County of Santa Barbara
State of California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

Theodore A. Fallati, CPA, CPFO
Auditor-Controller

The front cover features a view of the Pacific Ocean from atop Gaviota Peak located in the Los Padres National Forest within Santa Barbara County at an elevation of 2461 ft. above sea level. Outdoor enthusiasts will find several trails in the area including a 6.5 mile loop to reach Gaviota Peak. Along the way hikers will pass local flora and fauna including the Yucca flower and in rare cases mountain lions. Recent winter rains are evidenced by the lush green color covering the mountains which are typically covered in dry grass and vegetation during the summer. The beauty of this area was recognized this year when the 21 mile stretch of highway running through it was declared a State Scenic Highway.

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

A colorful display of one of the many unique rock formations located near Gaviota Peak in the Santa Ynez Mountain Range.

County of Santa Barbara
State of California

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017

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

Table of Contents

Page

Introductory Section

Letter of Transmittal 1

Financial Section

Independent Auditor's Report 9

Management's Discussion and Analysis (Unaudited) 11

Basic Financial Statements:

Governmentwide Financial Statements:

Statement of Net Position 30

Statement of Activities 31

Fund Financial Statements:

Governmental Funds:

Balance Sheet 32

Statement of Revenues, Expenditures, and Changes in Fund Balances 34

Proprietary Funds:

Statement of Net Position 36

Statement of Revenues, Expenses, and Changes in Fund Net Position 37

Statement of Cash Flows 38

Fiduciary Funds:

Statement of Fiduciary Net Position 39

Statement of Changes in Fiduciary Net Position 40

Notes to the Financial Statements 41

Required Supplementary Information (Unaudited):

Santa Barbara County Employees' Retirement System - Schedule of the County's Proportionate Share of the Net Pension Liability 108

Santa Barbara County Employees' Retirement System – Schedule of the County's Contributions . 108

Other Postemployment Benefits (OPEB) Plan – Schedule of Funding Progress 108

Notes to Required Supplementary Information 108

Governmental Funds – General and Major Special Revenue:

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

General Fund 111

Roads Special Revenue Fund 112

Public Health Special Revenue Fund 113

Social Services Special Revenue Fund 114

Behavioral Wellness Special Revenue Fund 115

Flood Control District Special Revenue Fund 116

Affordable Housing Special Revenue Fund 117

Fire Protection District Special Revenue Fund 118

Other Supplementary Information (Unaudited):

Other Major Governmental Fund:

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

Capital Projects Fund 122

Nonmajor Governmental Funds:

Narrative Summary 124

Combining Balance Sheet 128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 132
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual . . 136

Internal Service Funds:
Narrative Summary 156
Combining Statement of Net Position 158
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 159
Combining Statement of Cash Flows 160

Agency Funds:
Narrative Summary 162
Combining Statement of Changes in Assets and Liabilities 163

Statistical Section (Unaudited)

Narrative Summary 165

Financial Trends:
Net Position by Category 166
Changes in Net Position 167
Fund Balances, Governmental Funds 168
Changes in Fund Balances, Governmental Funds 169

Revenue Capacity:
Assessed Value of Taxable Property and Actual Value of Property 170
Property Tax Rates - Direct and Overlapping Governments 171
Principal Property Taxpayers 172
Property Tax Levies and Collections 173

Debt Capacity:
Ratios of Outstanding Debt by Type 174
Computation of Legal Debt Margin 175
Direct and Overlapping Bonded Debt 176

Economic and Demographic Information:
Demographics and Economic Statistics 177
Principal Employers 178

Operating Information:
County Employees by Function/Program 179
Operating Indicators by Function/Program 180
Capital Assets and Infrastructure Statistics by Function/Program 181

Glossary

Glossary 183

COUNTY OF SANTA BARBARA
CALIFORNIA

Introductory Section

COUNTY OF SANTA BARBARA
CALIFORNIA

COUNTY OF SANTA BARBARA

Theodore Fallati, CPA
Auditor-Controller

Betsy Schaffer, CPA
Assistant Auditor-Controller

County Administration Building
105 E. Anapamu Street, Rm. 303
Santa Barbara, CA 93101
(805) 568-2100

Auditor@co.santa-barbara.ca.us

Mailing Address:
P.O. Box 39
Santa Barbara, CA 93102-0039
Fax: (805) 568-2016

OFFICE OF THE AUDITOR-CONTROLLER

August 25, 2017

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, 2017, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent auditor's report is located at the front of the financial section of this report. Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2017. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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

Geography and Industry

The County, located approximately 100 miles north of Los Angeles and 300 miles south of San Francisco, was established by an act of the State Legislature on February 18, 1850. It occupies 2,737 square miles, one-third of which is located in the Los Padres National Forest, and has a population of 450,663.

Eight incorporated cities are within the County: Santa Barbara, Santa Maria, Lompoc, Goleta, Carpinteria, Guadalupe, Solvang, and Buellton. The largest employment categories include services, wholesale and retail trade, public administration, and manufacturing. The mild climate, picturesque coastline, scenic mountains, and numerous parks and beaches make the County a popular tourist and recreational area.

Policy & Executive

Das Williams
First District Supervisor
Vice Chair

Janet Wolf
Second District Supervisor

Joan Hartmann
Third District Supervisor
Chair

Peter Adam
Fourth District Supervisor

Steve Lavagnino
Fifth District Supervisor

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

Michael Ghizzoni
County Counsel

Public Safety

Joyce Dudley
District Attorney

Tracy Macuga
Public Defender

Darrel E. Parker
Court Special Services

Eric Peterson
Fire

Beverly Taylor (Interim)
Probation

William F. Brown
Sheriff-Coroner

Health & Human Services

Alice Gleghorn
Behavioral Wellness

Joni Maiden, MPA (Interim)
Child Support Services

Carrie Topliffe, CPA (Interim)
Public Health Services

Daniel Nielson
Social Services

Community Resources & Public Facilities

Cathleen Fisher
Agriculture Commissioner / Weights & Measures

George Chapjian
Community Services

Glenn Russell
Planning & Development

Scott McGolpin
Public Works

General Government & Support Services

Theodore Fallati, CPA, CPFO
Auditor-Controller

Joseph E. Holland, CPFO
Clerk-Recorder-Assessor

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

Janette Pell
General Services

Lori Gentles
Human Resources

Component Units

The County, with an average of 4,218 full-time equivalent employees, provides a full range of services to its residents as the organization chart above depicts. Included in operations are various component units which provide specific services Countywide or to distinct geographic areas within the County. They include Laguna County Sanitation District, Flood Control and Water Conservation Districts, Santa Barbara County Fire Protection District, Public and Educational Access, In-Home Supportive Services Public Authority, County Service Areas, Community Facilities Districts, Lighting Districts, Sandyland Seawall Maintenance District, Water Agency, Santa Barbara County Finance Corporation, and First 5 Children and Families Commission (First 5) (separately presented and not included in the County's operations).

While these entities are legally separate from the County, the County is financially accountable for them as their governing bodies are substantially the same as the County Board (except for First 5). Other entities, such as the Air Pollution Control District and the Santa Barbara County Association of Governments, conduct their own day-to-day operations, answer to their own governing board, and thus are not included in the County's financial statements.

Budget

The County is required by state law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for all governmental and proprietary funds and are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control is maintained at the fund, department, and object level with more stringent control over capital assets and fund balance categories, which are maintained at the line item level.

The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the CEO.

Factors Affecting Economic Condition

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

During Fiscal Year (FY) 16-17, the County continued to see positive trends in certain economic segments led by consumer spending and tourism. Additionally, the real estate housing market and the labor market continued to show indicators of a steady economy.

> **"Housing, manufacturing and robotics will shape tri-county's future"**
>
> Pacific Coast Business Times May 9, 2017

Employment

- The County's average unemployment rate during FY 16-17 decreased from 5% to 4.8%.
- The June 2017 County unemployment rate of 4.3% was below the State unemployment rate of 4.9% and the national unemployment rate of 4.5%.

Income

- Average annual wages increased to $53,090 in the 2016 calendar year from $51,390 in 2015.

Retail Sales

- Countywide retail sales increased 2.3% to $7 billion for the 2016 calendar year.
- Local retail sales continue to grow with the improved economy from the December 2010 low point.
- California retail sales are following a similar pattern.

Real Estate

- The Countywide median home value increased 2.4% to $560,600.
- The real estate market continued its upward trend with increased property sales, price appreciation, and new construction.

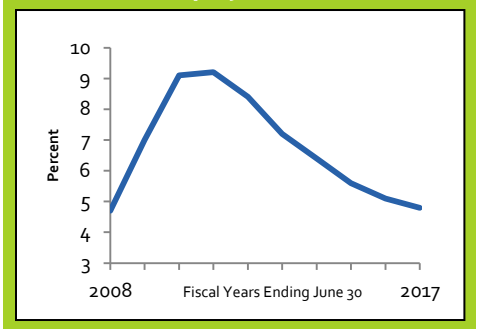
Tourism

- In the unincorporated area of the County, Transient Occupancy Tax (TOT) increased 11% in FY 16-17, driven by a 2% increase in the tax rate and a robust tourism industry.
- The County's wide array of resorts, hotels, motels, and vacation rentals all contributed to the increase in this tax source. The leisure and hospitality sector is the fastest growing sector in recent years.

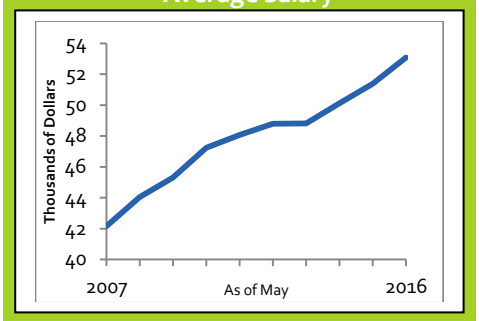
> **"Miramar resort project begins in Montecito"**
>
> KEYT October 10, 2016

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

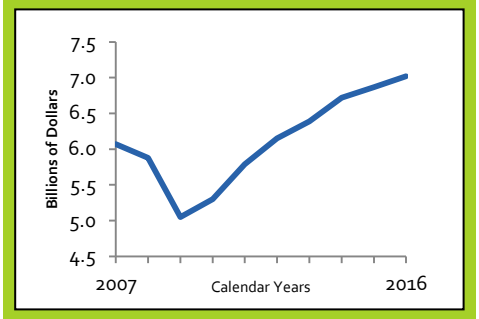
Unemployment Rate



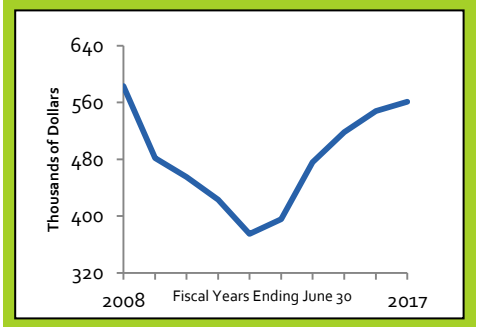
Average Salary



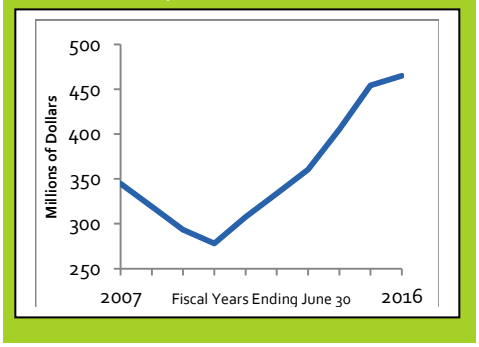
Retail Sales



Median Home Value



Hotel / Motel Room Sales



Economic Indicators

According to the California Economic Forecast Newsletter, the national economy has seen temperate growth, little inflation, low unemployment and modest wage pressures. In California, the economy in 2017 is expected to look much like it did in 2016 but with more job openings, more pressure to raise salaries and hourly rates of pay, and technology sectors that remain vibrant. At the local level, the 2017 University of California Economic Forecast Project reported that the most recent data show strong output growth, increased payrolls, and rising housing prices in the County. Overall, economic indicators at the national, state and local levels show that the economy continued to improve slowly but steadily on most measurers in FY 16-17.

Financial Indicators

County tax revenues experienced temperate growth due to increases in real property values, tourism and consumer spending. Property tax is the County's largest source of discretionary revenue. Certain leading indicators of future property tax growth are property transfer tax and supplemental property tax. Property transfer tax remained flat in FY 16-17, suggesting consistent property tax growth in future years. Supplemental property tax increased $1.4 million or 38% in FY 16-17, however much of the increase was due to the clearing of backlogged property tax transactions and thus may not be a good indicator this year. The secured property tax growth rate for FY 16-17 was 4.4% and for FY 17-18 is estimated at 5.5%. With property taxes overall showing positive growth, the County general discretionary revenues are expected to continue to grow annually in the 4% to 5.5% range for the foreseeable future.

Growth in TOT and local retail sales tax was strong at 11% and 19.9%, respectively. Part of the increase in TOT was due to the mid-year increase in the tax rate from 10% to 12%, resulting in a higher tax rate in effect for the second half of the fiscal year. The tax rate increase represents approximately 80% of the annual 11% increase. Similarly, part of the increase in local retail sales tax was due to the restoration of the Bradley Burns Local Sales tax from 0.75% to 1% beginning January 1, 2016, resulting in a full year at the restored rate in FY 16-17 compared to a half year in FY 15-16. The restored rate for the full year represents approximately 74% of the annual 19.9% increase. Statewide sales tax for Proposition 172 public safety, a ½ cent tax, increased 3.3% to $34.8 million. The County also had some improvement in charges for services along with increases in operating and capital grants and contributions.

On the expenditure side, the largest category of expenditures as a service organization is County salaries and benefits, which increased by $17.3 million or 3.4% to $532.7 million. This represents 61.5% of total County governmental fund expenditures. The majority of the increase is due to increased regular salaries, contractors on payroll and extra help. The remainder is due mainly to increases in overtime and health insurance.

Major Initiatives

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

- Maintained organizational stability, customer service levels, and program efficiencies during the leadership changeover of the First District Supervisor, the Third District Supervisor, the Public Defender, the General Services Director, the Public Health Director, and the Budget Director.

- Commenced construction of the new $111 million Northern Branch Jail located outside the Santa Maria city limits. With 376 beds, the new jail will provide inmate housing, medical and mental health treatment, and a program space. The facility is expected to take two years to complete and open in spring 2019.

- Increased the TOT from 10% to 12% after the approval of a ballot measure in the November 2016 election. The increase brought the County rate to the same level as the cities of Santa Barbara, Goleta, Buellton, Carpinteria, and Solvang. The tax provides discretionary revenues that the County may use for any governmental purposes.

- Developed, under the direction of the Clerk of the Board, the State's first online archive of Board of Supervisors documents from 1850 to present.

- Completed a comprehensive study of Planning and Development fees that resulted in simplified fee schedules designed to achieve full cost recovery for the County's regulatory oversight of land development, construction, oil and gas development, and film permitting.

- Planned for future increases to the County's pension costs resulting from changes in actuarial assumptions and employee demographics. The County's blended contribution rates are expected to increase from 36.6% of pensionable payroll in FY 16-17 to an estimated 44.7% in fiscal year 2021-22, or an estimated $46.1 million in additional annual contributions in 5 years.

- Completed several large public infrastructure projects, including the Jalama Bridge widening and rehabilitation project, phased closure of a large section of the Tajiguas landfill, rehabilitation and preventive maintenance of 23 lane miles of County roads, and the Arroyo Burro beach boardwalk.

- Began preparation for potential state licensing of commercial cannabis businesses in Santa Barbara County after California's voters approved Proposition 64 in the November 2016 election.

- Took necessary measures to protect Goleta Beach Park in response to severe coastal damage caused by major storms in January and February 2017.

- Developed an internal facing organizational strategic plan to guide the work and future of Santa Barbara County government, focusing on the County's systems, processes and organizational culture.

Significant Capital Projects and Operating Impacts

The County completed $18.2 million in capital projects in the current year, and has approved $121.7 million in capital and capital maintenance projects, equipment, software, and information systems projects for FY 17-18, as described in Section E "Capital Budget Summary" of the County's Proposed Operating Budget (available at http://countyofsb.org/budgetbook/2017). The largest of the ongoing projects is the Northern Branch Jail.

Long-term Financial Planning

The secured property tax growth rate for FY 16-17 was 4.4% and for FY 17-18 is estimated at 5.5%. The FY 17-18 budget was adopted reflecting a 5.5% increase in secured property taxes when measured against FY 16-17 budget.

The County had committed to building and maintaining a strategic reserve equal to 8% of annual General Fund revenues, or approximately 30 days working capital. Due to budgetary constraints in FY 17-18, no additional funds were appropriated to add to the reserve in the next fiscal year. The balance was at $30.9 million at the end of FY 16-17.

The County's Five-Year Capital Improvement Plan (CIP) identifies capital needs as well as funding sources and funding shortfalls. For FY 17-18, the CIP includes $121.7 million of funding for planned projects that are included in the budget.

FY 17-18 significant projects include:

- $73.9 million for the Northern Branch Jail (total estimated project cost of $111 million).
- $11.3 million for flood channel improvements in North and South County (total estimated project cost of $157 million).
- $2.7 million for landfill improvement projects in North and South County (total estimated project cost of $15 million).

The County is taking steps to recognize, address, and plan for County capital needs by incorporating policy which earmarks 18% of available discretionary General Fund revenue growth for deferred maintenance.

Relevant Financial Policies

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

Fund Balance Reserve

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

Multiyear Financial Forecasting

The County's Recommended Operational Plan includes a five-year financial forecast focusing on discretionary revenues and their uses to aid in current year decisions.

Quarterly Financial Reporting and Monitoring

The CEO and Budget Director chair quarterly projection reviews of each department's year-to-date actual compared with projected revenues and expenditures. These meetings also focus on their operations and performance measures.

Contingency Planning

The County does not have a formal contingency policy and maintains only a small operating contingency of less than 1% in the General Fund. However, the County has established a strategic reserve policy, and is in the process of building a strategic reserve that will equal 8% of annual General Fund revenues (approximately 30 days working capital). The County also has other significant fund balances in its special revenue funds. The most noteworthy is the Flood Control District fund balance used to hedge against storm related disasters.

Nonrecurring Revenue

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

Financial Reporting Awards

The Government Finance Officers Association (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR annually since 1991, and the Certificate of Achievement in Popular Annual Financial Reporting for the Financial Highlights annually since 1995.

Debt Affordability

The County established a Debt Advisory Committee (DAC) to provide advice to the Board on debt issuance and management. The DAC looks at repayment sources as one of the key criteria for approval of new debt issues. In addition, all long-term equipment or real property leases are reviewed for lease vs. purchase decisions.

Superior Debt Disclosure Practices

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

Capital and Maintenance Funding

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

Debt Repayment Plan

The County's current outstanding debt schedule features a debt repayment plan that will reduce debt by 63.2% over the next ten years.

Five-Year Capital Improvement Program

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

Budgeting Awards

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

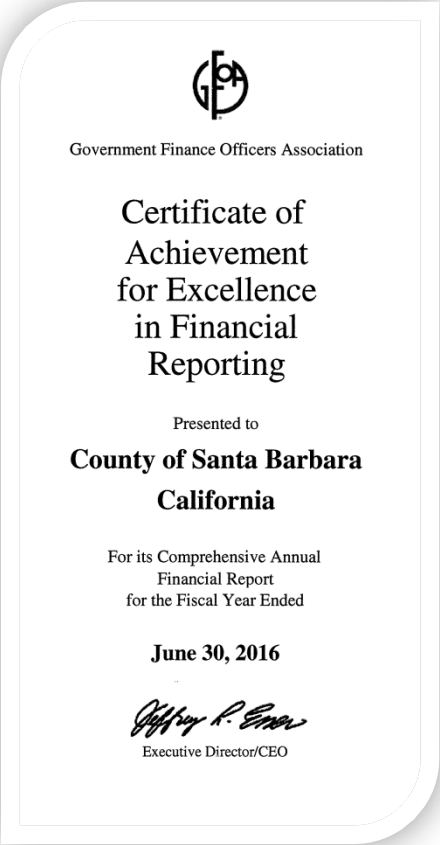
Awards and Acknowledgments

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

GFOA Financial Reporting Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2016. This award has been achieved annually since 1991. To receive this prestigious award, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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


Government Finance Officers Association

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, 2016

Executive Director/CEO

GFOA Budget Presentation Award

The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2016. This award has been achieved annually since 1998. To receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

GFOA Popular Annual Financial Reporting Award

The County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Financial Highlights publication for the fiscal year ended June 30, 2016. This award has been achieved annually since 1995. To receive this prestigious award, a government must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability, and reader appeal.

Acknowledgments

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

Respectfully submitted,

Mona Miyasato
County Executive Officer

Theodore A. Fallati, CPA, CPFO
Auditor-Controller

Financial Section

COUNTY OF SANTA BARBARA
CALIFORNIA

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

BROWN ARMSTRONG
Certified Public Accountants

BAKERSFIELD OFFICE (MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE
23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE
5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Santa Barbara's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11–28, the Santa Barbara County Employees' Retirement System Schedule of the County's Proportionate Share of the Net Pension Liability and the Santa Barbara County Employees' Retirement System Schedule of the County's Contributions on page108, the Schedule of Funding Progress for the County of Santa Barbara's Other Postemployment Benefit (OPEB) plan on page 108, and the respective budgetary comparison for the General and Major Special Revenue Funds on pages 111-118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Santa Barbara's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison for the Capital Projects Fund, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the budgetary comparison for the Capital Projects Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the budgetary comparison for the Capital Projects Fund are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the County of Santa Barbara implemented GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,* and GASB Statement No. 82*, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73,* during fiscal year 2017. Our opinion is not modified with respect to the matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of the County of Santa Barbara's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Santa Barbara's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 25, 2017

Table of Contents - Management's Discussion and Analysis

Financial Highlights 12
Governmentwide Financial Analysis 12
Financial Analysis of the County's Funds 12
Description of the Basic Financial Statements 12
Governmentwide Financial Statements 13
Fund Financial Statements 14
Notes to the Financial Statements 15
Appropriated Funds 16
Governmentwide Financial Analysis 17
Analysis of Net Position 17
Analysis of Governmental Activities 19
Analysis of Business-type Activities 22
Financial Analysis of the County's Fund Balances 22
Governmental Funds 22
Proprietary Funds 24
Capital Assets & Debt 25
Capital Assets 25
Debt 26
General Fund Budgetary Highlights 27
Economic Factors and Next Year's Budget and Rates 28
Requests for Information 28

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

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's Basic Financial Statements, which immediately follow this section. All dollar amounts are expressed in thousands.

Financial Highlights

Governmentwide Financial Analysis

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $482,249 *(See Summary of Net Position and analysis on page 17):*

- $729,272 represents the County's investment in capital assets, less (1) accumulated depreciation, (2) related outstanding debt used to acquire those assets, and (3) related deferred inflows of resources,
- $264,619 is available for the County's ongoing obligations related to programs with external restrictions, and
- -$511,642 in unrestricted net position is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) obligations.

The County's total net position increased by $55,287 over the prior year:

- The $38,536 increase in net position invested in capital assets represents the change in capital expenditures less depreciation, and amortization of related deferred inflows of resources,
- The $18,640 increase in restricted net position represents the change in resources that are subject to external restrictions on their use, and
- The $1,889 decrease in unrestricted net position is the change in resources available to fund County programs to citizens and debt obligations to creditors.

Financial Analysis of the County's Funds

The County's governmental funds' combined ending fund balance of $321,049 was an increase of $21,617 from the prior year ending fund balance of $299,432. Amounts available for spending include Restricted, Committed, and Unassigned Fund Balances; these totaled $305,488, or 95.2% of ending fund balance. Of this amount:

- $206,702 is restricted by law or externally imposed requirements,
- $91,025 is committed for specific purposes, and
- $7,761 is unassigned fund balance.

Spendable fund balance for the General Fund decreased $3,463 to $99,451, which equates to 28.9% of total General Fund expenditures for the year.

Description of the Basic Financial Statements

Management's Discussion and Analysis introduces the County's Basic Financial Statements. The County's Basic Financial Statements include three components:

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

Governmentwide Financial Statements

The *Governmentwide Financial Statements* provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

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

Net Position = (Assets + Deferred Outflows of Resources) – (Liabilities + Deferred Inflows of Resources)

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

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

The *Governmentwide Financial Statements* distinguish functions of the County principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities grouped by function of the County include Policy and Executive, Public Safety, Health and Public Assistance, Community Resources and Public Facilities, General Government and Support Services, and General County Programs. The business-type activities of the County include Resource Recovery and Laguna Sanitation.

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

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

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

Pages 30-31 of this report display the Governmentwide Financial Statements.

Fund Financial Statements

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

The County's funds are divided into three types:

- Governmental funds
- Proprietary funds
- Fiduciary funds

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the Governmentwide Financial Statements. However, unlike the Governmentwide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (Modified Accrual Basis of Accounting). Such information may be useful in evaluating the County's near-term financing requirements. To understand the long-term impact of the County's near-term financing decisions, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Governmentwide Financial Statements. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 63 individual governmental funds combined into 27 funds for financial reporting purposes. The County segregates from the General Fund a number of significant functions in 8 major funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General; Roads; Public Health; Social Services; Behavioral Wellness; Flood Control District; Affordable Housing; Fire Protection District; and Capital Projects funds, all considered major funds. Data for the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

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

Pages 32-35 of this report display the Governmental Funds Financial Statements.

Proprietary Funds

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. The County has two enterprise funds, both qualify as major funds.

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

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service funds account for information technology services, vehicle operations and maintenance, risk management and insurance, communications services, and utilities. Since these services predominantly benefit governmental rather than business-type functions, they are consolidated within governmental activities in the Governmentwide Financial Statements.

Proprietary funds provide the same type of information as the Governmentwide Financial Statements, but in more detail. The proprietary funds financial statements provide separate information for the Resource Recovery and Waste Management Fund (Resource Recovery), and the Laguna Sanitation Fund. Data for the five internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Pages 36-38 of this report display the Proprietary Funds Financial Statements.

Fiduciary Funds

Fiduciary funds account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the Governmentwide Financial Statements because the resources of those funds are *not* available to support the County's own programs. Fiduciary fund accounting is similar to proprietary fund accounting. Fiduciary funds report the external portions of the Treasurer's investment pool, a private-purpose trust fund, and agency funds.

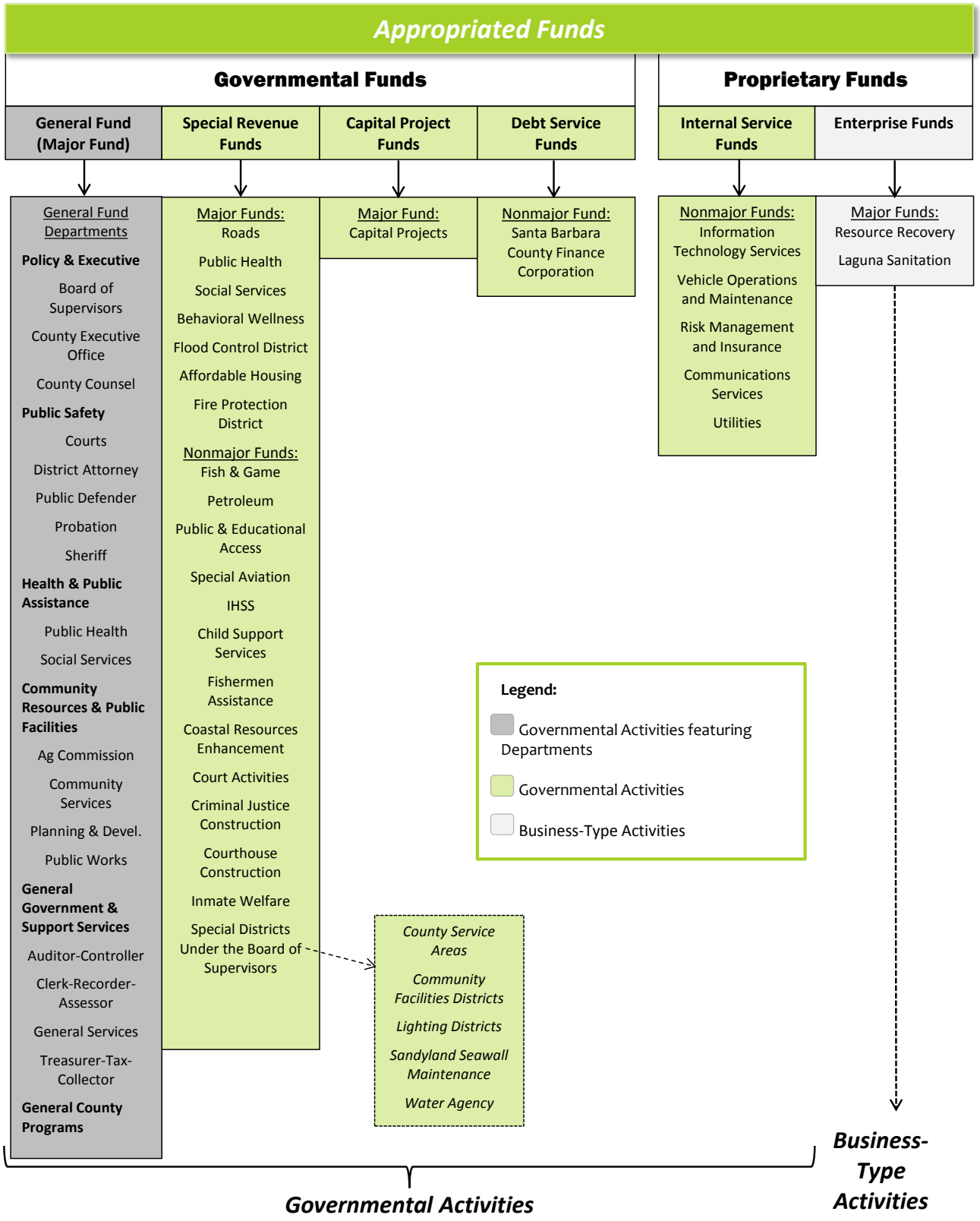
Pages 39-40 of this report display the Fiduciary Funds Financial Statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Governmentwide and Fund Financial Statements. Information in the Notes to the Financial Statements is described as follows:

- Note 1 provides a general description of the County's Significant Accounting Policies.
- Notes 2 and 3 provide information on Budgetary and Legal Compliance and Reconciliation for Governmentwide and Fund Financial Statements.
- Notes 4 to 22 provide detailed notes on cash and investments, restricted cash and investments, receivables, capital assets, service concession arrangements, deferred outflows of resources, advances from grantors and third parties, debt obligations, leases, certificates of participation, bonds and notes payable, self-insurance, commitments and contingencies, landfill closure and postclosure, deferred inflows of resources, fund balances, restricted component of net position, interfund transactions, and tax abatements.
- Notes 23 to 26 provide detailed notes on pension plans, OPEB, deferred compensation plans, and prior period adjustments.

Pages 41-105 of this report display the Notes to the Financial Statements.


