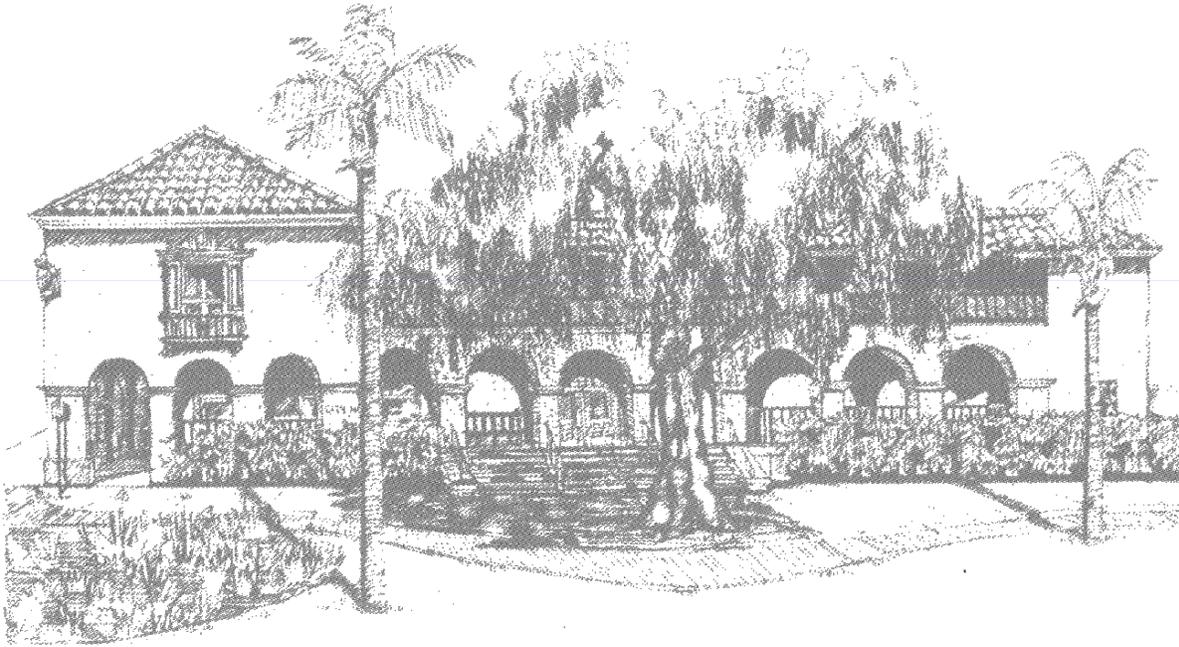


# City of Santa Barbara California



# Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2015

# **City of Santa Barbara, California**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared Under the Supervision of**

Robert Samario  
Finance Director





# Introductory Section

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDED JUNE 30, 2015

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# City of Santa Barbara

## Finance Department

[www.SantaBarbaraCA.gov](http://www.SantaBarbaraCA.gov)

December 15, 2015

Honorable Mayor, Members of the City Council, and Citizens of the City of Santa Barbara

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Santa Barbara for the fiscal year ended June 30, 2015, in accordance with Section 1219 of the City Charter. The report was prepared by the City's Finance Department and responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, rests with the City. To the best of our knowledge and belief, the information in the CAFR is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

This report consists of management's representations concerning the City finances. To provide a reasonable basis for making these representations, management established a comprehensive internal control framework designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The City Charter requires an annual audit of the City's financial statements by an independent certified public accountant. Lance, Soll & Lunghard, LLP, has issued an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2015. The independent auditors' report is located on pages 9-11 within the financial section of this report. The CAFR has been prepared using the financial reporting requirements as prescribed by Government Accounting Standards Board (GASB) Statement No. 34. GASB 34 requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found beginning on page 13.

### PROFILE OF THE CITY OF SANTA BARBARA

The City of Santa Barbara is located between the Santa Ynez Mountains and the Pacific Ocean. Santa Barbara offers year-round sunshine, miles of beaches, a colorful history dating back to the Chumash Indian tribes, a rich Spanish heritage, gourmet dining, and spectacular parks. It is often referred to as the American Riviera. The City was incorporated in August of 1850 and today serves a local population of 91,088. The City is a major employment center and tourist destination.

The City provides a wide range of services to its citizens. These services include police and fire protection; construction and maintenance of highways, streets, traffic signals and infrastructure; community development; recreational activities and cultural events; parks; parking facilities; water; wastewater; library; airport; harbor; and a golf course.

#### Administration

805.564.5334

#### Accounting

805.564.5340

#### License & Permits

805.564.5346

#### Payroll

805.564.5357

#### Risk Management

805.564.5347

#### Treasury

805.564.5528

#### Utility Billing

805.564.5343

#### Fax

805.897.1978

735 Anacapa St.

PO Box 1990

Santa Barbara, CA

93102-1990

#### Purchasing

805.564.5349

#### Warehouse

805.564.5354

#### Mailroom

805.564.5360

#### Fax

805.897.1977

310. E. Ortega St.

PO Box 1990

Santa Barbara, CA

93102-1990

#### Environmental Services

805.564-5631

#### Fax

805.564.5688

1221 Anacapa Street

PO Box 1990

Santa Barbara, CA

93102-1990

## LOCAL ECONOMY

Santa Barbara is a well-known tourist destination, both domestically and abroad. Its great year-round weather, rich heritage and diverse attractions have made tourism Santa Barbara's primary industry.

This dependence on tourism as its economic engine has generally served the City well, with its second and third largest revenues (transient occupancy taxes and sales taxes) derived from lodging and retail establishments. These tax revenues, along with other tax revenues, make up almost 70% of the total General Fund revenues that pay for critical services, such as police and fire, as well as services that enrich the community, such as library, parks, recreation and other culturally important services and programs. In fact, the City offers a full range of services that also include streets maintenance, building, planning, code enforcement and city administration.

However, this reliance on tourism also exposes the City to declines in key revenues caused by economic downturns. In addition to the General Fund, other operations impacted by local and national economic conditions include the City's Airport, Waterfront and Golf Course enterprise funds. As such, the City's long-term financial strategy has to, and does, factor in these eventualities.

Over the last several years, the City has seen a strong rebound from the "Great Recession" in certain portions of the local economy. In particular, we have seen tremendous growth in the lodging industry. Several factors have played into this growth, including unusually warm and dry weather, even during the winter season. Some of this growth in the last few years has been also fueled by the emergence of vacation rentals and home sharing. Consequently, we have seen a corresponding increase in transient occupancy tax (TOT) revenues collected and remitted by hotels and vacation rentals over the last several years.

The retail sector has also benefitted from the great weather and the unusually high number of visitors, domestically and abroad. Until this year, sales tax revenue growth has been strong, growing an average of almost 6% between fiscal years 2011 and 2014. However, although the number of sales transactions appear to remain strong, revenue growth has waned since fiscal year 2014 due to several factors. One of the key factors is a lack of growth in the prices of goods and services, measured by the Consumer Price Index. Another factor is the expansion of sales via the internet. In some cases, internet sales from out-of-state companies escape sales tax collection entirely. In other cases, where the taxes are in fact collected, the rules for how these tax revenues are allocated statewide are complicated and overall have resulted in winners and losers. It appears the City of Santa Barbara may be one of the net losers. The overall impact of the lack of inflation and the apparent impacts of the increasing number of on-line sales has thus reduced growth in sales tax revenues. Specifically, sales tax revenues grew just 1.43% in the last three quarters of fiscal year 2015.

The real estate market, from which the General Fund derives its largest revenue (property taxes) has recovered, albeit more slowly than other key tax revenues. During the early 2000's, real estate prices rose sharply, leading to strong growth in property tax revenues. The recession of 2008-2009 decimated property values and overall activity in real estate. Although property tax revenues did not decline during the recession, revenues did flatten out in contrast to annual growth rates approaching 10% prior to the recession. Following the recession, we saw a quick ramp up in real estate activity as many buyers capitalized on the increased affordability along with historically low interest rates. This resulted in a quick ramping of real

estate prices, although we have more recently seen prices stabilize. While there appears to be more upside potential for the City for increasing property tax revenues as assessed values catch up to current market values, there is long term concern about the impact on revenues due to a recession and the general impacts on the local economy from a significant decline in real estate values as we saw in 2008-2009.

## **FINANCIAL CONTROLS**

The City's management is responsible for establishing and maintaining a system of internal controls designed to ensure that the City's assets are protected from loss, theft or misuse. The City's system of internal controls must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The City's system of internal controls is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's system of internal controls adequately safeguards assets and provides reasonable assurance as to the proper recording of financial transactions. The City's internal controls are subject to periodic evaluation by the City's management.

### **Single Audit**

As a recipient of federal assistance, the City is responsible for maintaining a system of internal controls that will ensure compliance with applicable laws and regulations related to those federal programs. As part of the City's federal single audit, tests are made to determine the adequacy of the internal controls, including that portion relating to federal financial assistance. The single audit also seeks to determine whether the City has complied with, in all material respects, all applicable laws and regulations that could have a direct or material effect on a major grant program. The single audit did not encounter any instances of material weaknesses in the City's internal controls over financial reporting. The single audit did encounter two instances of non-compliance that have been corrected.

### **Budgetary Controls**

The City maintains budgetary controls designed to ensure compliance with the legal provisions contained in the annual budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department level for the General Fund and at the fund level for all other legally adopted budgets.

The City maintains a formal, integrated encumbrance accounting system as one means of ensuring budgetary control. Purchase orders that would result in an overrun of department appropriations at a major object category level are not released until additional funds have been appropriated. Appropriations for encumbrances outstanding at year-end are carried over and re-appropriated in the following fiscal year.

## OTHER INFORMATION

### Spending Limitation

Article XIII B of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2015, the City had not reached its Article XIII B spending limitation.

### AWARDS AND ACKNOWLEDGEMENTS

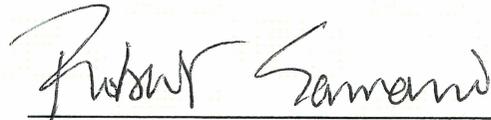
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Barbara California for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

The preparation of this CAFR could not have been accomplished without the hard work and team effort of the Finance Department, in particular Jennifer Tomaszewski, Accounting Manager, Lynne Sparks, Accounting Supervisor, and Doug Smith and James Hamilton, Senior Accountants, all of whom put in tremendous hours in the preparation of this report.

