				
Transfers out	(393)	(393)	(393)	--
Total other financing uses	(393)	(393)	(393)	--
Net change in fund balances	2	1	(60)	(61)
Fund balances - beginning	283	283	283	--
Fund balances - ending	$ 285	$ 284	$ 223	$ (61)

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 28,050	$ 28,260	$ 28,453	$ 193
Use of money and property	96	105	63	(42)
Intergovernmental	288	288	262	(26)
Charges for services	102	102	--	(102)
Other	--	--	5	5
Total revenues	28,536	28,755	28,783	28
Expenditures				
Current:				
Public safety	405	506	506	--
Total expenditures	405	506	506	--
Excess of revenues over expenditures	28,131	28,249	28,277	28
Other Financing Sources (Uses)				
Transfers in	56	56	56	--
Transfers out	(33,910)	(33,910)	(30,430)	3,480
Total other financing sources (uses)	(33,854)	(33,854)	(30,374)	3,480
Net change in fund balances	(5,723)	(5,605)	(2,097)	3,508
Fund balances - beginning	7,258	7,258	7,258	--
Fund balances - ending	$ 1,535	$ 1,653	$ 5,161	$ 3,508

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 401	$ 401	$ 400	$ (1)
Use of money and property	4	3	2	(1)
Intergovernmental	3	3	3	--
Other	--	--	9	9
Total revenues	408	407	414	7
Expenditures				
Current:				
Community resources & public facilities	407	407	396	11
Total expenditures	407	407	396	11
Excess of revenues over expenditures	1	--	18	18
Net change in fund balances	1	--	18	18
Fund balances - beginning	347	347	347	--
Fund balances - ending	$ 348	$ 347	$ 365	$ 18

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ (1)	$ --	$ 1
Total revenues	--	(1)	--	1
Expenditures				
Current:				
Community resources & public facilities	28	158	134	24
Total expenditures	28	158	134	24
Deficiency of revenues under expenditures	(28)	(159)	(134)	25
Net change in fund balances	(28)	(159)	(134)	25
Fund balances - beginning	174	174	174	--
Fund balances - ending	$ 146	$ 15	$ 40	$ 25

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,263	$ 2,266	$ 2,164	$ (102)
Use of money and property	59	34	28	(6)
Intergovernmental	7,820	7,820	3,299	(4,521)
Charges for services	91	175	126	(49)
Other	--	--	4	4
Total revenues	10,233	10,295	5,621	(4,674)
Expenditures				
Current:				
Community resources & public facilities	11,088	11,524	6,532	4,992
Total expenditures	11,088	11,524	6,532	4,992
Deficiency of revenues under expenditures	(855)	(1,229)	(911)	318
Other Financing Sources (Uses)				
Transfers in	395	311	300	(11)
Transfers out	(223)	(139)	(128)	11
Proceeds from sale of capital assets	--	--	1	1
Total other financing sources (uses)	172	172	173	1
Net change in fund balances	(683)	(1,057)	(738)	319
Fund balances - beginning	6,105	6,105	6,105	--
Fund balances - ending	$ 5,422	$ 5,048	$ 5,367	$ 319

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, 2011 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 200	$ 124	$ 170	$ 46
Other	--	199	199	--
Total revenues	200	323	369	46
Expenditures				
Current:				
General county programs	23	23	7	16
Debt service:				
Principal	5,608	5,608	5,607	1
Interest	3,847	3,979	3,871	108
Total expenditures	9,478	9,610	9,485	125
Deficiency of revenues under expenditures	(9,278)	(9,287)	(9,116)	171
Other Financing Sources (Uses)				
Transfers in	7,262	7,262	7,396	134
Transfers out	--	(231)	(231)	--
Total other financing sources (uses)	7,262	7,031	7,165	134
Net change in fund balances	(2,016)	(2,256)	(1,951)	305
Fund balances - beginning	8,502	8,502	8,502	--
Fund balances - ending	$ 6,486	$ 6,246	$ 6,551	$ 305

COUNTY OF SANTA BARBARA

CALIFORNIA

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, 2011 (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	$ 3,878	$ 15,386	$ 38,803	$ 8,489	$ 361	$ 296	$ 67,213
Accounts receivable, net:							
Use of money and property	7	31	79	16	--	--	133
Charges for services	--	3	757	9	--	4	773
Other	--	--	361	--	--	--	361
Due from other funds	--	--	40	--	--	--	40
Inventories	--	250	--	110	--	--	360
Total current assets	3,885	15,670	40,040	8,624	361	300	68,880
Noncurrent assets:							
Restricted cash and investments	--	10	--	--	--	--	10
Capital assets, net of accumulated depreciation (Note 6)	1,976	14,515	18	1,446	--	219	18,174
Total noncurrent assets	1,976	14,525	18	1,446	--	219	18,184
Total assets	5,861	30,195	40,058	10,070	361	519	87,064
LIABILITIES							
Current liabilities:							
Accounts payable	455	56	537	--	323	2	1,373
Salaries and benefits payable	243	118	59	60	7	33	520
Compensated absences	256	131	62	64	9	2	524
Liability for self-insurance claims	--	--	9,337	--	--	--	9,337
Total current liabilities	954	305	9,995	124	339	37	11,754
Noncurrent liabilities:							
Compensated absences	122	42	37	21	10	4	236
Liability for self-insurance claims	--	--	24,228	--	--	--	24,228
OPEB obligation	329	171	133	104	7	47	791
Total noncurrent liabilities	451	213	24,398	125	17	51	25,255
Total liabilities	1,405	518	34,393	249	356	88	37,009
NET ASSETS							
Invested in capital assets, net of related debt	1,976	14,515	18	1,446	--	219	18,174
Unrestricted	2,480	15,162	5,647	8,375	5	212	31,881
Total net assets	$ 4,456	$ 29,677	$ 5,665	$ 9,821	$ 5	$ 431	$ 50,055