Appropriated Funds
Governmental Funds
Proprietary Funds
General Fund (Major Fund)
Special Revenue Funds
Capital Project Funds
Debt Service Funds
Internal Service Funds
Enterprise Funds
General Fund Departments
Policy & Executive
Board of Supervisors
County Executive Office
County Counsel
Public Safety
Courts
District Attorney
Public Defender
Probation
Sheriff
Health & Public Assistance
Public Health
Social Services
Community Resources & Public Facilities
Ag Commission
Community Services
Planning & Devel.
Public Works
General Government & Support Services
Auditor-Controller
Clerk-Recorder-Assessor
General Services
Treasurer-Tax-Collector
General County Programs
Major Funds:
Roads
Public Health
Social Services
Behavioral Wellness
Flood Control District
Affordable Housing
Fire Protection District
Nonmajor Funds:
Fish & Game
Petroleum
Public & Educational Access
Special Aviation
IHSS
Child Support Services
Fishermen Assistance
Coastal Resources Enhancement
Court Activities
Criminal Justice Construction
Courthouse Construction
Inmate Welfare
Special Districts Under the Board of Supervisors
Major Fund:
Capital Projects
Nonmajor Fund:
Santa Barbara County Finance Corporation
Nonmajor Funds:
Information Technology Services
Vehicle Operations and Maintenance
Risk Management and Insurance
Communications Services
Utilities
Major Funds:
Resource Recovery
Laguna Sanitation
Legend:
Governmental Activities featuring Departments
Governmental Activities
Business-Type Activities
County Service Areas
Community Facilities Districts
Lighting Districts
Sandyland Seawall Maintenance
Water Agency
Governmental Activities
Business-Type Activities

Governmentwide Financial Analysis

Summary of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2016*	2017	2016	2017	2016	2017	Dollar Change	Percent Change
Assets:								
Current and other assets	$ 486,341	$ 524,915	$ 62,265	$ 66,050	$ 548,606	$ 590,965	$ 42,359	7.7%
Capital assets, net of depreciation	697,710	728,639	89,422	90,554	787,132	819,193	32,061	4.1%
Total assets	1,184,051	1,253,554	151,687	156,604	1,335,738	1,410,158	74,420	5.6%
Deferred outflows of resources:								
Deferred social services	511	551	--	--	511	551	40	7.8%
Deferred pensions	146,565	258,709	2,604	4,636	149,169	263,345	114,176	76.5%
Total deferred outflows of reources	147,076	259,260	2,604	4,636	149,680	263,896	114,216	76.3%
Liabilities:								
Current and other liabilities	73,739	90,712	1,859	2,125	75,598	92,837	17,239	22.8%
Long-term liabilities	869,443	966,452	53,996	56,258	923,439	1,022,710	99,271	10.8%
Total liabilities	943,182	1,057,164	55,855	58,383	999,037	1,115,547	116,510	11.7%
Deferred inflows of resources:								
Deferred SCAs	35,135	34,081	--	--	35,135	34,081	(1,054)	(3.0%)
Deferred housing loan payments	3,625	3,593	--	--	3,625	3,593	(32)	(.9%)
Deferred pensions	20,299	37,905	360	679	20,659	38,584	17,925	86.8%
Total deferred inflows of reources	59,059	75,579	360	679	59,419	76,258	16,839	28.3%
Net position:								
Net investment in capital assets	612,548	648,420	78,188	80,852	690,736	729,272	38,536	5.6%
Restricted	245,979	264,619	--	--	245,979	264,619	18,640	7.6%
Unrestricted	(529,641)	(532,968)	19,888	21,326	(509,753)	(511,642)	(1,889)	(0.4%)
Total net position	$ 328,886	$ 380,071	$ 98,076	$ 102,178	$ 426,962	$ 482,249	$ 55,287	12.9%

* As restated for Land, Land Easement, and Infrastructure (Note 26).

As noted earlier, over time, net position may serve as a useful indicator of a government's financial condition. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $482,249 at the close of the current fiscal year.

Analysis of Net Position

The County's total net position increased by $55,287, or 12.9%, during the fiscal year. As described below, the County experienced a net increase mainly due to changes in net investment in capital assets and positive results of operations.

Net investment in capital assets

The largest portion of the County's net position is invested in capital assets (e.g., land, buildings, roads, bridges, flood control channels and debris basins, machinery, equipment, and intangible assets), less the related and outstanding debt used to acquire those assets and related deferred inflows of resources. The County uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net investment in capital assets was $729,272 at year-end, and consisted of the following:

	2016*	2017	Dollar Change	Precentage Change
Investment in Capital Assets (net of accumulated depreciation)	$ 787,132	$ 819,193	$ 32,061	4.1%
Less:				
Related Debt	61,684	56,030	(5,654)	(9.2%)
Related Deferred Inflows of Resources	34,712	33,891	(821)	(2.4%)
Net Investment in Capital Assets	$ 690,736	$ 729,272	$ 38,536	5.6%

* As restated for Land, Land Easement, and Infrastructure (Note 26).

The $38,536, or 5.6%, increase in net position from the net investment in capital assets represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt and deferred inflows of resources. Capital additions were related primarily to infrastructure (roads & road improvements), building projects, and additions from the County's Service Concession Arrangements (SCAs). The County recorded depreciation of $28,223 against its assets.

Restricted net position

Restricted net position of $264,619 represents resources that are subject to external restrictions on their use or by enabling legislation. Due to the unique nature of funding sources, the County has significantly more restricted net position dollars than unrestricted net position dollars. Restricted net position is comprised of the following:

- $125,002 (47.3%) for property taxes dedicated to specific services such as flood control and fire protection,
- $62,005 (23.4%) for federal imposed restrictions for federally-qualified health centers and housing programs,
- $30,716 (11.6%) for numerous State imposed restrictions,
- $28,016 (10.6%) for federal and state allocations for roads and health services,
- $10,626 (4%) for grant, land use, and permit agreements, and
- $8,254 (3.1%) for various County imposed purposes.

Restricted net position increased $18,640 or 7.6%. Significant changes to restricted net position, by function, include:

- The Public Safety function increased $10,168 due primarily to the State fire contract and other incident reimbursements for local disaters as well as delay of several large expenditures and the Probation department's unspent Public Safety realignment growth funds (Assembly Bill (AB) 109) set aside for future continued and enhanced service levels.
- The Community Resources and Public Facility function increased $4,852 as a result of unspent current year revenues to be spent on future Roads projects and an increase in accrued interest receivable and new loan principal related to non-forgivable housing loans.
- The General County Programs function increased $2,120 primarily as a result of increased property tax impounds and Court fees and fines.

Unrestricted net position

The unrestricted net position is negative $511,642, a decrease of $1,889, or 0.4% from the prior year. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension and OPEB obligations offset by positive unrestricted net position predominantly in the County's General Fund.

Analysis of Governmental Activities

Changes in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2016	2017	2016	2017	2016	2017	Dollar Change	Percent Change
Revenues								
Program revenues:								
Charges for services	$ 199,632	$ 210,885	$ 36,994	$ 38,697	$ 236,626	$ 249,582	$ 12,956	5.5%
Operating grants and contributions	349,865	364,316	1,150	1,155	351,015	365,471	14,456	4.1%
Capital grants and contributions	85	3,201	--	--	85	3,201	3,116	3665.9%
Total program revenues	549,582	578,402	38,144	39,852	587,726	618,254	30,528	5.2%
General revenues:								
Property taxes	254,166	267,613	--	--	254,166	267,613	13,447	5.3%
Sales taxes	16,332	18,172	--	--	16,332	18,172	1,840	11.3%
Transient occupancy tax	9,072	10,068	--	--	9,072	10,068	996	11.0%
Payments in lieu of taxes	4,542	1,869	--	--	4,542	1,869	(2,673)	(58.9%)
Franchise fees	3,191	3,104	--	--	3,191	3,104	(87)	(2.7%)
Unrestricted investment earnings	854	335	416	265	1,270	600	(670)	(52.8%)
Other	1,908	1,099	99	3	2,007	1,102	(905)	(45.1%)
Total general revenues	290,065	302,260	515	268	290,580	302,528	11,948	4.1%
Total revenues	839,647	880,662	38,659	40,120	878,306	920,782	42,476	4.8%
Expenses								
Policy & executive	13,056	14,315	--	--	13,056	14,315	1,259	9.6%
Public safety	275,809	314,026	--	--	275,809	314,026	38,217	13.9%
Health & public assistance	363,789	364,675	--	--	363,789	364,675	886	0.2%
Community resources & public facilities	94,254	94,387	--	--	94,254	94,387	133	0.1%
General government & support services	37,131	37,716	--	--	37,131	37,716	585	1.6%
General county programs	2,807	2,206	--	--	2,807	2,206	(601)	(21.4%)
Interest on long-term debt	2,275	2,152	--	--	2,275	2,152	(123)	(5.4%)
Resource recovery	--	--	23,017	29,196	23,017	29,196	6,179	26.8%
Laguna sanitation	--	--	5,631	6,822	5,631	6,822	1,191	21.2%
Total expenses	789,121	829,477	28,648	36,018	817,769	865,495	47,726	5.8%
Excess (deficiency) of revenues over (under) expenses	50,526	51,185	10,011	4,102	60,537	55,287	(5,250)	(8.7%)
Transfers	(15)	--	15	--	--	--	--	--
Change in net position	50,511	51,185	10,026	4,102	60,537	55,287	(5,250)	(8.7%)
Net position - beginning	273,953	322,003	88,050	98,076	362,003	420,079	58,076	16.0%
Prior period adjustment	(2,461)	6,883	--	--	(2,461)	6,883	9,344	379.7%
Net position - beginning, as restated	271,492	328,886	88,050	98,076	359,542	426,962	67,420	18.8%
Net position - ending	$ 322,003	$ 380,071	$ 98,076	$ 102,178	$ 420,079	$ 482,249	$ 62,170	14.8%

Governmental activities increased the County's net position by $51,185 to $380,071, accounting for 92.6% of the County's total increase in net position resulting from governmental activities operating revenues exceeding operating expenditures. A prior period adjustment of $6,883 is the result of recognizing capital assets.

Revenues

Total revenues for the County's Governmental Activities had an overall increase from the prior year of $41,015, or 4.9%, to $880,662. Revenues are divided into two categories: Program Revenues and General Revenues.

Program Revenues had an overall increase of $28,820, or 5.2%, to $578,402 from the prior year. As an arm of the State government, a significant portion of charges for services and operating grants and contributions are tied to mandated programs such as public assistance, health and behavioral wellness services. Total program revenues represent 65.7% of the County's funding for governmental activities.

- *Charges for services* increased $11,253, or 5.6%, to $210,885 primarily due to $2,562 increase in health care fees, a $2,796 increase in Behavioral Wellness State and Federal revenue, a $1,819 increase in Fire incident reimbursements, and a $1,145 increase in Fire contract reimbursements.

- *Operating grants and contributions (intergovernmental revenues)* increased $14,451, or 4.1%, to $364,316 primarily from an increase of $21,424 due to State grant reimbursements for the Northern Branch Jail, and an increase in Mental Health Services Act revenue received by Behavioral Wellness of $4,172, which were offset by decreases of $1,142 in Workforce Investment Act funding, $2,065 in Public Works storm water contamination reduction funding, $2,659 in Local 2011 realignment funding, $1,575 in CalFresh and $1,232 in one-time insurance proceeds.
- *Capital grants and contributions (intergovernmental revenues)* increased $3,116, or 3,666%, to $3,201 due primarily to the donation of a land easement.

General Revenues and Transfers had an overall increase of $12,210, or 4.2%, to $302,260. These revenues included general taxes which provided the Board of Supervisors with the most discretionary spending ability. Since the formation of County government in the 1850's, basic public safety services such as sheriff, fire, probation and district attorney consume most of these resources. The increase in general revenues is due primarily to the following changes:

- *Property Tax Revenue* increased $13,447, or 5.3%, to $267,613.
- *Sales Tax* Revenue increased $1,840, or 11.3%, to $18,172.
- *Transient Occupancy Tax* revenue increased $996, or 11%, to $10,068.
- *Payments in lieu of taxes* decreased $2,673, or 58.9%

Expenses had an overall increase for governmental activities of $40,356, or 5.1%, to $829,477 from the prior year.

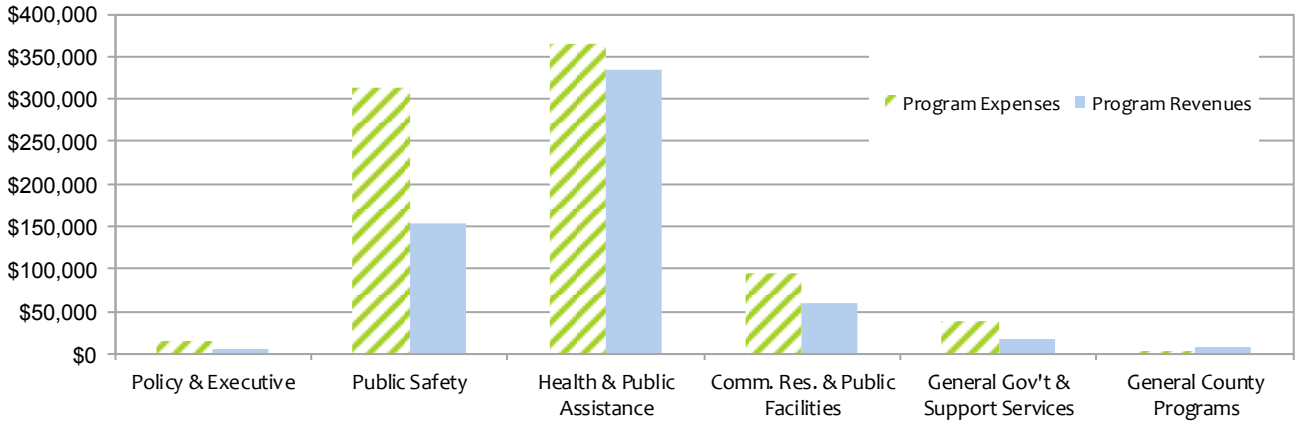
As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 62.4% of the total County expenses. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net increase of 36 FTEs from 4,182 in the prior year to 4,218 at June 30, 2017.

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

- Total salaries and benefits expense increased $35,895, or 7.1%, to $540,260 across all functions and is primarily made up of the following:
  - An increase in retirement pension expense of $30,832, or 29.7%, to $134,502 mainly due to pension investment losses which adds to the normal annual pension expense.
  - An increase in regular salary costs of $8,637, or 2.9%, to $302,065 primarily due to additional positions, merit increases, and cost-of-living adjustments (COLAs).
  - An increase in health insurance costs of $3,355, or 11.3%, to $33,172 due to premium increases.
  - An increase in non-reimbursable overtime costs of $4,381, or 27.3%, to $20,429 primarily in the Sheriff's department.
  - A decrease in OPEB expense of $5,705, or 28.3%, to $14,491 is the result of the County implementing a funding policy and positive actuarial changes.
  - A decrease in compensated absences of $2,661, or 130.4%, to -$620 resulted from an increased use by employees of their accumulated paid time off balances.
  - A decrease in workers' compensation expense of $2,565, or 15.6%, to $13,823 due to the settling of tail claims that reduced the total outstanding liability.

- Total services and supplies increased by $5,633, or 3.4%, to $168,952 across all functions and is primarily made up of the following:
  - An increase in Professional & Special Services of $2,215, or 10%, to $24,415 primarily in the Sheriff and Behavioral Wellness departments.
  - An increase in Physician Fees of $1,884, or 34.6%, to $7,324 in the Public Health and Behavioral Wellness departments.
  - An increase in Insurance costs of $1,634 or 100% to $1,634 due to new insurance costs for the Northern Branch Jail.
  - An increase in special projects costs of $1,165 or 38.6% to $4,187 primarily due to increased maintenance costs.
  - An increase in special departmental expense of $1,088 or 12.3% to $9,965 primarily due to increases in Fire apparatus, Sheriff inmate services and a Housing/Community Development affordable housing HOME funded project.
  - An increase in medical, dental and lab costs of $576 or 15.5% to $4,301 primarily due to increases in the Probation and Public Health departments.
  - A decrease in Contractual Services of $3,421, or 25.9%, to $33,852 primarily due to a reduction in Public Works projects that are contracted out due to delays caused by storms and a large number of projects compared to the prior year.

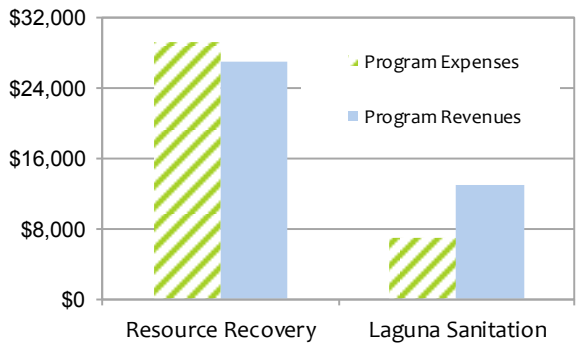
Program Expenses and Revenues - Governmental Activities



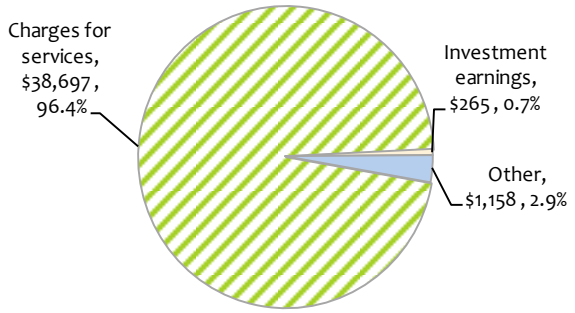
Analysis of Business-type Activities

The net position of business-type activities increased by 4.2%, or $4,102, to $102,178 which indicates these activities generated revenues sufficient to cover the costs of operations. (See discussion on Proprietary Funds in the next section.)

Program Expenses and Revenues
Business-type Activities (in thousands)



Revenues by Source
Business-type Activities (in thousands)



Financial Analysis of the County's Fund Balances

Fund Balances (in thousands)

	Nonspendable	Restricted	Committed	Unassigned	Total		Total	
	2017				2016	2017	Dollar Change	Percent Change
General Fund	$ 13,619	$ 31,529	$ 60,161	$ 7,761	$ 115,044	$ 113,070	$ (1,974)	(1.7%)
Major Funds								
Roads	--	18,900	--	--	18,151	18,900	749	4.1%
Public Health	--	22,732	8,245	--	30,595	30,977	382	1.2%
Social Services	--	2,499	1,632	--	4,478	4,131	(347)	(7.7%)
Behavioral Wellness	--	9,116	--	--	7,965	9,116	1,151	14.5%
Flood Control	130	68,093	--	--	66,120	68,223	2,103	3.2%
Affordable Housing	--	7,366	--	--	6,865	7,366	501	7.3%
Fire Projection	1,735	22,684	--	--	17,024	24,419	7,395	43.4%
Capital Projects	--	1,881	19,758	--	10,504	21,639	11,135	106.0%
Other Governmental Funds	77	21,902	1,229	--	22,686	23,208	522	2.3%
Total Fund Balances	$ 15,561	$ 206,702	$ 91,025	$ 7,761	$ 299,432	$ 321,049	$ 21,617	7.2%

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources (modified accrual basis of accounting). Such information is useful in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2017, the County's Governmental Funds reported total fund balance of $321,049, a $21,617 increase in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows (for more information see Note 19 – Fund Balances):

- *Nonspendable Fund Balance*, $15,561, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) legally required Teeter Tax program loss reserves of $8,296, (2) long-term receivables of $7,215, and (3) prepaid expenses and deposits of $50.
- *Restricted Fund Balance*, $206,702, consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control), (2) grants for capital outlay, and (3) legislated amounts reserved for health care.
- *Committed Fund Balance*, $91,025, consists of amounts for specific purposes determined by the Board, such as a Strategic Reserve account of $30,866, a Northern Branch Jail Operations account of $7,836, and a Clerk Record Assessor Projects account of $1,795.
- *Unassigned Fund Balance*, $7,761, represents the residual balance for the County's General Fund.

Approximately 95.2%, or $305,488, of the total fund balances is spendable which means it is available to meet the County's current and future needs. With the approval of the Board, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund

The General Fund is the main operating fund of the County. The General Fund's total fund balance decreased by 1.7%, or $1,974, to $113,070 at June 30, 2017.

The spendable portion of fund balance decreased $3,463 to $99,451 due to draws on committed fund balances related to the Northern Branch Jail, Roads projects and local emergencies that were greater than increases from the results of operations. The nonspendable portion of fund balance increased $1,489 to $13,619 due to additional property tax impounds.

As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 32.9% of total General Fund expenditures while spendable fund balance equates to 28.9% of total General Fund expenditures. Of the General Fund spendable fund balance, $31,529, or 31.7%, is restricted, and $60,161, or 60.5%, is committed and $7,761 or 7.8%, is unassigned.

Some significant committed fund balance amounts include:

- $30,866 Strategic Reserve earmarked for severe economic downturns and emergencies,
- $7,836 in New Jail Operations,
- $1,795 for Clerk-Recorder Assessor Projects,
- $1,756 for Auditor Systems Maintenance/Development, and
- $1,748 for Emerging Issues.

General Fund unassigned fund balance at year-end was $7,761, or 7.8% of spendable fund balance, a 1%, or $77, increase from the prior year.

Major Funds

As compared with the prior year, the total fund balances of the major funds increased 14.3%, or $23,069, to $184,771 with the following significant changes:

- The Behavioral Wellness Fund, with expenditures of $97,661, finished the year with an increase to fund balance of $1,151 to $9,116. The increase in fund balance was primarily due to restricting unspent funds in the Mental Health Services Act fund.

- The Flood Control District, with expenditures of $13,568, increased its fund balance by $2,103 to $68,223 primarily due lower than expected expenditures on providing flood protection and water conservation due to projects coming in under cost combined with projects delayed until next year.
- The Fire Protection District Fund, with expenditures of $68,385, finished positive with an increase to fund balance of $7,395 to $24,419 due to State fire contract reimbursements and other reimbursable incident revenue exceeding estimates, and lower than estimated utilities and motor pool costs and large capital expenditures that were delayed until next year.
- The Capital Projects Fund, with expenditures of $25,568 increased its fund balance by $11,135 to $21,639 primarily due to a transfer from the General Fund to cover additional costs related to the Northern Branch Jail.

Other Governmental Funds

The fund balances of nonmajor governmental funds as a whole increased by $522 to $23,208. The significant changes occurred in the following funds:

- The Child Support Services fund balance increased by $257 due to an increase in State revenues and a general fund contribution.
- The Courthouse Construction fund balance increased by $487 due to fees and fine revenue exceeding debt service payments.
- The Coastal Resources Enhancement fund balance increased by $405 due to a transfer in from the General Fund for a Coastal Commission required public access set aside.
- The Inmate Welfare fund balance increased by $157 due to unanticipated commissary sales and salary and benefit savings.
- The Court Activities fund balance decreased by $320 due to lower than expected fee and fine revenue.
- The In-Home Supportive Services' (IHSS) Public Authority fund balance decreased by $507 due to planned release to cover program operating costs.

Proprietary Funds

Total enterprise funds net position, which at year-end was comprised of the Resource Recovery Fund and the Laguna Sanitation District Fund, increased by $4,068, or 4.1%, from the prior year. Resource Recovery Fund net position decreased by $2,111, and Laguna Sanitation District Fund net position increased by $6,179. Operating revenues increased $1,703, or 4.6%, to $38,697. Non-operating revenues (expenses) decreased a net $213. Operating revenue generated by the Resource Recovery Fund increased $1,436, and Laguna Sanitation District user fee revenue increased $267. Resource Recovery Fund expenses increased $6,308 and Laguna Sanitation District Fund expenses increased $1,269. The Laguna Sanitation District Fund's increase in net position reflects an accumulation of resources for planned capital projects.

Total internal service funds net position increased by $5,075, or 11.1%, to $50,722. The Risk Management and Insurance Fund's net position increased $2,001, or 190.8%, to $952. This is due to an increase in premium revenues and insurance proceeds, combined with lower salaries and benefits, services and supplies, general liability paid losses and insurance claim payments.

The remaining internal service funds experienced the following changes: the Information Technology Services Fund increased net position by $492, the Vehicle Operations and Maintenance Fund had an increase in net position of $1,991, the Communications Services Fund had an increase in net position of $571, and the Utilities Fund had an increase in net position of $20.

Capital Assets & Debt

Capital Assets

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2016*	2017	2016	2017	2016	2017	Dollar Change	Percent Change
Land	$ 55,473	$ 55,473	$ 15,654	$ 15,654	$ 71,127	$ 71,127	$ --	0.0%
Land easements	50,008	53,133	--	--	50,008	53,133	3,125	6.2%
SCA assets	40,057	40,482	--	--	40,057	40,482	425	1.1%
Work in progress	52,019	75,270	1,747	4,070	53,766	79,340	25,574	47.6%
Capital assets, not being depreciated	197,557	224,358	17,401	19,724	214,958	244,082	29,124	13.5%
Land improvements	21,269	21,068	282	468	21,551	21,536	(15)	(0.1%)
Structures and improvements	159,314	155,116	5,869	5,756	165,183	160,872	(4,311)	(2.6%)
Equipment and software	58,420	57,398	15,099	15,503	73,519	72,901	(618)	(0.8%)
Infrastructure	261,150	270,699	50,771	49,103	311,921	319,802	7,881	2.5%
Capital assets, net of accumulated depreciation	500,153	504,281	72,021	70,830	572,174	575,111	2,937	0.5%
Total	$ 697,710	$ 728,639	$ 89,422	$ 90,554	$ 787,132	$819,193	$ 32,061	4.1%

*As restated for Land, Land Easement, and Infrastructure (Note 26)

During the fiscal year, the County's investment in capital assets increased by $32,061, or 4%, to $819,193 (net of accumulated depreciation/amortization). This investment is in a broad range of capital assets including land, land easements, work in progress (WIP), Service Concession Arrangement (SCA) assets, land improvements, structures and improvements, equipment and software, and infrastructure. Capital additions were related primarily to infrastructure (roads & road improvements), building projects, and additions from the County's SCAs.

The County completed and capitalized projects costing approximately $18,228. Some of the major projects completed were as follows:

- Land improvements - Arroyo Burro Boardwalk $550
- Infrastructure - Las Vegas Creek Culvert $10,690; Jalama Road Bridge $2,847; Pasado Storm Drain $1,181; Mission Creek Debris Basin $708; and
- Structures / structure improvements - Live Oak Campground Restroom $1,133; Lake Cachuma Marina Café $592

Land easements: The County added $3,125, or 6% for a donated land easement in the fiscal year.

WIP: The County both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related project costs are recorded as WIP. In the year of completion, a project's WIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, WIP had a net increase of $25,574. WIP increases of $46,508 were offset by project completions/disposals of $20,934.

Of the $46,508 increases to WIP major project costs include: $23,050 for the Northern Branch Jail, $4,158 for the Sandspit Road Bridge, $2,578 for the Mission Creek project, $2,338 for the Laguna Sanitation plant expansion, $959 for the Aumentum property tax system, and $928 for Public Health record management software.

Structures and structure improvements: The County capitalized $2,055 of structures and improvements related to completed WIP, net of $6,366 in related depreciation for all structures and improvements, for a total decrease of $4,311, or 3%.

Infrastructure: The County capitalized $15,426 in infrastructure related to completed WIP, net of $7,545 in related depreciation.

Additional capital asset information, including depreciation, amortization, and outstanding WIP by project as of June 30, 2017, can be found in Note 7 of the Notes to the Financial Statements. Additional information regarding prior period adjustments can be found in Note 26 of the Notes to the Financial Statements.

Debt

Outstanding Debt (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2016	2017	2016	2017	2016	2017	Dollar Change	Percent Change
Capital lease obligations	$ 2,351	$ 1,983	$ --	$ --	$ 2,351	$ 1,983	$ (368)	(15.7%)
Certificates of participation	28,693	27,798	5,323	4,554	34,016	32,352	(1,664)	(4.9%)
Bonds and notes payable	20,690	17,745	6,704	5,930	27,394	23,675	(3,719)	(13.6%)
Total	$ 51,734	$ 47,526	$ 12,027	$ 10,484	$ 63,761	$ 58,010	$ (5,751)	(9.0%)

At June 30, 2017, the County had total long-term debt outstanding of $58,010. This amount was comprised of $32,352 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 $23,675 of bonds and notes payable and $1,983 of capital lease obligations.

The County's total long-term debt decreased by $5,751, or 9%, during the fiscal year. The net decrease was due to the following: (1) $368 of payments for capital lease obligations, (2) $1,664 of payments for COP debt, and (3) $3,719 of payments for bonds and notes payable.

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes and a Standard & Poor's 'AA+' for long-term certificates of participation. In addition, in October 2016, Moody's upgraded the County's series 2008 Certificates of Participation from Aa3 to Aa2.

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

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

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

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

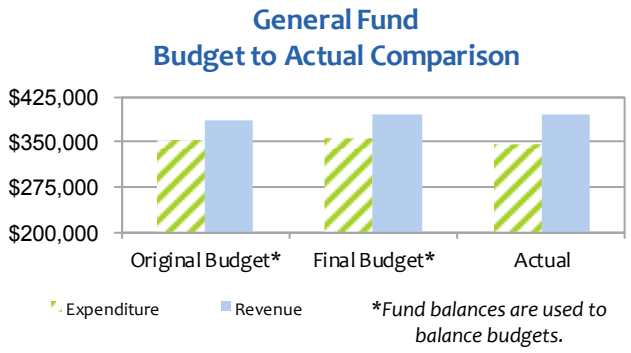
- A stable, moderately growing economic base with access to the broader Ventura and Los Angeles area economies;
- Consistent maintenance of very strong unreserved general fund balances despite limited financial flexibility due to state mandates;
- An experienced management team that has implemented strong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

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

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

General Fund Budgetary Highlights

The variance between the final budget and actual expenditures resulted in $12,730 of unspent appropriations. Key variances are as follows: salary and benefit cost savings of approximately $7,010 resulting from unfilled positions; $4,865 resulting from unspent appropriations for services, supplies, and other charges across all functions; and $855 resulting from capital assets budgeted, but not procured in this fiscal cycle.



Expenditures: The County's final budget appropriations for expenditures for the General Fund differ from the original budget by supplemental appropriations of $3,422, or 1%. The major changes in appropriations are as follows:

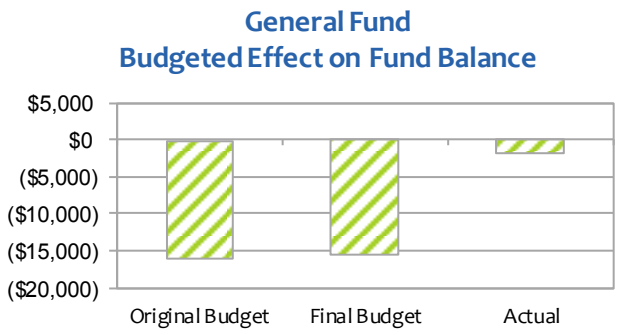
- Salaries and benefits decreased $2,107 primarily due to salary savings of $847 in the County Executive Office transferred to services and supplies to cover current year expenditures and increases to fund balance for future use; salary savings of $442 in the Clerk-Recorder Assessor's department, $412 in the Probation department, and $320 in the General Services department was transferred into each department's fund balance for use in future years.
- Services, supplies and other charges increased $4,354 made up primarily of $2,038 in the Sheriff's department for increased medical and mental health services, food, pharmaceutical and professional and special service costs; $1,135 of increased costs related to reimbursable emergency repairs at Goleta Beach; $783 increased facility maintenance and improvement costs; $253 increased wastewater project costs.
- Capital asset appropriations increased $1,175. This increase is mostly due to additional appropriations for equipment and software in the District Attorney, Probation, Public Defender and Sheriff departments, as well as the Administration building transformer replacement in the General Services department.

Revenues: General Fund revenues were $1,016 more than total adjusted budgeted revenue estimates.

- Taxes outperformed estimates by $2,305, or 1.05%, primarily due to greater than expected residual redevelopment agency distributions, prior year secured property tax collections and Transient Occupancy Tax.
- Licenses, permits, and franchises had a negative $1,456 variance from revenue estimates due less than anticipated collections for franchise fees and energy permits.
- Fines, forfeitures, and penalties outperformed estimates by $1,092 due to higher penalty collections associated with delinquent property tax payments.
- Use of money and property performed better than estimates by $394 due primarily to increased investment income.
- Intergovernmental revenues were less than estimates by $366 due primarily to lower public safety revenues from State Proposition 172 and Federal child welfare service Title IV-E.
- Charges for services were less than estimates by $1,546 primarily due to lower than expected environmental resource reimbursements in the Planning department as well as treasury pool administrative revenue in the Treasurer-Tax Collector department.
- Other revenues were greater than estimates by $593 primarily due to unanticipated surplus property foreclosure sale proceeds.

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

Fund Balance: The General Fund's equity position decreased $1,974, versus the adjusted budget plan to decrease fund equity by $15,627. By year-end, the decrease to fund balance was less than the budget plan as departmental savings and positive operating results alleviated the need to draw down fund balance.



Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's operating budget for FY 17-18:

The budget is projecting temperate improvement in County revenues. For budget year FY 17-18 local property, retail sales and transient occupancy taxes are estimated to grow in the 4 to 5.5% range.