Respectfully submitted,

  
\_\_\_\_\_  
Paul Casey  
City Administrator/  
Clerk/Treasurer

  
\_\_\_\_\_  
Robert Samario  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Santa Barbara  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

**CITY OF SANTA BARBARA**  
**Directory of City Officials**  
**June 30, 2015**

Helene Schneider  
Mayor

Gregg Hart  
Councilmember

Cathy Murillo  
Councilmember

Harwood "Bendy" White  
Councilmember

Randy Rowse  
Councilmember

Frank Hotchkiss  
Councilmember

Dale Francisco  
Councilmember

Paul A. Casey  
City Administrator/Clerk/Treasurer

Ariel P. Calonne  
City Attorney

Robert Samario  
Acting Assistant City Administrator

Hazel Johns  
Airport Director

Robert Samario  
Finance Director

Irene Macias  
Library Director

Camerino Sanchez  
Police Chief

Pat McElroy  
Fire Chief

Nancy L. Rapp  
Parks and Recreation Director

Rebecca Bjork  
Public Works Director

Scott K. Riedman  
Waterfront Director

George Buell  
Community Development Director

Kristy Schmidt  
Administrative Services Director

**CITY OF SANTA BARBARA**  
**Advisory Boards and Commissions**  
**June 30, 2015**

**Charter Boards and Commissions**

**Membership**

Airport Commission	.....	7
Architectural Board of Review	.....	7
Civil Service Commission	.....	5
County SB Library Advisory Committee	.....	1
Fire and Police Commission	.....	5
Fire and Police Pension Commission	.....	3
Harbor Commission	.....	7
Historic Landmarks Commission	.....	9
Library Board	.....	5
Parks and Recreation Commission	.....	7
Planning Commission	.....	7
Water Commission	.....	5

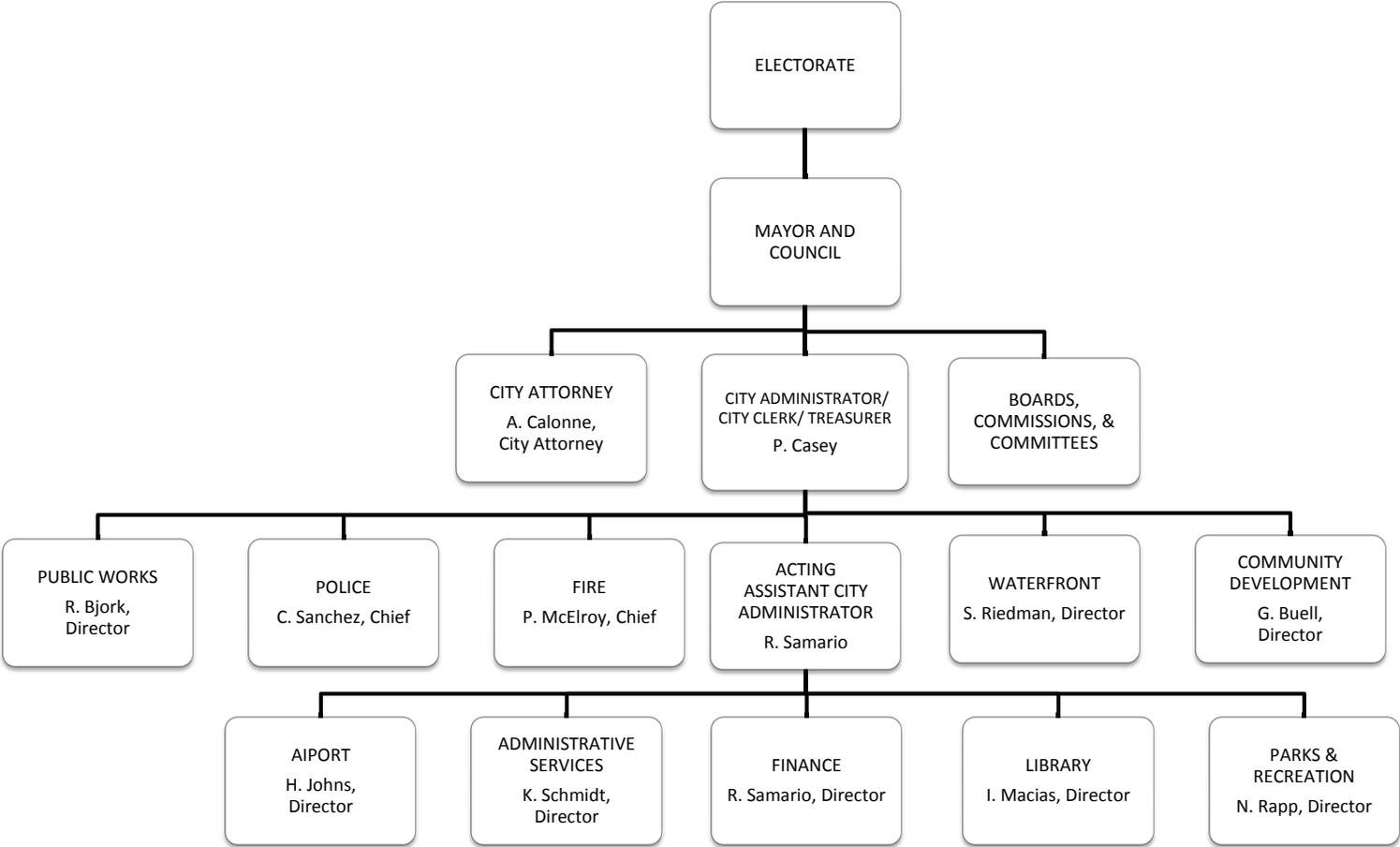
**Committees and Commissions**

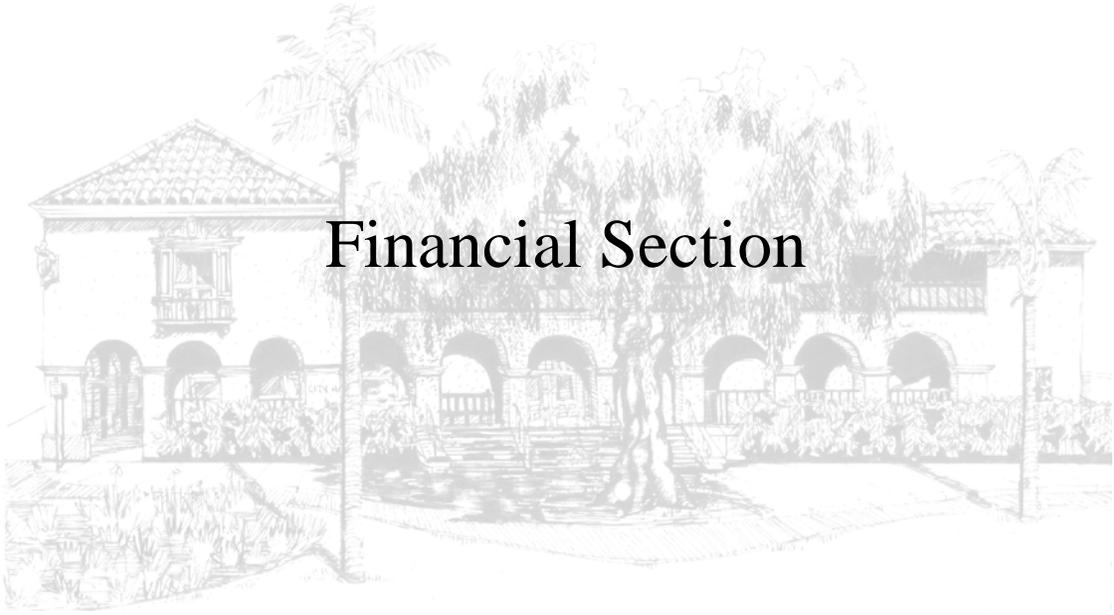
Access Advisory Committee	.....	7
Arts Advisory Committee	.....	7
Building and Fire Code Board of Appeals	.....	8
Community Development and Human Services Committee	.....	13
Community Events and Festivals Committee	.....	6
Creeks Advisory Committee	.....	7
Downtown Parking Committee	.....	7
Living Wage Advisory Committee	.....	6
Measure P Committee	.....	6
Neighborhood Advisory Council	.....	13
Rental Housing Mediation Board	.....	15
Santa Barbara Youth Council	.....	14
Sign Committee	.....	4
Single Family Design Board	.....	7
Sister Cities Board	.....	3
Street Tree Advisory Committee	.....	5
Transportation and Circulation Committee	.....	7

**Other Advisory Bodies**

Central Coast Commission for Senior Citizens	.....	1
Housing Authority Commission	.....	7
Metropolitan Transit District Board	.....	2
Mosquito and Vector Management District Board	.....	1
Oversight Board	.....	2

**CITY OF SANTA BARBARA  
ORGANIZATIONAL CHART**





## Financial Section

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Santa Barbara, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Santa Barbara, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



To the Honorable Mayor and Members of the City Council  
City of Santa Barbara, California

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Barbara, California, as of June 30, 2015, 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.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and Affordable Housing fund, the schedule of changes in net pension liability and related ratio, the schedule of contributions, the schedule of investment returns, the schedule of net pension liability and the schedule of proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from 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



To the Honorable Mayor and Members of the City Council  
City of Santa Barbara, California

statements and schedules 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the City'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 City's internal control over financial reporting and compliance.

Brea California  
December 3, 2015



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fiscal Year Ended June 30, 2015**

This section of the City's Comprehensive Annual Financial Report presents an overview of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have included in our letter of transmittal, which can be found on pages 1 of this report.

### **FINANCIAL HIGHLIGHTS**

Financial highlights include the following:

- In June 2012, the Governmental Accounting Standards Board (GASB) adopted Statement No. 68, Accounting and Financial Reporting for Pensions. The primary purpose of GASB Statement 68 was to improve accounting and reporting by state and local government for pensions. As a result of GASB 68, state and local governments, for the first time, are required to present any unfunded pension liability in its financial statements. For virtually all government agencies, including the City of Santa Barbara, this will have a major impact on how financial statements will be interpreted.
- At the end of fiscal year 2015, the City's net position (assets and deferred outflows minus liabilities) totaled \$666.7 million, an increase of approximately \$16.8 million from the prior year.
- Unrestricted funds may be used by the City to meet ongoing operations, subject to applicable federal and state laws and regulations. Of the total net position, unrestricted funds had a deficit balance of \$(147.9) million, due to the implementation of GASB 68. Before adjusting for GASB 68, unrestricted funds were \$115 million.
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$115.7 million, an increase of \$2.4 million from the prior year.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The City's basic financial statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. Each of these components is discussed below.