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, 2011 (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	$ 5,946	$ 9,228	$ 19,182	$ 3,169	$ 5,547	$ 686	$ 43,758
Self-insurance recovery	--	--	1,792	--	--	--	1,792
Other operating revenues	386	108	(21)	--	--	42	515
Total operating revenues	6,332	9,336	20,953	3,169	5,547	728	46,065
Operating expenses:							
Salaries and benefits	4,211	2,096	1,240	1,106	134	523	9,310
Services and supplies	1,298	4,896	13,117	1,652	5,604	298	26,865
Self-insurance claims	--	--	11,002	--	--	--	11,002
Contractual services	--	40	125	191	--	14	370
Depreciation and amortization	584	2,328	4	525	--	81	3,522
County overhead allocation	302	160	(178)	56	31	104	475
Total operating expenses	6,395	9,520	25,310	3,530	5,769	1,020	51,544
Operating loss	(63)	(184)	(4,357)	(361)	(222)	(292)	(5,479)
Non-operating revenues (expenses):							
Use of money and property	16	78	180	177	--	--	451
Interest expense	--	--	--	--	--	(2)	(2)
Gain on sale of capital assets	21	58	--	--	--	3	82
Other non-operating revenues	--	--	199	19	226	--	444
Total non-operating revenues (expenses)	37	136	379	196	226	1	975
Income (loss) before transfers	(26)	(48)	(3,978)	(165)	4	(291)	(4,504)
Transfers in	323	70	--	171	--	483	1,047
Transfers out	--	(333)	(64)	(28)	--	--	(425)
Transfers in (out), net	323	(263)	(64)	143	--	483	622
Change in net assets	297	(311)	(4,042)	(22)	4	192	(3,882)
Total net assets - beginning	4,159	29,988	9,707	9,843	1	239	53,937
Total net assets - ending	$ 4,456	$ 29,677	$ 5,665	$ 9,821	$ 5	$ 431	$ 50,055

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, 2011 (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	$ 6,332	$ 9,335	$ 19,358	$ 3,160	$ 5,547	$ 728	$ 44,460
Receipts from self-insurance recovery	--	--	1,792	--	--	--	1,792
Payments to employees	(3,932)	(2,038)	(1,202)	(1,055)	(131)	(519)	(8,877)
Payments to suppliers	(1,115)	(5,262)	(17,722)	(1,865)	(5,468)	(308)	(31,740)
Payments for self-insurance claims	--	--	(11,002)	--	--	--	(11,002)
County overhead allocation payments to the General Fund	(302)	(160)	178	(56)	(31)	(106)	(477)
Other receipts	--	--	199	19	226	--	444
Net cash provided (used) by operating activities	983	1,875	(8,399)	203	143	(205)	(5,400)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	323	70	--	171	--	483	1,047
Transfers to other funds	--	(333)	(64)	(28)	--	--	(425)
Net cash provided (used) by noncapital financing activities	323	(263)	(64)	143	--	483	622
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(1,079)	(2,155)	--	(191)	--	--	(3,425)
Proceeds from sales of capital assets	21	219	--	--	--	5	245
Principal paid on capital lease obligations	(4)	--	(4)	(1)	--	(61)	(70)
Interest paid on capital lease obligations	--	--	--	--	--	(2)	(2)
Net cash used by capital and related financing activities	(1,062)	(1,936)	(4)	(192)	--	(58)	(3,252)
CASH FLOWS FROM INVESTING ACTIVITIES							
Use of money and property received	19	85	213	183	--	--	500
Net cash provided by investing activities	19	85	213	183	--	--	500
Net change in cash and cash equivalents	263	(239)	(8,254)	337	143	220	(7,530)
Cash and cash equivalents - beginning	3,615	15,635	47,057	8,152	218	76	74,753
Cash and cash equivalents - ending	$ 3,878	$ 15,396	$ 38,803	$ 8,489	$ 361	$ 296	$ 67,223
Reconciliation of cash and cash equivalents to the Statement of Net Assets							
Cash and investments per Statement of Net Assets	$ 3,878	$ 15,386	$ 38,803	$ 8,489	$ 361	$ 296	67,213
Restricted cash and investments per Statement of Net Assets	--	10	--	--	--	--	10
Total cash and cash equivalents per Statement of Net Assets	$ 3,878	$ 15,396	$ 38,803	$ 8,489	$ 361	$ 296	$ 67,223
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating loss	$ (63)	$ (184)	$ (4,357)	$ (361)	$ (222)	$ (292)	$ (5,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	584	2,328	4	525	--	81	3,522
Other non-operating revenues	--	--	199	19	226	--	444
Changes in assets and liabilities:							
Accounts and other receivables	--	(1)	197	(9)	--	4	191
Inventories	--	(47)	--	--	--	--	(47)
Accounts payable	183	(279)	216	(22)	136	(2)	232
Salaries and benefits payable	279	58	38	51	3	4	433
Liability for self-insurance claims	--	--	(4,696)	--	--	--	(4,696)
Net cash provided (used) by operating activities	$ 983	$ 1,875	$ (8,399)	$ 203	$ 143	$ (205)	$ (5,400)
Noncash investing, capital, and financing activities	$ --	$ --	$ --	$ --	$ --	$ --	$ --

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

COUNTY OF SANTA BARBARA

CALIFORNIA

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, 2011 (in thousands)