Total Governmental Fund revenues show an increase of 7.1%, or $64,371, comparing FY 17-18 budget to FY 16-17 actual revenues. The FY 17-18 budget shows an increase in General Fund total revenues of 2.9%, or $11,443, compared to FY 16-17 actual revenues.

The budget appropriations for total Governmental Fund expenditures for FY 17-18 includes a 14.6%, or $128,942, increase when compared to FY 16-17 actual primarily due to favorable budget variances such as salary savings. The FY 17-18 budget includes funding to cover increased employee pension costs and and moderate increases for salary COLAs and employee benefits while maintaining current service levels in most areas.

The State once again adopted an on-time budget and its financial condition continues to modestly improve as it preserves core programs and increases reserves in anticipation of a mild recession in mid-2018.

As of June 30, 2017, the available spendable General Fund balance was $99,451. Of this amount, $31,529 was Restricted and $60,161 was Committed but remains available for appropriation. The County's General Fund ended with $7,761 of Unassigned fund balance. The County's Recommended performance-based FY 17-18 budget and the County's Five Year Capital Improvement Program can be found at www.countyofsb.org/ceo under the Budget heading.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Santa Barbara County Auditor-Controller, PO Box 39, Santa Barbara, CA 93102-0039. The County's Comprehensive Annual Financial Report and Financial Highlights publications can also be found on the County's website at http://cosb.countyofsb.org/auditor/default.aspx?id=1234. A separately issued financial report for the County's discretely presented component unit, the First 5 Children and Families Commission, can be obtained online at http://first5santabarbaracounty.org or by writing to: First 5 Children and Families Commission, 5385 Hollister Avenue, Building 10, Suite 110, Santa Barbara, CA 93111.

Basic Financial Statements

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
GOVERNMENTWIDE
June 30, 2017 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Children and Families Commission
Assets				
Cash and investments (Note 4)	$ 328,957	$ 45,140	$ 374,097	$ 5,120
Accounts receivable, net:				
Taxes	24,495	--	24,495	--
Licenses, permits, and franchises	541	547	1,088	--
Fines, forfeitures, and penalties	281	--	281	--
Use of money and property	888	198	1,086	11
Intergovernmental	53,140	36	53,176	672
Charges for services	26,999	1,889	28,888	--
Other	717	70	787	--
Internal balances	2,337	(2,337)	--	--
Inventories	235	259	494	--
Prepaid items	50	--	50	--
Notes receivable (Note 6)	12,655	--	12,655	--
Other receivables	8,039	19	8,058	6
Restricted cash and investments (Note 5)	19,633	20,229	39,862	--
Housing loans receivable (Note 6)	38,097	--	38,097	--
Housing loans interest receivable (Note 6)	7,851	--	7,851	--
Capital assets, not being depreciated/amortized (Note 7)	224,358	19,724	244,082	--
Capital assets, net of accumulated depreciation/amortization (Note 7)	504,281	70,830	575,111	3
Total assets	1,253,554	156,604	1,410,158	5,812
Deferred outflows of resources (Note 9)				
Deferred social services	551	--	551	--
Deferred pensions	258,709	4,636	263,345	727
Total deferred outflows of resources	259,260	4,636	263,896	727
Liabilities				
Accounts payable	20,886	1,247	22,133	670
Salaries and benefits payable	18,331	365	18,696	53
Interest payable	207	41	248	--
Other payables	6,831	243	7,074	--
Advances from grantors and third parties (Note 10)	34,885	--	34,885	--
Unearned revenue	1,582	--	1,582	--
Customer deposits payable	7,990	229	8,219	--
Long-term liabilities (Note 11):				
Portion due within one year:				
Compensated absences (Note 11)	29,591	667	30,258	79
Capital lease obligations (Note 12)	346	--	346	--
Certificates of participation, net (Note 13)	934	775	1,709	--
Bonds and notes payable (Note 14)	3,015	791	3,806	--
Liability for self-insurance claims (Note 15)	5,652	--	5,652	--
Landfill closure/postclosure care costs (Note 17)	--	1,850	1,850	--
Portion due in more than one year:				
Compensated absences (Note 11)	3,262	34	3,296	15
Capital lease obligations (Note 12)	1,637	--	1,637	--
Certificates of participation, net (Note 13)	26,864	3,779	30,643	--
Other long-term obligations (Note 12)	1,069	--	1,069	--
Bonds and notes payable (Note 14)	14,730	5,139	19,869	--
Liability for self-insurance claims (Note 15)	13,930	--	13,930	--
Landfill closure/postclosure care costs (Note 17)	--	27,395	27,395	--
Other postemployment benefits (OPEB) obligation (Note 24)	101,228	2,134	103,362	371
Net pension liability (Note 23)	764,194	13,694	777,888	2,146
Total liabilities	1,057,164	58,383	1,115,547	3,334
Deferred inflows of resources (Note 18)				
Deferred service concession arrangements (Note 8)	34,081	--	34,081	--
Deferred housing loan payments	3,593	--	3,593	--
Deferred pensions	37,905	679	38,584	106
Total deferred inflows of resources	75,579	679	76,258	106
Net position				
Net investment in capital assets	648,420	80,852	729,272	3
Restricted for (Note 20):				
Policy & Executive	436	--	436	--
Public safety	49,093	--	49,093	--
Health & public assistance	36,411	--	36,411	--
Community resources & public facilities	154,523	--	154,523	--
General government & support services	5,804	--	5,804	--
General county programs	18,352	--	18,352	--
First 5	--	--	--	3,096
Unrestricted	(532,968)	21,326	(511,642)	--
Total net position	$ 380,071	$ 102,178	$ 482,249	$ 3,099

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

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF ACTIVITIES
GOVERNMENTWIDE
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

				Program Revenues			Net (Expense) Revenue and Changes in Net Position			
							Primary Government			Component Unit
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**	**First 5 Children and Families Commission**
Governmental activities:										
Policy & executive	$ 17,294	$ (2,979)	$ 14,315	$ 4,952	$ 530	$ --	$ (8,833)	$ --	$ (8,833)	
Public safety	304,450	9,576	314,026	55,405	97,666	--	(160,955)	--	(160,955)	
Health & public assistance	358,327	6,348	364,675	97,921	235,994	--	(30,760)	--	(30,760)	
Community resources & public facilities	89,851	4,536	94,387	28,867	27,260	3,201	(35,059)	--	(35,059)	
General government & support services	55,704	(17,988)	37,716	15,771	2,103	--	(19,842)	--	(19,842)	
General county programs	2,083	123	2,206	7,969	763	--	6,526	--	6,526	
Interest on long-term debt	2,152	--	2,152	--	--	--	(2,152)	--	(2,152)	
Total governmental activities	829,861	(384)	829,477	210,885	364,316	3,201	(251,075)	--	(251,075)	
Business-type activities:										
Resource Recovery	28,915	281	29,196	26,053	927	--	--	(2,216)	(2,216)	
Laguna Sanitation	6,719	103	6,822	12,644	228	--	--	6,050	6,050	
Total business-type activities	35,634	384	36,018	38,697	1,155	--	--	3,834	3,834	
Total primary government	$ 865,495	$ --	$ 865,495	$ 249,582	$ 365,471	$ 3,201	$ (251,075)	$ 3,834	$ (247,241)	
Component unit:										
First 5 Children and Families Comm.	$ 4,369	$ --	$ 4,369	$ --	$ 4,275	$ --				$ (94)
General Revenues:										
Taxes:										
Property							195,418	--	195,418	--
Sales							12,165	--	12,165	--
Transient occupancy							10,068	--	10,068	--
Payments in lieu of taxes							1,869	--	1,869	--
Motor vehicle in-lieu tax							167	--	167	--
Franchise fees							3,104	--	3,104	--
Other general revenues							720	--	720	22
Restricted for community resources and public facilities:										--
Sales tax, allocated to roads							6,007	--	6,007	--
Property tax, levied for flood control districts							10,317	--	10,317	--
Property tax, levied for county service areas							1,324	--	1,324	--
Property tax, levied for water agency							2,710	--	2,710	--
Property tax, levied for lighting districts							480	--	480	--
Property tax, levied for community facilities districts							557	--	557	--
Property tax, residual distribution from the redevelopment property tax trust fund							9,033	--	9,033	--
Restricted for public safety:										
Property tax, levied for fire district							47,774	--	47,774	--
Unrestricted investment earnings							335	265	600	--
Gain on sale of capital assets							212	3	215	--
Transfers							--	--	--	--
Total general revenues and transfers							302,260	268	302,528	22
Change in net position							51,185	4,102	55,287	(72)
Net position - beginning							322,003	98,076	420,079	3,171
Prior period adjustment (Note 26)							6,883	--	6,883	--
Net position - beginning, as restated							328,886	98,076	426,962	3,171
Net position - ending							$ 380,071	$ 102,178	$ 482,249	$ 3,099

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

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Assets and deferred outflows of resources					
Assets:					
Cash and investments (Note 4)	$ 63,917	$ 23,805	$ 28,928	$ 6,500	$ 6,956
Accounts receivable, net:					
Taxes	24,495	--	--	--	--
Licenses, permits, and franchises	541	--	--	--	--
Fines, forfeitures, and penalties	43	--	--	--	--
Use of money and property	309	54	61	53	18
Intergovernmental	11,639	1,997	4,107	16,930	7,192
Charges for services	1,735	36	987	--	18,882
Other	428	--	--	11	5
Due from other funds (Note 21)	10,376	--	--	829	--
Prepaid items	50	--	--	--	--
Other receivables	5,619	--	--	--	8
Advances to other funds (Note 21)	1,759	--	--	--	--
Restricted cash and investments (Note 5)	16,319	--	--	--	--
Housing loans receivable	--	--	--	--	--
Housing loans interest receivable	--	--	--	--	--
Total assets	137,230	25,892	34,083	24,323	33,061
Deferred outflows of resources:					
Deferred social services	--	--	--	551	--
Total assets and deferred outflows of resources	$ 137,230	$ 25,892	$ 34,083	$ 24,874	$ 33,061
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable	$ 3,781	$ 375	$ 577	$ 9	$ 6,070
Salaries and benefits payable	9,133	425	1,909	2,659	1,457
Other payables	81	98	620	6	6,235
Advances from grantors and third parties (Note 10)	1,318	6,053	--	18,037	227
Unearned revenue	1,582	--	--	--	--
Due to other funds (Note 21)	324	--	--	32	9,956
Customer deposits payable	7,941	41	--	--	--
Total liabilities	24,160	6,992	3,106	20,743	23,945
Deferred inflows of resources:					
Deferred housing loan payments (Note 18)	--	--	--	--	--
Total deferred inflows of resources	--	--	--	--	--
Fund balances (Note 19):					
Nonspendable	13,619	--	--	--	--
Restricted	31,529	18,900	22,732	2,499	9,116
Committed	60,161	--	8,245	1,632	--
Unassigned	7,761	--	--	--	--
Total fund balances	113,070	18,900	30,977	4,131	9,116
Total liabilities, deferred inflows of resources, and fund balances	$ 137,230	$ 25,892	$ 34,083	$ 24,874	$ 33,061

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

Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds	
						Assets and deferred outflows of resources
						Assets:
$ 68,297	$ 7,463	$ 19,984	$ 27,187	$ 21,951	$ 274,988	Cash and investments (Note 4)
						Accounts receivable, net:
--	--	--	--	--	24,495	Taxes
--	--	--	--	--	541	Licenses, permits, and franchises
--	--	--	--	238	281	Fines, forfeitures, and penalties
148	16	48	27	46	780	Use of money and property
--	413	413	8,746	1,703	53,140	Intergovernmental
--	--	4,993	--	267	26,900	Charges for services
--	273	--	--	--	717	Other
--	--	--	--	330	11,535	Due from other funds (Note 21)
--	--	--	--	--	50	Prepaid items
126	--	1,735	--	138	7,626	Other receivables
--	--	--	--	--	1,759	Advances to other funds (Note 21)
--	1,989	--	122	1,193	19,623	Restricted cash and investments (Note 5)
--	38,097	--	--	--	38,097	Housing loans receivable
--	7,851	--	--	--	7,851	Housing loans interest receivable
68,571	56,102	27,173	36,082	25,866	468,383	Total assets
						Deferred outflows of resources:
--	--	--	--	--	551	Deferred social services
$ 68,571	$ 56,102	$ 27,173	$ 36,082	$ 25,866	$ 468,934	Total assets and deferred outflows of resources
						Liabilities, deferred inflows of resources, and fund balances
						Liabilities:
$ 42	$ 274	$ 280	$ 7,605	$ 1,000	$ 20,013	Accounts payable
165	20	1,879	--	385	18,032	Salaries and benefits payable
141	--	--	708	11	7,900	Other payables
--	2,485	595	6,130	40	34,885	Advances from grantors and third parties (Note 10)
--	--	--	--	--	1,582	Unearned revenue
--	9	--	--	1,214	11,535	Due to other funds (Note 21)
--	--	--	--	8	7,990	Customer deposits payable
348	2,788	2,754	14,443	2,658	101,937	Total liabilities
						Deferred inflows of resources:
--	45,948	--	--	--	45,948	Deferred housing loan payments (Note 18)
--	45,948	--	--	--	45,948	Total deferred inflows of resources
						Fund balances (Note 19):
130	--	1,735	--	77	15,561	Nonspendable
68,093	7,366	22,684	1,881	21,902	206,702	Restricted
--	--	--	19,758	1,229	91,025	Committed
--	--	--	--	--	7,761	Unassigned
68,223	7,366	24,419	21,639	23,208	321,049	Total fund balances
$ 68,571	$ 56,102	$ 27,173	$ 36,082	$ 25,866	$ 468,934	Total liabilities, deferred inflows of resources, and fund balances

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

Total fund balances - governmental funds	$ 321,049
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet.	697,461
Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.	12,655
Other receivable not due in the current period is not a current financial resource, therefore, it is not reported in the balance sheet.	190
Deferred outflows of resources reported in the Statement of Net Position.	254,814
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet.	(928,131)
Accrued interest on long-term debt.	(207)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds and recognized as revenue in the Statement of Activities.	45,948
Deferred inflows of resources reported in the Statement of Net Position.	(75,008)
Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, communications, and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	50,722
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.	578
Net position of governmental activities	$ 380,071

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Revenues					
Taxes	$ 222,636	$ 7,729	$ --	$ --	$ --
Licenses, permits, and franchises	13,678	373	66	86	--
Fines, forfeitures, and penalties	5,755	--	479	9	8
Use of money and property	1,775	95	130	220	178
Intergovernmental	78,224	17,409	21,102	147,513	49,571
Charges for services	69,589	460	47,088	99	37,850
Other	4,035	681	3,883	1,201	1,097
Total revenues	395,692	26,747	72,748	149,128	88,704
Expenditures					
Current:					
Policy & executive	16,585	--	--	--	--
Public safety	218,301	--	--	--	--
Health & public assistance	10,985	--	77,764	157,865	97,661
Community resources & public facilities	44,167	31,377	--	--	--
General government & support services	51,789	--	--	--	--
General county programs	2,154	--	--	--	--
Debt service:					
Principal	2	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total expenditures	343,983	31,377	77,764	157,865	97,661
Excess (deficiency) of revenues over (under) expenditures	51,709	(4,630)	(5,016)	(8,737)	(8,957)
Other financing sources (uses)					
Transfers in (Note 21)	5,456	5,267	7,449	8,465	11,044
Transfers out (Note 21)	(59,150)	--	(2,051)	(75)	(936)
Proceeds from sale of capital assets	11	112	--	--	--
Total other financing sources (uses)	(53,683)	5,379	5,398	8,390	10,108
Net change in fund balances	(1,974)	749	382	(347)	1,151
Fund balances - beginning	115,044	18,151	30,595	4,478	7,965
Fund balances - ending	$ 113,070	$ 18,900	$ 30,977	$ 4,131	$ 9,116

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

Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds	
						Revenues
$ 10,827	$ --	$ 48,645	$ --	$ 5,229	$ 295,066	Taxes
--	--	18	--	--	14,221	Licenses, permits, and franchises
--	--	--	--	2,890	9,141	Fines, forfeitures, and penalties
280	38	30	26	560	3,332	Use of money and property
1,007	2,826	2,952	21,914	18,874	361,392	Intergovernmental
3,424	373	26,166	536	4,249	189,834	Charges for services
189	2,283	63	(80)	2,825	16,177	Other
15,727	5,520	77,874	22,396	34,627	889,163	Total revenues
						Expenditures
						Current:
--	--	--	--	--	16,585	Policy & executive
--	--	68,385	73	16,392	303,151	Public safety
--	--	--	--	17,521	361,796	Health & public assistance
13,568	3,966	--	73	6,312	99,463	Community resources & public facilities
--	--	--	439	369	52,597	General government & support services
--	--	--	--	13	2,167	General county programs
						Debt service:
--	--	--	--	3,872	3,874	Principal
--	--	--	--	2,002	2,002	Interest
--	--	--	24,983	--	24,983	Capital outlay
13,568	3,966	68,385	25,568	46,481	866,618	Total expenditures
2,159	1,554	9,489	(3,172)	(11,854)	22,545	Excess (deficiency) of revenues over (under) expenditures
						Other financing sources (uses)
40	--	917	15,137	14,828	68,603	Transfers in (Note 21)
(96)	(1,053)	(3,030)	(830)	(2,452)	(69,673)	Transfers out (Note 21)
--	--	19	--	--	142	Proceeds from sale of capital assets
(56)	(1,053)	(2,094)	14,307	12,376	(928)	Total other financing sources (uses)
2,103	501	7,395	11,135	522	21,617	Net change in fund balances
66,120	6,865	17,024	10,504	22,686	299,432	Fund balances - beginning
$ 68,223	$ 7,366	$ 24,419	$ 21,639	$ 23,208	$ 321,049	Fund balances - ending

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

Net change in fund balances - governmental funds	$ 21,617
Capital assets:	
The acquisition of capital assets uses current financial resources but has no effect on net position.	44,499
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the Statement of Activities.	(18,917)
Proceeds from the sale of capital assets provide current financial resources but have no effect on net position.	(142)
Net gain on the disposal of capital assets does not affect current financial resources but increases net position.	142
Long-term debt:	
Principal payments on long-term debt use current financial resources but have no effect on net position.	3,874
Measurement focus:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	4,616
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in interest payable liability	15
Change in compensated absences liability	620
Change in estimated litigation liability	160
Change in accrued other postemployment benefits (OPEB) liability	(2,448)
Change in accrued net pension liability	(7,884)
Amortization of bond premiums/discounts and issuance costs	(8)
Internal service funds:	
Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, communication services, and utilities to individual funds. The net revenue of internal service funds is reported within governmental activities.	5,041
Change in net position of governmental activities	$ 51,185

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Assets				
Current assets:				
Cash and investments (Note 4)	$ 14,651	$ 30,489	$ 45,140	$ 53,969
Accounts receivable, net:				
Licenses, permits, and franchises	547	--	547	--
Use of money and property	129	69	198	108
Intergovernmental	36	--	36	--
Charges for services	1,849	40	1,889	99
Other	70	--	70	--
Inventories	231	28	259	235
Total current assets	17,513	30,626	48,139	54,411
Noncurrent assets:				
Other receivables	--	19	19	223
Restricted cash and investments (Note 5)	20,104	125	20,229	10
Capital assets, not being depreciated/amortized (Note 7)	12,110	7,614	19,724	--
Capital assets, net of accumulated depreciation/amortization (Note 7)	45,020	25,810	70,830	31,178
Total noncurrent assets	77,234	33,568	110,802	31,411
Total assets	94,747	64,194	158,941	85,822
Deferred outflows of resources				
Deferred pensions	3,722	914	4,636	3,895
Total deferred outflows of resources	3,722	914	4,636	3,895
Liabilities				
Current liabilities:				
Accounts payable	1,055	192	1,247	873
Salaries and benefits payable	294	71	365	299
Interest payable	18	23	41	--
Other payables	243	--	243	--
Customer deposits payable	103	126	229	--
Compensated absences (Note 11)	539	128	667	559
Certificates of participation payable (Note 13)	775	--	775	--
Bonds and notes payable (Note 14)	--	791	791	345
Liability for self-insurance claims (Note 15)	--	--	--	5,652
Landfill closure/postclosure care costs (Note 17)	1,850	--	1,850	--
Total current liabilities	4,877	1,331	6,208	7,728
Noncurrent liabilities:				
Compensated absences (Note 11)	34	--	34	190
Certificates of participation payable, net (Note 13)	3,779	--	3,779	--
Bonds and notes payable (Note 14)	--	5,139	5,139	3,235
Liability for self-insurance claims (Note 15)	--	--	--	13,930
Landfill closure/postclosure care costs (Note 17)	27,395	--	27,395	--
Advances payable (Note 21)	1,759	--	1,759	--
OPEB obligation (Note 24)	1,727	407	2,134	1,835
Net pension liability (Note 23)	10,993	2,701	13,694	11,506
Total noncurrent liabilities	45,687	8,247	53,934	30,696
Total liabilities	50,564	9,578	60,142	38,424
Deferred inflows of resources				
Deferred pensions	545	134	679	571
Total deferred inflows of resources	545	134	679	571
Net position				
Net investment in capital assets	53,358	27,494	80,852	27,596
Unrestricted	(5,998)	27,902	21,904	23,126
Total net position	$ 47,360	$ 55,396	102,756	$ 50,722
Adjustment to reflect the allocation of the internal service funds' cumulative net loss			(578)	
Net position of business-type activities			$ 102,178	

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

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Operating revenues				
Charges for services	$ 20,919	$ 12,611	$ 33,530	$ 56,372
Sale of scrap and recyclables	1,853	--	1,853	--
Self-insurance recovery	--	--	--	2,633
Other operating revenues	3,281	33	3,314	564
Total operating revenues	26,053	12,644	38,697	59,569
Operating expenses				
Salaries and benefits	8,464	2,202	10,666	8,818
Services and supplies	4,377	2,849	7,226	31,922
Self-insurance claims	--	--	--	9,386
Contractual services	11,328	197	11,525	534
Depreciation and amortization	2,538	1,221	3,759	5,548
County overhead allocation	281	103	384	248
Closure/postclosure costs	1,982	--	1,982	--
Total operating expenses	28,970	6,572	35,542	56,456
Operating income (loss)	(2,917)	6,072	3,155	3,113
Non-operating revenues (expenses)				
Use of money and property	512	221	733	231
Interest expense	(186)	(239)	(425)	(153)
Gain (loss) on sale of assets	5	(1)	4	175
Settlements and damages	(85)	--	(85)	--
State and federal aid	57	--	57	--
Other non-operating revenues	503	126	629	639
Total non-operating revenues, net	806	107	913	892
Income (loss) before transfers	(2,111)	6,179	4,068	4,005
Transfers in (Note 21)	--	--	--	1,089
Transfers out (Note 21)	--	--	--	(19)
Transfers in (out), net	--	--	--	1,070
Change in net position	(2,111)	6,179	4,068	5,075
Total net position - beginning	49,471	49,217	98,688	45,647
Total net position - ending	$ 47,360	$ 55,396	$ 102,756	$ 50,722

Change in net position - total enterprise funds	$ 4,068
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	34
Change in net position of business-type activities	$ 4,102

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, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Cash flows from operating activities				
Receipts from interfund services provided	$ --	$ --	$ --	$ 57,738
Receipts from self-insurance recovery	--	--	--	2,633
Receipts from customers and users	25,481	12,922	38,403	--
Payments to employees	(8,387)	(2,008)	(10,395)	(8,722)
Payments to suppliers	(15,688)	(3,038)	(18,726)	(32,560)
Payments for self-insurance claims	--	--	--	(11,156)
Payments for landfill closure/postclosure costs	(133)	--	(133)	--
County overhead allocation payments to the General Fund	(281)	(103)	(384)	(248)
Other receipts	503	34	537	639
Net cash provided by operating activities	1,495	7,807	9,302	8,324
Cash flows from noncapital financing activities				
Transfers from other funds	--	--	--	1,089
Transfers to other funds	--	--	--	(19)
Payment on landfill settlement	(85)	--	(85)	--
State and federal aid	57	--	57	--
Net cash provided (used) by noncapital financing activities	(28)	--	(28)	1,070
Cash flows from capital and related financing activities				
Purchase of capital assets	(2,116)	(2,692)	(4,808)	(7,652)
Proceeds from sale of capital assets	89	39	128	383
Principal paid on certificates of participation	(752)	--	(752)	--
Interest and fees paid on certificates of participation	(202)	--	(202)	--
Principal paid on bonds and notes payable	--	(774)	(774)	(340)
Interest and fees paid on bonds and notes payable	--	(241)	(241)	(153)
Federal interest subsidy on bonds payable	--	92	92	--
Net cash used by capital and related financing activities	(2,981)	(3,576)	(6,557)	(7,762)
Cash flows from investing activities				
Use of money and property received	490	193	683	193
Net cash provided by investing activities	490	193	683	193
Net change in cash and cash equivalents	(1,024)	4,424	3,400	1,825
Cash and cash equivalents - beginning	35,779	26,190	61,969	52,154
Cash and cash equivalents - ending	$ 34,755	$ 30,614	$ 65,369	$ 53,979
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	$ 14,651	$ 30,489	$ 45,140	$ 53,969
Restricted cash and investments per Statement of Net Position	20,104	125	20,229	10
Total cash and cash equivalents per Statement of Net Position	$ 34,755	$ 30,614	$ 65,369	$ 53,979
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (2,917)	$ 6,072	$ 3,155	$ 3,113
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,538	1,221	3,759	5,548
Other non-operating revenue	503	34	537	639
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:				
Accounts and other receivables	(572)	279	(293)	802
Inventories	(1)	(5)	(6)	4
Accounts payable	18	13	31	(108)
Salaries and benefits payable	77	194	271	96
Customer deposits	--	(1)	(1)	--
Liability for self-insurance claims	--	--	--	(1,770)
Landfill closure cost liability	1,849	--	1,849	--
Net cash provided by operating activities	$ 1,495	$ 7,807	$ 9,302	$ 8,324

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

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund	Agency Funds
Assets			
Cash and investments (Note 4)	$ 892,228	$ 1,286	$ 98,869
Interest receivable	1,952	2	329
Restricted cash and investments (Note 5)	--	1,428	--
Total assets	894,180	2,716	$ 99,198
Liabilities			
Accounts payable	--	--	$ 7,274
Funds held as agent for others	--	--	91,924
Note payable	--	12,655	--
Total liabilities	--	12,655	$ 99,198
Net position			
Held in trust for:			
External pool participants	894,180	--	
Redevelopment agency dissolution	--	(9,939)	
Net position held in trust	$ 894,180	$ (9,939)	

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

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Investment Trust Fund	Private-purpose Trust Fund
Additions		
Contributions:		
Contributions to pooled investments	$ 4,535,011	$ --
Redevelopment Agency Property Tax Trust Fund	--	1,421
Total contributions	4,535,011	1,421
Interest and investment revenue:		
Use of money and property	5,852	9
Total interest and investment revenue	5,852	9
Total additions	4,540,863	1,430
Deductions		
Benefits paid:		
Distributions from pooled investments	4,441,899	--
Affected taxing entities	--	--
Total benefits paid	4,441,899	--
Obligation retirements:		
Interest on note payable	--	581
Total obligation retirements	--	581
Administrative expenses:		
County administrative expenses	--	19
Total administrative expenses	--	19
Total deductions	4,441,899	600
Change in net position	98,964	830
Net position held in trust - beginning	795,216	(10,769)
Net position held in trust - ending	$ 894,180	$ (9,939)

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

Notes to the Financial Statements

Table of Contents - Notes to the Financial Statements

Page

Reporting Entity and Accounting Policies

Note 1 – Summary of Significant Accounting Policies 44

Compliance and Reconciliation

Note 2 – Budgetary and Legal Compliance 58
Note 3 – Reconciliation of Governmentwide and Fund Financial Statements 59

Detailed Notes on All Funds

Note 4 – Cash and Investments 60
Note 5 – Restricted Cash and Investments 66
Note 6 – Receivables 67
Note 7 – Capital Assets 68
Note 8 – Service Concession Arrangements (SCA) 71
Note 9 – Deferred Outflows of Resources 75
Note 10 – Advances from Grantors and Third Parties 76
Note 11 – Long-term Liabilities 77
Note 12 – Leases 79
Note 13 – Certificates of Participation (COP) 81
Note 14 – Bonds and Notes Payable 82
Note 15 – Self-insurance 84
Note 16 – Commitments and Contingencies 85
Note 17 – Landfill Closure and Postclosure 87
Note 18 – Deferred Inflows of Resources 88
Note 19 – Fund Balances 89
Note 20 – Restricted Component of Net Position 91
Note 21 – Interfund Transactions 92
Note 22 – Tax Abatements 94

Other Information

Note 23 – Pensions 95
Note 24 – Other Postemployment Benefits (OPEB) 101
Note 25 – Deferred Compensation Plans 104
Note 26 – Prior Period Adjustment 105

1. Summary of Significant Accounting Policies

The Reporting Entity

The County of Santa Barbara (County), which was established by an act of the Legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP) in the United States of America, the accompanying financial statements present the activities of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discrete Component Unit

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

Blended Component Units

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as, or appointing, the governing board for each of the component units and its ability to impose its will. Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended, with the activities of the County for purposes of reporting in the accompanying basic financial statements.

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

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

Component Unit	Included in the Reporting Entity Because:	Separate Financial Statements
County Service Areas: established to provide specific services to distinct geographical areas within the County. These services include street lighting, open space maintenance, library, community sewer sanitation and maintenance, and road maintenance. Revenues consist primarily of property taxes and benefit assessments.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available

Public and Educational Access: established to receive grant revenue from the local cable television franchisee. The primary objectives and purposes of the fund are the support of educational and public information through programs aimed at expanding public access and educational access to telecommunication services.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Santa Barbara County Fire Protection District: established to provide a full range of fire services to most of the unincorporated territory of Santa Barbara County; the cities of Buellton, Solvang, and Goleta; and private lands within the National Forest. Revenues consist primarily of property taxes.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Flood Control and Water Conservation Districts: established to control flood and storm waters and to conserve such waters for beneficial public use. Revenues consist primarily of property taxes and aid from other governmental units.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Lighting Districts: established to provide operation and maintenance of streetlights in certain areas of the County. Revenues consist primarily of property taxes and benefit assessments.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Laguna County Sanitation District: established to provide water and sewage treatment services to users. The costs of operating this district are charged to the users in the form of water charges and sewer fees.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Community Facilities Districts: established to allow for financing of public improvements and services. The services and improvements that can be financed include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities. Revenues consist primarily of Mello-Roos property taxes.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Sandyland Seawall Maintenance District: established to provide for maintenance of a seawall constructed in the Sandyland Cove area. Revenues consist primarily of benefit assessments levied against those properties adjacent to that beachfront area.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available

Water Agency (Agency): established to prepare investigations and reports on the County's water requirements, project development, and importation of water from the State Water Project. The Agency provides technical assistance to County departments, water districts, and the public relative to ground water availability and water-well locations and design. The Agency also administers the Cachuma Project and Twitchell Project contracts with the U.S. Bureau of Reclamation.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
In-Home Supportive Services Public Authority (IHSS): established to act as the employer of record for IHSS individual providers. As an administrative unit, IHSS carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Santa Barbara County Finance Corporation: 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) Unit provides services almost entirely to the County	Not available

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

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

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

New Accounting Pronouncements

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

Statement No. 77	*"Tax Abatement Disclosures"*	The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. (FY 16/17)
Statement No. 78	*"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"*	The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. (FY 16/17)
Statement No. 79	*"Certain External Investment Pools and Pool Participants"*	The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. (FY 16/17)
Statement No. 80	*"Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14"*	The requirements of this Statement are effective for reporting periods beginning after June, 15, 2016. (FY 16/17)
Statement No. 82	*"Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73"*	The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. (FY 16/17)

Financial Statements

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

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

The governmentwide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund intra-function activity has been eliminated from the governmentwide financial statements. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

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

The governmentwide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the County include policy and executive, public safety, health and public assistance, community resources and public facilities, general government and support services, and general County programs. The business-type activities of the County include resource recovery and waste management and sanitation operations.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual Countywide Cost Allocation Plan which allocates the cost of central service departments to service user departments. Costs allocated in the Cost Allocation Plan include administrative and support costs such as budget preparation and oversight, County counsel, landscaping, payroll, utilities, and facilities maintenance. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmentwide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmentwide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds' financial statements, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as a deferred inflow of resources as soon as all eligibility requirements have been met, except for the timing requirement.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County, in general, considers revenues available if they are collected within 180 days after fiscal year-end, except for property taxes, which the County considers available if they are collected within 60 days after fiscal year-end. Grants, Medi-Cal reimbursements and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures that meet accrual criteria are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the County considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual, and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All expenditure-driven grants are recorded at the time of receipt or earlier. If qualifying expenditures have been incurred and all other eligibility requirements have been met, expenditure-driven grants are recognized as revenue. When all eligibility requirements are met, except for the timing requirement, a deferred inflow of resources is reported until time requirements have passed.