#### **Government-wide Financial Statements**

The Government-wide Financial Statements are designed to present financial information about the City as a whole in a manner similar to the private sector, including the use of accrual-based accounting to recognize its revenues and expenses. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely primarily on user fees and charges to fund their operations. Governmental activities include those traditionally associated with local government, such as public safety (fire and police), community development, public works, library, parks and recreation, and general government (administrative) functions. Business-type activities include the City's utility operations (water, wastewater and solid waste), the City's municipal airport, the waterfront/harbor, downtown parking, and golf course.

The Statement of Net Position presents all City assets, including capital assets, and deferred outflows, all related current liabilities, deferred inflows and long-term debt obligations. The difference between total assets and deferred outflows and total liabilities and deferred inflows is presented as "Net Position," which serves as a measure of the financial health of the City. Over time, increases or decreases in net position are indicators of an improving or deteriorating City financial condition.

The Statement of Activities provides the details of how the City's net position changed during the fiscal year. Decreases in net position are presented as "Expenses"; increases in net position are presented as "Revenues". Revenues directly attributable to a particular function or program within the City are presented as "Program Revenues". Tax revenues, including those restricted

to a particular program function, are reported as “General Revenues” unless specifically required to be reported as program revenues (i.e., gas and transportation taxes).

## **Fund Financial Statements**

The City, like other state and local governments, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and thereby enables the City to demonstrate compliance with legal or contractual requirements that may be associated with these funds. Accordingly, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and their purpose: Governmental, Proprietary, or Fiduciary Funds. Note that the fund financial statements only present information on the most significant (i.e., “major”) funds on the face of the statement. Non-major funds are grouped and presented in total on the face of the statements. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the government-wide financial statements previously described. This is designed to explain the differences created by the integrated approach.

**Governmental Funds** – Most of the City’s basic services are reported in governmental funds. Governmental funds include the General Fund, Special Revenue, Capital Projects, and Debt Service funds. In the fund financial statements, all governmental fund types are reported using the *modified accrual* basis of accounting. This is a departure from the basis of accounting used in the private sector and is used in the public sector in recognition of the different purpose and focus of financial reporting. Under the modified accrual basis of accounting, revenues are generally recognized when measurable and available to finance current operating costs, rather than when earned; and expenditures are recognized when the related liability is incurred. Because the focus is only on inflow (revenue) and outflow (expenditures) of current financial resources, the balance sheets of governmental funds present only short-term assets and liabilities.

The fund financial statements include separate columns, by fund type, for all major governmental funds of the City. All non-major governmental funds are consolidated into a single column labeled “Other Governmental Funds.” The details of these funds are included in the Combining and Individual Fund Statements and Schedules located in the Financial Section of this report.

**Proprietary Funds** – Proprietary funds are used to account for services provided to external customers or other City departments and funds that are primarily funded from user fees and charges. Proprietary funds use the accrual basis of accounting and measure the balance and change in *total economic resources*. This basis of accounting and financial reporting is consistent with the private sector in recognition that the purpose and focus of enterprise funds, while not on generating a profit, necessitate the measurement of the full cost of providing services for rate setting purposes. Accordingly, balance sheets of proprietary funds include *all* assets and liabilities, including long-term receivables, capital assets, and long-term liabilities. The basis of accounting and measurement focus used to prepare proprietary fund statements is the same that is used to prepare the government-wide statements. Thus, the proprietary fund statements provide the same, but more detailed, information about these funds, which are included in the “Business-Type Activity” column of the government-wide statements.

Proprietary funds include enterprise funds and internal service funds. The City uses enterprise funds to account for its water, wastewater, solid waste, airport, waterfront/harbor operations, downtown parking, and golf. Internal service funds are used to account for intra-city services such as fleet maintenance and replacement, building maintenance, custodial, communications, information systems, and self-insurance programs.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held by the City as trustee on behalf of other agencies or individuals. Fiduciary funds are not presented in the government-wide statements, as their resources are not available to support the operations of the City.

## **Notes to the Basic Financial Statements**

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

## Other Information

In addition to the basic financial statements and related notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees; budgetary comparison schedules for the General Fund and each major special revenue fund; and schedules and disclosures of the modified approach for reporting the City's infrastructure.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The following analysis of the Government-Wide statements includes a comparison between current and prior year results of operations and year-end balances.

### Statement of Net Position

Table 1 below summarizes the Statement of Net Position for Governmental and Business Type Activities as of June 30, 2015, with comparative totals as of June 30, 2014. As previously stated, net position at year end serves as a useful indicator over time of whether the City's financial position is improving or deteriorating.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 151,792	\$ 146,838	\$ 119,037	\$ 127,338	\$ 270,829	\$ 274,176
Capital assets, net	381,913	363,207	484,241	476,410	866,154	839,617
Total Assets	<u>533,705</u>	<u>510,045</u>	<u>603,278</u>	<u>603,748</u>	<u>1,136,983</u>	<u>1,113,793</u>
<b>Deferred Outflows of Resources:</b>	<u>18,196</u>	<u>39</u>	<u>5,343</u>	<u>1,445</u>	<u>23,539</u>	<u>1,484</u>
<b>Liabilities:</b>						
Current and other liabilities	15,107	10,258	13,991	14,600	29,098	24,858
Non-current liabilities	226,929	26,526	192,479	151,032	419,408	177,558
Total Liabilities	<u>242,036</u>	<u>36,784</u>	<u>206,470</u>	<u>165,632</u>	<u>448,506</u>	<u>202,416</u>
<b>Deferred Inflows of Resources:</b>	<u>37,297</u>	<u>-</u>	<u>7,986</u>	<u>-</u>	<u>45,283</u>	<u>-</u>
<b>Net Position:</b>						
Net investment in capital assets	381,554	362,540	347,257	340,246	728,811	702,786
Restricted	81,979	65,614	3,794	3,659	85,773	69,273
Unrestricted	(190,965)	45,146	43,114	95,656	(147,851)	140,802
Total Net Position	<u>\$ 272,568</u>	<u>\$ 473,300</u>	<u>\$ 394,165</u>	<u>\$ 439,561</u>	<u>\$ 666,733</u>	<u>\$ 912,861</u>

As shown in Table 1, at June 30, 2015 the City's net position totaled \$666.7 million. The largest portion consists of the City's net investment in capital assets in the amount of \$728.8 million. This amount represents the total funds invested to acquire capital assets, reduced by the outstanding debt issued in connection with their construction or acquisition. Capital assets of the City are not available, spendable resources, and generally are not liquidated to repay debt.

A portion of the City's net position, \$85.8 million, is subject to restrictions imposed by external parties, and its use is determined by those restrictions and contractual agreements. The City of Santa Barbara implemented GASB Statement 68 this year.

With the new reporting change, the City recognized a net pension asset, deferred outflows of resources, deferred inflows of resources, pension expense and a net pension liability. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$262.9 million. As a result of this change, unrestricted funds resulted in a deficit of \$(147.9) million. Unrestricted funds may be used by the City to meet ongoing operations, subject to applicable federal and state laws and regulations. Before this adjustment, unrestricted funds were \$115 million. Decisions regarding the allocations are

made by the administrators of the pension plan, not by the City of Santa Barbara's management.

**Statement of Activities**

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (i.e. year-end). In contrast, the Statement of Activities provides details of how the City's net position changed from the prior year. Generally, it indicates whether the financial health of the City as a whole is better or worse at June 30, 2015, in relation to a year earlier. For the fiscal year ended June 30, 2015, total net position increased by \$16.7 million mostly due to higher revenues.

Table 2 summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2015, with comparative totals for the fiscal year ended June 30, 2014.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 40,806	\$ 38,351	\$ 116,408	\$ 116,720	\$ 157,214	\$ 155,071
Operating grants and contributions	6,303	14,490	-	-	6,303	14,490
Capital grants and contributions	24,137	10,517	3,289	3,663	27,426	14,180
General Revenues:						
Taxes	89,249	85,306	-	-	89,249	85,306
Franchise fees	3,751	3,822	-	-	3,751	3,822
Motor vehicle license fees	39	40	-	-	39	40
Investment income	2,031	2,166	1,218	1,562	3,249	3,728
Other revenue	669	660	555	221	1,224	881
Total revenues	<u>166,985</u>	<u>155,352</u>	<u>121,470</u>	<u>122,166</u>	<u>288,455</u>	<u>277,518</u>
<b>Expenses:</b>						
Program Expenses:						
Administration	17,100	14,650	-	-	17,100	14,650
Public safety	65,260	66,525	-	-	65,260	66,525
Public works	29,671	24,552	-	-	29,671	24,552
Community services	25,376	24,084	-	-	25,376	24,084
Community development	12,077	13,567	-	-	12,077	13,567
Interest expense	56	74	-	-	56	74
Business Activities:						
Water	-	-	40,409	35,316	40,409	35,316
Wastewater	-	-	17,242	16,929	17,242	16,929
Airport	-	-	21,616	20,557	21,616	20,557
Waterfront	-	-	12,179	12,707	12,179	12,707
Solid Waste	-	-	20,353	19,732	20,353	19,732
Downtown Parking	-	-	8,325	7,693	8,325	7,693
Golf Course	-	-	2,018	1,820	2,018	1,820
Total expenses	<u>149,540</u>	<u>143,452</u>	<u>122,142</u>	<u>114,754</u>	<u>271,682</u>	<u>258,206</u>
Increase in Net Position Before Transfers	17,445	11,900	(672)	7,412	16,773	19,312
Extraordinary gain	-	38,084	-	28,956	-	67,040
Transfers in (out)	<u>342</u>	<u>918</u>	<u>(342)</u>	<u>(918)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	17,787	50,902	(1,014)	35,450	16,773	86,352
Net Position, July 1	473,300	421,779	439,561	401,263	912,861	823,042
Restatement (See Note 18)	<u>(218,519)</u>	<u>619</u>	<u>(44,382)</u>	<u>2,848</u>	<u>(262,901)</u>	<u>3,467</u>
Net Position, June 30	<u>\$ 272,568</u>	<u>\$ 473,300</u>	<u>\$ 394,165</u>	<u>\$ 439,561</u>	<u>\$ 666,733</u>	<u>\$ 912,861</u>