	July 1, 2010	Additions	Deductions	June 30, 2011
CLEARING AND REVOLVING FUNDS				
Assets:				
Cash and investments	$ 9,959	$ 976,341	$ 979,912	$ 6,388
Interest receivable	(1)	1	--	--
Total assets	$ 9,958	$ 976,342	$ 979,912	$ 6,388
Liabilities:				
Accounts payable	$ 8,023	$ 241,672	$ 248,178	$ 1,517
Funds held for others	1,935	1,224,519	1,221,583	4,871
Total liabilities	$ 9,958	$ 1,466,191	$ 1,469,761	$ 6,388
DEPOSITS FUNDS				
Assets:				
Cash and investments	$ 1,496	$ 17,878	$ 17,345	$ 2,029
Total assets	$ 1,496	$ 17,878	$ 17,345	$ 2,029
Liabilities:				
Accounts payable	$ 6	$ 328	$ 334	$ -
Funds held for others	1,490	18,212	17,673	2,029
Total liabilities	$ 1,496	$ 18,540	$ 18,007	$ 2,029
OTHER AGENCY FUNDS				
Assets:				
Cash and investments	$ 3,827	$ 101,200	$ 98,653	$ 6,374
Interest receivable	7	23	24	6
Total assets	$ 3,834	$ 101,223	$ 98,677	$ 6,380
Liabilities:				
Accounts payable	$ 4	$ 5,933	$ 5,937	$ -
Funds held for others	3,830	107,160	104,610	6,380
Total liabilities	$ 3,834	$ 113,093	$ 110,547	$ 6,380
STATE AND CITY REVENUE FUNDS				
Assets:				
Cash and investments	$ 9,167	$ 124,584	$ 124,739	$ 9,012
Interest receivable	30	93	94	29
Total assets	$ 9,197	$ 124,677	$ 124,833	$ 9,041
Liabilities:				
Accounts payable	$ 137	$ 108,421	$ 108,356	$ 202
Funds held for others	9,060	233,033	233,254	8,839
Total liabilities	$ 9,197	$ 341,454	$ 341,610	$ 9,041
TAX COLLECTION FUNDS				
Assets:				
Cash and investments	$ 8,293	$ 1,527,745	$ 1,527,268	$ 8,770
Interest receivable	85	401	382	104
Total assets	$ 8,378	$ 1,528,146	$ 1,527,650	$ 8,874
Liabilities:				
Accounts payable	$ 1	$ 20,448	$ 20,437	$ 12
Funds held for others	8,377	1,548,583	1,548,098	8,862
Total liabilities	$ 8,378	$ 1,569,031	$ 1,568,535	$ 8,874
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	$ 32,742	$ 2,747,748	$ 2,747,917	$ 32,573
Interest receivable	121	518	500	139
Total assets	$ 32,863	$ 2,748,266	$ 2,748,417	$ 32,712
Liabilities:				
Accounts payable	$ 8,171	$ 376,802	$ 383,242	$ 1,731
Funds held for others	24,692	3,131,507	3,125,218	30,981
Total liabilities	$ 32,863	$ 3,508,309	$ 3,508,460	$ 32,712

See accompanying independent auditor's report.

STATISTICAL SECTION

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

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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.	159
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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)

	2001-02	2002-03 as restated	2003-04	2004-05	2005-06	2006-07	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11
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	$ 480,240
Restricted for:										
Law & justice	--	--	--	--	--	--	--	185	182	184
Public safety	10,973	9,599	8,193	10,017	10,152	12,990	13,695	8,952	12,007	9,533
Health & public assistance	19,014	20,595	16,129	18,188	15,992	19,237	12,987	25,118	32,943	42,328
Community resources & public facilities	56,055	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,591	106,691
General government & support services	7,715	10,368	10,520	10,854	8,589	9,913	8,082	7,594	5,483	4,523
General county programs	20,846	13,222	13,413	14,009	13,485	12,469	17,496	9,150	15,009	15,271
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	32,215	16,708
Total governmental activities net assets	$ 349,442	$ 491,318	$ 514,420	$ 544,224	$579,340	$616,803	$ 623,786	$ 653,032	$ 666,346	$ 675,478
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	$ 60,029
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	12,353
Total business-type activities net assets	$ 38,461	$ 39,976	$ 43,288	$ 48,927	$ 54,779	$ 59,250	$ 64,232	$ 66,898	$ 70,601	$ 72,382
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	$ 540,269
Restricted for:										
Law & justice	--	--	--	--	--	--	--	185	182	184
Public safety	56,055	9,599	8,193	10,017	10,152	12,990	13,695	8,952	12,007	9,533
Health & public assistance	8,648	20,595	16,129	18,188	15,992	19,237	12,987	25,118	32,943	42,328
Community resources & public facilities	--	49,864	52,899	51,453	59,649	60,486	87,145	95,946	101,591	106,691
General government & support services	--	10,368	10,520	10,854	8,589	9,913	8,082	7,594	5,483	4,523
General county programs	20,846	13,222	13,413	14,009	13,485	12,469	17,496	9,150	15,009	15,271
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	80,783	63,999	43,066	29,061
Total primary government net assets	$ 357,916	$ 531,294	$ 557,708	$ 593,151	$634,119	$676,053	$ 688,018	$ 719,930	$ 736,947	$ 747,860

Notes:

(1) FY 2002-03 net assets 'invested in capital assets, net of related debt' was restated from $243,671 to $361,055 in FY 2003-04, increasing total net assets by $117,384.

(2) FY 2007-08 net assets 'restricted for general county programs' was restated from $21,878 to $17,496 in FY 2008-09. As a result, 'unrestricted' governmental activities net assets was restated from $61,080 to $65,462.

(3) 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.

(4) FY 2009-10 'restricted' governmental activities net assets was restated from $157,052 to $167,215 in FY 2010-11. As a result, unrestricted' governmental activities net assets decreased from $53,229 to $43,066.