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

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

The County reports the following major governmental funds:

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

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

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

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

- The **Behavioral Wellness Fund** is used to account for mandated community health services under the California Mental Health Act including a mandated responsibility to "guarantee and protect public safety." Revenue sources are primarily charges for services, sales tax revenue and state grants.

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

- The **Affordable Housing Fund** is used to account for the various affordable housing programs administered by the County and provides local match to leverage federal funding for the creation of affordable housing.

- The **Fire Protection District Fund** is used to account for the finances of the Santa Barbara County Fire Department. The Fire Department utilizes property tax revenues, which are collected for public safety within the district's boundaries. The Fire Department provides a full range of emergency services for most of the unincorporated territory of Santa Barbara County; the Cities of Buellton, Solvang, and Goleta; and private lands within the National Forest. The National Forest and military installations provide their own fire protection.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Resource Recovery and Laguna Sanitation enterprise funds and of the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following proprietary funds:

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

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

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

Fiduciary funds include all Trust and Agency funds, which account for assets held by the County as a trustee, or as an agent for individuals or other government units.

The County reports the following fiduciary funds:

- The **Investment Trust Fund** accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The County separately maintains these entities' money in 386 individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The **Private-Purpose Trust Fund** is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Santa Barbara County Redevelopment Successor Agency (Successor Agency).

- **Agency Funds** are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including Clearing and Revolving Funds, Deposits Funds, Other Agency Funds, State and City Revenue Funds, and Tax Collection Funds) account for assets held by the County in an agency capacity for individuals or other government units. The County reports on 179 different agency funds.

Cash and Investments

The County's cash and cash equivalents for Statement of Cash Flows purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held by the County Treasurer in a cash management investment pool (Pool).

The Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

The Air Pollution Control District and the Santa Barbara County Association of Governments, as well as the public school districts, cemetery districts, fire protection districts, pest control districts, recreation and park districts, and resource conservation districts within the County are required by legal provisions to participate in the County's investment pool. The deposits held for these districts are included in the Investment Trust Fund.

Accounts Receivable and Payable

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

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County including school and special districts. Article 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.

Since Fiscal Year (FY) 93-94, the County has used an alternative property tax distribution method referred to as the "Teeter Plan." This method allows for a 100% distribution of the current tax levy to California entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining 5% in June of each year. This method also provides that all of the delinquent penalties and redemption penalties of the participating entity flow to the County's General Fund. All County entities receiving property taxes were required by statute to participate once the alternative method was elected. All delinquent taxes are recorded as accounts receivable in the General Fund. At June 30, 2017, property taxes receivable of $24,495 are recorded in the General Fund. In addition, the Teeter Plan requires that a property tax loss reserve be maintained in an amount equal to 1% of the current year's secured tax levy, which is shown as a nonspendable portion of fund balance in the General Fund (see Note 19).

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*" and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the County recognizes deferred outflows and inflows of resources.

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the County that is applicable to a future reporting period. The County has four items which qualify for reporting in this category; refer to Note 18 for a detailed listing of the deferred inflows of resources the County has recognized.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmentwide financial statements as "internal balances." In the governmental funds financial statements, advances between funds are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmentwide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets include land, land improvements, structures and improvements (e.g., office buildings and building improvements), equipment (e.g., vehicles, machinery and computers), infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). Pursuant to GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*," the County also includes capital assets held by Service Concession Arrangements (SCA). Capital assets are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. If purchased or constructed, the capital assets are reported at historical or estimated historical cost. Capital assets received by the County in a SCA and donated capital assets, including works of art and historical treasures, are recorded at the estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization thresholds are $0 for land, $5 for equipment, and $100 for land improvements, buildings and improvements, infrastructure, and computer software.

Capital assets, with the exception of non-depreciable land, are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

Outlays for capital assets and improvements are capitalized, as projects are constructed, in accordance with the County's capitalization policy. Interest and indirect costs incurred during the construction phase of capital assets of proprietary funds are reflected in the capitalized value of the asset constructed. Depreciation/amortization expense is allocated to functions/programs and included as a direct expense in the Statement of Activities. Capital assets that are under construction or development and have not been completed are put into Work in Progress and are presented as a capital asset not being depreciated on the Statement of Net Position.

Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the governmentwide and proprietary funds' financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental activities or proprietary funds Statement of Net Position.

Long-term Debt

In the governmentwide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds Statement of Net Position. Bond premiums and discounts are amortized over the life of the bond and issuance costs are expensed in the year incurred.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

Compensated Absences

County policy permits employees to accumulate earned but unused vacation, holiday, and sick pay benefits. County policy states that unused sick leave shall not be cashed out at time of separation from service with the

County; therefore, no liability for unpaid accumulated sick leave exists. Employees eligible for full retirement benefits, however, may convert their unused sick leave to up to one year's service credit in determining their retirement benefits.

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

Pensions

In governmentwide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 23 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

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

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

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

Fund Equity

In the fund financial statements, in accordance with GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions,*" governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.

- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds. As a result of limitations imposed by the California County Budget Act, this classification is currently not used by the County.
- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use Restricted fund balance resources first, followed by the unrestricted resources in the Committed and Unassigned fund balances, as they are needed.

Fund Balance Policy

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

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

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

Additional detailed information, along with the complete *Fund Balance Policy,* can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93102.

Strategic Reserve Policy

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

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

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

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

As of June 30, 2017, the County's Strategic Reserve fund balance was $30,866.

Use of Estimates

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

Reclassifications

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

Future Accounting Pronouncements

GASB Statement Numbers 75, 81, and 83-87 listed below will be implemented in future financial statements:

Statement No. 75	*"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 17/18)
Statement No. 81	*"Irrevocable Split-Interest Agreements"*	The requirements of this Statement are effective for periods beginning after December 15, 2016. (FY 17/18)
Statement No. 83	*"Certain Asset Retirement Obligations"*	The requirements of this Statement are effective for periods beginning after June 15, 2018. (FY 18/19)
Statement No. 84	*"Fiduciary Activities"*	The requirements of this Statement are effective for periods beginning after December 15, 2018. (FY 19/20)
Statement No. 85	*"Omnibus 2017"*	The requirements of this Statement are effective for periods beginning after June 15, 2017. (FY 17/18)
Statement No. 86	*"Certain Debt Extinguishment Issues"*	The requirements of this Statement are effective for periods beginning after June 15, 2017. (FY 17/18)
Statement No. 87	*"Leases"*	The requirements of this Statement are effective for periods beginning after December 15, 2019. (FY 20/21)

2. Budgetary and Legal Compliance

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

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance accounts which are controlled at the line item level. Except for payroll, the County's financial system does not process payments and disbursements when over-expenditure of object levels would result. For capital asset and fund balance transactions, payments are not processed if over-expenditure at the line item would result. Presentation of the basic financial statements at the legal level is not feasible due to excessive length; therefore, the budget and actual statements have been aggregated by function. The County prepares a separate Final Budget document that demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website, or can be obtained from the Auditor-Controller's office.

For the year ended June 30, 2017, no instances existed in which expenditures exceeded appropriations.

The Board must approve amendments or transfers of appropriations between funds or departments, as well as items related to capital assets, and fund balance accounts. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. Finally, the CEO approves amendments or transfers of appropriations between object levels within the same department, unless related to capital or fund balance in which case Board approval is required. Any deficiency caused by expenditures and other financing uses being greater than revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

3. Reconciliation of Governmentwide and Fund Financial Statements

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

	Total Governmental Funds (Page 33)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 36)	Adjustments (3)	Total Governmental Activities (Page 30)
Assets & deferred outflows of resources:					
Assets					
Cash and investments	$ 274,988	$ --	$ 53,969	$ --	$ 328,957
Accounts receivable, net:					
Taxes	24,495	--	--	--	24,495
Licenses, permits, and franchises	541	--	--	--	541
Fines, forfeitures, and penalties	281	--	--	--	281
Use of money and property	780	--	108	--	888
Intergovernmental	53,140	--	--	--	53,140
Charges for services	26,900	--	99	--	26,999
Other	717	--	--	--	717
Due from other funds	11,535	--	--	(11,535)	--
Internal balances	--	--	--	2,337	2,337
Inventories	--	--	235	--	235
Prepaid items	50	--	--	--	50
Note receivable	--	12,655	--	--	12,655
Other receivables	7,626	190	223	--	8,039
Advances to other funds	1,759	--	--	(1,759)	--
Restricted cash and investments	19,623	--	10	--	19,633
Housing loans receivable	38,097	--	--	--	38,097
Housing loans interest receivable	7,851	--	--	--	7,851
Capital assets	--	697,461	31,178	--	728,639
Total assets	468,383	710,306	85,822	(10,957)	1,253,554
Deferred outflows of resources					
Deferred social services	551	--	--	--	551
Deferred pensions	--	254,814	3,895	--	258,709
Total deferred outflows of resouces	551	254,814	3,895	--	259,260
Total assets & deferred outflows of resources	$ 468,934	$ 965,120	$ 89,717	$ (10,957)	$ 1,512,814
Liabilities, deferred inflows of resources, & fund balances/net position:					
Liabilities					
Accounts payable	$ 20,013	$ --	$ 873	$ --	$ 20,886
Salaries and benefits payable	18,032	--	299	--	18,331
Interest payable	--	207	--	--	207
Other payables and long-term obligations	7,900	--	--	--	7,900
Advances from grantors and third parties	34,885	--	--	--	34,885
Unearned revenue	1,582	--	--	--	1,582
Due to other funds	11,535	--	--	(11,535)	--
Customer deposits payable	7,990	--	--	--	7,990
Compensated absences	--	32,104	749	--	32,853
Capital lease obligations	--	1,983	--	--	1,983
Certificates of participation (COP)	--	27,798	--	--	27,798
Unamortized premium on COP	--	--	--	--	--
Unamortized discount on COP	--	--	--	--	--
Bonds and notes payable	--	14,165	3,580	--	17,745
Liability for self-insurance claims	--	--	19,582	--	19,582
Estimated litigation liability	--	--	--	--	--
Other Postemployment Benefits (OPEB) obligation	--	99,393	1,835	--	101,228
Net pension liability	--	752,688	11,506	--	764,194
Total liabilities	101,937	928,338	38,424	(11,535)	1,057,164
Deferred inflows of resources					
Deferred service concession arrangements	--	34,081	--	--	34,081
Deferred housing loan payments	45,948	(42,355)	--	--	3,593
Deferred pensions	--	37,334	571	--	37,905
Total deferred inflows of resources	45,948	29,060	571	--	75,579
Fund balances/net position:					
Total fund balances/net position	321,049	7,722	50,722	578	380,071
Total liabilities, deferred inflows of resources, & fund balances/net position	$ 468,934	$ 965,120	$ 89,717	$ (10,957)	$ 1,512,814

(1) Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.		$ 12,655
Other receivables		190
Capital assets used in governmental activities (excluding Internal Service Funds) are not current financial resources and, therefore, are not reported in the balance sheet (Note 7).		697,461
Deferred outflows of resources reported in the Statement of Net Position (Note 9).		254,814
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet (Note 11):		
Other payables and long-term obligations	$ -	
Compensated absences (excluding Internal Service Funds)	(32,104)	
Capital lease obligations (excluding Internal Service Funds)	(1,983)	
Certificates of participation	(27,798)	
Bonds and notes payable (excluding Internal Service Funds)	(14,165)	
OPEB obligation (excluding Internal Service Funds)	(99,393)	
Net pension liability (excluding Internal Service Funds)	(752,688)	
Total long-term liabilities		(928,131)
Accrued interest on long-term debt		(207)
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 18).		45,948
Deferred inflows of resources (excluding Internal Service Funds) reported in the Statement of Net Position (Note 18).		(75,008)
		$ 7,722
(2) Internal Service Funds are used by management to charge the costs of information technology, reprographics and digital imaging services, vehicle operations and maintenance, risk management and insurance, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		$ 50,722
(3) Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year. Also included are immaterial rounding adjustments.		$ 578

4. Cash and Investments

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

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the County's total bank balance, $250 is insured by the Federal Depository Insurance Corporation. The remaining $63,961 on deposit is collateralized with securities held by the pledging financial institution's agent. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral.

At June 30, 2017, the carrying amount of the Pool's deposits was $70,127 and the corresponding bank balance was $64,211. The difference of $5,916 was principally due to deposits in transit.

Investments

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

The Investment Policy Statement provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the Treasurer's Investment Policy is more restrictive than State law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); and the investment pools managed by a Joint Powers Authority. As of June 30, 2017, all investments are in compliance with State law and with the investment policy.

Investments are stated at fair value. Fair value is established quarterly based on quoted market prices received from the securities custodian. Fair value of investments held fluctuates with interest rates. The fair value of participants' position in the Pool is the same as the value of the Pool shares. The value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

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

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

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

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

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments.

The Treasurer's Investment Policy sets specific parameters by type of investment to be met at the time of purchase. Commercial paper obligations and negotiable certificates of deposit shall be rated by at least two of the three major rating services at a minimum of F1 by Fitch, P-1 by Moody's and A-1 by Standard & Poor's (S&P). Corporate notes, with a maturity greater than three years, shall be rated at a minimum of AA by at least two of

the three major rating services. Corporate notes, with a maturity of three years or less, shall be rated at a minimum of AA- by at least two of the three major ratings services. Corporate Temporary Liquidity Guarantee Program (TLGP) notes shall be rated AAA by one of three major ratings services.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2017:

	Moody's	S&P	Fitch	% of Portfolio
Treasurer's Pooled Investments:				
CAMP	NR*	AAAm	NR*	5.61%
LAIF	NR*	NR*	NR*	4.87%
Government Agency Bonds and Notes	Aaa	NR*	AAA	52.05%
Government Agency Bonds and Notes	Aaa	NR*	NR*	19.64%
US Treasuries	Aaa	AA+	AAA	17.83%
Total Treasurer's Pooled Investments				100.00%

* Not Rated

Instruments in any one issuer that represent 5% or more of the County's investments as of June 30, 2017 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
Federal Home Loan Mortgage Corporation	Government Sponsored	$ 203,322	15.20%
Federal Home Loan Bank	Government Sponsored	262,475	19.64%
Federal Farm Credit Bank	Government Sponsored	335,263	25.08%
Federal National Mortgage Association	Government Sponsored	157,379	11.77%

Custodial Credit Risk

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

Interest Rate Risk

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

The fair value of investments generally changes with the fluctuations of interest rates. In a rising interest rate market, the fair value of investments could decline below original cost; conversely, when interest rates decline, the fair value of investments increases. The Treasurer believes liquidity in the portfolio is sufficient to meet cash flow needs for the next six months and will preclude the Treasurer from having to sell investments below amortized cost. At June 30, 2017, $55,542, or 4.15%, of the Pool was held in U.S. agency step-up notes. These securities grant the issuer the option to call the note on a certain specified date(s). On a certain date, or dates, the coupon rate of the note increases (steps up) by an amount specified at the inception of the note.

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

Investment income consisted of the following for the year ended June 30, 2017:

Investment earnings	$ 10,756
Net increase in fair value of investments	(4,201)
Administrative expenses	(1,859)
Net investment income	$ 4,696

The Treasurer may purchase securities at a discount from face value to earn higher than nominal rates of return. Under GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*," such discount, when realized, is considered a gain rather than interest.

The following is a summary of investments held by the County as of June 30, 2017:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments:					
CAMP	$ 75,000	$ 75,000	1.00%	On Demand	On Demand
LAIF	65,000	65,000	.91%	On Demand	On Demand
US Treasury Bills	5,000	4,969	.95%	2/18	215
US Treasury Notes	234,500	233,471	.50%-1.50%	7/17-6/21	462
Government agency bonds	184,550	183,985	.63%-1.57%	7/17-2/21	466
Government agency discount notes	408,274	406,861	Discount	7/17-6/18	112
Government agency bonds - callable	369,833	367,594	.75%-2.30%	11/17-2/22	891
Total pooled and directed investments	$ 1,342,157	1,336,880			
Investments held with fiscal agents:		5,746			
Cash in banks:					
Non-interest bearing deposits		70,213			
Cash on hand:		51			
Total cash and investments		$ 1,412,890			
Total unrestricted cash and investments		$ 1,371,600			
Total restricted cash and investments (Note 5)		41,290			
Total cash and investments		$ 1,412,890			
Total cash and investments summary:					
Total governmental activities		$ 348,590			
Total business-type activities		65,369			
Total discrete component unit activities		5,120			
Total fiduciary funds		993,811			
Total cash and investments		$ 1,412,890			

The following is a reconciliation between cash and investments and the Net Position of the Treasurer's investment pool as of June 30, 2017:

Total cash and investments	$	1,412,890
Less: investments held with fiscal agents		(5,746)
Less: cash on hand		(51)
Less: purchase interest		(86)
Add: cash and investment interest receivable		2,560
	$	1,409,567

The following represents a condensed Statement of Net Position and Changes in Net Position for the Treasurer's investment pool as of June 30, 2017:

Statement of Net Position		
Net position held in trust	$	1,409,567
Equity of internal pool	$	517,339
Equity of external pool participants (voluntary and involuntary)		892,228
Total equity	$	1,409,567
Statement of Changes in Net Position		
Net position held for pool participants, July 1, 2016	$	1,263,174
Net change in investments by pool		146,393
Net position held for pool participants, June 30, 2017	$	1,409,567

Additional detailed information and/or separately issued financial statements of the County Treasurer's Investment Pool can be obtained from the County Treasurer-Tax Collector's office located at 105 East Anapamu Street, Room 109, Santa Barbara, CA 93102.

Fair Value Measurements

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

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

The Pool has the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurements Using		
Investments by fair value level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
US Treasuries	$ 238,440	$ 238,440	$ --	$ --
Government agency bonds	183,985	--	183,985	--
Government agency discount notes	406,861	--	406,861	--
Government agency bonds - callable	367,594	--	367,594	--
Total investments measured at fair value	1,196,880	$ 238,440	$ 958,440	$ --
Investments measured at amortized cost				
CAMP	65,000			
LAIF	75,000			
Total pooled and directed investments	$ 1,336,880			

5. Restricted Cash and Investments

Cash and investments at June 30, 2017 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities		
General Fund		
Property tax loss reserve	$ 8,312	
Deposits by various developers	7,747	
Court ordered restitution funds	256	
Funds for disaster recovery	4	
Total General Fund		$ 16,319
Major Governmental Funds		
Energy efficiency loan loss reserve	1,989	
Capital projects funds	122	
Total major governmental funds		2,111
Nonmajor Governmental Funds		
Debt service reserves	1,185	
Clean water plan check trust	8	
Total nonmajor governmental funds		1,193
Internal Service Funds		
Funds for underground tank clean-up	10	
Total internal service funds		10
Total governmental activities		19,633
Business-type Activities		
Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 17)	17,278	
Financial assurance for landfill corrective action (see Note 17)	1,992	
Debt service reserves	778	
Financial assurance for UCSB Hazardous Household Waste Center corrective action	56	
Total Resource Recovery Fund		20,104
Laguna Sanitation Fund		
Financial assurance for landfill corrective action	125	
Total Laguna Sanitation Fund		125
Total business-type activities		20,229
Total restricted cash and investments*		$ 39,862

*Governmental and Business-type Activities do not include $1,428 of Fidicuary Private Purpose Trust Fund restricted cash and investments

6. Receivables

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

Note Receivable
The County has recorded a note receivable for governmental activities from the RDA Successor Agency Private-purpose Trust Fund. The total balance of the note receivable at June 30, 2017 is $12,655 and the amount not expected to be collected within the next fiscal year is $11,825.

Housing Loans Receivable and Housing Loans Interest Receivable
A total of $38,097 was recorded as housing loans receivable and a total of $7,851 was recorded as housing loans interest receivable at June 30, 2017. These represent low or no interest mortgage notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects, as well as homebuyer assistance for low income families, as part of the County's affordable housing program. Loan terms range from 15 to 55 years with interest rates from 0% to 6%. Loans, with a total principal balance of $3,245, contain a forgiveness clause and more than likely will not be repaid back to the County. The County's primary sources of funding for these loans come from grants from the federal HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) programs. The HOME and CDBG grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements. Due to the terms of the loans, offsetting deferred inflows of resources of $45,948 have been established in the Governmental Funds Balance Sheet for the housing loan principal and interest payments. Additionally, offsetting deferred inflows of resources of $3,593 have been established in the Statement of Net Position for the principal and interest balance of loans with a forgiveness clause.

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

- $5,452 for impounded disputed property taxes; and
- $200 deposit with the County's workers' compensation claims administrator.

7. Capital Assets

Capital asset activity for the year ended June 30, 2017 includes the following adjusted amounts:

	Balance July 1, 2016 *Restated	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2017
Governmental activities:					
Capital assets, non-depreciable:					
Land	$ 55,473	$ --	$ --	$ --	$ 55,473
Land easements	50,008	3,125	--	--	53,133
Service concession arrangements	40,057	425	--	--	40,482
Work in progress	52,019	44,185	(20,934)	--	75,270
Total capital assets, non-depreciable	197,557	47,735	(20,934)	--	224,358
Capital assets, depreciable/amortizable:					
Land improvements	28,974	550	--	--	29,524
Structures and improvements	269,483	1,885	--	--	271,368
Equipment and software	138,854	11,040	(5,034)	5	144,865
Infrastructure	372,951	15,426	--	--	388,377
Total capital assets, depreciable/amortizable	810,262	28,901	(5,034)	5	834,134
Less accumulated depreciation/amortization for:					
Land improvements	(7,705)	(751)	--	--	(8,456)
Structures and improvements	(110,169)	(6,083)	--	--	(116,252)
Equipment and software	(80,434)	(11,753)	4,725	(5)	(87,467)
Infrastructure	(111,801)	(5,877)	--	--	(117,678)
Total accumulated depreciation/amortization	(310,109)	(24,464)	4,725	(5)	(329,853)
Total capital assets, depreciable/amortizable, net	500,153	4,437	(309)	--	504,281
Sub-total governmental activities	697,710	52,172	(21,243)	--	728,639
Business-type activities:					
Capital assets, non-depreciable:					
Land	15,654	--	--	--	15,654
Work in progress	1,747	2,323	--	--	4,070
Total capital assets, non-depreciable	17,401	2,323	--	--	19,724
Capital assets, depreciable/amortizable:					
Land improvements	483	197	--	--	680
Structures and improvements	10,474	170	--	--	10,644
Equipment and software	30,116	2,330	(556)	--	31,890
Infrastructure	73,720	--	--	--	73,720
Total capital assets, depreciable/amortizable	114,793	2,697	(556)	--	116,934
Less accumulated depreciation/amortization for:					
Land improvements	(201)	(11)	--	--	(212)
Structures and improvements	(4,605)	(283)	--	--	(4,888)
Equipment and software	(15,017)	(1,797)	427	--	(16,387)
Infrastructure	(22,949)	(1,668)	--	--	(24,617)
Total accumulated depreciation/amortization	(42,772)	(3,759)	427	--	(46,104)
Total capital assets, depreciable/amortizable, net	72,021	(1,062)	(129)	--	70,830
Sub-total business-type activities	89,422	1,261	(129)	--	90,554
Total capital assets, net	$ 787,132	$ 53,433	$ (21,372)	$ --	$ 819,193
First 5 Santa Barbara County Component unit activities:					
Capital assets, depreciable/amortizable:					
Equipment and software	$ 51	$ --	$ (21)	$ (5)	$ 25
Less accumulated depreciation/amortization	(43)	(5)	21	5	(22)
Total capital assets, net	$ 8	$ (5)	$ --	$ --	$ 3

*As restated for Land, Land Easement, and Infrastructure (Note 26)

Capital assets activity for each major enterprise fund for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2017
Resource Recovery:					
Capital assets, non-depreciable:					
Land	$ 11,965	$ --	$ --	$ --	$ 11,965
Work in progress	--	145	--	--	145
Total capital assets, non-depreciable	11,965	145	--	--	12,110
Capital assets, depreciable/amortizable:					
Structures and improvements	3,175	--	--	--	3,175
Equipment and software	21,673	2,184	(352)	--	23,505
Infrastructure	46,997	--	--	--	46,997
Total capital assets, depreciable/amortizable	71,845	2,184	(352)	--	73,677
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,849)	(77)	--	--	(1,926)
Equipment and software	(11,068)	(1,381)	262	--	(12,187)
Infrastructure	(13,464)	(1,080)	--	--	(14,544)
Total accumulated depreciation/amortization	(26,381)	(2,538)	262	--	(28,657)
Total capital assets, depreciable/amortizable, net	45,464	(354)	(90)	--	45,020
Sub-total Resource Recovery	57,429	(209)	(90)	--	57,130
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	3,689	--	--	--	3,689
Work in progress	1,747	2,178	--	--	3,925
Total capital assets, non-depreciable	5,436	2,178	--	--	7,614
Capital assets, depreciable/amortizable:					
Land improvements	483	197	--	--	680
Structures and improvements	7,299	170	--	--	7,469
Equipment and software	8,443	146	(204)	--	8,385
Infrastructure	26,723	--	--	--	26,723
Total capital assets, depreciable/amortizable	42,948	513	(204)	--	43,257
Less accumulated depreciation/amortization for:					
Land improvements	(201)	(11)	--	--	(212)
Structures and improvements	(2,756)	(206)	--	--	(2,962)
Equipment and software	(3,949)	(416)	165	--	(4,200)
Infrastructure	(9,485)	(588)	--	--	(10,073)
Total accumulated depreciation/amortization	(16,391)	(1,221)	165	--	(17,447)
Total capital assets, depreciable/amortizable, net	26,557	(708)	(39)	--	25,810
Sub-total Laguna Sanitation	31,993	1,470	(39)	--	33,424
Total capital assets, net - business-type activities	$ 89,422	$ 1,261	$ (129)	$ --	$ 90,554

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, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers & Adjustments, net	Balance June 30, 2017
Internal Service Funds:					
Capital assets, depreciable/amortizable:					
Structures and improvements	$ 2,606	$ --	$ --	$ --	$ 2,606
Equipment and software	59,152	7,655	(2,910)	--	63,897
Total capital assets, depreciable/amortizable	61,758	7,655	(2,910)	--	66,503
Less accumulated depreciation/amortization for:					
Structures and improvements	(1,015)	(66)	--	--	(1,081)
Equipment and software	(31,468)	(5,482)	2,706	--	(34,244)
Total accumulated depreciation/amortization	(32,483)	(5,548)	2,706	--	(35,325)
Total capital assets, net - internal service funds	$ 29,275	$ 2,107	$ (204)	$ --	$ 31,178

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

	Depreciation/ Amortization (excluding ISF)	ISF Depreciation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	$ 537	$ 102	$ 639
Public safety	4,927	2,726	7,653
Health & public assistance	2,729	1,404	4,133
Community resources & public facilities	7,905	893	8,798
General government & support services	2,745	423	3,168
General county programs	73	--	73
Sub-total governmental activities	18,916	5,548	24,464
Business-type activities:			
Resource Recovery	2,538	--	2,538
Laguna Sanitation	1,221	--	1,221
Sub-total business-type activities	3,759	--	3,759
Total depreciation expense	$ 22,675	$ 5,548	$ 28,223

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

Work in progress at June 30, 2017 consists of the following projects for the primary government:

Governmental activities:		
Capital Outlay projects:		
North County jail	$ 31,650	
Other projects (individually less than $500)	2,322	
		$ 33,972
Roads projects:		
Sandspit Road bridge	5,590	
Floridale Avenue bridge	1,162	
Foothill Road Low Water Crossing replacement	1,160	
Fernald Point bridge	876	
Bonita School Road Bridge	832	
San Jose Bike Path	590	
Other projects (individually less than $500)	3,052	
		13,262
Flood Control projects:		
Mission Creek Corps project	20,857	
Unit II Channel Improvements	1,277	
Other projects (individually less than $500)	1,196	
		23,330
General Fund projects		3,379
Public Health projects		928
Other projects (individually less than $500)		399
Sub-total governmental activities		75,270
Business-type activities:		
Laguna Sanitation projects		3,925
Resource Recovery projects		145
Sub-total business-type activities		4,070
Total work in progress		$ 79,340

8. Service Concession Arrangements (SCA)

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

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

The County has determined that the following arrangements meet the criteria set forth above (where the County is the transferor) and therefore included these SCAs in the County's financial statements. GASB 60 also provides

guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as such an operator.

Boathouse Restaurant

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

Cachuma Store and Marina

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

Santa Barbara County Bowl

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

Beachside Restaurant

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

Jalama Beach Store

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

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

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Minimum Installment Payment (per month)	Revenue Sharing
Boathouse Restaurant	2/1/2008	10 years	12/31/2017	$ 16	10% gross sales; 1.47% on income over $3.8 million
Jalama Beach Store	1/1/2008	10 years	12/31/2017	3	8% of gross sales
Beachside Restaurant	3/25/1985	37 years	3/31/2022	2	6% of gross sales
Cachuma Store and Marina	3/6/2012	10 years	3/5/2022	--	10% of marina gross sales; 7% of store gross sales
Santa Barbara County Bowl	6/1/2011	45 years	5/31/2056	--	$0.50 per ticket sold up to $50,000 per concert season
				$ 21	

Capital assets balances for each SCA for the year ended June 30, 2017 and over the term of the agreement are as follows:

	Balance July 1, 2016	Additions/ Restatements	Balance June 30, 2017
Structures & Structure Improvements			
Santa Barbara County Bowl	$ 36,548	$ 425	$ 36,973
Boathouse Restaurant	1,698	--	1,698
Beachside Restaurant	568	--	568
Jalama Beach Store	55	--	55
Sub-total Structures & Structure Improvements	38,869	425	39,294
Land			
Santa Barbara County Bowl	1,188	--	1,188
Sub-total Land Improvements	1,188	--	1,188
Total SCA Capital Asset Balance	$ 40,057	$ 425	$ 40,482

The deferred inflows of resources activity for each SCA for year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions/ Restatements	Deletions/ Amortization (1)	Balance June 30, 2017
SCA Capital Assets (1):				
Santa Barbara County Bowl	$ 33,919	$ 425	$ (862)	33,482
Boathouse Restaurant	444	--	(314)	130
Beachside Restaurant	332	--	(59)	273
Jalama Beach Store	16	--	(12)	4
Sub-total SCA capital assets	34,711	425	(1,247)	33,889
Present Value of Installment Payments (2):				
Boathouse Restaurant	273	--	(181)	92
Beachside Restaurant	100	--	(17)	83
Jalama Beach Store	51	--	(34)	17
Sub-total present value of installment payments	424	--	(232)	192
Total deferred inflows	$ 35,135	$ 425	$ (1,479)	$ 34,081

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

9. Deferred Outflows of Resources

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

The County has two items that are reportable on the Governmentwide Statement of Net Position. The first item relates to outflows from changes in the net pension liability (Note 23). The second item relates to Social Services benefit payments that have met all requirements other than timing. The advanced funding related to the benefit payments are reported as Advances from Grantors and Third Parties (Note 10); any early issuance of benefit payments are reported as a deferred outflow of resources. In addition, deferred outflows of resources that are reported in the proprietary funds are included in the Governmentwide Statement of Net Position.