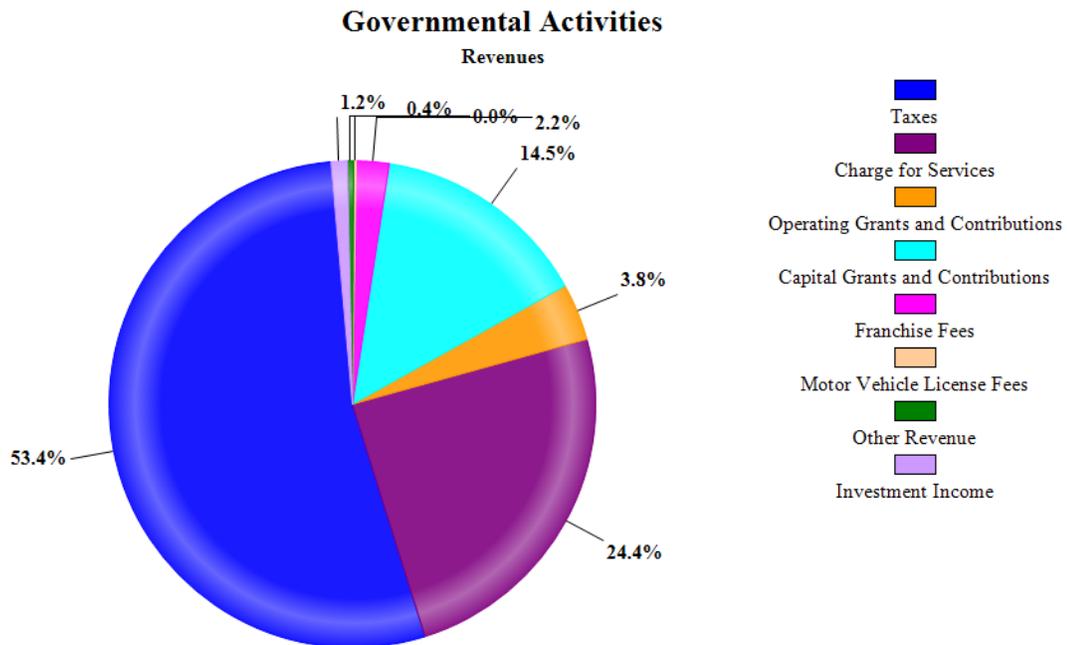
## Governmental Activities

### Revenue Highlights

Total revenues for governmental activities were \$166.9 million. The largest component of total revenue is taxes at \$89.2 million, making up 53.4% of total revenue in the governmental funds. This is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes. The largest tax revenues received by the General Fund include sales, transient occupancy, utility users, and property taxes.

Some of the key changes in revenues are:

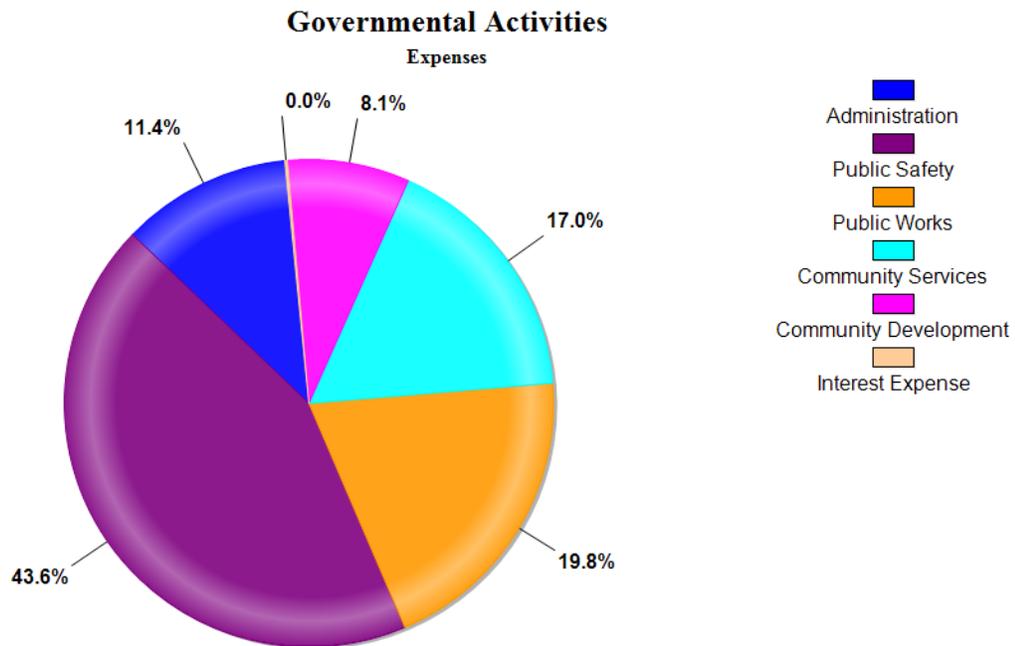
- Sales tax revenues increased by \$0.6 million, or 3%, compared to the prior year. The city continues to realize increased revenues of this major revenue source as a result of an improving economy. However, the growth rate in sales tax revenues has waned starting in fiscal year 2015. After strong growth for several years, the last three quarters of sales tax revenues were below expectations. This could be due to the lack of price increases in goods, evidenced by the low Consumer Price Index. It could also be the result of the increasing number of purchases online, some of which escape sales and use tax collection.
- Transient occupancy taxes increased by \$2.3 million compared to the prior year, or a 11.6% increase. The city has continued to observe healthy gains in the lodging industry beginning Fiscal Year 2011 and continuing through Fiscal Year 2015. The significant increase experienced was also due to another year of unseasonably warm weather during the winter months.
- Property taxes reported an increase of \$1.1 million from the prior year, or a 4.3% increase. This increase is reflective of the rise in property values and the related re-assessment when properties are sold. The increase is also due to the recapture of assessed values that were lowered during the recession when property values dropped significantly.



*Expense Highlights*

Functional expenses for the year totaled approximately \$149.6 million, an increase of \$6.1 million from the prior year. The increase was largely due to higher personnel costs, and increases in retirement costs and other post employment benefits.

The largest component of total expenses was for Public Safety (fire and police), representing \$65.3 million (43.7%) of the total. A large portion of public safety costs are funded from general revenues, primarily taxes. In contrast, Public Works expenses, which total \$29.7 million, are funded largely from restricted revenues, including a ½ cent sales tax (Measure A), gas tax, utility user’s taxes, and federal and state grants. These resources pay for street maintenance and improvements, street sweeping, transportation planning, and other related costs.

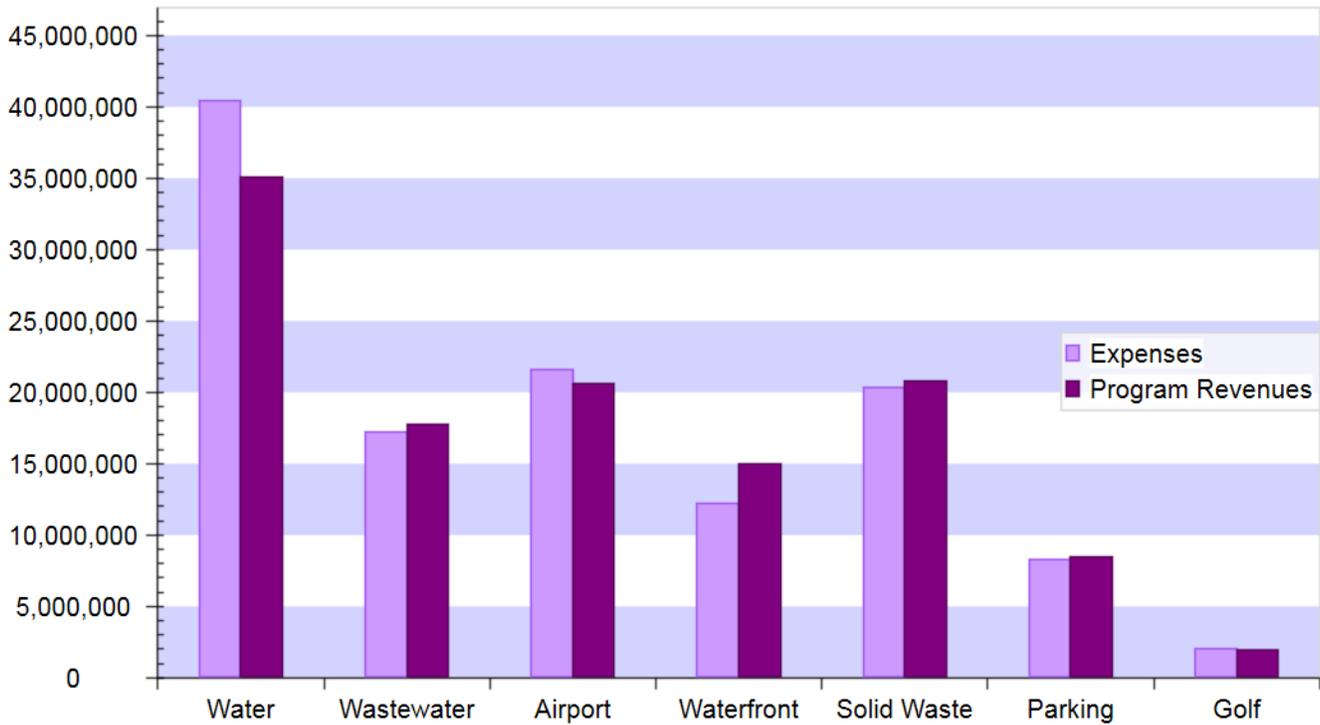


**Business-Type Activities**

The City’s business-type activities realized a decrease in net position of \$45.4 million. Of this total, \$44.4 million decline is attributable to the implementation of GASB 68.

The chart below illustrates Expenses and Program Revenues for each business-type activity.

**Business-Type Activities  
Expenses and Program Revenues  
For the Year Ended June 30, 2015  
(in thousands)**



**Revenue Highlights**

Total revenues for the Fiscal Year ended June 30, 2015, were \$121.5 million, a decrease of \$0.7 million from the prior year. The decrease was primarily attributable to a decline in water sales due to conservation efforts with the existing drought conditions, which was largely offset by increased revenues in other business-type operations.

**Expense Highlights**

Expenses of the business-type activities for the Fiscal Year ended June 30, 2015, totaled \$122.1 million, a \$7.4 million increase from the prior year. This increase is mostly due to higher costs in the Water Fund (\$5.1 million) in response to drought conditions.

## **FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

The City uses fund accounting to demonstrate compliance with legal and contractual requirements. This section provides an analysis and discussion of individual funds and fund types presented in the financial statements.