(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)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Expenses										
Governmental activities:										
Policy & executive	$ 6,960	$ 7,235	$ 6,242	$ 5,204	$ 7,353	$ 8,569	$ 9,069	$ 8,596	$ 7,356	$ 11,074
Law & justice	36,843	36,850	38,088	39,158	39,592	41,186	44,586	46,033	46,810	47,230
Public safety	135,606	142,190	149,819	158,460	169,497	181,566	201,511	204,994	200,418	215,903
Health & public assistance	215,182	221,988	230,432	237,144	258,369	271,806	292,094	287,178	297,590	308,149
Community resources & public facilities	68,528	65,268	68,780	88,165	71,200	84,785	83,293	84,585	85,914	83,770
General government & support services	29,843	26,927	26,942	25,224	30,818	36,771	35,743	32,115	31,750	31,123
General county programs	11,241	15,644	13,050	9,673	15,530	14,734	14,461	23,167	19,494	20,694
Interest on long-term debt	4,541	4,610	4,172	4,151	4,880	2,889	2,626	3,321	4,645	4,926
Subtotal governmental activities expenses	508,744	520,712	537,525	567,179	597,239	642,306	683,383	689,989	693,977	722,869
Business-type activities:										
Resource Recovery	20,265	18,295	17,394	17,790	19,356	21,857	22,042	23,226	21,659	21,258
Laguna Sanitation	2,043	3,825	3,495	4,495	4,870	5,066	5,113	5,609	5,633	5,946
Other	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	27,204
Total primary government expenses	$ 531,088	$ 542,859	$ 558,430	$ 589,523	$ 621,522	$ 669,291	$ 710,922	$ 719,506	$ 721,279	$ 750,073
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	$ 77,085
Public safety	19,510	27,134	27,890	30,619	30,152	34,767	40,125	37,999	36,479	36,345
Other	66,538	58,110	56,949	56,343	58,320	58,950	63,894	63,089	59,476	62,719
Operating grants & contributions	252,572	236,391	238,621	255,317	260,905	274,169	281,421	291,171	293,672	306,564
Capital grants & contributions	272	131	1,144	1,256	754	476	229	259	85	209
Subtotal governmental activities revenues	390,441	377,305	383,207	411,452	420,423	448,908	464,224	471,613	468,760	482,922
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	21,151
Laguna Sanitation	2,582	3,463	3,377	5,050	5,513	5,950	6,276	6,464	6,827	7,304
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	1,245
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	29,700
Total primary government program revenue	$ 411,021	$ 400,290	$ 407,082	$ 438,714	$ 449,098	$ 477,232	$ 494,751	$ 502,812	$ 498,522	$ 512,622
Net (expense) / revenue										
Governmental activities	$ (118,303)	$ (143,407)	$ (154,318)	$ (155,727)	$ (176,816)	$ (193,398)	$ (219,159)	$ (218,376)	$ (225,217)	$ (239,947)
Business-type activities	(1,764)	838	2,970	4,918	4,392	1,339	2,988	1,682	2,460	2,496
Total primary government net expense	$ (120,067)	$ (142,569)	$ (151,348)	$ (150,809)	$ (172,424)	$ (192,059)	$ (216,171)	$ (216,694)	$ (222,757)	$ (237,451)

(Continued)

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

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
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	$ 208,595
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	12,756
Transient occupancy tax	5,877	4,423	5,448	4,815	5,631	6,591	7,174	6,431	5,950	6,977
Unrestricted investment earnings	4,670	3,420	1,087	3,373	4,308	2,867	2,926	1,610	2,404	1,372
Extraordinary item and special item	(22,992)	5,433	--	--	--	--	--	--	--	--
Transfers	(133)	17	(34)	174	55	3	(5)	661	(995)	1,002
Other	5,537	4,261	4,664	3,359	5,702	8,842	8,066	12,212	10,559	11,877
Subtotal governmental activities	146,633	167,899	177,420	185,531	211,932	230,861	240,345	242,140	238,531	242,579
Business-type activities:										
Unrestricted investment earnings	1,414	971	270	828	942	2,089	1,796	1,248	374	286
Transfers	133	(17)	34	(174)	(55)	(3)	5	(661)	995	(1,002)
Other	96	(277)	38	67	573	1,046	193	397	(126)	1
Subtotal business-type activities	1,643	677	342	721	1,460	3,132	1,994	984	1,243	(715)
Total primary government	$ 148,276	$ 168,576	$ 177,762	$ 186,252	$ 213,392	$ 233,993	$ 242,339	$ 243,124	$ 239,774	$ 241,864
Changes in net assets										
Governmental activities	$ 28,330	$ 24,492	$ 23,102	$ 29,804	$ 35,116	$ 37,463	$ 21,186	$ 23,764	$ 13,314	$ 2,632
Business-type activities	(121)	1,515	3,312	5,639	5,852	4,471	4,982	2,666	3,703	1,781
Total primary government	$ 28,209	$ 26,007	$ 26,414	$ 35,443	$ 40,968	$ 41,934	$ 26,168	$ 26,430	$ 17,017	$ 4,413

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

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

	2009-10	2010-11
General Fund (1)		
Nonspendable	$ 26,704	$ 25,570
Restricted	8,271	7,844
Committed	53,444	46,096
Assigned	--	--
Unassigned	736	4,330
Subtotal general fund	89,155	83,840
All Other Governmental Funds		
Nonspendable	507	681
Restricted	180,115	182,036
Committed	16,590	13,623
Assigned	932	883
Unassigned	(22,860)	(26,600)
Subtotal all other governmental funds	175,284	170,623
Total governmental fund balance	$ 264,439	$ 254,463

Notes:

(1) In FY 2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

(2) The substantial increase or decrease in fund balance restricted, committed, assigned, and unassigned is explained in the Management's Discussion and Analysis (MD&A).