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

Deferred outflows of resources balances for the year ended June 30, 2017 were as follows:

Governmentwide Deferred Outflows of Resources		
Governmental Activities		
Social Services	$	551
Pensions		258,709
Total Governmental Activities		259,260
Business-type Activities		
Pensions		4,636
Total Business-type Activities		4,636
Total Governmentwide Deferred Outflows of Resources	$	263,896
Governmental Funds Deferred Outflows of Resources		
Social Services Fund		
Social Services	$	551
Total Governmental Fund Deferred Outflows of Resources	$	551

10. Advances from Grantors and Third Parties

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

At June 30, 2017, the various components of advances from grantors and third parties reported are as follows:

	Advances
General Fund:	
Camping and day use fees	$ 1,302
Property Tax Loss Reserves	16
Total General Fund	1,318
Roads Fund:	
Farmworker fare revenue	4,725
Advances from California Department of Transportation for road projects	1,328
Developer mitigation fees	--
Total Roads Fund	6,053
Social Services Fund:	
Grant drawdowns prior to meeting eligibility requirements	18,037
Behavioral Wellness Fund:	
Early, periodic, screening, diagnosis, and treatment	134
Mental Health Services Act capital/information technology	93
Total Behavioral Wellness Fund	227
Affordable Housing Fund:	
Advances on state & federal grants for Affordable Housing	2,485
Fire Protection District Fund:	
Fire district mitigation fees	595
Capital Projects Fund:	
Developer mitigation fees	6,130
Nonmajor Governmental Funds:	
Advances on state & federal grants for Child Support Services	40
Total advances from grantors and third parties	$ 34,885

11. Long-Term Liabilities

Changes in Long-term Liabilities

The long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental activities:					
Capital lease obligations	$ 2,351	$ --	$ (368)	$ 1,983	$ 346
Certificates of participation (COP)	28,818	--	(903)	27,915	934
Unamortized premium on COP	9	--	(4)	5	--
Unamortized discount on COP	(134)	--	12	(122)	--
Bonds and notes payable	20,690	--	(2,945)	17,745	3,015
Compensated absences	33,503	29,605	(30,255)	32,853	29,591
Liability for self-insurance claims	21,352	9,386	(11,156)	19,582	5,652
Estimated litigation liability	160	--	(160)	--	--
OPEB obligation	98,742	2,486	--	101,228	--
Net pension liability	661,686	102,508	--	764,194	--
Other long-term liabilities	2,266	624	(1,821)	1,069	--
Sub-total governmental activities	869,443	144,609	(47,600)	966,452	39,538
Business-type activities:					
Certificates of participation	5,280	--	(752)	4,528	775
Unamortized premium on COP	43	--	(17)	26	--
Bonds and notes payable	6,704	--	(774)	5,930	791
Compensated absences	714	659	(672)	701	667
Landfill closure/postclosure care costs	27,396	2,748	(899)	29,245	1,850
OPEB obligation	2,101	33	--	2,134	--
Net pension liability	11,758	1,936	--	13,694	--
Sub-total business-type activities	53,996	5,376	(3,114)	56,258	4,083
Total long-term liabilities	$ 923,439	$ 149,985	$ (50,714)	$ 1,022,710	$ 43,621
First 5 Santa Barbara County Component unit activities:					
Compensated absences	$ 73	$ 100	$ (79)	$ 94	$ 79
OPEB obligation	367	4	--	371	--
Net pension liability	1,808	338	--	2,146	--
Total long-term liabilities	$ 2,248	$ 442	$ (79)	$ 2,611	$ 79

The long-term liability activity for each major enterprise fund for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Resource Recovery:					
Certificates of participation	$ 5,280	$ --	$ (752)	$ 4,528	$ 775
Unamortized premium on COP	43	--	(17)	26	--
Compensated absences	594	518	(539)	573	539
Landfill closure/postclosure care costs	27,396	2,748	(899)	29,245	1,850
OPEB obligation	1,706	21	--	1,727	--
Net pension liability	9,590	1,403	--	10,993	--
Sub-total Resource Recovery	44,609	4,690	(2,207)	47,092	3,164
Laguna Sanitation:					
Bonds and notes payable	6,704	--	(774)	5,930	791
Compensated absences	120	141	(133)	128	128
OPEB obligation	395	12	--	407	--
Net pension liability	2,168	533	--	2,701	--
Sub-total Laguna Sanitation	9,387	686	(907)	9,166	919
Total long-term liabilities - business-type activities	$ 53,996	$ 5,376	$ (3,114)	$ 56,258	$ 4,083

In governmental activities, the liability for the majority of employee compensated absences, litigation, other postemployment benefit (OPEB) obligations, and net pension are liquidated by the General Fund. The self-insurance claims liability is reported in the risk management and insurance internal service fund and will be liquated by that fund.

Internal Service Funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of the totals for governmental activities. The long-term liability activity for the Internal Service Funds for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Internal Service Funds:					
Compensated absences	$ 779	$ 529	$ (559)	$ 749	$ 559
Bonds and notes payable	3,920	--	(340)	3,580	345
Liability for self-insurance claims	21,352	9,386	(11,156)	19,582	5,652
OPEB obligation	1,798	37	--	1,835	--
Net pension liability	10,005	1,501	--	11,506	--
Total long-term liabilities - Internal Service Funds	$ 37,854	$ 11,453	$ (12,055)	$ 37,252	$ 6,556

Rebateable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and found that the County had no rebateable arbitrage liability at June 30, 2017.

Governmental Activities - Conduit Debt

Fixed Rate Obligation – Montecito Retirement Association

In March 2004, the County issued conduit debt in the form of certificates of participation (COP) under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. This was done on behalf of the Montecito Retirement Association (Association). These funds were used to finance the construction of facilities in the County, to finance certain equipment used by the Association in its operations, and to refund other debt held by the Association.

In March 2012, the County issued new conduit debt in the form of a fixed rate obligation held by Santa Barbara Bank & Trust. These funds were used to refund the Association's 2004 COP obligations. This debt does not represent a liability of the County, as the County is not obligated in any manner for the debt. Accordingly, it is not reported as a liability in the accompanying financial statements. As of June 30, 2017, the conduit debt principal amount outstanding was $9,276.

12. Leases

Operating Leases as Lessee

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2017

Year Ending June 30,	Amount
2018	$ 321
2019	251
2020	184
2021	87
Total minimum rental payments	$ 843

The values in the table above reflect rent in the current year. One lease included in these amounts has future rent that is subject to cost of living adjustments (COLA) on January 1st of each year for the term of the lease. COLA adjustments for this lease will utilize the November Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers for Los Angeles-Riverside-Orange Counties.

Total rental expenditure/expense for the year ended June 30, 2017 was $3,408, of which $386 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, 2017, the building had a carrying amount of $4,564, net of accumulated depreciation of $1,604.

The County as lessor also leases sections of the Public Health building to the Veterans Affairs (VA) Clinic under an operating lease with a term of October 2007 through September 2017. The original cost of the VA Clinic was $891. As of June 30, 2017, the building had a carrying amount of $292, net of accumulated depreciation of $599.

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, 2017:

Year Ending June 30,	Amount
2018	$ 524
2019	425
2020	362
2021	312
2022	312
2023-2027	1,561
2028-2032	1,508
Total minimum rentals to be received	$ 5,004

As of the year ended June 30, 2017, total rental income was $765 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, 2017:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2018	$ 346	$ 102
2019	324	84
2020	238	66
2021	143	56
2022	150	49
2023-2027	782	110
Total present value of minimum lease payments	$ 1,983	$ 467

The following is a schedule of capital assets acquired through capital leases as of June 30, 2017:

	Governmental Activities
Land	$ 1,283
Structures and improvements	3,611
Equipment	10
Total capital assets, gross	4,904
Less: accumulated amortization	(1,027)
Total capital assets, net, acquired through capital leases	$ 3,877

The current year's amortization related to capital assets under capital leases for governmental activities was $121 and is included in the Governmental activities depreciation/amortization of $24,464.

13. Certificates of Participation (COP)

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

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

In FY 09-10, the County issued $14,935 of taxable COP debt classified as Recovery Zone Economic Development Bonds (RZEDB) for purposes of the American Recovery and Reinvestment Act (ARRA). Pursuant to the ARRA, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable. The County received a subsidy of $390 during the current fiscal year.

A summary of COP principal outstanding as of June 30, 2017 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2017
Governmental activities:					
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	$ 17,000	$ 12,655
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	884	325
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	14,935
Sub-total governmental activities				32,819	27,915
Business-type activities:					
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,600	3,485
2010 Capital Improvements	3.00-5.00	6/10/2010	12/1/2019	2,821	1,043
Sub-total business-type activities				9,421	4,528
Total COP principal outstanding				$ 42,240	$ 32,443

The following is a schedule of total COP debt service requirements to maturity as of June 30, 2017:

	Governmental Activities		Business-type Activities	
Year Ending June 30,	Principal	Interest	Principal	Interest
2018	$ 934	$ 1,492	$ 775	$ 175
2019	974	1,454	806	145
2020	1,008	1,414	837	110
2021	1,430	1,358	495	81
2022	1,485	1,286	515	60
2023-2027	8,409	5,202	1,100	50
2028-2032	5,970	3,073	--	--
2033-2037	3,990	1,802	--	--
2038-2042	3,715	474	--	--
Sub-total	27,915	17,555	4,528	621
Unamortized premium	5	--	26	--
Unamortized discount	(122)	--	--	--
Total COP debt, net	$ 27,798	$ 17,555	$ 4,554	$ 621

14. Bonds and Notes Payable

Governmental Activities (Excluding Internal Service Funds)

Bonds Payable

On September 27, 2011, the County issued $16,945 of tax-exempt bonds payable at an interest rate of 2.10%, and used the proceeds to refund the County's 2001 COP debt.

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

The bonds payable outstanding at June 30, 2017 is $14,165. The following is the repayment schedule as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	$ 2,670	$ 296	$ 2,966
2019	2,730	237	2,967
2020	2,790	177	2,967
2021	2,845	115	2,960
2022	1,020	73	1,093
2023-2027	2,110	74	2,184
Total bonds payable	$ 14,165	$ 972	$ 15,137

Internal Service Funds

Photovoltaic Solar Energy Facility Qualified Energy Conservation Bonds

On September 27, 2011, the County issued $5,250 of Qualified Energy Conservation Bonds (QECB) at an interest rate of 4.08% per annum. The proceeds were used to acquire a photovoltaic solar energy facility for the County's Calle Real campus.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.55%; therefore, the County will receive a Treasury subsidy of 70% of 4.55%, or approximately $1,395 over the life of the bonds, resulting in a true interest cost of 0.94%. These bonds will be repaid from the Utilities Fund.

The Calle Real solar facility bonds payable outstanding at June 30, 2017 is $3,580. The following is the repayment schedule as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	$ 345	$ 139	$ 484
2019	345	125	470
2020	350	111	461
2021	355	96	451
2022	355	82	437
2023-2027	1,830	188	2,018
Total bonds payable	$ 3,580	$ 741	$ 4,321

Business-Type Activities

Laguna Sanitation Wastewater Treatment Plant Note Payable

On August 16, 2001, the Laguna County Sanitation District (Laguna Sanitation) entered into a financing contract with the State of California (State) for the construction of a Total Dissolved Solids and Recycled Water Treatment Plant. Under the contract, the State made fifteen disbursements totaling $9,150 to Laguna Sanitation during the period of February 2002 through June 2003. Repayment of the note commenced in July 2004 and will continue through July 2023. Note payments are due on July 1st of each year; as such, these payments are regularly made in June of the prior fiscal year. The interest rate on the note is 2.40% per annum.

The note payable outstanding at June 30, 2017 is $3,289. The following is the repayment schedule as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	$ 516	$ 79	$ 595
2019	529	67	596
2020	541	54	595
2021	554	41	595
2022	568	28	596
2023-2027	581	14	595
Total note payable	$ 3,289	$ 283	$ 3,572

Laguna Sanitation Qualified Energy Conservation Bonds

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

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was

4.95%; therefore, the District will receive a Treasury subsidy of 70% of 4.95%, or $1,162 over the life of the bonds, resulting in a true interest cost of 1.97%.

The Laguna Sanitation QECB bonds payable outstanding at June 30, 2017 is $2,641. The following is the repayment schedule as of June 30, 2017:

Year Ending June 30,	Principal	Interest	Total
2018	$ 275	$ 135	$ 410
2019	275	121	396
2020	280	106	386
2021	285	91	376
2022	295	76	371
2023-2027	1,231	147	1,378
Total bonds payable	$ 2,641	$ 676	$ 3,317

15. Self-insurance

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

For general liability, medical malpractice, and workers' compensation claims, excess coverage is provided by the California State Association of Counties Excess Insurance Authority (Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its members, which include 93% of the counties in California and nearly 60% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. A Board of Directors consisting of representatives from its members governs the Authority. The County's aggregate annual premium, including property insurance, paid to the Authority for the year ended June 30, 2017, was $18,149. The Authority issues its own audited Comprehensive Annual Financial Report which can be obtained from the Authority located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

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

Type of Coverage	Self-Insurance Limit	Authority Limit
General Liability	$ 500	$ 35,000
Medical Malpractice**	$ --	$ 21,500
Workers' Compensation*	$ --	Statutory

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

**Effective October 1, 2014, the County obtained first dollar Medical Malpractice coverage through the Authority's Primary Medical Malpractice program. Claims for injuries prior to that date are covered under the Authority's Excess Insurance program.

The County purchases property insurance through the Authority from commercial insurance companies via a pool comprised of a majority of California counties and other California Public Agencies. The County is insured up to $600,000 for All Risk coverage, and up to $490,000 for Flood and Earthquake coverages. All property damage risks are covered on a per occurrence basis and insured at full replacement values up to the policy limits. Deductibles per occurrence are $10 for fire or other property damage, and $25 for flood. The earthquake deductible is 5% of total values per separate building per occurrence, subject to a $100 minimum.

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

The unpaid claims liabilities included in the risk management self-insurance internal service funds are based on the results of actuarial studies and include amounts for claims incurred but not reported and adjustment expenses. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. General liability, workers' compensation, and medical malpractice liabilities are carried at present value using a discount rate of 1%. It is the County's practice to annually obtain full actuarial studies for general liability, medical malpractice, and workers' compensation coverages. Premiums are charged to departments using various allocation methods that include actual costs, trends in claims experience, and payroll costs. Premiums charged annually are established such that, when added with cash reserves on hand, adequate resources are provided to meet liabilities as they come due.

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

	Fiscal Year Ended	
	June 30, 2016	June 30, 2017
Unpaid claims, beginning of year	$ 24,242	$ 21,352
Incurred claims	10,407	9,386
Claim payments	(13,297)	(11,156)
Unpaid claims, end of year	$ 21,352	$ 19,582

16. Commitments and Contingencies

Litigation

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 $14,746. The County intends to vigorously defend itself against these lawsuits. The aggregate amount of the uninsured liabilities of the County and the timing of any anticipated payments which may result from such claims will not, in the opinion of County Counsel, significantly affect the financial condition of the County.

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Although the County's federal grant programs are audited in accordance with the requirements of the U.S. Office of Management and Budget Uniform Guidance 2 CFR Part 200, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial, with the exception of the Behavioral Wellness Fund.

Behavioral Wellness Fund

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

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

In past years this cost report settlement and audit process resulted in significant settlements with the State Department of Mental Health and now its successor agency DHCS. The County currently estimates a potential liability exposure of up to $1.1 million for outstanding issues with the State of California. The settlement and payment of these liabilities could span a five to ten year period. These liabilities have been recorded as other long-term liabilities payable in the Behavioral Wellness Fund.

Santa Barbara County Redevelopment Successor Agency

In accordance with Assembly Bill (AB) 1X 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. It is reasonably possible that the State Department of Finance could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule. The range of potential loss of revenue to pay these obligations is between $0 and $20,000 over the remaining life of the Successor Agency (15 years).

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately $283,067 will be payable upon future performance under these contracts, including $89,857 in contracts for the Northern Branch Jail.

17. Landfill Closure and Postclosure

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

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

The $29,245 reported as landfill closure and postclosure care liability at June 30, 2017, represents the cumulative amount reported to date based on the estimated percentages of used capacity of the landfills as follows:

Landfill	Capacity Used	Remaining Years	Remaining Postclosure Years
Tajiguas	84%	10	Open
Foxen Canyon	95%	closed	22
New Cuyama	100%	closed	12

The County will recognize the remaining estimated cost of closure and postclosure care of $4,885 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and postclosure care in 2017. The County expects to close the Tajiguas landfill in the year 2026. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions and/or provide an alternative funding mechanism to finance closure and postclosure care. The County is in compliance with these requirements, and, at June 30, 2017, restricted cash and investments of $19,270 are held for these purposes. These are reported as restricted assets on the balance sheet (see Note 5).

Restricted cash for closure, postclosure, and corrective action financial assurances costs at June 30, 2017 is comprised of the following:

Landfill	Closure Cost	Postclosure Cost	Corrective Action Cost	Total Restricted Cash
Tajiguas	$ 16,387	$ 239	$ 992	$ 17,618
Foxen Canyon	--	535	293	828
New Cuyama	--	117	707	824
Total	$ 16,387	$ 891	$ 1,992	$ 19,270

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

18. Deferred Inflows of Resources

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

The County has three items that are reportable on the Governmentwide Statement of Net Position: the first item relates to the assets and future installment payments of the Service Concession Arrangements (Note 8), the second item relates to the principal balance of the loans with a forgiveness clause included in the housing loan receivable amount (Note 6), and the last item relates to inflows from changes in the net pension liability (Note 23). Additionally, deferred inflows of resources that are reported in the proprietary funds are included in the Governmentwide Statement of Net Position.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include additional deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period. The County has two items that are reportable on the Governmental Fund Balance Sheet: the first of these items relates to the total housing loan principal and interest receivable amount (Note 6) and the second relates to miscellaneous earned but unavailable revenue due to prior year Medi-Cal Settlement payments (Note 6).

Deferred inflows of resources balances for the year ended June 30, 2017 were as follows:

Governmentwide Deferred Inflows of Resources		
Governmental Activities		
Service Concession Arrangements	$	34,081
Housing Loan Payments		3,593
Pensions		37,905
Total Governmental Activities		75,579
Business-type Activities		
Pensions		679
Total Business-type Activities		679
Total Governmentwide Deferred Inflows of Resources	$	76,258
Governmental Funds Deferred Inflows of Resources		
Affordable Housing Fund		
Housing Loan Payments		45,948
Debt Subsidy		-
Total Governmental Fund Deferred Inflows of Resources	$	45,948

19. Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2017 is as follows:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
Nonspendable in form:											
Teeter Tax Losses	$ 8,296	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 8,296
Receivables	5,273	--	--	--	--	130	--	1,735	--	77	7,215
Prepaids/Deposits	50	--	--	--	--	--	--	--	--	--	50
Total nonspendable fund balance	13,619	--	--	--	--	130	--	1,735	--	77	15,561
Restricted for:											
Purpose of Fund	1,224	18,441	978	2,316	4,995	54,516	5,564	20,027	--	17,545	125,606
Health Care Programs	--	--	20,231	--	--	--	--	--	--	--	20,231
Allocated for Capital Outlay	1	--	--	--	--	13,376	--	2,657	--	726	16,760
Local Realignment 2011	12,096	--	--	--	705	--	--	--	--	--	12,801
MHSA Prudent Reserve	--	--	--	--	2,023	--	--	--	--	--	2,023
P&D Offsite Mitigation	2,011	--	--	--	--	--	--	--	--	--	2,011
Public Safety Prop 172	1,881	--	--	--	--	--	--	--	--	--	1,881
Recorder Modernization	1,834	--	--	--	--	--	--	--	--	--	1,834
Housing Trust Funds	--	--	--	--	--	--	1,790	--	--	--	1,790
Sheriff Categorical Grants	1,747	--	--	--	--	--	--	--	--	--	1,747
DMV/Livescan	--	--	--	--	--	--	--	--	1,735	--	1,735
Probation YOBG	1,729	--	--	--	--	--	--	--	--	--	1,729
Recorder Operations	1,304	--	--	--	--	--	--	--	--	--	1,304
Donations	237	--	--	32	--	--	--	--	--	1,019	1,288
PHD Special Projects	277	--	929	--	--	--	--	--	--	--	1,206
Debt Service	--	--	--	--	--	--	--	--	--	1,200	1,200
Hollister Ranch Public Access	--	--	--	--	--	--	--	--	--	1,000	1,000
FY 12/13,13/14 Operating Plans	--	--	591	--	67	201	12	--	--	101	972
Probation LESF/COPS	907	--	--	--	--	--	--	--	--	--	907
Alcoholism Programs	--	--	--	--	893	--	--	--	--	--	893
Los Prietos Donation	640	--	--	--	--	--	--	--	--	--	640
Maintenance-Casa Nueva Bldg	633	--	--	--	--	--	--	--	--	--	633
Forfeiture Penalty	529	--	--	--	--	--	--	--	--	--	529
Public Arts Program	514	--	--	--	--	--	--	--	--	--	514
Assessor AB818	504	--	--	--	--	--	--	--	--	--	504
Measure A Roads Funds	--	458	--	--	--	--	--	--	--	--	458
GATV Infrastructure	436	--	--	--	--	--	--	--	--	--	436
Survey Monument	378	--	--	--	--	--	--	--	--	--	378
Recorder Micrographics	363	--	--	--	--	--	--	--	--	--	363
Gaviota Bikeway	324	--	--	--	--	--	--	--	--	--	324
District Attorney Programs	307	--	--	--	--	--	--	--	--	--	307
Recorder Redaction	253	--	--	--	--	--	--	--	--	--	253
Consumer/Environmental	251	--	--	--	--	--	--	--	--	--	251
ADP SAPT Block Grant Set-Aside	--	--	--	--	250	--	--	--	--	--	250
Dispute Resolution	--	--	--	--	--	--	--	--	--	249	249
CalVet Subvention Program	203	--	--	--	--	--	--	--	--	--	203
Drug Abuse Programs	--	--	--	--	178	--	--	--	--	--	178
Weights and Measures	150	--	--	--	--	--	--	--	--	--	150
Probation Programs	149	--	--	--	--	--	--	--	--	--	149
Vital Records	149	--	--	--	--	--	--	--	--	--	149
State Off Hwy Fee	147	--	--	--	--	--	--	--	--	--	147
DSS Childrens Trust	--	--	--	136	--	--	--	--	--	--	136
Recorder ERDS	134	--	--	--	--	--	--	--	--	--	134
COP Proceeds	--	--	--	--	--	--	--	--	122	--	122
Animal Control Programs	99	--	--	--	--	--	--	--	--	--	99
Parks Projects	--	--	--	--	--	--	--	--	24	61	85
Real Estate Fraud	78	--	--	--	--	--	--	--	--	--	78
DARE	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	--	1	3	15	5	--	--	--	--	1	25
	31,529	18,900	22,732	2,499	9,116	68,093	7,366	22,684	1,881	21,902	206,702

A detailed schedule of fund balances at June 30, 2017 continued:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
Committed to:											
Strategic Reserve	30,866	--	--	--	--	--	--	--	--	--	30,866
Purpose of Fund	1,105	--	--	1,632	--	--	--	--	15,891	1,229	19,857
Health Care Programs	--	--	8,241	--	--	--	--	--	--	--	8,241
New Jail Operations	7,836	--	--	--	--	--	--	--	--	--	7,836
General Services Projects	941	--	--	--	--	--	--	--	2,164	--	3,105
Clerk Record Assessor Projects	1,795	--	--	--	--	--	--	--	--	--	1,795
Auditor Systems Maint/Develop	1,756	--	--	--	--	--	--	--	--	--	1,756
Emerging Issues	1,748	--	--	--	--	--	--	--	--	--	1,748
Parks Projects	800	--	--	--	--	--	--	--	891	--	1,691
County Executive Programs	1,370	--	--	--	--	--	--	--	--	--	1,370
Sheriff Projects	439	--	--	--	--	--	--	--	812	--	1,251
Program Stabilization	1,250	--	--	--	--	--	--	--	--	--	1,250
Assr Prop Sys Maint/Develop	1,135	--	--	--	--	--	--	--	--	--	1,135
Planning/Development Projects	1,090	--	--	--	--	--	--	--	--	--	1,090
Elections Voting Equipment	916	--	--	--	--	--	--	--	--	--	916
Human Resources Programs	909	--	--	--	--	--	--	--	--	--	909
P&D Land Use System	894	--	--	--	--	--	--	--	--	--	894
Litigation	819	--	--	--	--	--	--	--	--	--	819
Treas Tax Collector Projects	709	--	--	--	--	--	--	--	--	--	709
Accumulated Capital Outlay	700	--	--	--	--	--	--	--	--	--	700
Mental Health	686	--	--	--	--	--	--	--	--	--	686
General County Programs	585	--	--	--	--	--	--	--	--	--	585
District Attorney Programs	492	--	--	--	--	--	--	--	--	--	492
Housing Programs	338	--	--	--	--	--	--	--	--	--	338
North County Jail Contingency	302	--	--	--	--	--	--	--	--	--	302
Public Defender Programs	221	--	--	--	--	--	--	--	--	--	221
Rental Maintenance	151	--	--	--	--	--	--	--	--	--	151
Probation Programs	94	--	--	--	--	--	--	--	--	--	94
Ag Commissioner Projects	68	--	--	--	--	--	--	--	--	--	68
Contingencies	49	--	--	--	--	--	--	--	--	--	49
Building & Safety Permitting	40	--	--	--	--	--	--	--	--	--	40
Maintenance-Montecito Com Hall	22	--	--	--	--	--	--	--	--	--	22
Imprest Cash	22	--	--	--	--	--	--	--	--	--	22
Maintenance Policy 18%	7	--	--	--	--	--	--	--	--	--	7
Facilities Maintenance	6	--	--	--	--	--	--	--	--	--	6
Tobacco Settlement	--	--	4	--	--	--	--	--	--	--	4
	60,161	--	8,245	1,632	--	--	--	--	19,758	1,229	91,025
Unassigned fund balance:	7,761	--	--	--	--	--	--	--	--	--	7,761
Total fund balances	$ 113,070	$ 18,900	$ 30,977	$ 4,131	$ 9,116	$ 68,223	$ 7,366	$ 24,419	$ 21,639	$ 23,208	$ 321,049

20. Restricted Component of Net Position

The restricted component of net position are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

The restricted component of net position at June 30, 2017 for governmental activities is as follows:

Restricted for Policy and Executive:		
County Executive Office	$ 436	
		$ 436
Restricted for Public Safety:		
Fire Protection District	24,418	
Probation	15,817	
Sheriff	7,080	
District Attorney	1,257	
Public Defender	272	
Trial Courts	249	
		49,093
Restricted for Health & Public Assistance:		
Public Health	24,268	
Behavioral Wellness	9,116	
Social Services	2,605	
Child Support Services	422	
		36,411
Restricted for Community Resources & Public Facilities:		
Flood Control District	68,222	
Housing	49,721	
Roads	18,900	
Water Agency	7,156	
County Service Areas	3,494	
Other	2,522	
Planning and Development	2,476	
Parks	1,623	
Coastal Resources Enhancement	409	
		154,523
Restricted for General Government & Support Services:		
Clerk-Recorder-Assessor	4,541	
General Services	1,060	
Other	203	
		5,804
Restricted for General County Programs:		
Other	15,077	
Public and Educational Access	2,259	
Criminal Justice and Courthouse Construction	1,016	
		18,352
Total restricted component of net position - governmental activities		$ 264,619

Included in governmental activities restricted net position at June 30, 2017 is net position restricted by enabling legislation of $811.

21. Interfund Transactions

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Behavioral Wellness	$ 9,956
Social Services	IHSS Public Authority	829
General Fund	Criminal Justice Construction	375
Criminal Justice Construction	General Fund	321
General Fund	Social Services	32
General Fund	Affordable Housing	9
General Fund	Public and Educational Access	4
Court Operations	Criminal Justice Construction	3
Court Operations	General Fund	3
Court Operations	Courthouse Construction	3
Total due to/from other funds		$ 11,535

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

Advances to/from other funds at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General	Resource Recovery Enterprise	$ 1,759

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

Transfers

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

Transfers to/from other funds at June 30, 2017 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	$ 14,624	Capital Projects
	Nonmajor Governmental Funds	9,771	General Fund Contribution
	Social Services Fund	8,424	General Fund Contribution
	Public Health Fund	7,438	General Fund Contribution
	Behavioral Wellness Fund	6,821	General Fund Contribution
	Behavioral Wellness Fund	3,295	Other
	Roads Fund	3,112	General Fund Contribution
	Nonmajor Governmental Funds	2,464	Debt Service
	Roads Fund	1,750	Capital Projects
	Nonmajor Governmental Funds	571	Other
	Fire Protection District Fund	556	General Fund Contribution
	Fire Protection District Fund	207	Other
	Internal Service Funds	95	Vehicles
	Behavioral Wellness Fund	15	Capital Projects
	Social Services Fund	7	Other
		59,150	
Public Health Fund	General Fund	1,462	Other
	Behavioral Wellness Fund	314	Other
	General Fund	209	Debt Service
	Capital Projects Fund	56	Capital Projects
	Social Services Fund	10	Other
		2,051	
Social Services Fund	General Fund	75	Other

Transfers to/from other funds at June 30, 2017 (continued):

Transfer From	Transfer To	Amount	Purpose
Behavioral Wellness Fund	Nonmajor Governmental Funds	543	Debt Service
	General Fund	293	Other
	Internal Service Funds	81	Vehicles
	Social Services Fund	19	Other
		936	
Flood Control District Fund	Internal Service Funds	96	Vehicles
Affordable Housing Fund	General Fund	421	Other
	Roads Fund	235	Capital Projects
	General Fund	227	Program Administration
	Capital Projects Fund	170	Capital Projects
		1,053	
Fire Protection District	General Fund	1,793	Other
	Internal Service Funds	477	Vehicles
	Internal Service Funds	300	Other
	Nonmajor Governmental Funds	241	Debt Service
	Capital Projects Fund	168	Capital Projects
	Internal Service Funds	40	Capital Projects
	Public Health Fund	11	Other
		3,030	
Capital Projects Fund	Behavioral Wellness Fund	599	Other
	Roads Fund	170	Capital Projects
	General Fund	61	Capital Projects
		830	
Nonmajor Governemental Funds	Nonmajor Governmental Funds	1,238	Debt Service
	General Fund	878	Other
	Capital Projects Fund	119	Other
	Fire Protection District Fund	154	Other
	Flood Control Districts Fund	40	Other
	General Fund	9	Program Administration
	General Fund	9	Vehicles
	Social Services Fund	5	Other
		2,452	
Internal Service Funds	General Fund	11	Vehicles
	General Fund	8	General Fund Contribution
		19	
	Total transfers	$ 69,692	

22. Tax Abatements

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

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. The minimum contract term is ten years

and automatically renews until a nonrenewal or cancellation process is initiated. Under the nonrenewal process, the annual tax assessment increases over a defined period of time until the assessment reflects the market value of the property. Under the cancellation process, a significant onetime cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2017, the Agricultural Preserve Program tax abatements were $4,829.

23. Pensions

General Information about the Pension Plan

Plan Description

The County, including the discretely presented component unit First 5 Children and Families Commission, provides pension benefits to eligible employees through cost sharing multiple-employer defined benefit pension plans (pension plans) administered by the Santa Barbara County Employees' Retirement System (SBCERS). Members of the pension plans include all permanent employees working full time, or at least 50% part time for the County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court. SBCERS issues a publicly available financial report that may be obtained at http://cosb.countyofsb.org/sbcers/default.aspx?id=19040.

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

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

Summary of Plans and Eligible Participants

Open for New Enrollment:

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

Closed to New Enrollment:

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

Benefits Provided

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

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). General Plan 2 participants receive disability benefits through a long-term insurance policy. Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans except General Plan 2. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer

Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the pension plans.

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

Contributions

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the County's contractually required contribution (formerly known as the actuarially required contribution (ARC)) rate for the year ended June 30, 2017, was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plans from the County were $113,544 for the year ended June 30, 2017. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

Employer and employee contribution rates and active members for each plan are as follows:

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Plan 2	19.86%	Non-contributory	8
General Plan 5A	30.89%	2.77 – 5.72%	461
General Plan 5B	31.48%	5.54 – 11.44%	234
General Plan 5C	32.47%	2.67 – 5.69%	1448
General Plan 7	30.39%	2.22 – 4.74%	98
General Plan 8	24.62%	7.62%	876
Safety Plan 4A	51.08%	5.13 – 9.04%	35
Safety Plan 4B	50.00%	10.26 – 18.09%	11
Safety Plan 4C	50.14%	4.93 – 8.92%	333
Safety Plan 6A	57.32%	5.13 – 9.04%	71
Safety Plan 6B	57.24%	4.93 – 8.92%	295
Safety Plan 8	39.59%	13.60%	145

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

At June 30, 2017, the County reported a liability of $780,034 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, updated to June 30, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2016, the County's proportion was 92.7824%, which was a decrease of 0.0193% from its proportion measured as of June 30, 2015.