### **Governmental Funds**

As of June 30, 2015, assets in the City's governmental funds totaled \$145.7 million. Of this total, \$56.7 million consisted of cash and investments, and \$579,781 consisted of cash and investments held with fiscal agents (bond trustees). An additional \$65.9 million represents outstanding loans receivable, which relate primarily to the City's Affordable Housing Fund and Community Development Block Grant and HOME Programs.

Fund balances of governmental funds totaled \$115.7 million at June 30, 2015. Of this total, \$64.8 million is restricted for specific programs, projects, and capital improvements. An amount corresponding to prepaid assets, outstanding loans and advances receivable of \$4 million is reported as "Nonspendable" due to the long-term nature of the assets and, therefore, unavailability to fund current operations. The spendable portion of fund balance totals \$46.9 million, which includes committed and assigned balances.

The General Fund's total fund balance increased by 7.5%, or \$2.3 million, to \$33.2 million at June 30, 2015. Of the total fund balance, \$4 million is nonspendable, \$2.5 million is restricted, \$26.6 million is committed, and \$0.2 million is assigned. The most significant committed portion of fund balance is \$18.4 million consisting of funds set aside, pursuant to City policy, for natural disasters and unexpected events such as significant economic downturns that have a significant impact on General Fund revenues and costs. The policy requires all operating funds, including the General Fund, to set aside an amount equal to 25% of its operating budget. During the tough economic environment over the past several years, a portion of the reserves were used to balance the budget in the General Fund however, this year, that amount was brought back up to the level required by policy.

### **Proprietary Funds**

Unlike governmental funds, proprietary funds use the accrual basis of accounting for financial statement purposes. Accordingly, information reported for the individual fund statements is very similar to that presented as Business-Type Activities in the government-wide statements. Government-wide reporting requires the inclusion of activities of the City's internal service funds related to proprietary fund activities in the Business-Type Activities. Therefore, the following analysis is very similar to that presented for Business-Type Activities.

The net position of proprietary funds consist of amounts for net investment in capital assets, amounts restricted for capital projects and debt service, as well as unrestricted amounts. Net position totaled \$383 million as of June 30, 2015, which decreased \$44.4 million from the prior year. The overall decrease in net position is primarily attributable to the implementation of GASB 68.

## GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. Its revenues are primarily derived from taxes, charges for services and intra-governmental charges, which are used to pay for the traditional services provided by local government - public safety, library, parks and recreation, community development (building and planning), and public works.

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 77,038,515	\$ 77,038,515	\$ 78,588,416	\$ 1,549,901
Franchise fees	3,771,000	3,771,000	3,750,793	(20,207)
Intergovernmental	583,434	1,069,517	1,096,393	26,876
Charges for services	20,630,962	20,803,132	21,281,307	478,175
Use of money and property	1,026,021	1,026,021	1,009,514	(16,507)
Fines and forfeitures	3,207,487	3,207,487	3,026,042	(181,445)
Other revenues	<u>9,260,145</u>	<u>10,907,642</u>	<u>8,596,972</u>	<u>(2,310,670)</u>
Total revenues	<u>115,517,564</u>	<u>117,823,314</u>	<u>117,349,437</u>	<u>(473,877)</u>
Transfers in	<u>1,476,189</u>	<u>1,847,189</u>	<u>1,409,702</u>	<u>(437,487)</u>
Total other financing sources (uses)	<u>1,476,189</u>	<u>1,847,189</u>	<u>1,409,702</u>	<u>(437,487)</u>
Total Revenues	<u>\$ 116,993,753</u>	<u>\$ 119,670,503</u>	<u>\$ 118,759,139</u>	<u>\$ (911,364)</u>

The amended Fiscal Year 2015 General Fund revenue budget reflects adjustments that were approved by the City Council during the year. The most significant amendments included increases to revenues due to debt repayments from the Waterfront and Housing Revolving Fund ("Other revenues") and budgeted mutual aid revenues received during the year ("Intergovernmental").

As shown on Table 3, actual revenues totaled \$118.8 million. Taxes exceeded the amended budget by \$1.5 million, reflecting higher revenues than originally projected in sales, property and transient occupancy (bed) tax revenues. Charges for services exceeded budget due to unanticipated reimbursements for prior year SB 90 mandated costs from the State of California. Police parking citations suffered as a result of vacancies in parking enforcement. Municipal citations were reduced, however these vary widely from year to year.

"Other" revenues, which were budgeted at \$10.9 million, ended the year at \$8.6 million. This shortfall was actually expected because of a practice begun several years ago of budgeting anticipated expenditure savings for the year, primarily in salaries and benefits, as revenue. In Fiscal Year 2015, \$1.2 million of "Anticipated Year-End Variance" was budgeted but not reflected in the actual since the savings are realized in expenditures.

The amended Fiscal Year 2015 General Fund expenditure budget reflects amendments approved by the City Council during the year. The amended budget also reflects appropriations carried over from the prior year related to outstanding encumbrances as of June 30, 2014.

**Table 4**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**BUDGET AND ACTUAL**  
**Fiscal Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Mayor and council	\$ 3,372,116	\$ 3,420,715	\$ 3,420,279	\$ 436
City attorney	2,230,664	4,173,368	4,088,606	84,762
City administration	2,140,571	2,172,173	1,998,315	173,858
Administrative services	2,031,566	2,112,450	1,846,200	266,250
Finance	5,037,010	5,129,491	4,783,375	346,116
Public safety	61,098,737	62,255,693	60,719,100	1,536,593
Public works	7,778,696	7,862,169	7,354,237	507,932
Community services	20,237,609	20,839,147	19,567,132	1,272,015
Community development	10,080,442	10,366,242	9,643,506	722,736
Total expenditures	<u>114,007,411</u>	<u>118,331,448</u>	<u>113,420,750</u>	<u>4,910,698</u>
Transfers out	<u>2,986,342</u>	<u>3,422,593</u>	<u>3,010,259</u>	<u>412,334</u>
Total Expenditures	<u>\$ 116,993,753</u>	<u>\$ 121,754,041</u>	<u>\$ 116,431,009</u>	<u>\$ 5,323,032</u>

As shown on Table 4 above, actual expenditures totaled \$116.4 million, and were under budget by approximately \$5.3 million. Each department ended the year well within their respective spending authority. The Police Department ("Public Safety") realized the biggest savings due to salary and benefit savings from an extremely high vacancy caused by injuries and challenges in recruiting qualified officers. Other departments, such as Parks and Recreation and Community Development, realized large savings from vacancies as well.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Table 5 summarizes the City's capital assets by class and by type of activity. It is important to note that capital assets are reported at historical cost, net of accumulated depreciation. These amounts do not represent the market value or replacement cost of City assets, which would be significantly higher. Historical cost is used, pursuant to accounting standards, to provide an objective basis for reporting capital assets.

**TABLE 5**  
**SUMMARY OF CAPITAL ASSETS**  
**(Net of Accumulated Depreciation)**  
**As of June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Non-depreciating assets:			
Construction in progress	\$ 38,495,586	\$ 64,531,767	\$ 103,027,353
Land held for resale	3,767,605	-	3,767,605
Land	22,654,567	24,963,955	47,618,522
Streets	160,101,178	-	160,101,178
Depreciating assets:			
Buildings	12,580,881	88,736,550	101,317,431
Building improvements	16,139,755	6,438,200	22,577,955
Equipment	10,202,092	15,579,828	25,781,920
Infrastructure	95,797,211	9,277,052	105,074,263
Other improvements and drainage systems	22,173,741	198,882,546	221,056,287
Underground piping	-	75,831,571	75,831,571
Totals	<u>\$ 381,912,616</u>	<u>\$ 484,241,469</u>	<u>\$ 866,154,085</u>

The City owns approximately \$866 million (net of depreciation) of capital assets that require ongoing maintenance, improvement and renovation. As a result, the City as a whole undertakes millions of dollars in capital improvement and construction projects each year.

The capital improvement projects undertaken in the Governmental Activities category typically include improvements to the City’s infrastructure (roads, curbs, storm drains, bridges, sidewalks, gutters, etc.) and improvements to City public facilities, such as parks, restrooms, community facilities, and playgrounds. Starting in 2004, governmental funds have been required to capitalize and report the costs of acquiring or constructing infrastructure assets acquired or constructed after 1982. As of June 30, 2015, infrastructure assets, including streets, totaled \$255.9 million, net of accumulated depreciation. Where information was readily available, or if a value could be reasonably estimated, the City capitalized infrastructure assets acquired or constructed prior to 1982.

With regard to capital improvements to City streets, which is also considered “infrastructure,” the City has elected to use the “modified approach” pursuant to Governmental Accounting Standards Board (GASB) Statement No. 34 in accounting for streets. As such, these assets have been reported separately from other infrastructures in Table 5. The City has established a pavement condition assessment process whereby approximately one-third of the entire street system is assessed on a rotating basis every two years. Each road segment is rated and given a pavement condition index (PCI) value from zero to one hundred (0-100), where PCIs of 51-70 are considered to be in “At Risk” condition, and roads with PCIs of 71-100 are considered to be in “Excellent/Good” condition. Pursuant to the modified approach, depreciation is not reported for this subsystem and all costs, except for betterments and major improvements made to the subsystem, are expensed rather than capitalized. The most recent report was for the period ended June 30, 2015, and the average PCI for City streets was 63, which is defined as “At Risk.”

Key projects that were continuing and newly started, but still incomplete, in the Governmental Activities category include: various bridge replacements (\$24.7 million), storm drainage and creek improvements (\$8.4 million), various library renovations (\$2.2 million), sidewalks, bike lanes, street and intersection improvements (\$2.5 million), parks and facilities improvements (\$0.7 million).

Capital improvements within the Business-Type Activities category primarily relate to facilities used in connection with enterprise funds, including water, wastewater, airport, waterfront, golf and downtown parking. These operations are much more capital intensive given the nature of the services they provide. As of June 30, 2015, the City’s business-type funds included \$7.8 million in capital asset additions. Construction in progress increased by a net of \$8.7 million. Capital projects completed in the year included: wastewater facility improvements (\$9.6 million), airport runway improvements (\$4.9 million), water main replacements (\$2.3 million), and harbor and wharf improvements (\$1.1 million).

Additional information on the City of Santa Barbara’s capital assets can be found in Notes 1 and 5 to the financial statements, and Required Supplementary Information of this report.