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

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues (by source):										
Taxes	$132,298	$126,636	$140,594	$176,747	$202,078	$220,583	$231,955	$232,781	$231,648	$234,354
Licenses, permits, and franchises	13,521	12,258	14,407	13,712	14,094	14,336	14,294	13,643	13,223	12,639
Fines, forfeitures, and penalties	10,809	12,162	9,554	9,675	12,020	11,020	12,333	13,218	13,527	13,299
Use of money and property	14,013	10,735	5,532	9,489	10,783	13,025	12,173	8,739	6,121	4,582
Intergovernmental	270,384	260,779	260,609	253,104	263,025	266,953	271,211	286,846	290,440	304,347
Charges for service	117,468	117,061	123,739	134,276	134,664	148,311	156,648	163,332	162,525	164,630
Other	16,830	13,479	13,058	15,751	15,255	13,414	13,637	16,614	17,046	16,372
Total revenues	575,323	553,110	567,493	612,754	651,919	687,642	712,251	735,173	734,530	750,223
Expenditures (by function):										
Policy & executive	9,925	10,334	10,024	10,229	10,824	11,846	13,290	13,971	13,266	15,661
Law & justice	34,970	35,500	36,802	37,361	38,083	39,247	41,875	43,869	44,495	44,256
Public safety	122,754	130,996	140,458	148,978	160,249	175,500	189,364	193,291	188,661	197,603
Health & public assistance	215,452	223,913	232,782	241,023	260,562	273,314	287,957	287,110	298,239	307,900
Community resources & public facilities	68,271	64,104	67,161	85,219	78,085	90,994	89,859	106,471	100,047	97,672
General government & support services	39,390	38,049	39,828	40,007	46,686	47,380	48,356	50,736	48,818	47,073
General county programs	14,781	15,224	13,918	9,731	12,574	14,552	18,452	22,822	18,449	18,957
Debt service										
Principal	6,323	5,004	5,153	6,030	6,582	7,876	6,595	6,230	7,506	5,621
Interest	4,541	4,628	4,413	3,986	4,741	2,930	2,642	3,324	4,637	4,918
Capital outlay	40,164	35,404	35,862	36,155	11,029	10,620	20,055	7,017	8,639	18,094
Total expenditures	556,571	563,156	586,401	618,719	629,415	674,259	718,445	734,841	732,757	757,755
Excess (deficiency) of revenues over (under) expenditures	18,752	(10,046)	(18,908)	(5,965)	22,504	13,383	(6,194)	332	1,773	(7,532)
Other Financing Sources (Uses):										
Transfers in	102,349	94,777	102,682	108,564	118,235	128,567	149,323	139,021	146,179	88,586
Transfers out	(103,420)	(95,111)	(103,185)	(108,188)	(118,419)	(129,201)	(148,765)	(138,722)	(146,991)	(91,204)
Proceeds from sale of capital assets	456	145	69	46	862	1,269	288	147	52	174
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)	30,810	1,267	1,174	20,385	2,631	3,035	17,758	446	19,757	(2,444)
Net change in fund balances	$ 49,562	$ (8,779)	$ (17,734)	$ 14,420	$ 25,135	$ 16,418	$ 11,564	$ 778	$ 21,530	$ (9,976)
Debt service as a percentage of noncapital expenditures:	2.03%	1.78%	1.74%	1.72%	1.86%	1.66%	1.36%	1.35%	1.72%	1.46%

Expenditures (1):	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General government	$ 59,857	$ 58,434	$ 59,228	$ 55,274	$ 53,409	$ 65,106	$ 65,271	$ 64,020	$ 62,761	$ 64,450
Public protection	200,927	210,021	221,671	234,963	242,782	259,208	281,771	299,802	288,599	296,982
Public ways and facilities	43,801	36,702	24,441	32,560	31,890	30,926	23,117	32,301	32,111	32,489
Health and sanitation	106,767	110,424	117,342	130,160	139,106	149,855	160,095	155,148	157,155	157,961
Public assistance	104,726	105,933	105,203	107,408	116,916	120,572	125,547	130,962	138,166	145,085
Education	2,691	2,645	2,783	2,763	2,773	2,894	3,269	3,223	3,289	3,410
Recreational and cultural services	8,947	8,959	10,305	9,420	9,615	10,462	11,941	11,232	12,899	11,089
Debt service	8,680	9,218	9,566	10,016	11,323	10,807	9,237	9,555	12,144	10,539
Capital outlay	20,175	20,820	35,862	36,155	21,601	24,429	38,197	28,598	25,633	42,250
Total expenditures	$556,571	$563,156	$586,401	$618,719	$629,415	$674,259	$718,445	$734,841	$732,757	$764,255

Notes:
(1) By State Controller function.

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

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
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
2010 - 2011	60,558,017	2,901,856	746,117	(2,322,086)	61,883,904	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 the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the 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

	County Direct Rates	Overlapping Rates		
Fiscal Year	**Santa Barbara County General**	**Cities (1)**	**Schools (2)**	**Total**
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%
2010 - 2011	1.00000%	0.00012%	0.01284%	1.01296%

Notes:

(1) Rates shown represent a weighted average of the eight incorporated cities within the County 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.