The net pension liability, measured as of June 30, 2017, is expected to increase significantly due to changes in actuarial assumptions as a result of the June 30, 2016 actuarial valuation. Changes include a decrease in the discount rate, decreases in COLA and wage inflation assumptions, and revised mortality assumptions.

For the year ended June 30, 2017, the County recognized pension expense of $121,800. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ --	$ 38,690
Changes in assumptions	--	--
Net difference between projected and actual earnings on retirement plan investments	148,439	--
Changes in proportion and differences between County contributions and proportionate share of contributions	2,089	--
County contributions subsequent to the measurement date	113,544	--
	$ 264,072	$ 38,690

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

$113,544 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year Ending June 30,	Amount
2018	$ 19,469
2019	19,469
2020	49,570
2021	23,330
	$ 111,838

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability measured as of June 30, 2016 is provided below, including any assumptions that differ from those used in the June 30, 2015 actuarial valuation. There were no changes in assumptions during the year. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

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

The actuarial assumptions used in the June 30, 2015, updated to June 30, 2016 valuation, were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013. Based upon the results of the 2013 actuarial experience study, there were no changes to the assumptions from the prior valuation.

The long-term expected rate of return, measured as of June 30, 2016, on pension plan investments (7.5 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	23%	5.3%
Investment grade bonds	10%	1.1%
Emerging market non-U.S. equity	10%	8.0%
Developed market non-U.S. equity	9%	5.6%
Private equity	7%	6.9%
Tips	7%	0.8%
Private real estate	6%	3.4%
High yield bonds	4%	4.3%
Foreign bonds	4%	0.1%
Emerging market bonds	3%	3.6%
Natural resources (private)	3%	5.9%
Commodities	3%	1.6%
Bank loans	2%	3.2%
Infrastructure (private)	2%	4.2%
Infrastructure (public)	2%	5.3%
Natural resources (public)	2%	5.3%
Real Estate Investment Trusts	2%	4.1%
Frontier market equity	1%	7.0%
Cash	0%	-0.2%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

As a result of the June 30, 2016 actuarial valuation and experience study, the SBCERS Board of Retirement voted in December 2016 to reduce the discount rate to 7.0%.

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net pension plan liability	$ 1,217,804	$ 780,034	$ 421,264

Pension fund fiduciary net position

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

24. Other Postemployment Benefits (OPEB)

Plan Description

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

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

SBCERS issues its own Comprehensive Annual Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained by writing to the Santa Barbara County Employees' Retirement System at 3916 State St. Suite 210, Santa Barbara, CA 93105 or online at http://cosb.countyofsb.org/sbcers/default.aspx?id=19040.

Plan Benefits

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

Pursuant to the OPEB Plan, the Board has determined to provide a monthly insurance premium subsidy of $15 (whole dollars) per year of credited service from the 401(h) account for Eligible Retired Participants participating in a County-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by SBCERS to

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

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

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

Funding Policy

The County and other participating employer plan sponsors individually determine their separate contributions to SBCERS to fund the OPEB Plan. The County has adopted an employer contribution rate of 4.0% of covered retiree payroll.

Annual OPEB Cost and Net OPEB Obligation

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

For the year ended June 30, 2017, the OPEB ARC was $14,416 or 5.77% of the County's estimated annual covered payroll. This includes the normal cost of $2,128 for the year for current active employees, and $12,288 for UAAL amortization. The County's contribution to the OPEB Plan for the year ended June 30, 2017 was $12,564.

The following are the components of the County's annual OPEB cost for the year ended June 30, 2017:

Annual required contribution (ARC)	$ 14,416
Interest on net OPEB obligation	6,663
Adjustment to ARC	(5,992)
Annual OPEB cost (expense)	15,087
Contributions made	(12,564)
Increase in net OPEB obligation	2,523
Net OPEB obligation - beginning of year	101,210
Net OPEB obligation - end of year	$ 103,733

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
6/30/2015	$ 26,081	35%	$ 91,693
6/30/2016	20,849	54%	101,210
6/30/2017	15,087	83%	103,733

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

Funded Status and Funding Progress

Using the most recent actuarial valuation dated June 30, 2016, the following is the funded status of the OPEB Plan:

Actuarial accrued liability (AAL)	$ 139,905
Actuarial value of plan assets	(6,877)
Unfunded actuarial accrued liability (UAAL)	$ 133,028
Funded ratio (actuarial value of plan assets/AAL)	4.9%
Covered payroll (active plan members)	$ 249,862
UAAL as percentage of covered payroll	53.2%

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

Actuarial Methods and Assumptions

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

In the County's June 30, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.39% investment rate of return (net of investment expenses), and an inflation assumption of 3.00%. Healthcare trend rate assumptions are not applicable as they are not included in the actuarial calculations for liabilities and ARC in the actuarial report as the dollar amounts of the benefits are not expected to increase and are below the current premiums for health benefits. The actuarial value of assets was determined using the market value of the assets as of the valuation date. The OPEB Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. A closed amortization period of 19 years was established as of June 30, 2016. The remaining amortization period at June 30, 2017 was 18 years.

25. Deferred Compensation Plans

Santa Barbara County Supplemental Retirement Plan

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

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

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

Fiscal Year Ended	Contributions
6/30/2015	$ 181
6/30/2016	189
6/30/2017	195

County of Santa Barbara Employee Contribution Deferred Compensation Plan

The County offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of $18,000 (in whole dollars) per calendar year, so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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

County of Santa Barbara Social Security Compliance Deferred Compensation Plan

The Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the County in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular SBCERS pension plans are not eligible for this plan. Based upon the employee's gross compensation, the employee's deferral, on a before-tax basis, equals 6.0% and the County's contribution equals 1.5% for a combined total of 7.5%.

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

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

Fiscal Year Ended	Contributions
6/30/2015	$ 149
6/30/2016	176
6/30/2017	165

26. Prior Period Adjustment

A prior period adjustment of $6,883 was made to increase the governmental activities' beginning net position. The adjustment was made due to prior period costs related to Mission Canyon Sewer that should have been capitalized as land $627 and infrastructure $3,568 ($8,296 net of $4,728 in accumulated depreciation). The donation of Casa Dorinda Land Easement not recorded in prior year accounted for the remaining $2,688.

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

Governmentwide activities	
Net position at July 1, 2016, as previously stated	$ 322,003
Land prior period adjustment	627
Land easement prior period adjustment	2,688
Infrastructure prior period adjustment	3,568
Net position at July 1, 2016, as restated	$ 328,886

Required Supplementary Information

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

Last 10 Fiscal Years*

	FY 2016	FY 2015	FY 2014	FY 2013
County's proportion of the net pension liability (asset)	92.7824%	92.8017%	92.6470%	92.3325%
County's proportionate share of the net pension liability (asset)	$ 780,034	$ 675,252	$ 565,460	$ 721,772
County's covered-employee payroll	$ 304,480	$ 295,365	$ 283,430	$ 277,298
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	256.20%	228.60%	199.50%	260.30%
Plan fiduciary net position as a percentage of the total pension liability	75.20%	77.70%	80.46%	73.66%

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

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

Last 10 Fiscal Years*

	FY 2016	FY 2015	FY 2014
Actuarially determined contribution	$ 113,889	$ 114,714	$ 110,461
Contributions in relation to the actuarially determined contribution	114,197	114,946	110,756
Contribution deficiency (excess)	$ (308)	$ (232)	$ (295)
County's covered-employee payroll	$ 304,480	$ 295,365	$ 283,430
Contributions as a percentage of covered-employee payroll	37.51%	38.92%	39.08%

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2012	2,478	176,405	173,927	1.4%	276,879	62.8%
6/30/2014	3,155	178,462	175,307	1.8%	264,376	66.3%
6/30/2016	6,877	139,905	133,028	4.9%	249,862	53.2%

See accompanying independent auditor's report.

Notes to Required Supplementary Information

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

Governmental Funds – General and Major Special Revenue

COUNTY OF SANTA BARBARA, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 220,331	$ 220,331	$ 222,636	$ 2,305
Licenses, permits, and franchises	14,872	15,134	13,678	(1,456)
Fines, forfeitures, and penalties	3,971	4,663	5,755	1,092
Use of money and property	2,015	1,381	1,775	394
Intergovernmental	72,883	78,590	78,224	(366)
Charges for services	69,001	71,135	69,589	(1,546)
Other	2,888	3,442	4,035	593
Total revenues	385,961	394,676	395,692	1,016
Expenditures				
Current:				
Policy & executive	18,187	17,116	16,585	531
Public safety	218,391	220,566	218,301	2,265
Health & public assistance	11,564	11,834	10,985	849
Community resources & public facilities	47,821	49,140	44,167	4,973
General government & support services	55,349	55,778	51,789	3,989
General county programs	1,978	2,279	2,154	125
Debt service:				
Principal	--	--	2	(2)
Total expenditures	353,290	356,713	343,983	12,730
Excess of revenues over expenditures	32,671	37,963	51,709	13,746
Other financing sources (uses)				
Transfers in	6,410	6,553	5,456	(1,097)
Transfers out	(55,142)	(60,153)	(59,150)	1,003
Proceeds from sale of capital assets	10	10	11	1
Total other financing uses	(48,722)	(53,590)	(53,683)	(93)
Net change in fund balances	(16,051)	(15,627)	(1,974)	13,653
Fund balances - beginning	115,044	115,044	115,044	--
Fund balances - ending	$ 98,993	$ 99,417	$ 113,070	$ 13,653

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

COUNTY OF SANTA BARBARA, CALIFORNIA
ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 7,455	$ 7,500	$ 7,729	$ 229
Licenses, permits, and franchises	328	327	373	46
Use of money and property	89	38	95	57
Intergovernmental	21,195	22,297	17,409	(4,888)
Charges for services	5,463	1,237	460	(777)
Other	70	345	681	336
Total revenues	34,600	31,744	26,747	(4,997)
Expenditures				
Current:				
Community resources & public facilities	41,300	40,463	31,377	9,086
Total expenditures	41,300	40,463	31,377	9,086
Deficiency of revenues under expenditures	(6,700)	(8,719)	(4,630)	4,089
Other financing sources (uses)				
Transfers in	9,576	7,429	5,267	(2,162)
Transfers out	(4,585)	(2,138)	--	2,138
Proceeds from sale of capital assets	--	--	112	112
Total other financing sources	4,991	5,291	5,379	88
Net change in fund balances	(1,709)	(3,428)	749	4,177
Fund balances - beginning	18,151	18,151	18,151	--
Fund balances - ending	$ 16,442	$ 14,723	$ 18,900	$ 4,177

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

COUNTY OF SANTA BARBARA, CALIFORNIA
PUBLIC HEALTH SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 57	$ 57	$ 66	$ 9
Fines, forfeitures, and penalties	543	551	479	(72)
Use of money and property	102	72	130	58
Intergovernmental	19,780	19,932	21,102	1,170
Charges for services	46,395	45,600	47,088	1,488
Other	3,767	3,865	3,883	18
Total revenues	70,644	70,077	72,748	2,671
Expenditures				
Current:				
Health & public assistance	79,072	78,902	77,764	1,138
Total expenditures	79,072	78,902	77,764	1,138
Deficiency of revenues under expenditures	(8,428)	(8,825)	(5,016)	3,809
Other financing sources (uses)				
Transfers in	10,351	9,499	7,449	(2,050)
Transfers out	(5,439)	(4,825)	(2,051)	2,774
Total other financing sources	4,912	4,674	5,398	724
Net change in fund balances	(3,516)	(4,151)	382	4,533
Fund balances - beginning	30,595	30,595	30,595	--
Fund balances - ending	$ 27,079	$ 26,444	$ 30,977	$ 4,533

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

COUNTY OF SANTA BARBARA, CALIFORNIA
SOCIAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 66	$ 66	$ 86	$ 20
Fines, forfeitures, and penalties	13	13	9	(4)
Use of money and property	268	265	220	(45)
Intergovernmental	156,211	158,136	147,513	(10,623)
Charges for services	--	28	99	71
Other	488	510	1,201	691
Total revenues	157,046	159,018	149,128	(9,890)
Expenditures				
Current:				
Health & public assistance	167,380	168,742	157,865	10,877
Total expenditures	167,380	168,742	157,865	10,877
Deficiency of revenues under expenditures	(10,334)	(9,724)	(8,737)	987
Other financing sources (uses)				
Transfers in	8,479	8,490	8,465	(25)
Transfers out	(134)	(136)	(75)	61
Total other financing sources	8,345	8,354	8,390	36
Net change in fund balances	(1,989)	(1,370)	(347)	1,023
Fund balances - beginning	4,478	4,478	4,478	--
Fund balances - ending	$ 2,489	$ 3,108	$ 4,131	$ 1,023

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

COUNTY OF SANTA BARBARA, CALIFORNIA
BEHAVIORAL WELLNESS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 4	$ 4	$ 8	$ 4
Use of money and property	232	231	178	(53)
Intergovernmental	50,541	50,177	49,571	(606)
Charges for services	52,696	42,636	37,850	(4,786)
Other	352	1,211	1,097	(114)
Total revenues	103,825	94,259	88,704	(5,555)
Expenditures				
Current:				
Health & public assistance	111,932	105,284	97,661	7,623
Total expenditures	111,932	105,284	97,661	7,623
Deficiency of revenues under expenditures	(8,107)	(11,025)	(8,957)	2,068
Other financing sources (uses)				
Transfers in	8,742	11,770	11,044	(726)
Transfers out	(2,314)	(991)	(936)	55
Total other financing sources	6,428	10,779	10,108	(671)
Net change in fund balances	(1,679)	(246)	1,151	1,397
Fund balances - beginning	7,965	7,965	7,965	--
Fund balances - ending	$ 6,286	$ 7,719	$ 9,116	$ 1,397

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

COUNTY OF SANTA BARBARA, CALIFORNIA
FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 10,245	$ 10,245	$ 10,827	$ 582
Use of money and property	158	(19)	280	299
Intergovernmental	5,367	1,257	1,007	(250)
Charges for services	3,563	3,563	3,424	(139)
Other	2	2	189	187
Total revenues	19,335	15,048	15,727	679
Expenditures				
Current:				
Community resources & public facilities	23,915	19,744	13,568	6,176
Total expenditures	23,915	19,744	13,568	6,176
Excess (deficiency) of revenues over (under) expenditures	(4,580)	(4,696)	2,159	6,855
Other financing sources (uses)				
Transfers in	540	540	40	(500)
Transfers out	(550)	(611)	(96)	515
Proceeds from sale of capital assets	100	100	--	(100)
Total other financing sources (uses)	90	29	(56)	(85)
Net change in fund balances	(4,490)	(4,667)	2,103	6,770
Fund balances - beginning	66,120	66,120	66,120	--
Fund balances - ending	$ 61,630	$ 61,453	$ 68,223	$ 6,770

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

COUNTY OF SANTA BARBARA, CALIFORNIA
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 14	$ (3)	$ 38	$ 41
Intergovernmental	2,714	2,274	2,826	552
Charges for services	103	478	373	(105)
Other	2,122	3,250	2,283	(967)
Total revenues	4,953	5,999	5,520	(479)
Expenditures				
Current:				
Community resources & public facilities	5,783	5,483	3,966	1,517
Total expenditures	5,783	5,483	3,966	1,517
Excess (deficiency) of revenues over (under) expenditures	(830)	516	1,554	1,038
Other financing sources (uses)				
Transfers in	--	111	--	(111)
Transfers out	(605)	(1,217)	(1,053)	164
Total other financing uses	(605)	(1,106)	(1,053)	53
Net change in fund balances	(1,435)	(590)	501	1,091
Fund balances - beginning	6,865	6,865	6,865	--
Fund balances - ending	$ 5,430	$ 6,275	$ 7,366	$ 1,091

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

COUNTY OF SANTA BARBARA, CALIFORNIA
FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 49,273	$ 49,273	$ 48,645	$ (628)
Licenses, permits, and franchises	20	20	18	(2)
Use of money and property	--	(7)	30	37
Intergovernmental	2,844	2,844	2,952	108
Charges for services	20,134	22,134	26,166	4,032
Other	13	58	63	5
Total revenues	72,284	74,322	77,874	3,552
Expenditures				
Current:				
Public safety	68,161	71,964	68,385	3,579
Total expenditures	68,161	71,964	68,385	3,579
Excess of revenues over expenditures	4,123	2,358	9,489	7,131
Other financing sources (uses)				
Transfers in	1,211	916	917	1
Transfers out	(11,824)	(11,454)	(3,030)	8,424
Proceeds from sale of capital assets	--	--	19	19
Total other financing uses	(10,613)	(10,538)	(2,094)	8,444
Net change in fund balances	(6,490)	(8,180)	7,395	15,575
Fund balances - beginning	17,024	17,024	17,024	--
Fund balances - ending	$ 10,534	$ 8,844	$ 24,419	$ 15,575

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

Other Supplementary Information

Other Major Governmental Fund

COUNTY OF SANTA BARBARA, CALIFORNIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ 5	$ 26	$ 21
Intergovernmental	30,626	22,019	21,914	(105)
Charges for services	35	616	536	(80)
Other	105	135	(80)	(215)
Total revenues	30,766	22,775	22,396	(379)
Expenditures				
Current:				
Public safety	32,424	374	73	301
Community resources & public facilities	--	73	73	--
General government & support services	--	561	439	122
Capital outlay	8,071	34,272	24,983	9,289
Total expenditures	40,495	35,280	25,568	9,712
Deficiency of revenues under expenditures	(9,729)	(12,505)	(3,172)	9,333
Other financing sources (uses)				
Transfers in	22,082	21,544	15,137	(6,407)
Transfers out	(2,151)	(856)	(830)	26
Total other financing sources	19,931	20,688	14,307	(6,381)
Net change in fund balances	10,202	8,183	11,135	2,952
Fund balances - beginning	10,504	10,504	10,504	--
Fund balances - ending	$ 20,706	$ 18,687	$ 21,639	$ 2,952

Nonmajor Governmental Funds

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

Special Revenue Funds

Special Revenue Funds are established to finance particular governmental activities and are financed by specific taxes or other revenues. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. Included in the Special Revenue classification are the following funds:

Fish and Game

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

Petroleum

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

Public and Educational Access

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

Special Aviation

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

In-Home Supportive Services (IHSS) Public Authority

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

Child Support Services

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

Fishermen Assistance

This column combines the following individual County funds:

Fisheries Enhancement

The Fisheries Enhancement Fund (FEF) was established to mitigate impacts to the commercial fishing industry from offshore oil and gas development. Impact fees paid by offshore energy producers, pursuant to permit conditions, supports the FEF. In early 1993, the Planning Commission approved a supplemental needs assessment that, pursuant to Board of Supervisors adopted FEF Guidelines, recommends specific projects to be pursued for FEF awards.

Local Fishermen's Contingency

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

Coastal Resources Enhancement

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

Court Activities

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

Criminal Justice Construction

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

Courthouse Construction

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

Inmate Welfare

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

Special Districts Under the Board of Supervisors

Separate special districts have been established for the purpose of providing specific services to distinct geographical areas within the County. Those special districts that are under the jurisdiction of the Board of Supervisors are included within the Special Revenue Fund classification. These are financed principally from property taxes and benefit assessments, and are comprised of the following:

County Service Areas (CSAs)

This column combines the following individual County funds:

County Service Area #3

This service area serves part of the Goleta Valley, providing extended park and open space acquisition and maintenance, enhanced library services and street lighting. It provides 1,430 streetlights and maintains approximately 535 acres of open space and 148 acres of parks. This fund also made payments for the Goleta Valley Community Center and the Santa Barbara Shores property prior to the transfer of these assets to the City of Goleta.

County Service Area #4

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

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

County Service Area #11
This service area embraces the unincorporated urbanized area of Carpinteria Valley and Summerland. The service area provides the community with parks and 77 streetlights.

County Service Area #12 – Mission Canyon Sewer Service Charge
This service area was established for the purpose of assessing property owners for the ongoing maintenance of the sewer system and septic tank inspection services for those properties in the prohibition area, but not on public sewers. A separate assessment is charged to properties remaining on septic systems in order to provide septic performance tracking.

County Service Area #31
This service area embraces the unincorporated community of Isla Vista, located west of the University of California at Santa Barbara, and provides 277 streetlights; installation, maintenance and repair of sidewalks, curbs and gutters and planting, along with maintenance and care of street trees.

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

Community Facilities Districts (CFDs)
This column combines the following individual County funds:

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

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

Lighting Districts
This column combines the following individual County funds:

Mission Lighting District
This district provides 19 streetlights in the unincorporated area of Mission Canyon, located east of the City of Santa Barbara, and is financed by property taxes and benefit assessments.

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

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

Water Agency

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

Debt Service Funds

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

Santa Barbara County Finance Corporation

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

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017 (in thousands)

	Special Revenue						
	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	Fishermen Assistance
Assets							
Assets:							
Cash and investments	$ 92	$ 260	$ 1,017	$ 192	$ 359	$ 464	$ 416
Accounts receivable, net:							
Fines, forfeitures, and penalties	--	--	--	--	--	--	--
Use of money and property	--	1	3	--	--	3	1
Intergovernmental	--	--	--	122	1,284	269	--
Charges for services	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--
Other receivables	--	--	--	--	--	--	--
Restricted cash and investments	--	--	--	--	--	--	--
Total assets	$ 92	$ 261	$ 1,020	$ 314	$ 1,643	$ 736	$ 417
Liabilities and fund balances							
Liabilities:							
Accounts payable	$ --	$ --	$ --	$ --	$ --	$ 5	$ --
Salaries and benefits payable	--	15	--	--	40	269	--
Other payables	--	--	--	9	--	--	--
Advances from grantors and third parties	--	--	--	--	--	40	--
Due to other funds	--	--	4	--	829	--	--
Customer deposits payable	--	--	--	--	--	--	--
Total liabilities	--	15	4	9	869	314	--
Fund balances:							
Nonspendable	--	--	--	--	--	--	--
Restricted	92	246	1,016	305	106	422	417
Committed	--	--	--	--	668	--	--
Total fund balances	92	246	1,016	305	774	422	417
Total liabilities and fund balances	$ 92	$ 261	$ 1,020	$ 314	$ 1,643	$ 736	$ 417

Special Revenue							
Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	Community Facilites Districts	
							Assets
							Assets:
$ 1,620	$ 526	$ --	$ 2,200	$ 2,069	$ 3,876	$ 671	Cash and investments
							Accounts receivable, net:
--	120	59	59	--	--	--	Fines, forfeitures, and penalties
3	--	(1)	4	4	9	1	Use of money and property
--	--	--	--	--	--	--	Intergovernmental
--	267	--	--	--	--	--	Charges for services
--	9	321	--	--	--	--	Due from other funds
--	61	--	--	--	9	--	Other receivables
--	--	--	--	--	--	--	Restricted cash and investments
$ 1,623	$ 983	$ 379	$ 2,263	$ 2,073	$ 3,894	$ 672	Total assets
							Liabilities and fund balances
							Liabilities:
$ --	$ 663	$ --	$ --	$ 17	$ 235	$ --	Accounts payable
--	--	--	--	20	--	--	Salaries and benefits payable
--	--	1	1	--	--	--	Other payables
--	--	--	--	--	--	--	Advances from grantors and third parties
--	--	378	3	--	--	--	Due to other funds
--	--	--	--	--	--	--	Customer deposits payable
--	663	379	4	37	235	--	Total liabilities
							Fund balances:
--	--	--	--	--	9	--	Nonspendable
1,623	249	--	2,259	2,036	3,650	672	Restricted
--	71	--	--	--	--	--	Committed
1,623	320	--	2,259	2,036	3,659	672	Total fund balances
$ 1,623	$ 983	$ 379	$ 2,263	$ 2,073	$ 3,894	$ 672	Total liabilities and fund balances

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017 (in thousands)

	Special Revenue				Debt Service	
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency	Special Revenue Total	Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Assets						
Assets:						
Cash and investments	$ 432	$ 16	$ 7,614	$ 21,824	$ 127	$ 21,951
Accounts receivable, net:						
Fines, forfeitures, and penalties	--	--	--	238	--	238
Use of money and property	1	--	17	46	--	46
Intergovernmental	--	--	28	1,703	--	1,703
Charges for services	--	--	--	267	--	267
Due from other funds	--	--	--	330	--	330
Other receivables	4	--	64	138	--	138
Restricted cash and investments	--	--	8	8	1,185	1,193
Total assets	$ 437	$ 16	$ 7,731	$ 24,554	$ 1,312	$ 25,866
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 44	$ --	$ 36	$ 1,000	$ --	$ 1,000
Salaries and benefits payable	--	--	41	385	--	385
Other payables	--	--	--	11	--	11
Advances from grantors and third parties	--	--	--	40	--	40
Due to other funds	--	--	--	1,214	--	1,214
Customer deposits payable	--	--	8	8	--	8
Total liabilities	44	--	85	2,658	--	2,658
Fund balances:						
Nonspendable	4	--	64	77	--	77
Restricted	389	16	7,092	20,590	1,312	21,902
Committed	--	--	490	1,229	--	1,229
Total fund balances	393	16	7,646	21,896	1,312	23,208
Total liabilities and fund balances	$ 437	$ 16	$ 7,731	$ 24,554	$ 1,312	$ 25,866

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, 2017 (in thousands)

	Special Revenue						
	Fish and Game	Petroleum	Public and Educational Access	Special Aviation	IHSS Public Authority	Child Support Services	Fishermen Assistance
Revenues							
Taxes	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Fines, forfeitures, and penalties	11	--	--	--	--	--	--
Use of money and property	--	1	4	1	(3)	6	2
Intergovernmental	--	--	--	397	7,114	9,592	--
Charges for services	--	466	--	--	--	--	--
Other	--	--	--	--	--	--	10
Total revenues	11	467	4	398	7,111	9,598	12
Expenditures							
Current:							
Public safety	--	--	--	--	--	--	--
Health & public assistance	--	--	--	--	8,135	9,386	--
Community resources & public facilities	5	431	--	--	--	--	13
General government & support services	--	--	--	369	--	--	--
General county programs	--	--	6	--	--	--	--
Debt service:							
Principal	--	--	--	--	--	--	--
Interest	--	--	--	--	--	--	--
Total expenditures	5	431	6	369	8,135	9,386	13
Excess (deficiency) of revenues over (under) expenditures	6	36	(2)	29	(1,024)	212	(1)
Other financing sources (uses)							
Transfers in	--	--	--	--	517	50	--
Transfers out	--	--	--	--	--	(5)	--
Total other financing sources (uses)	--	--	--	--	517	45	--
Net change in fund balances	6	36	(2)	29	(507)	257	(1)
Fund balances - beginning	86	210	1,018	276	1,281	165	418
Fund balances - ending	$ 92	$ 246	$ 1,016	$ 305	$ 774	$ 422	$ 417

	Special Revenue						
Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	County Service Areas	Community Facilities Districts	
							Revenues
$ --	$ --	$ --	$ --	$ --	$ 1,363	$ 557	Taxes
--	1,483	698	698	--	--	--	Fines, forfeitures, and penalties
6	11	(2)	10	470	15	2	Use of money and property
--	--	--	--	--	6	--	Intergovernmental
--	3,187	--	--	--	504	--	Charges for services
318	1,240	--	--	1,251	2	--	Other
324	5,921	696	708	1,721	1,890	559	Total revenues
							Expenditures
							Current:
--	14,828	--	--	1,564	--	--	Public safety
--	--	--	--	--	--	--	Health & public assistance
169	--	--	--	--	1,014	189	Community resources & public facilities
--	--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	--	General county programs
							Debt service:
--	--	--	--	--	--	--	Principal
--	--	--	--	--	--	--	Interest
169	14,828	--	--	1,564	1,014	189	Total expenditures
155	(8,907)	696	708	157	876	370	Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses)
250	8,587	321	--	--	--	--	Transfers in
--	--	(1,017)	(221)	--	(808)	(342)	Transfers out
250	8,587	(696)	(221)	--	(808)	(342)	Total other financing sources (uses)
405	(320)	--	487	157	68	28	Net change in fund balances
1,218	640	--	1,772	1,879	3,591	644	Fund balances - beginning
$ 1,623	$ 320	$ --	$ 2,259	$ 2,036	$ 3,659	$ 672	Fund balances - ending

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Special Revenue				Debt Service	
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency	Special Revenue Total	Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Revenues						
Taxes	$ 480	$ --	$ 2,829	$ 5,229	$ --	$ 5,229
Fines, forfeitures, and penalties	--	--	--	2,890	--	2,890
Use of money and property	1	--	32	556	4	560
Intergovernmental	2	--	380	17,491	1,383	18,874
Charges for services	--	--	92	4,249	--	4,249
Other	--	--	4	2,825	--	2,825
Total revenues	483	--	3,337	33,240	1,387	34,627
Expenditures						
Current:						
Public safety	--	--	--	16,392	--	16,392
Health & public assistance	--	--	--	17,521	--	17,521
Community resources & public facilities	633	3	3,855	6,312	--	6,312
General government & support services	--	--	--	369	--	369
General county programs	--	--	--	6	7	13
Debt service:						
Principal	--	--	--	--	3,872	3,872
Interest	--	--	--	--	2,002	2,002
Total expenditures	633	3	3,855	40,600	5,881	46,481
Excess (deficiency) of revenues over (under) expenditures	(150)	(3)	(518)	(7,360)	(4,494)	(11,854)
Other financing sources (uses)						
Transfers in	--	--	617	10,342	4,486	14,828
Transfers out	--	--	(59)	(2,452)	--	(2,452)
Total other financing sources (uses)	--	--	558	7,890	4,486	12,376
Net change in fund balances	(150)	(3)	40	530	(8)	522
Fund balances - beginning	543	19	7,606	21,366	1,320	22,686
Fund balances - ending	$ 393	$ 16	$ 7,646	$ 21,896	$ 1,312	$ 23,208

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 8	$ 8	$ 11	$ 3
Total revenues	8	8	11	3
Expenditures				
Current:				
Community resources & public facilities	36	30	5	25
Total expenditures	36	30	5	25
Excess (deficiency) of revenues over (under) expenditures	(28)	(22)	6	28
Net change in fund balances	(28)	(22)	6	28
Fund balances - beginning	86	86	86	--
Fund balances - ending	$ 58	$ 64	$ 92	$ 28

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses, permits, and franchises	$ 50	$ 50	$ --	$ (50)
Use of money and property	2	1	1	--
Charges for services	381	381	466	85
Total revenues	433	432	467	35
Expenditures				
Current:				
Community resources & public facilities	556	519	431	88
Total expenditures	556	519	431	88
Excess (deficiency) of revenues over (under) expenditures	(123)	(87)	36	123
Net change in fund balances	(123)	(87)	36	123
Fund balances - beginning	210	210	210	--
Fund balances - ending	$ 87	$ 123	$ 246	$ 123

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 3	$ 7	$ 4	$ (3)
Total revenues	3	7	4	(3)
Expenditures				
Current:				
General county programs	8	8	6	2
Total expenditures	8	8	6	2
Deficiency of revenues under expenditures	(5)	(1)	(2)	(1)
Net change in fund balances	(5)	(1)	(2)	(1)
Fund balances - beginning	1,018	1,018	1,018	--
Fund balances - ending	$ 1,013	$ 1,017	$ 1,016	$ (1)

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ 1	$ 1	$ --
Intergovernmental	1,287	1,487	397	(1,090)
Total revenues	1,287	1,488	398	(1,090)
Expenditures				
Current:				
General government & support services	1,361	1,543	369	1,174
Total expenditures	1,361	1,543	369	1,174
Excess (deficiency) of revenues over (under) expenditures	(74)	(55)	29	84
Net change in fund balances	(74)	(55)	29	84
Fund balances - beginning	276	276	276	--
Fund balances - ending	$ 202	$ 221	$ 305	$ 84