### Long-Term Debt

Table 6 below summarizes outstanding long-term debt related to the issuance of bonds, certificates of participation, and loans; the table excludes outstanding claims payable, deferred debt costs, and compensated absences. As shown in the table, the City had approximately \$147.2 million in outstanding long-term debt at June 30, 2015, a net increase of \$1.1 million from the prior year.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Revenue Bonds	\$ -	\$ 69,627,330	\$ 69,627,330
Certificates of Participation	970,200	20,344,800	21,315,000
Loans	-	56,230,690	56,230,690
	<u>\$ 970,200</u>	<u>\$ 146,202,820</u>	<u>\$ 147,173,020</u>

It is important to note that the Governmental Activities, which primarily consists of the General Fund, has very little long-term indebtedness, which is a good financial indicator. The outstanding \$970,000 in Certificates of Participation (COPs) were issued in Fiscal Year 2002 to refund the 1993 COPs, thereby capturing more favorable interest rates and lowering interest costs. The 1993 COPs were used to renovate City administrative facilities located at 630 Garden Street.

The Water and Golf Funds have outstanding COPs totaling \$19.8 million and \$0.5 million, respectively. As for revenue bonds outstanding, \$20.4 million in outstanding sewer revenue bonds were issued by the Wastewater Fund in 2004 to fund renovations to the City's wastewater collection and treatment systems, \$13.7 million of which is still outstanding. The Airport Fund issued \$47.3 million in revenue bonds in Fiscal Year 2010 to construct a new passenger terminal building, parking, and roadway improvements, \$44.6 million of which is still outstanding. In 2014, the Waterfront issued \$12.3 million to refund the outstanding 2002 COPs, with \$11.4 million outstanding at the end of the fiscal year, thereby capturing lower interest rates and lowering interest costs.

Of the outstanding \$56.2 million in loans payable in the Business-Type Activities, \$36.6 million relates to the Water Fund. The Water Fund loans are low-interest loans from the State Department of Water Resources (SDWR) used to fund the Cater Water Treatment Plant Project, the Ortega Ground Water Treatment Plant Project and the Cater Water Treatment Plant-Phase III Project. Approximately 40% of the SDWR loans will be reimbursed by the Montecito Water District and the Carpinteria Water District for the Cater Water Treatment Plant Project pursuant to a long-standing joint powers agreement. The Waterfront Fund has \$6 million in outstanding loans from the State Department of Parks & Recreation, Division of Boating and Waterways, used to finance major renovations to the marina. The Airport Fund carries outstanding loans from the State Department of Transportation and the City of Santa Barbara's Investment Pool, totaling \$1.5 million and \$5.1 million respectively, used to finance capital improvements at the airport, and constructing a joint use rental car facility. Lastly, the Wastewater Fund accounts for \$7 million in loans from the California State Water Resources Control Board for sewer infrastructure improvements.

Additional information on the City of Santa Barbara's long-term debt can be found in Note 7 to the financial statements.

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

The City of Santa Barbara's largest industry is tourism. The mild and sunny climate attract visitors from all over the world, who stay in the local lodging establishments, shop in the local stores and dine in the local restaurants. Consequently, the City receives a fair amount of revenues that are either directly or indirectly tied to tourism. In the General Fund, for example, sales taxes and transient occupancy taxes (TOT) represent more than one-third of its total revenues and over half of its total tax revenues. The Waterfront Fund, which accounts for the activities along the beach, including Sterns Wharf and the harbor, generates revenues from parking, and rents from merchants; these revenues are largely impacted by weather and economic conditions. Similarly, the Airport Fund is affected by trends and economic conditions that affect travel. For example, during the recession of fiscal years 2001 and 2002, which coincided with the events of "9-11", there was a tremendous decline in passengers and therefore revenues.

As a result of a strong local economy, accompanied by unusually warm and dry weather, revenue growth has been strong over the last several years. In particular, TOT revenues have surged over the last few years as a result of strong demand for lodging and attendant increases in room rates and occupancy rates. Some of the strong TOT revenue growth has come from the emergence and rapid growth of a relatively new industry, vacation rentals. As is the case in many communities, the City is working to address the impacts to neighborhoods caused by vacation rentals, and the incompatibility of these commercial activities with local zoning ordinances.

Until recently, the City has also enjoyed strong growth in sales tax revenues, also impacted by the strong local economy and high number of visitors. The recent tapering of growth starting in fiscal year 2015 is partly due to a lack of price increases, evidenced by a virtually flat consumer price index. Another factor may be the increasing volume of sales transactions via the internet. Online retailers offer convenient ways to purchase many products on-line that previously were almost exclusively available at traditional "bricks and mortar" stores.

Another economic factor that can impact the financial condition of the City's General Fund is the real estate market. Generally, real estate prices in California tend to be more volatile than in most other states and the real estate market in Santa Barbara

mirrors this statewide volatility. Today, the real estate market is mixed. Prices have largely recovered from the declines in 2008 driven by traditional homeowners capitalizing on lower prices and low interest rates, as well as investors buying up property for rental and/or speculation. Although the demand is still strong, there is a limited supply of homes for sale and prices have once again made affordability extremely challenging for even those in the higher income categories.

One of the challenges for the City are the increasing labor costs, particularly retirement costs. The City's retirement program offered to its employees is administered by CalPERS, a statewide agency that manages the retirement programs of most cities and counties in the state. One of the fallouts of the Great Recession was the significant loss in the investments held by CalPERS on behalf of its participating agencies. In order to make up for these losses, CalPERS implemented increases over a five-year period starting July 1, 2015 through 2020. These increased costs will place additional pressure on City finances as it looks to fund these increasing costs from a combination of increasing revenues and additional contributions paid by City employees. In addition to retirement costs, other costs such as health insurance and workers' compensation premiums are continuing to rise.

The Fiscal Year 2016 budget was developed with an expectation of a continued strong economy, although these expectations have been moderated to some degree based on the fact that the level of revenue growth seen in the last few years may not be sustainable. During this next budget cycle, the City will look for opportunities to potentially add services; but it will have to do so in the context of rising costs and the potential for another economic downturn in the medium term.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please access the City's internet web site at [www.SantaBarbaraCa.gov/CAFR](http://www.SantaBarbaraCa.gov/CAFR). You may also contact the City's Finance Department at PO Box 1990 (735 Anacapa Street), Santa Barbara, California, 93101, (805) 564-5334, or email Robert Samario, Finance Director, at [bsamario@santabarbaraca.gov](mailto:bsamario@santabarbaraca.gov).



CITY OF SANTA BARBARA

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 78,487,210	\$ 78,284,551	\$ 156,771,761
Accounts receivable, net	17,866,778	9,140,272	27,007,050
Loans receivable	65,909,193	3,994,754	69,903,947
Accrued interest receivable	488,798	-	488,798
Prepaid assets and deposits	106,128	5,030,319	5,136,447
Due from other governments	692,398	-	692,398
Inventory	947,504	12,522	960,026
Restricted assets:			
Cash and investments with fiscal agent	579,781	9,287,664	9,867,445
Non-current assets:			
Internal balances	(13,285,895)	13,285,895	-
Capital assets not being depreciated:			
Construction in progress	38,495,586	64,531,767	103,027,353
Land held for resale	3,767,605	-	3,767,605
Land	22,654,567	24,963,955	47,618,522
Streets	160,101,178	-	160,101,178
Capital assets, net of accumulated depreciation:			
Buildings	12,580,881	88,736,550	101,317,431
Building improvements	16,139,755	6,438,200	22,577,955
Equipment	10,202,092	15,579,828	25,781,920
Infrastructure	95,797,211	9,277,052	105,074,263
Other improvements and drainage systems	22,173,741	198,882,546	221,056,287
Underground piping	-	75,831,571	75,831,571
Total capital assets	381,912,616	484,241,469	866,154,085
<b>Total Assets</b>	<b>533,704,511</b>	<b>603,277,446</b>	<b>1,136,981,957</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding	29,552	1,329,493	1,359,045
Deferred pension related items	18,165,897	4,013,409	22,179,306
<b>Total Deferred Outflows of Resources</b>	<b>18,195,449</b>	<b>5,342,902</b>	<b>23,538,351</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,743,828	4,325,540	11,069,368
Salaries and benefits payable	4,574,126	1,454,644	6,028,770
Accrued interest payable	18,401	2,349,254	2,367,655
Unearned revenue	2,367,062	4,250,429	6,617,491
Deposits	1,403,152	1,610,977	3,014,129
Noncurrent liabilities:			
Net pension liability	198,435,613	39,587,047	238,022,660
Other post-employment benefits (OPEB) obligation	12,562,881	3,764,119	16,327,000
Due within one year	9,606,316	7,024,560	16,630,876
Due in more than one year	6,323,842	142,102,841	148,426,683
<b>Total Liabilities</b>	<b>242,035,221</b>	<b>206,469,411</b>	<b>448,504,632</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	37,297,144	7,985,918	45,283,062
<b>Total Deferred Inflows of Resources</b>	<b>37,297,144</b>	<b>7,985,918</b>	<b>45,283,062</b>
<b>NET POSITION</b>			
Net investment in capital assets	381,553,561	347,256,921	728,810,482
Restricted for:			
Administration	269,567	-	269,567
Public safety	1,131,423	-	1,131,423
Public works	4,357,462	-	4,357,462
Community services	1,398,494	-	1,398,494
Community development	15,175,051	-	15,175,051
Capital improvements	7,150,574	-	7,150,574
Debt service reserve	579,781	3,793,596	4,373,377
Affordable housing	51,916,303	-	51,916,303
Unrestricted	(190,964,621)	43,114,502	(147,850,119)
<b>Total Net Position</b>	<b>\$ 272,567,595</b>	<b>\$ 394,165,019</b>	<b>\$ 666,732,614</b>