Source:

Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2011, AND June 30, 2002 (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, 2011, and June 30, 2002:

June 30, 2011:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2010-11	Percentage of Total Secured Tax Levy Fiscal Year 2010-11
Exxon Corporation	Petroleum & Gas	$ 329,265	0.56%	$ 3,544	0.61%
Breitburn Energy Holdings, LLC	Petroleum & Gas	265,231	0.45%	2,140	0.37%
United Launch Alliance, LLC	Aerospace	212,972	0.36%	1,933	0.33%
Southern California Gas Co.	Utility	176,685	0.30%	1,534	0.26%
Fairway BB Propery, LLC	Residential Estate	149,386	0.25%	1,751	0.30%
Southern California Edison Co.	Utility	142,150	0.24%	1,664	0.29%
Verizon California, Inc.	Utility	139,585	0.24%	1,412	0.24%
1260 BB Property	Hotel	135,000	0.23%	1,637	0.28%
Ht-Santa Barbara Inc.	Hotel	118,000	0.20%	1,235	0.21%
Pacific Gas & Electric Co.	Utility	117,234	0.20%	1,290	0.23%
Ten largest taxpayers		1,785,508	3.03%	18,140	3.12%
All other taxpayers		57,196,540	96.97%	564,726	96.88%
Total		$ 58,982,048	100.00%	$ 582,866	100.00%

June 30, 2002:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2001-02	Percentage of Total Secured Tax Levy Fiscal Year 2001-02
Exxon Corporation	Petroleum & Gas	$ 634,910	1.88%	$ 6,350	1.90%
Bacara Resort and Spa	Hotel	302,509	0.89%	2,989	0.90%
Biltmore	Hotel	317,597	0.94%	2,509	0.75%
Verizon California, Inc.	Telecommunications	227,610	0.67%	2,386	0.72%
Pacific Offshore Pipeline Co.	Petroleum & Gas	144,916	0.43%	1,449	0.43%
Southern California Gas Co.	Utility	134,054	0.40%	1,402	0.42%
Girsh Family Trustees	Retail Stores	74,887	0.22%	831	0.25%
Southern California Edison Co.	Utility	78,160	0.23%	819	0.25%
Raytheon Company	Electromagnetic Systems	81,890	0.24%	811	0.24%
Fess Parker Doubletree Hotel	Hotel	69,980	0.21%	721	0.21%
Ten largest taxpayers		2,066,513	6.11%	20,267	6.07%
All other taxpayers		31,734,745	93.89%	313,157	93.93%
Total		$ 33,801,258	100.00%	$ 333,424	100.00%

Notes:

(1) Net Assessed Secured amounts include Secured & Unitary less exemptions.
See "Assessed Value of Taxable Property and Actual Value of Property" schedule for total assessed value. The 2010-11 total is based on secured $60,558,017 plus unitary $746,117 less exemptions of $2,322,086. The 2001-02 total is based on secured $34,127,745 plus unitary $774,256 less exemptions of $1,100,743.

(2) Includes 1%, bonds, fixed charges, late penalties and costs (Only Secured & Unitary Tax Levy amounts).

Source:

County of Santa Barbara Treasurer-Tax Collector

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

Fiscal Year	(1) Taxes Levied	(2) Collections within the fiscal year of the levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2001 - 2002	$ 333,424	$ 329,327	98.77%	$ 4,086	$ 333,413	100.00%
2002 - 2003	355,912	351,584	98.78%	4,315	355,899	100.00%
2003 - 2004	385,715	381,887	99.01%	3,788	385,675	99.99%
2004 - 2005	419,530	415,040	98.93%	4,409	419,449	99.98%
2005 - 2006	466,497	460,518	98.72%	5,692	466,210	99.94%
2006 - 2007	516,452	505,691	97.92%	10,292	515,983	99.91%
2007 - 2008	555,687	542,365	97.60%	12,369	554,734	99.83%
2008 - 2009	577,815	561,873	97.24%	13,675	575,548	99.61%
2009 - 2010	580,497	566,774	97.64%	9,441	576,215	99.26%
2010 - 2011	582,866	573,503	98.39%	-	573,503	98.39%

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)

	Governmental Activities					Business-type Activities						
Fiscal Year	**Certificates of Participation**	**Capital Leases**	**Long-term Loans**	**Long-term Settle-ment**	**Note Payable**	**Certificates of Participation**	**Capital Leases**	**Long-term Settlement**	**Bonds and Notes Payable**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita (2)**
2001 - 2002 (3)	$ 65,935	$ 567	$ 104	#####	$37,000	$ 6,955	$ 839	$ 385	$ 4,933	$ 118,156	0.88%	$ 290
2002 - 2003	61,635	1,753	83	1,025	45,000	6,225	408	330	9,388	125,847	0.89%	307
2003 - 2004	58,773	1,361	67	750	45,000	7,037	210	275	8,999	122,472	0.78%	295
2004 - 2005	71,169	1,272	1,117	475	55,000	6,886	130	220	8,620	144,889	0.87%	346
2005 - 2006	65,173	3,301	1,030	200	47,000	5,655	83	165	8,231	130,838	0.71%	310
2006 - 2007	59,143	5,015	11	--	--	4,321	30	110	7,833	76,463	0.40%	180
2007 - 2008	70,209	4,301	--	--	--	9,851	23	55	7,426	91,865	0.47%	214
2008 - 2009	64,513	3,707	--	--	--	8,803	15	--	7,009	84,047	0.44%	195
2009 - 2010	76,248	4,782	--	--	--	6,897	8	--	6,581	94,516	0.49%	218
2010 - 2011	68,500	4,017	--	--	--	9,330	--	--	10,314	92,161	0.49%	216

Notes:

(1) See the "Demographics and Economic Statistics" schedule for personal income and population data. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

(2) See the "Demographics 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
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%
2010 - 2011	61,883,904	773,549	--	773,549	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, 2011 (in thousands)

2010-2011 Assessed Valuation:	$ 61,883,904
Redevelopment Incremental Valuation:	3,584,119
Adjusted Assessed Valuation:	$ 58,299,785