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ --	$ --	$ (3)	$ (3)
Intergovernmental	7,062	7,137	7,114	(23)
Total revenues	7,062	7,137	7,111	(26)
Expenditures				
Current:				
Health & public assistance	8,092	8,167	8,135	32
Total expenditures	8,092	8,167	8,135	32
Deficiency of revenues under expenditures	(1,030)	(1,030)	(1,024)	6
Other financing sources				
Transfers in	517	517	517	--
Total other financing sources	517	517	517	--
Net change in fund balances	(513)	(513)	(507)	6
Fund balances - beginning	1,281	1,281	1,281	--
Fund balances - ending	$ 768	$ 768	$ 774	$ 6

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 2	$ 1	$ 6	$ 5
Intergovernmental	9,531	9,531	9,592	61
Total revenues	9,533	9,532	9,598	66
Expenditures				
Current:				
Health & public assistance	9,583	9,577	9,386	191
Total expenditures	9,583	9,577	9,386	191
Excess (deficiency) of revenues over (under) expenditures	(50)	(45)	212	257
Other financing sources (uses)				
Transfers in	50	50	50	--
Transfers out	--	(6)	(5)	1
Total other financing sources	50	44	45	1
Net change in fund balances	--	(1)	257	258
Fund balances - beginning	165	165	165	--
Fund balances - ending	$ 165	$ 164	$ 422	$ 258

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 2	$ --	$ 2	$ 2
Other	10	10	10	--
Total revenues	12	10	12	2
Expenditures				
Current:				
Community resources & public facilities	36	36	13	23
Total expenditures	36	36	13	23
Deficiency of revenues under expenditures	(24)	(26)	(1)	25
Net change in fund balances	(24)	(26)	(1)	25
Fund balances - beginning	418	418	418	--
Fund balances - ending	$ 394	$ 392	$ 417	$ 25

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 5	$ 2	$ 6	$ 4
Other	676	676	318	(358)
Total revenues	681	678	324	(354)
Expenditures				
Current:				
Community resources & public facilities	942	942	169	773
Total expenditures	942	942	169	773
Excess (deficiency) of revenues over (under) expenditures	(261)	(264)	155	419
Other financing sources				
Transfers in	--	250	250	--
Total other financing sources	--	250	250	--
Net change in fund balances	(261)	(14)	405	419
Fund balances - beginning	1,218	1,218	1,218	--
Fund balances - ending	$ 957	$ 1,204	$ 1,623	$ 419

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,692	$ 1,700	$ 1,483	$ (217)
Use of money and property	4	3	11	8
Charges for services	3,545	3,545	3,187	(358)
Other	1,410	1,410	1,240	(170)
Total revenues	6,651	6,658	5,921	(737)
Expenditures				
Current:				
Public safety	15,249	15,257	14,828	429
Total expenditures	15,249	15,257	14,828	429
Deficiency of revenues under expenditures	(8,598)	(8,599)	(8,907)	(308)
Other financing sources				
Transfers in	8,587	8,587	8,587	--
Total other financing sources	8,587	8,587	8,587	--
Net change in fund balances	(11)	(12)	(320)	(308)
Fund balances - beginning	640	640	640	--
Fund balances - ending	$ 629	$ 628	$ 320	$ (308)

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 850	$ 850	$ 698	$ (152)
Use of money and property	--	--	(2)	(2)
Total revenues	850	850	696	(154)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	850	850	696	(154)
Other financing sources (uses)				
Transfers in	168	321	321	--
Transfers out	(1,018)	(1,018)	(1,017)	1
Total other financing uses	(850)	(697)	(696)	1
Net change in fund balances	--	153	--	(153)
Fund balances - beginning	--	--	--	--
Fund balances - ending	$ --	$ 153	$ --	$ (153)

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 850	$ 850	$ 698	$ (152)
Use of money and property	4	(1)	10	11
Total revenues	854	849	708	(141)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	854	849	708	(141)
Other financing uses				
Transfers out	(221)	(221)	(221)	--
Total other financing uses	(221)	(221)	(221)	--
Net change in fund balances	633	628	487	(141)
Fund balances - beginning	1,772	1,772	1,772	--
Fund balances - ending	$ 2,405	$ 2,400	$ 2,259	$ (141)

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 230	$ 525	$ 470	$ (55)
Other	666	1,116	1,251	135
Total revenues	896	1,641	1,721	80
Expenditures				
Current:				
Public safety	1,182	1,967	1,564	403
Total expenditures	1,182	1,967	1,564	403
Excess (deficiency) of revenues over (under) expenditures	(286)	(326)	157	483
Net change in fund balances	(286)	(326)	157	483
Fund balances - beginning	1,879	1,879	1,879	--
Fund balances - ending	$ 1,593	$ 1,553	$ 2,036	$ 483

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,348	$ 1,348	$ 1,363	$ 15
Use of money and property	12	2	15	13
Intergovernmental	6	6	6	--
Charges for services	489	489	504	15
Other	--	--	2	2
Total revenues	1,855	1,845	1,890	45
Expenditures				
Current:				
Community resources & public facilities	965	1,095	1,014	81
Total expenditures	965	1,095	1,014	81
Excess of revenues over expenditures	890	750	876	126
Other financing uses				
Transfers out	(740)	(1,083)	(808)	275
Total other financing uses	(740)	(1,083)	(808)	275
Net change in fund balances	150	(333)	68	401
Fund balances - beginning	3,591	3,591	3,591	--
Fund balances - ending	$ 3,741	$ 3,258	$ 3,659	$ 401

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 531	$ 551	$ 557	$ 6
Use of money and property	2	--	2	2
Total revenues	533	551	559	8
Expenditures				
Current:				
Community resources & public facilities	209	209	189	20
Total expenditures	209	209	189	20
Excess of revenues over expenditures	324	342	370	28
Other financing uses				
Transfers out	(347)	(347)	(342)	5
Total other financing uses	(347)	(347)	(342)	5
Net change in fund balances	(23)	(5)	28	33
Fund balances - beginning	644	644	644	--
Fund balances - ending	$ 621	$ 639	$ 672	$ 33

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 471	$ 471	$ 480	$ 9
Use of money and property	2	--	1	1
Intergovernmental	2	2	2	--
Total revenues	475	473	483	10
Expenditures				
Current:				
Community resources & public facilities	505	635	633	2
Total expenditures	505	635	633	2
Deficiency of revenues under expenditures	(30)	(162)	(150)	12
Net change in fund balances	(30)	(162)	(150)	12
Fund balances - beginning	543	543	543	--
Fund balances - ending	$ 513	$ 381	$ 393	$ 12

COUNTY OF SANTA BARBARA, CALIFORNIA
SANDYLAND SEAWALL MAINTENANCE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Total revenues	$ --	$ --	$ --	$ --
Expenditures				
Current:				
Community resources & public facilities	20	20	3	17
Total expenditures	20	20	3	17
Deficiency of revenues under expenditures	(20)	(20)	(3)	17
Net change in fund balances	(20)	(20)	(3)	17
Fund balances - beginning	19	19	19	--
Fund balances - ending	$ (1)	$ (1)	$ 16	$ 17

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,669	$ 2,669	$ 2,829	$ 160
Use of money and property	23	2	32	30
Intergovernmental	2,149	2,149	380	(1,769)
Charges for services	123	123	92	(31)
Other	--	--	4	4
Total revenues	4,964	4,943	3,337	(1,606)
Expenditures				
Current:				
Community resources & public facilities	6,341	6,986	3,855	3,131
Total expenditures	6,341	6,986	3,855	3,131
Deficiency of revenues under expenditures	(1,377)	(2,043)	(518)	1,525
Other financing sources (uses)				
Transfers in	617	617	617	--
Transfers out	(106)	(106)	(59)	47
Total other financing sources	511	511	558	47
Net change in fund balances	(866)	(1,532)	40	1,572
Fund balances - beginning	7,606	7,606	7,606	--
Fund balances - ending	$ 6,740	$ 6,074	$ 7,646	$ 1,572

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, 2017 (in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 30	$ 21	$ 4	$ (17)
Intergovernmental	1,384	1,384	1,383	(1)
Total revenues	1,414	1,405	1,387	(18)
Expenditures				
Current:				
General county programs	14	14	7	7
Debt service:				
Principal	3,872	3,872	3,872	--
Interest	2,002	2,002	2,002	--
Total expenditures	5,888	5,888	5,881	7
Deficiency of revenues under expenditures	(4,474)	(4,483)	(4,494)	(11)
Other financing sources				
Transfers in	4,502	4,502	4,486	(16)
Total other financing sources	4,502	4,502	4,486	(16)
Net change in fund balances	28	19	(8)	(27)
Fund balances - beginning	1,320	1,320	1,320	--
Fund balances - ending	$ 1,348	$ 1,339	$ 1,312	$ (27)

Internal Service Funds

Internal Service Funds

Internal Service Funds are established to account for services furnished to the County and various other governmental agencies. They are exempt from legal compliance for budgetary control and follow commercial accounting principles for a determination of operating, rather than budgetary, results. Their major source of revenue consists of charges to user departments for services rendered. These charges are based upon standard rates calculated on an estimated cost recovery basis. A more detailed description of the funds established and used by the County follows:

Information Technology Services

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

Vehicle Operations and Maintenance

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

Risk Management and Insurance

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

Dental Self-Insurance

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

Unemployment Self-Insurance

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

Workers' Compensation Self-Insurance

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

General Liability Self-Insurance

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

Medical Malpractice Self-Insurance

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

Communications Services

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

Utilities

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

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Assets						
Current assets:						
Cash and investments (Note 4)	$ 6,576	$ 15,827	$ 22,068	$ 7,973	$ 1,525	$ 53,969
Accounts receivable, net:						
Use of money and property	14	31	44	16	3	108
Charges for services	--	2	47	--	50	99
Inventories	--	125	--	110	--	235
Total current assets	6,590	15,985	22,159	8,099	1,578	54,411
Noncurrent assets:						
Other receivables	--	--	223	--	--	223
Restricted cash and investments (Note 5)	--	10	--	--	--	10
Capital assets, net of accumulated depreciation/amortization (Note 7)	3,113	21,537	4	3,693	2,831	31,178
Total noncurrent assets	3,113	21,547	227	3,693	2,831	31,411
Total assets	9,703	37,532	22,386	11,792	4,409	85,822
Deferred outflows of resources						
Deferred pensions	1,892	961	393	504	145	3,895
Total deferred outflows of resources	1,892	961	393	504	145	3,895
Liabilities						
Current liabilities:						
Accounts payable	66	108	655	43	1	873
Salaries and benefits payable	147	68	33	40	11	299
Compensated absences (Note 11)	294	144	42	64	15	559
Notes payable (Note 14)	--	--	--	--	345	345
Liability for self-insurance claims	--	--	5,652	--	--	5,652
Total current liabilities	507	320	6,382	147	372	7,728
Noncurrent liabilities:						
Compensated absences (Note 11)	75	18	51	33	13	190
Notes payable (Note 14)	--	--	--	--	3,235	3,235
Liability for self-insurance claims	--	--	13,930	--	--	13,930
OPEB obligation (Note 11)	841	446	246	267	35	1,835
Net pension liability (Note 23)	5,589	2,840	1,160	1,489	428	11,506
Total noncurrent liabilities	6,505	3,304	15,387	1,789	3,711	30,696
Total liabilities	7,012	3,624	21,769	1,936	4,083	38,424
Deferred inflows of resources						
Deferred pensions (Note 18)	277	141	58	74	21	571
Total deferred inflows of resources	277	141	58	74	21	571
Net position						
Net investment in capital assets	3,112	21,536	4	3,693	(749)	27,596
Unrestricted	1,194	13,192	948	6,593	1,199	23,126
Total net position	$ 4,306	$ 34,728	$ 952	$ 10,286	$ 450	$ 50,722

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Operating revenues						
Charges for services	$ 8,240	$ 11,162	$ 27,726	$ 3,859	$ 5,385	$ 56,372
Self-insurance recovery	--	--	2,633	--	--	2,633
Other operating revenues	126	320	54	35	29	564
Total operating revenues	8,366	11,482	30,413	3,894	5,414	59,569
Operating expenses						
Salaries and benefits	4,360	2,203	858	1,060	337	8,818
Services and supplies	1,980	4,356	18,462	1,925	5,199	31,922
Self-insurance claims	--	--	9,386	--	--	9,386
Contractual services	9	132	191	191	11	534
Depreciation and amortization	1,266	3,520	1	501	260	5,548
County overhead allocation	287	264	(384)	73	8	248
Total operating expenses	7,902	10,475	28,514	3,750	5,815	56,456
Operating income (loss)	464	1,007	1,899	144	(401)	3,113
Non-operating revenues (expenses)						
Use of money and property	28	69	37	91	6	231
Interest expense	--	--	--	--	(153)	(153)
Gain (loss) on sale of capital assets	--	179	--	(4)	--	175
Other non-operating revenues	--	6	65	--	568	639
Total non-operating revenues (expenses)	28	254	102	87	421	892
Income before transfers	492	1,261	2,001	231	20	4,005
Transfers in	--	749	--	340	--	1,089
Transfers out	--	(19)	--	--	--	(19)
Transfers in (out), net	--	730	--	340	--	1,070
Change in net position	492	1,991	2,001	571	20	5,075
Total net position - beginning	3,814	32,737	(1,049)	9,715	430	45,647
Total net position - ending	$ 4,306	$ 34,728	$ 952	$ 10,286	$ 450	$ 50,722

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Cash flows from operating activities						
Receipts from interfund services provided	$ 8,366	$ 11,516	$ 28,368	$ 3,894	$ 5,594	$ 57,738
Receipts from self-insurance recovery	--	--	2,633	--	--	2,633
Payments to employees	(4,234)	(2,187)	(893)	(1,107)	(301)	(8,722)
Payments to suppliers	(1,954)	(4,503)	(18,592)	(2,294)	(5,217)	(32,560)
Payments for self-insurance claims	--	--	(11,156)	--	--	(11,156)
County overhead allocation payments to the General Fund	(287)	(264)	384	(73)	(8)	(248)
Other receipts	--	6	65	--	568	639
Net cash provided by operating activities	1,891	4,568	809	420	636	8,324
Cash flows from noncapital financing activities						
Transfers from other funds	--	749	--	340	--	1,089
Transfers to other funds	--	(19)	--	--	--	(19)
Net cash provided by noncapital financing activities	--	730	--	340	--	1,070
Cash flows from capital and related financing activities						
Purchase of capital assets	(934)	(6,346)	--	(372)	--	(7,652)
Proceeds from sales of capital assets	--	381	--	2	--	383
Principal paid on bonds and notes payable	--	--	--	--	(340)	(340)
Interest paid on bonds and notes payable	--	--	--	--	(153)	(153)
Net cash used by capital and related financing activities	(934)	(5,965)	--	(370)	(493)	(7,762)
Cash flows from investing activities						
Use of money and property received	24	57	23	84	5	193
Net cash provided by investing activities	24	57	23	84	5	193
Net change in cash and cash equivalents	981	(610)	832	474	148	1,825
Cash and cash equivalents - beginning	5,595	16,447	21,236	7,499	1,377	52,154
Cash and cash equivalents - ending	$ 6,576	$ 15,837	$ 22,068	$ 7,973	$ 1,525	$ 53,979
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 6,576	$ 15,827	$ 22,068	$ 7,973	$ 1,525	53,969
Restricted cash and investments per Statement of Net Position	--	10	--	--	--	10
Total cash and cash equivalents per Statement of Net Position	$ 6,576	$ 15,837	$ 22,068	$ 7,973	$ 1,525	$ 53,979
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ 464	$ 1,007	$ 1,899	$ 144	$ (401)	$ 3,113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	1,266	3,520	1	501	260	5,548
Other non-operating revenue	--	6	65	--	568	639
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:						
Accounts and other receivables	--	34	588	--	180	802
Inventories	--	4	--	--	--	4
Accounts payable	35	(19)	61	(178)	(7)	(108)
Salaries and benefits payable	126	16	(35)	(47)	36	96
Liability for self-insurance claims	--	--	(1,770)	--	--	(1,770)
Net cash provided by operating activities	$ 1,891	$ 4,568	$ 809	$ 420	$ 636	$ 8,324
Noncash investing, capital, and financing activities	$ --	$ --	$ --	$ --	$ --	$ --

Agency Funds

Agency Funds

Agency funds are custodial in nature and do not involve the measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals and entities at some future time.

Clearing and Revolving Funds provide clearing facilities for items such as payroll withholdings and warrant redemption. These funds are used to temporarily accumulate and hold resources for distribution to third parties.

Deposits Funds account for deposits under the control of the County departments. Dispositions of the deposits are governed by the terms of the statutes and ordinances establishing the deposit requirement.

Other Agency Funds account for assets held by the County in a fiduciary capacity for other entities.

State and City Revenue Funds temporarily hold various fees, fines, and penalties collected by the County departments for the State of California or various cities in Santa Barbara County, which are passed through to these entities.

Tax Collection Funds account for monies received for current and delinquent taxes, which must be held pending authority for distribution. Included are prepaid taxes, disputed taxes, duplicate payment of taxes, etc. These funds also account for monies deposited by third parties pending settlement of litigation and claims. Upon final settlement, monies are dispersed as directed by the courts or by parties to the dispute.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2017 (in thousands)

	July 1, 2016	Additions	Deductions	June 30, 2017
Clearing and revolving funds				
Assets:				
Cash and investments	$ 17,748	$ 1,232,079	$ 1,236,984	$ 12,843
Interest receivable	2	13	12	3
Total assets	$ 17,750	$ 1,232,092	$ 1,236,996	$ 12,846
Liabilities:				
Accounts payable	$ 7,784	$ 327,772	$ 328,319	$ 7,237
Funds held for others	9,966	1,560,411	1,564,768	5,609
Total liabilities	$ 17,750	$ 1,888,183	$ 1,893,087	$ 12,846
Deposits funds				
Assets:				
Cash and investments	$ 2,260	$ 15,406	$ 16,038	$ 1,628
Interest receivable	--	--	--	--
Total assets	$ 2,260	$ 15,406	$ 16,038	$ 1,628
Liabilities:				
Accounts payable	$ 7	$ 1,121	$ 1,128	$ -
Funds held for others	2,253	16,534	17,159	1,628
Total liabilities	$ 2,260	$ 17,655	$ 18,287	$ 1,628
Other agency funds				
Assets:				
Cash and investments	$ 4,945	$ 168,847	$ 168,769	$ 5,023
Interest receivable	4	22	19	7
Total assets	$ 4,949	$ 168,869	$ 168,788	$ 5,030
Liabilities:				
Accounts payable	$ -	$ 2,704	$ 2,704	$ -
Funds held for others	4,949	171,573	171,492	5,030
Total liabilities	$ 4,949	$ 174,277	$ 174,196	$ 5,030
State and city revenue funds				
Assets:				
Cash and investments	$ 19,424	$ 213,849	$ 210,163	$ 23,110
Interest receivable	44	199	172	71
Total assets	$ 19,468	$ 214,048	$ 210,335	$ 23,181
Liabilities:				
Accounts payable	$ 89	$ 102,541	$ 102,593	$ 37
Funds held for others	19,379	316,641	312,876	23,144
Total liabilities	$ 19,468	$ 419,182	$ 415,469	$ 23,181
Tax collection funds				
Assets:				
Cash and investments	$ 38,332	$ 2,770,200	$ 2,752,267	$ 56,265
Interest receivable	144	709	605	248
Total assets	$ 38,476	$ 2,770,909	$ 2,752,872	$ 56,513
Liabilities:				
Accounts payable	$ -	$ 24,528	$ 24,528	$ -
Funds held for others	38,476	2,795,437	2,777,400	56,513
Total liabilities	$ 38,476	$ 2,819,965	$ 2,801,928	$ 56,513
Total - all agency funds				
Assets:				
Cash and investments	$ 82,709	$ 4,400,381	$ 4,384,221	$ 98,869
Interest receivable	194	943	808	329
Total assets	$ 82,903	$ 4,401,324	$ 4,385,029	$ 99,198
Liabilities:				
Accounts payable	$ 7,880	$ 458,666	$ 459,272	$ 7,274
Funds held for others	75,023	4,860,596	4,843,695	91,924
Total liabilities	$ 82,903	$ 5,319,262	$ 5,302,967	$ 99,198

See accompanying independent auditor's report.

Statistical Section

COUNTY OF SANTA BARBARA
CALIFORNIA

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

Table of Contents - Statistical Section

Page

Financial Trends 166

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

Revenue Capacity 170

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

Debt Capacity 174

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

Demographic and Economic Information 177

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

Operating Information 179

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	2007-08 as restated	2008-09 as restated	2009-10 as restated	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 as restated	2016-17
Governmental activities										
Net investment in capital assets	$ 408,831	$ 451,648	$ 466,916	$ 480,240	$ 493,753	$ 511,144	$ 578,314	$ 588,989	$ 612,548	$ 648,420
Restricted for:										
Policy & executive	--	--	--	--	--	--	--	--	--	436
Public safety	13,695	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927	49,093
Health & public assistance	12,987	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910	36,411
Community resources & public facilities	87,145	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668	154,523
General government & support services	8,082	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242	5,804
General county programs	17,496	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232	18,352
Debt service	10,088	--	--	--	--	--	--	--	--	--
Unrestricted	65,462	54,439	32,215	16,708	37,170	30,976	62,497	(551,588)	(529,641)	(532,968)
Total governmental activities net position	$ 623,786	$ 653,032	$ 666,346	$ 675,478	$ 696,077	$ 712,003	$ 819,967	$ 273,953	$ 328,886	$ 380,071
Business-type activities										
Net investment in capital assets	$ 47,604	$ 57,338	$ 59,750	$ 60,029	$ 64,943	$ 65,806	$ 70,562	$ 73,988	$ 78,188	$ 80,852
Restricted for:										
Debt service	1,307	--	--	--	--	--	--	--	--	--
Unrestricted	15,321	9,560	10,851	12,353	16,606	21,648	25,191	14,062	19,888	21,326
Total business-type activities net position	$ 64,232	$ 66,898	$ 70,601	$ 72,382	$ 81,549	$ 87,454	$ 95,753	$ 88,050	$ 98,076	$ 102,178
Primary government										
Net investment in capital assets	$ 456,435	$ 508,986	$ 526,666	$ 540,269	$ 558,696	$ 576,950	$ 648,876	$ 662,977	$ 690,736	$ 729,272
Restricted for:										
Policy & executive	--	--	--	--	--	--	--	--	--	436
Public safety	13,695	9,137	12,189	9,717	14,438	19,594	24,107	28,640	38,927	49,093
Health & public assistance	12,987	25,118	32,943	42,328	33,627	33,734	31,005	37,477	35,910	36,411
Community resources & public facilities	87,145	95,946	101,591	106,691	95,892	97,710	103,497	152,739	149,668	154,523
General government & support services	8,082	7,594	5,483	4,523	5,240	3,886	4,951	4,960	5,242	5,804
General county programs	17,496	9,150	15,009	15,271	15,957	14,959	15,596	12,736	16,232	18,352
Debt service	11,395	--	--	--	--	--	--	--	--	--
Unrestricted	80,783	63,999	43,066	29,061	53,776	52,624	87,688	(537,526)	(509,753)	(511,642)
Total primary government net position	$ 688,018	$ 719,930	$ 736,947	$ 747,860	$ 777,626	$ 799,457	$ 915,720	$ 362,003	$ 426,962	$ 482,249

Notes:

- FY 07-08 net position 'restricted for general county programs' was restated from $21,878 to $17,496 in FY 08-09. As a result, governmental activities 'unrestricted' net position was restated from $61,080 to $65,462.
- FY 08-09 net position 'net investment in capital assets' was restated in FY 09-10 from $486,969 to $508,986, and 'restricted' net position was restated from $163,264 to $146,945. As a result, 'unrestricted' net position was restated from $69,697 to $63,999.
- FY 09-10 'restricted' governmental activities net position was restated from $157,052 to $167,215 in FY 10-11. As a result, 'unrestricted' net position decreased from $53,229 to $43,066.
- FY 15-16 net position 'net investment in capital assets' was restated in FY 16-17 from $605,665 to $612,548. As a result, total net position was restated from $420,079 to $426,962.
- Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Expenses										
Governmental activities:										
Policy & executive	$ 9,069	$ 8,596	$ 7,356	$ 11,074	$ 11,635	$ 14,455	$ 14,057	$ 10,721	$ 13,056	$ 14,315
Public safety	246,097	251,027	247,228	263,133	270,541	271,326	282,251	276,688	275,809	314,026
Health & public assistance	292,094	287,178	297,590	308,149	304,747	307,239	319,565	335,132	363,789	364,675
Community resources & public facilities	83,293	84,585	85,914	83,770	88,871	89,382	92,377	88,788	94,254	94,387
General government & support services	35,743	32,115	31,750	31,123	28,965	29,585	33,931	37,766	37,131	37,716
General county programs	14,461	23,167	19,494	20,694	15,077	5,664	3,980	2,462	2,807	2,206
Interest on long-term debt	2,626	3,321	4,645	4,926	4,146	3,712	3,505	2,651	2,275	2,152
Subtotal governmental activities expenses	683,383	689,989	693,977	722,869	723,982	721,363	749,666	754,208	789,121	829,477
Business-type activities:										
Resource Recovery	22,042	23,226	21,659	21,258	20,601	20,529	20,300	26,250	23,017	29,196
Laguna Sanitation	5,113	5,609	5,633	5,946	5,793	6,181	6,176	6,270	5,631	6,822
Other	384	682	10	--	--	--	--	--	--	--
Subtotal business-type activities expenses	27,539	29,517	27,302	27,204	26,394	26,710	26,476	32,520	28,648	36,018
Total expenses	$ 710,922	$ 719,506	$ 721,279	$ 750,073	$ 750,376	$ 748,073	$ 776,142	$ 786,728	$ 817,769	$ 865,495
Program revenues										
Governmental activities:										
Charges for services	$ 182,574	$ 180,183	$ 175,003	$ 176,149	$ 162,702	$ 155,451	$ 173,875	$ 184,591	$ 199,632	$ 210,885
Operating grants & contributions	281,421	291,171	293,672	306,564	308,610	325,138	332,533	346,620	349,865	364,316
Capital grants & contributions	229	259	85	209	57	50	52,352	44	85	3,201
Subtotal governmental activities	464,224	471,613	468,760	482,922	471,369	480,639	558,760	531,255	549,582	578,402
Business-type activities:										
Charges for services										
Resource Recovery	22,454	20,854	20,157	21,151	21,370	22,381	23,439	23,184	24,617	26,053
Laguna Sanitation	6,276	6,464	6,827	7,304	7,688	8,662	9,907	11,069	12,377	12,644
Other	52	34	--	--	--	--	--	--	--	--
Operating grants & contributions	1,745	2,678	2,778	1,245	6,202	1,732	1,038	987	1,150	1,155
Capital grants & contributions	--	1,169	--	--	--	--	--	--	--	--
Subtotal business-type activities	30,527	31,199	29,762	29,700	35,260	32,775	34,384	35,240	38,144	39,852
Total program revenues	$ 494,751	$ 502,812	$ 498,522	$ 512,622	$ 506,629	$ 513,414	$ 593,144	$ 566,495	$ 587,726	$ 618,254
Net (expense) / revenue										
Governmental activities	$ (219,159)	$ (218,376)	$ (225,217)	$ (239,947)	$ (252,613)	$ (240,724)	$ (190,906)	$ (222,953)	$ (239,539)	$ (251,075)
Business-type activities	2,988	1,682	2,460	2,496	8,866	6,065	7,908	2,720	9,496	3,834
Total net expense	$ (216,171)	$ (216,694)	$ (222,757)	$ (237,451)	$ (243,747)	$ (234,659)	$ (182,998)	$ (220,233)	$ (230,043)	$ (247,241)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 205,822	$ 205,583	$ 207,169	$ 208,595	$ 186,047	$ 227,452	$ 231,247	$ 244,139	$ 254,166	$ 267,613
Motor vehicle in-lieu tax	--	--	--	--	931	187	155	150	147	167
Sales taxes	16,362	15,643	13,444	12,756	14,700	13,527	14,039	15,306	16,332	18,172
Transient occupancy tax	7,174	6,431	5,950	6,977	7,570	6,993	7,539	8,550	9,072	10,068
Unrestricted investment earnings	2,926	1,610	2,404	1,372	1,048	453	1,407	1,661	854	335
Extraordinary item and special item	--	--	--	--	--	--	--	--	--	--
Transfers	(5)	661	(995)	1,002	6	2	(34)	--	(15)	--
Other	8,066	12,212	10,559	11,877	39,268	8,419	8,100	8,474	9,494	5,905
Subtotal governmental activities	240,345	242,140	238,531	242,579	249,570	257,033	262,453	278,280	290,050	302,260
Business-type activities:										
Unrestricted investment earnings	1,796	1,248	374	286	290	(95)	344	254	416	265
Transfers	5	(661)	995	(1,002)	(6)	(2)	13	--	15	--
Other	193	397	(126)	1	17	38	34	(38)	99	3
Subtotal business-type activities	1,994	984	1,243	(715)	301	(59)	391	216	530	268
Total primary government	$ 242,339	$ 243,124	$ 239,774	$ 241,864	$ 249,871	$ 256,974	$ 262,844	$ 278,496	$ 290,580	$ 302,528
Extraordinary Items										
RDA dissolution transactions	$ --	$ --	$ --	$ --	$ 16,345	$ --	$ --	$ --	$ --	$ --
Changes in net position										
Governmental activities	$ 21,186	$ 23,764	$ 13,314	$ 2,632	$ 13,302	$ 16,309	$ 71,547	$ 55,327	$ 50,511	$ 51,185
Business-type activities	4,982	2,666	3,703	1,781	9,167	6,006	8,299	2,936	10,026	4,102
Total primary government	$ 26,168	$ 26,430	$ 17,017	$ 4,413	$ 22,469	$ 22,315	$ 79,846	$ 58,263	$ 60,537	$ 55,287

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
General Fund (1)										
Reserved for:										
Receivables and prepaids	$ 20,309	$ 20,309	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Imprest cash	15	15	--	--	--	--	--	--	--	--
Property tax loss reserve	6,057	6,373	--	--	--	--	--	--	--	--
Unreserved:										
Designated	56,447	55,741	--	--	--	--	--	--	--	--
Undesignated	5,311	2,150	--	--	--	--	--	--	--	--
Nonspendable	--	--	26,704	25,570	8,780	9,618	10,138	11,042	12,130	13,619
Restricted	--	--	8,271	7,844	17,536	19,800	21,245	22,946	27,527	31,529
Committed	--	--	53,444	46,096	52,002	50,298	58,018	61,887	67,703	60,161
Assigned	--	--	--	--	--	--	--	--	--	--
Unassigned	--	--	736	4,330	7,591	8,092	3,405	3,242	7,684	7,761
Subtotal General Fund	88,139	84,588	89,155	83,840	85,909	87,808	92,806	99,117	115,044	113,070
All Other Governmental Funds (2)										
Reserved for:										
Receivables and prepaids	503	482	--	--	--	--	--	--	--	--
Imprest cash	23	25	--	--	--	--	--	--	--	--
Debt service	9,333	9,062	--	--	--	--	--	--	--	--
MHSA prudent reserve	--	1,900	--	--	--	--	--	--	--	--
Property held for resale	2,600	6,039	--	--	--	--	--	--	--	--
Unreserved:										
Designated, reported in:										
Special revenue funds	51,745	52,557	--	--	--	--	--	--	--	--
Capital projects fund	15,985	13,038	--	--	--	--	--	--	--	--
Debt service fund	230	422	--	--	--	--	--	--	--	--
Undesignated, reported in:										
Special revenue funds	80,838	85,181	--	--	--	--	--	--	--	--
Capital projects fund	4,988	5,339	--	--	--	--	--	--	--	--
Debt service fund	(15,134)	(15,724)	--	--	--	--	--	--	--	--
Nonspendable	--	--	507	681	586	1,084	791	1,129	1,496	1,942
Restricted	--	--	180,115	182,036	149,010	145,842	151,021	162,156	163,656	175,173
Committed	--	--	16,590	13,623	9,604	18,930	18,630	18,642	19,236	30,864
Assigned	--	--	932	883	1,817	1,287	--	--	--	--
Unassigned	--	--	22,860	(26,600)	(2,822)	(2,850)	--	--	--	--
Subtotal all other governmental funds	151,111	158,321	221,004	170,623	158,195	164,293	170,442	181,927	184,388	207,979
Total governmental fund balance	$ 239,250	$ 242,909	$ 310,159	$ 254,463	$ 244,104	$ 252,101	$ 263,248	$ 281,044	$ 299,432	$ 321,049

Notes:

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

(2) Substantial increases or decreases in fund balance components are explained in the Management's Discussion and Analysis (MD&A).