CITY OF SANTA BARBARA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Administration	\$ 17,100,207	\$ 4,850,894	\$ 407,716	\$ -	\$ (11,841,597)	\$ -	\$ (11,841,597)
Public safety	65,260,188	10,793,538	3,263,627	-	(51,203,023)	-	(51,203,023)
Public works	29,671,738	8,945,226	1,596	22,261,085	1,536,169	-	1,536,169
Community services	25,376,364	10,869,390	765,985	1,875,808	(11,865,181)	-	(11,865,181)
Community development	12,077,441	5,346,825	1,864,198	-	(4,866,418)	-	(4,866,418)
Interest on long-term debt	56,146	-	-	-	(56,146)	-	(56,146)
<b>Total Governmental Activities</b>	<b>149,542,084</b>	<b>40,805,873</b>	<b>6,303,122</b>	<b>24,136,893</b>	<b>(78,296,196)</b>	<b>-</b>	<b>(78,296,196)</b>
Business-Type Activities:							
Water	40,409,268	34,573,430	-	500,000	-	(5,335,838)	(5,335,838)
Wastewater	17,241,997	17,741,907	-	-	-	499,910	499,910
Airport	21,615,979	17,901,506	-	2,735,051	-	(979,422)	(979,422)
Waterfront	12,178,798	14,981,851	-	30,625	-	2,833,678	2,833,678
Solid Waste	20,352,644	20,827,457	-	-	-	474,813	474,813
Downtown Parking	8,325,414	8,431,985	-	23,019	-	129,590	129,590
Golf Course	2,018,256	1,950,194	-	-	-	(68,062)	(68,062)
<b>Total Business-Type Activities</b>	<b>122,142,356</b>	<b>116,408,330</b>	<b>-</b>	<b>3,288,695</b>	<b>-</b>	<b>(2,445,331)</b>	<b>(2,445,331)</b>
<b>Total Primary Government</b>	<b>\$ 271,684,440</b>	<b>\$ 157,214,203</b>	<b>\$ 6,303,122</b>	<b>\$ 27,425,588</b>	<b>(78,296,196)</b>	<b>(2,445,331)</b>	<b>(80,741,527)</b>
<b>General Revenues</b>							
Taxes:							
Property					27,690,961	-	27,690,961
Transient occupancy					22,526,639	-	22,526,639
Sales & use					21,957,908	-	21,957,908
Business license					2,574,075	-	2,574,075
Utility users					13,810,308	-	13,810,308
Real property transfer					692,204	-	692,204
Franchise fees					3,750,793	-	3,750,793
Unrestricted motor vehicle license-in-lieu					38,585	-	38,585
Investment income					2,030,526	1,217,551	3,248,077
Other revenue					668,603	555,392	1,223,995
<b>Transfers</b>					341,781	(341,781)	-
<b>Total General Revenues and Transfers</b>					<b>96,082,383</b>	<b>1,431,162</b>	<b>97,513,545</b>
Change in Net Position					17,786,187	(1,014,169)	16,772,018
Net Position at Beginning of Year					473,300,003	439,561,084	912,861,087
Restatement of Net Position					(218,518,595)	(44,381,896)	(262,900,491)
Net Position at Beginning of Year, as restated					254,781,408	395,179,188	649,960,596
<b>Net Position at End of Year</b>					<b>\$ 272,567,595</b>	<b>\$ 394,165,019</b>	<b>\$ 666,732,614</b>

CITY OF SANTA BARBARA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds			
	General	Capital Projects Funds		
		Affordable Housing	Street Grant Capital Fund	Other Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ 24,895,242	\$ 1,508,129	\$ -	\$ 30,324,081
Accounts receivable	8,411,707	-	6,062,872	2,332,667
Loans receivable	2,414,919	50,426,399	-	13,067,875
Accrued interest receivable	488,798	-	-	-
Prepaid assets and deposits	106,128	-	-	-
Due from other governments	692,398	-	-	-
Interfund receivables	2,881,096	-	-	-
Advances to other funds	1,511,894	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	579,781
<b>Total Assets</b>	<b>\$ 41,402,182</b>	<b>\$ 51,934,528</b>	<b>\$ 6,062,872</b>	<b>\$ 46,304,404</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,400,335	\$ 1,313	\$ 2,908,531	\$ 1,624,998
Salaries and benefits payable	3,735,276	16,912	-	426,657
Unearned revenues	2,019,293	-	347,769	-
Deposits	979,561	-	-	423,591
Interfund payables	-	-	2,862,141	18,955
<b>Total Liabilities</b>	<b>8,134,465</b>	<b>18,225</b>	<b>6,118,441</b>	<b>2,494,201</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	18,828	-	29,423	13,166,023
<b>Total Deferred Inflows of Resources</b>	<b>18,828</b>	<b>-</b>	<b>29,423</b>	<b>13,166,023</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid assets and deposits	106,128	-	-	-
Loans receivable	2,414,919	-	-	-
Advances to other funds	1,511,894	-	-	-
<b>Restricted for:</b>				
Administration	251,577	-	-	-
Public safety	69,107	-	-	1,062,316
Public works	153,724	-	-	4,203,738
Community services	379,797	-	-	1,010,053
Community development	1,609,613	-	-	352,435
Capital improvements	-	-	-	3,176,475
Debt service reserve	-	-	-	579,781
Affordable housing	-	51,916,303	-	-
<b>Committed to:</b>				
Public safety	338,000	-	-	-
Capital improvements	-	-	-	12,169,993
Contingencies	7,830,396	-	-	-
Disaster Contingency	18,406,319	-	-	-
<b>Assigned to:</b>				
Administration	25,000	-	-	-
Public safety	4,262	-	-	-
Community services	6,371	-	-	-
Community development	141,782	-	-	-
Capital improvements	-	-	-	8,155,967
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(84,992)</b>	<b>(66,578)</b>
<b>Total Fund Balances</b>	<b>33,248,889</b>	<b>51,916,303</b>	<b>(84,992)</b>	<b>30,644,180</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 41,402,182</b>	<b>\$ 51,934,528</b>	<b>\$ 6,062,872</b>	<b>\$ 46,304,404</b>

See Notes to Financial Statements

**CITY OF SANTA BARBARA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Total Governmental Funds
<b>Assets:</b>	
Pooled cash and investments	\$ 56,727,452
Accounts receivable	16,807,246
Loans receivable	65,909,193
Accrued interest receivable	488,798
Prepaid assets and deposits	106,128
Due from other governments	692,398
Interfund receivables	2,881,096
Advances to other funds	1,511,894
Restricted assets:	
Cash and investments with fiscal agents	579,781
<b>Total Assets</b>	<b>\$ 145,703,986</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 5,935,177
Salaries and benefits payable	4,178,845
Unearned revenues	2,367,062
Deposits	1,403,152
Interfund payables	2,881,096
<b>Total Liabilities</b>	<b>16,765,332</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	13,214,274
<b>Total Deferred Inflows of Resources</b>	<b>13,214,274</b>
<b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Prepaid assets and deposits	106,128
Loans receivable	2,414,919
Advances to other funds	1,511,894
<b>Restricted for:</b>	
Administration	251,577
Public safety	1,131,423
Public works	4,357,462
Community services	1,389,850
Community development	1,962,048
Capital improvements	3,176,475
Debt service reserve	579,781
Affordable housing	51,916,303
<b>Committed to:</b>	
Public safety	338,000
Capital improvements	12,169,993
Contingencies	7,830,396
Disaster Contingency	18,406,319
<b>Assigned to:</b>	
Administration	25,000
Public safety	4,262
Community services	6,371
Community development	141,782
Capital improvements	8,155,967
<b>Unassigned</b>	<b>(151,570)</b>
<b>Total Fund Balances</b>	<b>\$ 115,724,380</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 145,703,986</b>

**CITY OF SANTA BARBARA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

Fund balances of governmental funds (page 30)	\$	115,724,380
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		369,301,600
Long-term debt, pensions, and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	(970,200)	
Unamortized bond premiums/discounts	1,812	
Unamortized loss on defeasance	29,552	
Net pension liability	(187,920,146)	
Compensated absences	<u>(6,643,416)</u>	(195,502,398)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(12,562,881)
Deferred outflows related to pensions have not been included in governmental fund activity:		
Contributions made after the actuarial measurement date		17,099,819
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(18,401)
Deferred inflows related to pensions have not been included in governmental fund activity:		
Net difference between projected and actual earnings on pension plan investments		(35,175,854)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		13,214,274
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
Internal Service Funds net position	(872,304)	
Portion of OPEB obligation allocated to Governmental Activities	12,562,881	
Less: business-type portion	<u>(11,203,521)</u>	<u>487,056</u>
<b>Net Position of governmental activities (page 27)</b>	<b>\$</b>	<b><u>272,567,595</u></b>

**CITY OF SANTA BARBARA**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds		Capital Projects Funds	Other Governmental Funds
	General	Affordable Housing	Street Grant Capital Fund	
<b>Revenues:</b>				
Taxes	\$ 78,588,416	\$ -	\$ -	\$ 14,300,153
Franchise fees	3,750,793	-	-	-
Intergovernmental	1,096,393	-	14,469,240	8,333,692
Charges for services	21,281,307	-	-	285,792
Use of money and property	1,009,514	692,241	-	236,896
Fines and forfeitures	3,026,042	-	-	1,151,337
Program income	-	-	-	511,259
Other revenues	8,596,972	-	-	2,939,792
<b>Total Revenues</b>	<b>117,349,437</b>	<b>692,241</b>	<b>14,469,240</b>	<b>27,758,921</b>
<b>Expenditures:</b>				
Current:				
Mayor and city council	800,494	-	-	-
City attorney	4,088,606	-	-	-
City administration	1,998,315	-	-	-
Administrative services	1,846,200	-	-	276,437
Finance	4,783,375	-	-	-
Public safety	60,719,100	-	-	1,839,929
Public works	7,354,237	-	-	13,732,739
Community services	19,567,132	-	-	2,442,252
Community development	9,643,506	465,937	-	1,665,845
Community promotions	2,619,785	-	-	-
Capital outlay	-	-	15,687,711	7,682,284
Debt service:				
Principal retirement	-	-	-	300,300
Interest and fiscal charges	-	-	-	50,976
<b>Total Expenditures</b>	<b>113,420,750</b>	<b>465,937</b>	<b>15,687,711</b>	<b>27,990,762</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,928,687</u>	<u>226,304</u>	<u>(1,218,471)</u>	<u>(231,841)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,409,702	-	1,715,032	16,884,700
Transfers out	(3,010,259)	-	(32,734)	(17,231,641)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,600,557)</b>	<b>-</b>	<b>1,682,298</b>	<b>(346,941)</b>
Net Change in Fund Balances	<u>2,328,130</u>	<u>226,304</u>	<u>463,827</u>	<u>(578,782)</u>
Fund Balances, Beginning of Year	<u>30,920,759</u>	<u>51,689,999</u>	<u>(548,819)</u>	<u>31,222,962</u>
<b>Fund Balances, End of Year</b>	<b>\$ 33,248,889</b>	<b>\$ 51,916,303</b>	<b>\$ (84,992)</b>	<b>\$ 30,644,180</b>