Overlapping Tax and Assessment Debt:	**Percent Applicable (1)**	**Debt (3)**
Allan Hancock Joint Community College District	99.693%	$ 92,264
Santa Barbara Community College District	100%	44,905
High School Districts	99.996-100%	115,674
Unified School Districts	100%	48,861
Goleta Union School District	100%	20,180
Orcutt School District	100%	12,755
Santa Barbara School District	100%	24,990
Other School District	100%	43,509
Lompoc Healthcare District	100%	74,270
Santa Ynez River Water Conservation District ID No.1	100%	750
Special District 1915 Act Bonds	62.105-100%	6,942
Total Overlapping Tax and Assessment Debt		485,100
Overlapping General Fund Obligation Debt:		
Santa Maria Joint Union High School District Certificates of Participation	99.996%	24,104
Santa Maria-Bonita School District Certificates of Participation	99.994%	21,564
Santa Ynez Valley Union High School District Certificates of Participation	100%	3,480
Buellton School District Certificates of Participation	100%	2,160
College School District Certificates of Participation	100%	3,190
Solvang School District Certificates of Participation	100%	720
City of Carpinteria Certificates of Participation	100%	1,035
City of Santa Barbara Certificates of Participation	100%	50,445
City of Santa Maria General Fund Obligations	100%	11,325
Carpinteria Sanitary District General Fund Obligations	100%	13,155
Santa Maria Cemetery District Certificates of Participation	100%	1,170
Total Gross Overlapping General Fund Obligation Debt		132,348
Less: City of Santa Barbara revenue bonds supported by airport revenues		(47,270)
Less: Carpinteria Sanitary District revenue bonds supported by wastewater system revenues		(13,155)
Total Net Overlapping General Fund Obligation Debt		$ 71,923
Direct General Fund Obligation Debt:		
Santa Barbara County Certificates of Participation	100%	$ 77,830
Total Direct General Fund Obligation Debt		$ 77,830
Gross Combined Total Debt		$ 695,278 (2)
Net Combined Total Debt		$ 634,853

Ratio to 2010-11 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	0.78%

Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ($77,830)	0.13%
Gross Combined Total Debt	1.19%
Net Combined Total Debt	1.09%

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 March 16, 2011.

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
2002	408	$ 13,400,000	$ 32.8	67	3.7%
2003	410	14,100,000	34.4	67	3.5%
2004	415	15,800,000	38.1	68	3.4%
2005	419	16,700,000	39.9	68	4.0%
2006	422	18,300,000	43.4	67	3.5%
2007	424	18,900,000 (7)	44.6	67	3.8%
2008	429	19,400,000	45.2	66	5.2%
2009	431	19,000,000	44.1	66	8.2%
2010	434	19,300,000 (7)	44.5	66	8.8%
2011 (3)	426	19,000,000	44.6	66	8.9%

Detail of estimated population, as of January 1, 2011 (whole numbers):

Incorporated Cities	
Buellton	4,878
Carpinteria	13,104
Goleta	30,032
Guadalupe	7,115
Lompoc	42,262
Santa Barbara	89,253
Santa Maria	100,062
Solvang	5,289
Total of Incorporated	291,995
Total of Unincorporated Areas	134,194
Total Population	426,189

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, 2011 and June 30, 2002

June 30, 2011			June 30, 2002		
Company or Organization	**Jobs**	**Percent of Total County Employment**	**Company or Organization**	**Jobs**	**Percent of Total County Employment**
Vandenberg Air Force Base	6,330	3.17%	University of California, Santa Barbara	9,175	4.73%
University of California, Santa Barbara	4,334	2.17%	Vandenberg Air Force Base	5,235	2.70%
County of Santa Barbara	4,025	2.01%	County of Santa Barbara	4,215	2.17%
Cottage Health System	3,440	1.72%	Cottage Health System	1,811	0.93%
Santa Barbara School Districts	2,500	1.25%	Santa Barbara High School District	1,750	0.90%
Santa Barbara City College	2,252	1.13%	Raytheon/E-Systems	1,700	0.88%
Santa Maria-Bonita School District	1,886	0.94%	Lompoc Unified School District	1,690	0.87%
City of Santa Barbara	1,687	0.84%	Santa Maria-Bonita School District	1,600	0.82%
Raytheon	1,450	0.73%	Santa Barbara City College	1,555	0.80%
Marian Medical Center	1,436	0.72%	Alan Hancock College	1,300	0.67%
Total ten largest	29,340	14.68%	Total ten largest	30,031	15.47%
Total all other	170,460	85.32%	Total all other	164,069	84.53%
Total companies or organizations	199,800	100.00%	Total companies or organizations	194,100	100.00%

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

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Paid employees										
Policy & executive	98	94	93	95	88	98	99	91	85	93
Law & justice	236	213	211	208	217	221	223	212	198	199
Public safety	1,389	1,383	1,367	1,357	1,415	1,425	1,443	1,405	1,358	1,325
Health & public assistance	1,685	1,667	1,652	1,660	1,706	1,688	1,704	1,654	1,765	1,779
Community resources & public facilities	583	556	552	519	524	502	506	476	451	432
General government & support services	464	441	432	425	436	432	438	437	410	385
General county programs	19	29	19	14	34	40	34	31	30	15
Resource Recovery	94	93	91	91	91	90	90	91	85	83
Laguna Sanitation	14	14	13	13	15	15	15	16	16	16
Total County employees	4,582	4,490	4,430	4,382	4,526	4,511	4,552	4,413	4,398	4,327
Actual full-time equivalent employees										
Policy & executive	92	88	87	88	87	91	90	83	79	86
Law & justice	227	209	207	205	206	214	216	205	193	192
Public safety	1,319	1,321	1,298	1,287	1,331	1,365	1,394	1,356	1,307	1,265
Health & public assistance	1,595	1,589	1,560	1,563	1,596	1,598	1,615	1,573	1,633	1,636
Community resources & public facilities	556	536	527	498	473	476	473	445	421	405
General government & support services	435	422	413	405	410	408	414	414	392	370
General county programs	18	28	18	14	28	38	34	30	29	14
Resource Recovery	91	88	86	87	86	85	86	86	80	78
Laguna Sanitation	14	14	13	13	16	15	15	16	16	16
Total County employees	4,347	4,295	4,209	4,160	4,233	4,290	4,337	4,208	4,150	4,062

Note:
(1) Paid employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job for which the employee was paid.
(2) Actual full-time equivalent employees: Count of number of full-time equivalents paid. For full-time and part-time, the full-time equivalent (FTE) used is from the employee's assigned work schedule. For extra help and contractors, the FTE is calculated as the number of hours worked this pay period divided by 80.