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

	2007-08	2008-09	2009-10	2010-11	2011-12 (restated)	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues (by source)										
Taxes	$ 231,955	$ 232,781	$ 231,648	$ 234,354	$ 241,142	$ 249,414	$ 254,177	$ 269,412	$ 281,279	$ 295,066
Licenses, permits, and franchises	14,294	13,643	13,223	12,639	12,966	14,011	14,030	13,660	14,282	14,221
Fines, forfeitures, and penalties	12,333	13,218	13,527	13,299	10,990	9,582	10,883	9,581	9,160	9,141
Use of money and property	12,173	8,739	6,121	4,582	4,307	2,321	4,995	4,902	4,809	3,332
Intergovernmental	271,211	286,846	290,440	304,347	306,609	321,765	380,785	340,807	345,428	361,392
Charges for services	156,648	163,332	162,525	164,630	139,685	135,625	141,839	161,637	181,022	189,834
Other	13,637	16,614	17,046	22,872	25,920	19,582	20,804	19,033	16,149	16,177
Total revenues	712,251	735,173	734,530	756,723	741,619	752,300	827,513	819,032	852,129	889,163
Expenditures (by function)										
Policy & executive	13,290	13,971	13,266	15,661	15,172	15,349	15,408	15,563	16,484	16,585
Public safety	231,239	237,160	233,156	248,359	250,145	259,968	270,605	281,211	288,174	303,151
Health & public assistance	287,957	287,110	298,239	307,900	300,536	304,982	317,322	343,584	351,911	361,796
Community resources & public facilities	89,859	106,471	100,047	97,672	97,130	100,838	145,572	93,443	106,380	99,463
General government & support services	48,356	50,736	48,818	47,073	42,643	43,691	44,194	47,357	50,104	52,597
General county programs	18,452	22,822	18,449	18,957	12,287	5,091	8,199	3,190	2,679	2,167
Debt service										
Principal	6,595	6,230	7,506	5,621	23,749	4,133	4,502	15,318	3,764	3,874
Interest	2,642	3,324	4,637	4,918	4,183	3,518	3,308	2,516	2,111	2,002
Capital outlay	20,055	7,017	8,639	18,094	15,795	7,290	7,079	8,353	6,229	24,983
Total expenditures	718,445	734,841	732,757	764,255	761,640	744,860	816,189	810,535	827,836	866,618
Excess (deficiency) of revenues over (under) expenditures	(6,194)	332	1,773	(7,532)	(20,021)	7,440	11,324	8,497	24,293	22,545
Other financing sources (uses)										
Transfers in	149,323	139,021	146,179	88,586	96,986	86,395	49,715	60,305	54,535	68,603
Transfers out	(148,765)	(138,722)	(146,991)	(91,204)	(96,912)	(86,338)	(49,965)	(61,278)	(55,935)	(69,673)
Proceeds from sale of capital assets	288	147	52	174	220	500	73	347	205	142
Long-term debt issued	17,000	--	20,387	--	16,957	--	--	9,925	10	--
Long-term receivable collected	--	--	--	--	356	--	--	--	--	--
Issuance discount on long-term debt	(88)	--	(148)	--	--	--	--	--	--	--
Issuance premium on long-term debt	--	--	278	--	--	--	--	--	--	--
Total other financing sources (uses)	17,758	446	19,757	(2,444)	17,607	557	(177)	9,299	(1,185)	(928)
Extraordinary Items										
RDA dissolution transactions	--	--	--	--	(13,092)	--	--	--	--	--
Net change in fund balance	$ 11,564	$ 778	$ 21,530	$ (9,976)	$ (2,414)	$ 7,997	$ 11,147	$ 17,796	$ 23,108	$ 21,617
Debt service as a percentage of noncapital expenditures (1):	1.36%	1.35%	1.71%	1.44%	3.84%	1.07%	1.06%	2.27%	0.74%	0.71%

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Expenditures (2)										
General government	$ 65,271	$ 64,020	$ 62,761	$ 64,450	$ 48,395	$ 64,886	$ 65,289	$ 64,462	$ 68,216	$ 74,054
Public protection	281,771	299,802	288,599	296,982	303,442	302,982	316,926	328,238	336,139	353,536
Public ways and facilities	23,117	32,301	32,111	32,489	35,540	29,814	28,226	25,750	30,620	23,720
Health and sanitation	160,095	155,148	157,155	157,961	157,298	155,560	157,460	171,631	173,590	180,615
Public assistance	125,547	130,962	138,166	145,085	138,397	139,800	148,702	159,753	165,569	166,155
Education	3,269	3,223	3,289	3,410	2,734	3,199	3,128	3,132	3,568	3,800
Recreational and cultural services	11,941	11,232	12,899	11,089	10,866	10,504	11,422	12,811	14,237	14,022
Debt service	9,237	9,555	12,144	10,539	27,933	7,651	7,809	17,834	5,875	5,876
Capital outlay	38,197	28,598	25,633	42,250	37,035	30,464	77,227	26,924	30,021	44,840
Total expenditures	$ 718,445	$ 734,841	$ 732,757	$ 764,255	$ 761,640	$ 744,860	$ 816,189	$ 810,535	$ 827,835	$ 866,618

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

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

Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the consumer price index (CPI) on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
2007 - 2008	56,836,827	2,571,180	833,438	(1,772,777)	58,468,668	1.00000
2008 - 2009	59,457,127	2,795,296	806,086	(1,928,671)	61,129,838	1.00000
2009 - 2010	60,136,238	2,874,141	718,678	(2,128,966)	61,600,091	1.00000
2010 - 2011	60,558,017	2,901,856	746,117	(2,322,086)	61,883,904	1.00000
2011 - 2012	61,739,881	2,923,496	807,247	(2,713,216)	62,757,408	1.00000
2012 - 2013	62,696,346	2,896,396	883,587	(3,074,291)	63,402,038	1.00000
2013 - 2014	65,478,241	2,897,317	897,504	(3,308,629)	65,964,433	1.00000
2014 - 2015	68,635,212	3,441,635	925,196	(3,353,701)	69,648,342	1.00000
2015 - 2016	71,941,255	3,619,135	1,004,561	(3,505,586)	73,059,365	1.00000
2016 - 2017	75,131,736	3,603,348	1,064,198	(3,807,072)	75,992,210	1.00000

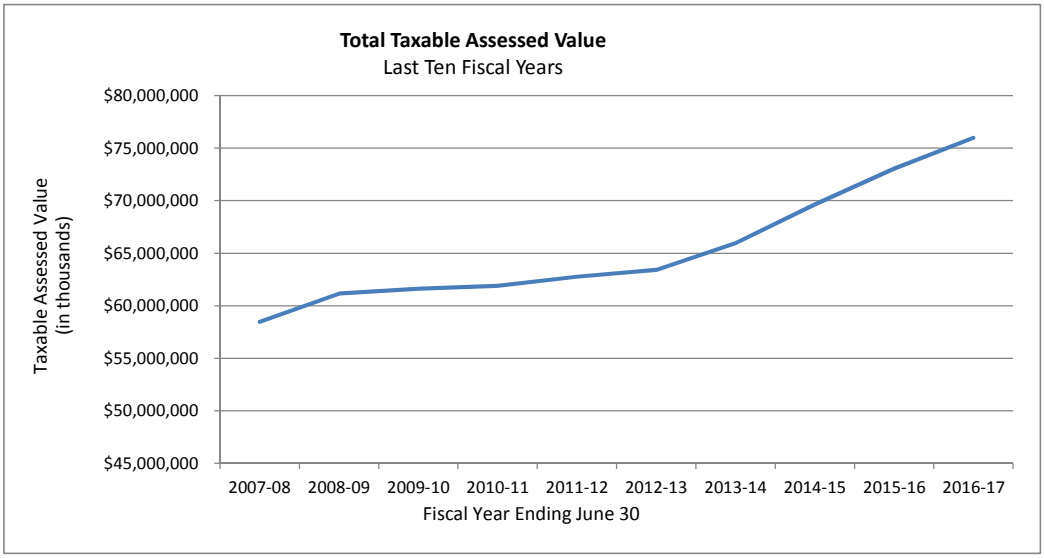
Notes:

(1) Local assessed secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

(3) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization. Most of the amount reported is unitary but includes a small amount of other state-assessed property.

(4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.



Source:
Auditor-Controller, County of Santa Barbara

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

	County Direct Rates	Overlapping Rates		
Fiscal Year	Santa Barbara County General	Cities (1)	Schools (2)	Total
2007 - 2008	1.00000%	0.00012%	0.01375%	1.01387%
2008 - 2009	1.00000%	0.00010%	0.01307%	1.01317%
2009 - 2010	1.00000%	0.00012%	0.01265%	1.01277%
2010 - 2011	1.00000%	0.00012%	0.01284%	1.01296%
2011 - 2012	1.00000%	0.00014%	0.01310%	1.01324%
2012 - 2013	1.00000%	0.00012%	0.01352%	1.01364%
2013 - 2014	1.00000%	0.00013%	0.01462%	1.01475%
2014 - 2015	1.00000%	0.00012%	0.01473%	1.01485%
2015 - 2016	1.00000%	0.00011%	0.01979%	1.01990%
2016 - 2017	1.00000%	0.00010%	0.01875%	1.01885%

Notes:
(1) Rates shown represent a weighted average of the eight incorporated cities within the County.
(2) Rates shown represent a weighted average of the various school district tax rate areas within the County.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2017 AND June 30, 2008 (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, 2017 and June 30, 2008

June 30, 2017:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2016-17	Percentage of Total Secured Tax Levy Fiscal Year 2016-17
United Launch Alliance LLC	Aerospace	$ 341,540	0.45%	$ 4,039	0.56%
Southern California Edison Co.	Utility	321,725	0.42%	3,967	0.55%
Southern California Gas Company	Utility	244,668	0.32%	3,019	0.42%
1260 BB Property, LLC (Biltmore)	Hotel	215,415	0.28%	2,781	0.39%
Exxon Corporation	Petroleum & Gas	203,234	0.27%	2,088	0.29%
BRS Investment Properties, LLC (Bacara)	Hotel	203,097	0.27%	2,222	0.31%
Windset Farms California, Inc	Agriculture	170,953	0.22%	1,887	0.26%
Regency Tropicana LLC	Residential Units	163,120	0.21%	1,790	0.25%
Pacific Gas & Electric Co.	Utility	161,212	0.21%	1,989	0.28%
Fairway BB Property, LLC	Residential Estate	154,094	0.20%	1,581	0.22%
Ten largest taxpayers		2,179,058	2.85%	25,363	3.53%
All other taxpayers		73,813,152	97.15%	695,492	96.47%
Total		$ 75,992,210	100.00%	$ 720,855	100.00%

June 30, 2008:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2007-08	Percentage of Total Secured Tax Levy Fiscal Year 2007-08
Exxon Corporation	Petroleum & Gas	$ 364,586	0.62%	$ 3,737	0.67%
Verizon California Inc.	Utility	194,900	0.33%	2,208	0.40%
Southern California Edison Co.	Utility	184,663	0.32%	2,087	0.38%
1260 BB Property, LLC (Biltmore)	Hotel	170,000	0.29%	1,874	0.34%
Southern California Gas Company	Utility	160,118	0.27%	1,776	0.32%
Fairway BB Property, LLC	Residential Estate	144,101	0.25%	1,464	0.26%
HT-Santa Barbara Inc	Hotel	130,000	0.22%	1,398	0.25%
Pacific Offshore Pipeline Co.	Petroleum & Gas	115,960	0.20%	1,188	0.21%
Beringer Wine Estates Company	Vineyard	112,464	0.19%	1,231	0.22%
SP Maravilla LLC	Rest Home	104,291	0.18%	1,145	0.21%
Ten largest taxpayers		1,681,083	2.87%	18,108	3.26%
All other taxpayers		56,787,585	97.13%	536,670	96.74%
Total		$ 58,468,668	100.00%	$ 554,778	100.00%

Notes:

(1) Net Assessed Secured amounts include Secured & Unitary less exemptions.
See "Assessed Value of Taxable Property and Actual Value of Property" schedule for total assessed value.

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

Source:
County of Santa Barbara Treasurer / Tax Collector

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

Fiscal Year	(1) Taxes Levied	(2) Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2007 - 2008	$ 554,778	$ 541,456	97.60%	$ 13,310	$ 554,766	100.00%
2008 - 2009	577,849	561,907	97.24%	15,842	577,749	99.98%
2009 - 2010	580,532	566,808	97.64%	13,536	580,344	99.97%
2010 - 2011	579,901	573,537	98.90%	6,094	579,631	99.95%
2011 - 2012	590,345	583,214	98.79%	6,847	590,061	99.95%
2012 - 2013	599,416	593,841	99.07%	5,170	599,011	99.93%
2013 - 2014	626,258	621,794	99.29%	3,853	625,647	99.90%
2014 - 2015	658,542	653,778	99.28%	1,474	655,252	99.50%
2015 - 2016	690,326	684,131	99.10%	--	684,131	99.10%
2016 - 2017	720,855	714,505	99.12%	--	714,505	99.12%

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 (1)	Capital Leases	Long-Term Loans	Long-Term Settle-ment	Bonds and Notes Payable	Certificates of Participation (1)	Capital Leases	Long-Term Settlement	Bonds and Notes Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
2007 - 2008	$ 70,877	$ 4,301	$ --	$ --	$ --	$ 9,902	$ 23	$ 55	$ 7,426	$ 92,584	0.47%	$ 214
2008 - 2009	65,069	3,707	--	--	--	8,846	15	--	7,009	84,646	0.44%	195
2009 - 2010	76,824	4,782	--	--	--	6,933	8	--	6,581	95,128	0.49%	218
2010 - 2011	68,759	4,017	--	--	--	9,532	--	--	10,314	92,622	0.49%	216
2011 - 2012	44,840	3,735	--	--	22,195	8,144	--	--	9,637	88,551	0.47%	207
2012 - 2013	43,161	3,418	--	--	19,740	7,473	--	--	8,928	82,720	0.43%	193
2013 - 2014	41,414	3,013	--	--	17,070	6,781	--	--	8,203	76,481	0.37%	177
2014 - 2015	29,550	2,686	--	--	23,580	6,061	--	--	7,462	69,339	0.32%	159
2015 - 2016	28,693	2,351	--	--	20,690	5,323	--	--	6,704	63,761	0.29%	143
2016 - 2017	27,798	1,983	--	--	17,745	4,554	--	--	5,930	58,010	0.24%	129

Notes:

(1) Beginning in fiscal year 2013-14, the Certifcates of Particpation totals in this schedule were updated to included unamortized premiums and discounts.

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

(3) See the "Demographics and Economics Statistics" schedule for population figures. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED) (4)
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
2007 - 2008	58,468,668	730,858	--	730,858	100%
2008 - 2009	61,129,838	764,123	--	764,123	100%
2009 - 2010	61,600,091	770,001	--	770,001	100%
2010 - 2011	61,883,904	773,549	--	773,549	100%
2011 - 2012	62,757,408	784,468	--	784,468	100%
2012 - 2013	63,402,039	792,525	--	792,525	100%
2013 - 2014	65,964,432	824,555	--	824,555	100%
2014 - 2015	69,453,967	868,175	--	868,175	100%
2015 - 2016	73,059,365	913,242	--	913,242	100%
2016 - 2017	75,992,210	949,903	--	949,903	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) (4)
AS OF June 30, 2017

2016-2017 Assessed Valuation: $ 75,992,210

	Percent Applicable (1)	Debt (3)
Overlapping Tax and Assessment Debt:		
Allan Hancock Joint Community College District	99.655%	$ 126,218
Santa Barbara Community College District	100%	65,275
High School Districts	99.997-100%	206,285
Unified School Districts	68.035-100%	121,322
Goleta Union School District	100%	14,810
Santa Barbara School District	100%	51,600
Santa Maria-Bonita Joint School District	99.995%	29,999
Other School District	100%	56,389
City of Guadalupe	100%	32
Lompoc Healthcare District	100%	70,795
Special District 1915 Act Bonds	62.113-100%	4,652
Total Overlapping Tax and Assessment Debt		747,377
Overlapping General Fund Obligation Debt:		
Santa Maria-Bonita School District Certificates of Participation	99.995%	36,988
Cuyama Joint Unified School District Certificates of Participation	68.035%	1,081
Santa Ynez Valley Union High School District Certificates of Participation	100%	2,412
Santa Maria Joint Union High School District Certificates of Participation	99.997%	3,065
Buellton School District Certificates of Participation	100%	268
College School District Certificates of Participation	100%	2,304
City of Carpinteria Certificates of Participation	100%	170
City of Santa Barbara Certificates of Participation	100%	43,095
Carpinteria Sanitary District General Fund Obligations	98.385%	8,712
Santa Maria Cemetery District Certificates of Participation	100%	505
Total Gross Overlapping General Fund Obligation Debt		98,600
Less: Santa Barbara County utility supported obligations		(3,580)
Less: City of Santa Barbara revenue bonds supported by airport revenues		(42,580)
Less: Carpinteria Sanitary District revenue bonds supported by wastewater system revenues		(8,712)
Total Net Overlapping General Fund Obligation Debt		43,728
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		791,105
Overlapping Tax Increment Debt:		48,155
Direct General Fund Obligation Debt:		
Santa Barbara County Certificates of Participation		50,190
Total Direct General Fund Obligation Debt		50,190
Total Net Combined Overlapping and Direct Debt		$ 889,450
Total Gross Combined Overlapping and Direct Debt		$ 944,322 (2)

Ratio to 2016-17 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	0.98%
Ratios to Adjusted Assessed Valuation:	
Total Gross Direct Debt	0.07%
Total Net Direct Debt	0.06%
Gross Combined Total Debt	1.24%
Net Combined Total Debt	1.17%

Notes:
(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the County.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations and state contractual obligations within the Department of Water Resources.
(3) Debt as of August 1, 2016.

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	(3),(4) Personal Income	Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
2008	429	$ 19,100,000	44.5	66	5.2%
2009	431	18,100,000	42.0	66	8.2%
2010	434	18,600,000	42.9	66	8.8%
2011	426	19,000,000	44.6	66	8.9%
2012	427	19,000,000	44.5	66	7.9%
2013	429	19,300,000	45.0	66	6.3%
2014	433	20,600,000	47.6	67	5.4%
2015	437	21,700,000	49.7	68	4.7%
2016	447	22,300,000	49.9	69	4.9%
2017	451	24,200,000	53.7	69	4.3%

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

(2) Incorporated Cities	
Buellton	5,129
Carpinteria	13,943
Goleta	31,760
Guadalupe	7,414
Lompoc	44,042
Santa Barbara	93,063
Santa Maria	106,280
Solvang	5,593
Total of Incorporated Cities	307,224
Total of Unincorporated Areas	143,439
Total Population	450,663

Notes:
(1) Calendar year
(2) Population as of January 1
(3) Estimated amounts

Sources:
(2) California Department of Finance
(4) Bureau of Economic Analysis
(5) California Department of Education
(6) Employment Development Department Research Center

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL EMPLOYERS (UNAUDITED)
June 30, 2017 AND June 30, 2008

June 30, 2017

Company or Organization	Type of Business	Jobs (1)	Percent of Total County Employment
University of California, Santa Barbara	Education	10,726	5.16%
Vandenberg Air Force Base	Government	6,100	2.94%
County of Santa Barbara	Government	4,900	2.36%
Cottage Health Organization	Health	3,790	1.82%
Santa Barbara City College	Education	2,280	1.10%
Santa Barbara Unified School District	Education	2,185	1.05%
Marian Medical Center	Health	1,884	0.91%
City of Santa Barbara	Government	1,771	0.85%
Chumash Casino Resort	Hotel/Casino	1,716	0.83%
Santa Maria-Bonita School District	Education	1,696	0.82%
Total ten largest		37,048	17.83%
Total all other		170,752	82.17%
Total companies or organizations		207,800	100.00%

June 30, 2008

Company or Organization	Type of Business	Jobs (2)	Percent of Total County Employment
University of California, Santa Barbara	Education	9,723	5.13%
Vandenberg Air Force Base	Military	4,374	2.31%
County of Santa Barbara	Government	4,269	2.25%
Cottage Health Organization	Health	2,762	1.46%
Santa Barbara City College	Education	2,157	1.14%
Santa Barbara School District Admin.	Education	1,618	0.85%
Raytheon Electronic Systems	Defense Contractor	1,613	0.85%
Santa Maria-Bonita School District	Education	1,600	0.84%
City of Santa Barbara	Government	1,539	0.81%
Lompoc Unified School District	Education	1,452	0.77%
Total ten largest		31,107	16.42%
Total all other		158,385	83.58%
Total companies or organizations		189,492	100.00%

Sources:
(1) California Economic Forecast Project
(2) County of Santa Barbara CAFR FY 07-08

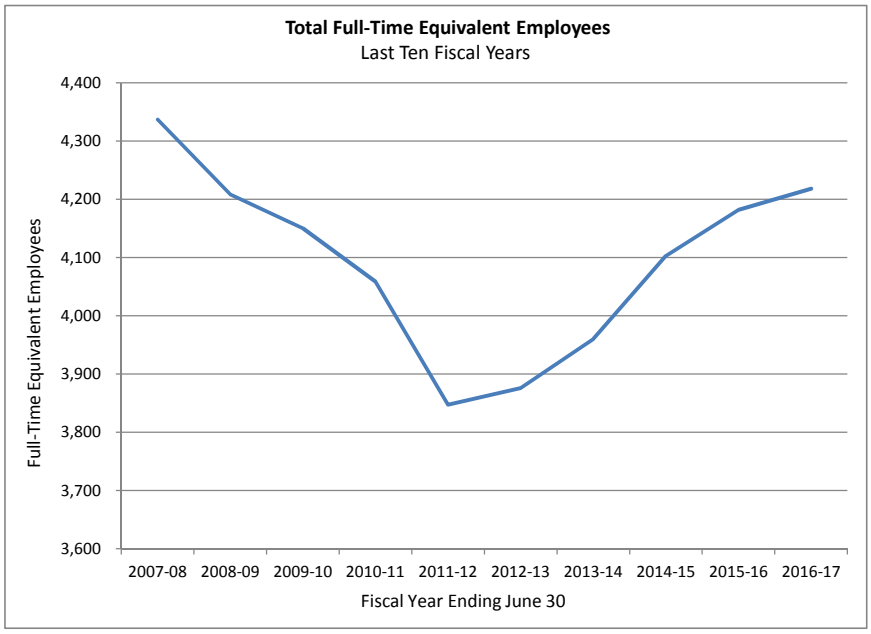
COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Paid employees (1)										
Policy & executive	99	91	85	93	92	94	96	99	105	103
Public safety	1,666	1,617	1,556	1,524	1,455	1,467	1,478	1,498	1,521	1,540
Health & public assistance	1,704	1,654	1,765	1,779	1,634	1,732	1,799	1,926	1,973	1,961
Community resources & public facilities	506	476	451	432	416	419	424	419	424	443
General government & support services	438	437	410	385	343	334	334	350	359	361
General county programs	34	31	30	15	17	6	5	3	6	6
Resource Recovery	90	91	85	83	81	79	83	81	77	80
Laguna Sanitation	15	16	16	16	16	16	16	16	15	16
Total County employees	4,552	4,413	4,398	4,327	4,054	4,147	4,235	4,392	4,480	4,510
Actual full-time equivalent employees (2)										
Policy & executive	90	83	79	86	85	88	88	91	94	93
Public safety	1,610	1,561	1,500	1,455	1,390	1,386	1,394	1,415	1,433	1,448
Health & public assistance	1,615	1,573	1,633	1,636	1,548	1,608	1,679	1,796	1,841	1,842
Community resources & public facilities	473	445	421	404	391	389	392	382	389	402
General government & support services	414	414	392	369	328	315	313	326	335	339
General county programs	34	30	29	14	13	--	--	1	1	1
Resource Recovery	86	86	80	78	76	74	78	77	74	77
Laguna Sanitation	15	16	16	16	16	16	16	15	15	16
Total County employees	4,337	4,208	4,150	4,059	3,847	3,876	3,960	4,103	4,182	4,218

Note:

(1) Paid employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job for which the employee was paid.

(2) Actual full-time equivalent employees: Count of number of full-time equivalents paid. For full-time and part-time, the full-time equivalent (FTE) used is from the employee's assigned work schedule. For extra help and contractors, the FTE is calculated as the number of hours worked this pay period divided by 80.



Source:
Santa Barbara County payroll records as of June 30.

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

Function/Program	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Public safety										
Other:										
Filed felonies-District Attorney	2,669	2,610	2,482	2,462	2,741	2,979	3,176	2,499	2,898	2,835
Filed misdemeanors-District Attorney	14,791	14,608	14,633	13,264	10,983	10,022	9,838	11,347	12,355	12,404
Public Defender's total new caseload	24,939	21,859	23,056	23,563	21,642	18,963	20,973	23,391	24,024	23,414
Fire emergency responses	11,090	11,392	11,278	11,512	12,714	13,989	13,842	13,927	14,307	15,123
Sheriff:										
Total miles patrolled	1,572,795	1,563,910	1,530,054	1,519,651	1,447,978	1,230,191	1,477,038	1,413,902	1,439,005	1,413,060
Processed and booked adult offenders	17,915	17,992	18,319	17,552	15,763	16,677	16,780	17,117	17,744	15,623
Probation:										
Juvenile referrals processed	6,287	5,880	5,431	4,978	4,122	3,449	3,070	3,313	3,371	3,150
Adult and Juvenile cases supervised	11,986	10,509	10,808	9,480	8,364	8,321	8,331	8,196	8,114	8,112
Institutional care for minors	68,730	68,286	67,861	65,313	58,923	52,268	38,763	34,894	37,372	34,214
Submit written reports to courts on Adults	7,190	5,832	4,941	5,544	5,146	6,582	6,628	6,838	6,856	7,337
Health & public assistance										
ADMHS clients served	14,565	13,637	14,785	12,063	11,825	12,313	12,647	13,936	14,653	15,344
Established orders for child support	14,635	14,630	14,800	13,648	12,963	12,565	11,922	11,544	11,452	11,317
Assistance claims paid to eligible recipients	65,686	71,249	77,966	80,025	76,762	72,678	70,924	99,513	99,597	97,127
Patient encounters at Public Health clinics	126,200	134,450	136,867	131,489	120,540	120,700	114,000	111,000	107,000	115,000
Community resources & public facilities										
Building inspections	33,800	21,523	19,159	19,450	19,736	20,689	23,752	22,431	22,583	21,804
Enhanced or maintained road lanes (miles)	102	100	195	96	81	67	82	73	24	23
Flood control work requests (1)	110	180	195	90	95	--	--	--	--	--
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	108,000	107,073	108,178	117,932	119,522	135,053	103,060	102,694	110,846	110,089
Resource Recovery										
Waste recycled (tons per month)	7,692	7,074	6,576	7,312	7,824	7,043	7,244	6,792	5,084	5,241
Landfill waste disposal (tons per month)	17,964	17,099	15,626	14,614	13,891	14,607	14,894	15,163	16,690	17,172

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

Sources:
Various Department Personnel, County of Santa Barbara

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

Function/Program	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Policy & executive										
Buildings										
Public safety										
Court buildings	7	7	7	7	7	7	7	7	7	7
Other buildings	5	5	5	5	5	5	5	5	5	5
Fire stations	16	16	16	16	16	16	16	16	16	16
Fire trucks	41	43	42	42	42	42	42	42	41	41
Ambulances	4	4	4	4	6	6	6	6	6	6
Sheriff sub stations	2	3	3	4	4	4	4	4	4	4
Patrol units	49	49	49	49	49	49	49	52	52	60
Aircrafts	5	5	6	6	6	6	6	6	6	6
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Administration buildings	9	9	9	9	9	9	9	9	9	9
Health & public assistance										
Clinics	7	7	7	7	7	7	7	7	9	9
Administration buildings	5	5	5	5	5	5	5	5	5	5
Community resources & public facilities										
Public parks & open space acreage	2,455	2,469	2,469	1,798	2,027	2,122	2,122	2,122	2,122	2,122
Day use & camping parks	22	22	23	25	26	26	26	26	26	26
Open space areas (County developed)	17	17	18	42	43	45	45	45	45	45
Outdoor events center	1	1	1	1	1	1	1	1	1	1
Veterans buildings	3	3	3	3	3	3	3	3	3	3
Seawalls	2	2	2	2	2	2	2	2	2	2
Road lane miles	1,668	1,685	1,685	1,685	1,670	1,671	1,671	1,671	1,671	1,651
Bridges	112	112	112	113	113	115	115	115	115	115
Traffic signals	25	26	26	26	43	44	44	44	44	44
Roads heavy equipment	51	49	51	51	51	43	43	43	43	43
Sanitary sewers (miles of collection)	111	121	121	121	121	129	129	129	129	129
Treatment capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	69	82	84	73	78	72	69	57	58	59
General government & support services										
Buildings	5	5	5	5	7	7	7	7	7	7

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

Sources:
Various Department Personnel, County of Santa Barbara

Glossary

COUNTY OF SANTA BARBARA
CALIFORNIA

ACCOUNTS PAYABLE - A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE - An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS OF ACCOUNTING - The recording of the financial effects of a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BASIC FINANCIAL STATEMENTS (BFS) - The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: governmentwide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING - A term used to refer to *when* revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

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

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL - The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUSINESS-TYPE ACTIVITIES - One of two classes of activities reported in the governmentwide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL ASSETS - Long-lived assets obtained or controlled as a result of past transactions, events, or circumstances. Capital assets include equipment, buildings, and improvements other than buildings; land; infrastructure; and intangible assets. In the private sector, these assets are referred to most often as property, plant and equipment, and intangible assets.

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

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

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

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

CASH BASIS OF ACCOUNTING - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT - An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM - A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs/Component Unit Financial Reports (CUFRs) and to provide technical assistance and peer recognition to the finance officers preparing them.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEFINED BENEFIT OPEB 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 - Pension plans that are used to provide defined benefit pensions.

DEFINED BENEFIT PENSIONS - Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation.

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

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

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

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

ECONOMIC RESOURCES MEASUREMENT FOCUS - Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for governmentwide financial reporting. It is also used by business enterprises in the private sector.

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

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

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

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

EXCHANGE-LIKE TRANSACTION - Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES - Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENDITURE-DRIVEN GRANTS - Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES - Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS - Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL - An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS - The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES - Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables or investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

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

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

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

FUND FINANCIAL STATEMENTS - Basic financial statements presented on the basis of funds. Term used in contrast with *governmentwide financial statements.*

FUND TYPE - Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

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

GENERAL FUND - The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL REVENUES - All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax (e.g., property tax, sales tax, and transient occupancy tax). All other nontax revenues (including interest, grants, and

contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

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

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

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

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

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

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

GOVERNMENTWIDE FINANCIAL STATEMENTS - Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic governmentwide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT - An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

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

INDIRECT EXPENSES - Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

INFRASTRUCTURE - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND RECEIVABLE/PAYABLE - Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS - Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

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

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

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

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

MODIFIED ACCRUAL BASIS OF ACCOUNTING - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

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

NET INVESTMENT IN CAPITAL ASSETS - One of three components of net position that must be reported in both governmentwide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

POSTEMPLOYMENT – The period after employment.

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

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

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

PROGRAM REVENUES - Term used in connection with the governmentwide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

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

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

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

REBATABLE ARBITRAGE - A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to

remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

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

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

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

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

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

RESTRICTED NET POSITION - A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS - An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS - Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT - All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE - A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

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

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

S**INGLE AUDIT** - An audit performed in accordance with *Title 2 U.S. Code of Federal Regulations.* The Single Audit allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT - An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, cemetery districts, transit authorities, port authorities, and electric power authorities.

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

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

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

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

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

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

TRUST FUNDS - Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

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

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

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

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

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

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