Summary of County Employees
Last Ten Fiscal Years (3):

Fiscal Year	Full-Time Equivalents
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
2010-2011	4,062

Source:
(3) 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	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Law & justice										
Filed felonies-District Attorney	2,249	2,287	2,389	2,799	3,062	3,077	2,669	2,610	2,482	2,462
Filed misdemeanors-District Attorney	11,771	12,071	13,558	13,691	13,096	14,901	14,791	14,608	14,633	13,264
Public Defender's total new caseload	22,700	23,400	25,600	26,700	22,900	25,302	24,939	21,859	23,056	22,831
Public safety										
Fire emergency responses	8,400	8,750	9,400	9,500	9,700	10,163	11,090	11,392	11,278	11,512
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	1,519,651
Processed and booked adult offenders-Sheriff	16,967	17,496	17,535	19,582	17,747	18,403	17,915	17,992	18,319	19,521
Juvenile referrals processed-Probation	6,000	6,000	6,300	6,400	6,589	6,822	6,287	5,880	5,431	4,978
Adult and Juvenile cases supervised-Probation	7,100	7,400	10,550	10,579	10,191	11,678	11,986	10,509	10,808	9,480
Institutional care for minors-Probation (days)	63,100	63,400	58,300	52,280	62,375	67,154	68,730	68,286	67,861	65,313
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	5,544
Health & public assistance										
ADMHS clients served	12,357	12,568	13,253	14,807	13,059	13,629	14,565	13,637	14,785	12,063
Established orders for child support	n/a	13,809	13,818	14,985	15,469	16,965	14,635	14,630	14,800	13,648
Assistance claims paid to eligible recipients	n/a	60,000	62,500	64,500	64,200	65,405	65,686	71,249	77,966	80,025
Patient treatments at Public Health clinics	100,000	100,000	112,000	116,100	118,400	123,000	126,200	134,450	136,867	134,350
Community resources & public facilities										
Building inspections	39,500	28,700	27,800	34,900	34,000	40,034	33,800	21,523	19,159	19,450
Enhanced or maintained road lanes (miles)	124	190	150	117	117	246	102	100	195	96
Flood control work requests	169	234	145	200	185	112	110	180	195	90
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	107,073	108,178	117,932
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	7,312
Landfill waste disposal (tons per month)	17,200	18,345	19,910	20,510	19,679	18,483	17,964	17,099	15,626	14,614

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

Function/Program	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Policy & executive										
Buildings	Occupied with general government and support services.									
Law & justice										
Court buildings	9	9	9	9	9	9	7	7	7	7
Other buildings	4	4	4	5	5	5	5	5	5	5
Public safety										
Fire stations	15	15	15	15	15	16	16	16	16	16
Fire trucks	39	39	39	41	41	42	41	43	42	42
Ambulances	4	4	4	4	4	4	4	4	4	4
Sheriff substations	2	2	2	2	2	2	2	3	3	4
Patrol units	49	49	49	49	49	49	49	49	49	49
Aircrafts	5	5	5	5	5	5	5	5	6	6
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Administration buildings	8	8	8	8	8	8	9	9	9	9
Health & public assistance										
Clinics	5	5	5	5	6	7	7	7	7	7
Administration buildings	5	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	1,798
Day use & camping parks	24	24	24	24	21	21	22	22	23	25
Open space areas (County developed)	29	29	29	29	17	17	17	17	18	42
Outdoor events center	1	1	1	1	1	1	1	1	1	1
Veterans buildings	3	3	3	3	3	3	3	3	3	3
Seawalls	2	2	2	2	2	2	2	2	2	2
Road lane miles	1,839 (2)	1,668	1,668	1,668	1,668	1,668	1,668	1,685	1,685	1,685
Bridges	43	44	44	44	112	112	112	112	112	113
Traffic signals	25	25	25	25	25	25	25	26	26	26
Roads heavy equipment	36	40	43	43	43	48	51	49	51	51
Sanitary sewers (miles of collection)	160	160	160	160	160	160	111	121	121	121
Treatment capacity (million gallons per day)	2	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	53	55	60	65	65	69	69	82	84	73
General government & support services										
Buildings	4	4	4	5	5	5	5	5	5	5

Notes:

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

(2) Includes City of Goleta.

COUNTY OF SANTA BARBARA, CALIFORNIA
GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2011

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.

ASSIGNED FUND BALANCE - Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

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

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

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

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

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

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

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

CASH BASIS - 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.

COUNTY OF SANTA BARBARA, CALIFORNIA
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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.

COMMITTED FUND BALANCE - Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES - Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation ,or other long-term fringe benefits, such as group insurance and long-term disability pay.

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

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

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

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.

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.

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 Statement of Accounting Standard (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.

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.

NONSPENDABLE FUND BALANCE - Amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

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

PENSION BENEFITS - "Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan memberdess 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 postemployment 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.

REPORTING ENTITY - The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION - Consists of statements, schedules, statistical data, or other information that according to the GASB is necessary to supplement, although not required to be a part of, the basic financial statements.

RESTRICTED ASSETS - Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET 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.

UNASSIGNED FUND BALANCE – The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

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

COUNTY OF SANTA BARBARA

CALIFORNIA