**CITY OF SANTA BARBARA**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 92,888,569
Franchise fees	3,750,793
Intergovernmental	23,899,325
Charges for services	21,567,099
Use of money and property	1,938,651
Fines and forfeitures	4,177,379
Program income	511,259
Other revenues	11,536,764
	<hr/>
<b>Total Revenues</b>	<b>160,269,839</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Mayor and city council	800,494
City attorney	4,088,606
City administration	1,998,315
Administrative services	2,122,637
Finance	4,783,375
Public safety	62,559,029
Public works	21,086,976
Community services	22,009,384
Community development	11,775,288
Community promotions	2,619,785
Capital outlay	23,369,995
Debt service:	
Principal retirement	300,300
Interest and fiscal charges	50,976
	<hr/>
<b>Total Expenditures</b>	<b>157,565,160</b>
	<hr/>
Excess (Deficiency) of Revenues	2,704,679
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	20,009,434
Transfers out	(20,274,634)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>(265,200)</b>
	<hr/>
Net Change in Fund Balances	2,439,479
	<hr/>
Fund Balances, Beginning of Year	113,284,901
	<hr/>
Fund Balances, End of Year	\$ 115,724,380

**CITY OF SANTA BARBARA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds (page 33) \$ 2,439,479

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	21,065,275	
Depreciation	<u>(6,088,418)</u>	14,976,857

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	300,300	
Amortization of deferred charge on debt refunding	(9,851)	
Amortization of bond premiums/discounts	<u>(604)</u>	289,845

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 5,285

Compensated absences 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. 44,082

Pension 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. 733,437

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (91,317)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

Change in Net Position - Internal Service Fund	(1,547,857)	
Less: Portion allocated to Business Activities	<u>(936,376)</u>	<u>(611,481)</u>

**Change in net position of governmental activities (page 28) \$ 17,786,187**

CITY OF SANTA BARBARA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Water	Wastewater	Airport	Waterfront	Solid Waste
<b>ASSETS</b>					
Current Assets:					
Pooled cash and investments	\$ 27,967,530	\$ 13,597,670	\$ 14,337,827	\$ 9,597,685	\$ 1,818,102
Accounts receivable, net	4,545,214	1,928,361	344,514	-	2,300,921
Loans receivable	3,994,754	-	-	-	-
Prepaid assets	5,030,319	-	-	-	-
Inventories	-	-	-	-	12,522
Restricted:					
Cash and investments with fiscal agent	2,055,390	1,403,685	5,247,133	581,456	-
<b>Total Current Assets</b>	<b>43,593,207</b>	<b>16,929,716</b>	<b>19,929,474</b>	<b>10,179,141</b>	<b>4,131,545</b>
Noncurrent:					
Advances to other funds	-	-	-	-	-
Capital assets:					
Land	2,283,187	3,508,672	7,310,000	878,201	-
Buildings	7,414,694	13,953,411	67,514,831	3,690,671	-
Building improvements	1,954,330	741,616	3,702,719	3,676,562	-
Improvements other than building	137,519,477	62,364,380	136,023,495	53,962,901	-
Equipment	10,113,210	25,034,908	5,891,844	2,457,439	-
Underground piping	117,624,134	72,699,240	-	-	-
Other infrastructure	-	-	18,069,213	-	-
Construction in progress	45,278,207	7,630,418	4,403,377	7,105,970	-
Less: accumulated depreciation	(153,929,474)	(99,234,907)	(81,458,675)	(45,283,360)	-
Total capital assets, net	168,257,765	86,697,738	161,456,804	26,488,384	-
<b>Total Noncurrent Assets</b>	<b>168,257,765</b>	<b>86,697,738</b>	<b>161,456,804</b>	<b>26,488,384</b>	<b>-</b>
<b>Total Assets</b>	<b>211,850,972</b>	<b>103,627,454</b>	<b>181,386,278</b>	<b>36,667,525</b>	<b>4,131,545</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on debt refunding	778,756	-	-	518,745	-
Deferred pension-related items	1,209,415	807,462	758,406	558,869	137,506
<b>Total Deferred Outflows of Resources</b>	<b>1,988,171</b>	<b>807,462</b>	<b>758,406</b>	<b>1,077,614</b>	<b>137,506</b>
<b>LIABILITIES</b>					
Current:					
Accounts payable	1,246,727	663,456	488,695	217,260	1,564,536
Salaries and benefits payable	402,304	250,693	251,788	272,183	41,398
Accrued interest payable	517,706	264,602	1,085,419	355,615	-
Unearned revenues	3,994,754	-	136,220	65,578	-
Deposits	121,202	86	871,044	578,332	-
Compensated absences payable	450,834	207,203	243,046	271,178	39,932
Current portion claims payable	-	-	-	-	-
Current portion long term debt	2,286,959	939,992	1,395,678	870,705	-
<b>Total Current Liabilities</b>	<b>9,020,486</b>	<b>2,326,032</b>	<b>4,471,890</b>	<b>2,630,851</b>	<b>1,645,866</b>
Noncurrent:					
Advances from other funds	-	-	-	1,011,894	-
Net pension liability	11,929,304	7,964,559	7,480,685	5,512,516	1,356,322
Other post-employment (OPEB) obligation	-	-	-	-	-
Compensated absences payable	50,092	23,023	27,005	30,131	4,437
Estimated claims liability, net of current portion	-	-	-	-	-
Long-term debt, net of current portion	56,549,136	19,543,109	48,941,192	16,575,134	-
<b>Total Noncurrent Liabilities</b>	<b>68,528,532</b>	<b>27,530,691</b>	<b>56,448,882</b>	<b>23,129,675</b>	<b>1,360,759</b>
<b>Total Liabilities</b>	<b>77,549,018</b>	<b>29,856,723</b>	<b>60,920,772</b>	<b>25,760,526</b>	<b>3,006,625</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension-related items	2,406,505	1,606,695	1,509,083	1,112,043	273,612
<b>Total Deferred Inflows of Resources</b>	<b>2,406,505</b>	<b>1,606,695</b>	<b>1,509,083</b>	<b>1,112,043</b>	<b>273,612</b>
<b>NET POSITION</b>					
Net investment in capital assets	112,255,816	67,618,322	116,367,067	10,142,746	-
Restricted for debt service	1,786,668	571,672	876,607	558,649	-
Unrestricted	19,841,136	4,781,504	2,471,155	171,175	988,814
<b>Total Net Position</b>	<b>\$ 133,883,620</b>	<b>\$ 72,971,498</b>	<b>\$ 119,714,829</b>	<b>\$ 10,872,570</b>	<b>\$ 988,814</b>

See Notes to Financial Statements

CITY OF SANTA BARBARA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Governmental
	Other Enterprise Funds	Totals	Activities- Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Pooled cash and investments	\$ 10,965,737	\$ 78,284,551	\$ 21,759,758
Accounts receivable, net	21,262	9,140,272	1,059,532
Loans receivable	-	3,994,754	-
Prepaid assets	-	5,030,319	-
Inventories	-	12,522	947,504
Restricted:			
Cash and investments with fiscal agent	-	9,287,664	-
<b>Total Current Assets</b>	<b>10,986,999</b>	<b>105,750,082</b>	<b>23,766,794</b>
<b>Noncurrent:</b>			
Advances to other funds	-	-	169,851
Capital assets:			
Land	10,983,895	24,963,955	-
Buildings	31,859,363	124,432,970	105,889
Building improvements	227,526	10,302,753	1,323,139
Improvements other than building	27,432,060	417,302,313	1,470,823
Equipment	4,112,499	47,609,900	24,117,122
Underground piping	-	190,323,374	-
Other infrastructure	340,131	18,409,344	-
Construction in progress	113,795	64,531,767	2,468,799
Less: accumulated depreciation	(33,728,491)	(413,634,907)	(16,874,756)
Total capital assets, net	41,340,778	484,241,469	12,611,016
<b>Total Noncurrent Assets</b>	<b>41,340,778</b>	<b>484,241,469</b>	<b>12,780,867</b>
<b>Total Assets</b>	<b>52,327,777</b>	<b>589,991,551</b>	<b>36,547,661</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding	31,992	1,329,493	-
Deferred pension-related items	541,751	4,013,409	1,066,078
<b>Total Deferred Outflows of Resources</b>	<b>573,743</b>	<b>5,342,902</b>	<b>1,066,078</b>
<b>LIABILITIES</b>			
<b>Current:</b>			
Accounts payable	144,866	4,325,540	808,651
Salaries and benefits payable	236,278	1,454,644	395,281
Accrued interest payable	125,912	2,349,254	-
Unearned revenues	53,877	4,250,429	-
Deposits	40,313	1,610,977	-
Compensated absences payable	160,933	1,373,126	358,837
Current portion claims payable	-	-	2,921,831
Current portion long term debt	158,100	5,651,434	-
<b>Total Current Liabilities</b>	<b>920,279</b>	<b>21,015,404</b>	<b>4,484,600</b>
<b>Noncurrent:</b>			
Advances from other funds	669,851	1,681,745	-
Net pension liability	5,343,661	39,587,047	10,515,467
Other post-employment (OPEB) obligation	-	-	16,327,000
Compensated absences payable	17,882	152,570	39,871
Estimated claims liability, net of current portion	-	-	4,997,815
Long-term debt, net of current portion	341,700	141,950,271	-
<b>Total Noncurrent Liabilities</b>	<b>6,373,094</b>	<b>183,371,633</b>	<b>31,880,153</b>
<b>Total Liabilities</b>	<b>7,293,373</b>	<b>204,387,037</b>	<b>36,364,753</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	1,077,980	7,985,918	2,121,290
<b>Total Deferred Inflows of Resources</b>	<b>1,077,980</b>	<b>7,985,918</b>	<b>2,121,290</b>
<b>NET POSITION</b>			
Net investment in capital assets	40,872,970	347,256,921	12,611,016
Restricted for debt service	-	3,793,596	-
Unrestricted	3,657,197	31,910,981	(13,483,320)
<b>Total Net Position</b>	<b>\$ 44,530,167</b>	<b>\$ 382,961,498</b>	<b>\$ (872,304)</b>
<b>Reconciliation of Net Position to the Statement of Net Position</b>			
Net Position per Statement of Net Position - Proprietary Funds		\$ 382,961,498	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds		12,139,897	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds		(936,376)	
<b>Net Position per Statement of Net Position</b>		<b>\$ 394,165,019</b>	

See Notes to Financial Statements

CITY OF SANTA BARBARA

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Water	Wastewater	Airport	Waterfront	Solid Waste
<b>Operating Revenues:</b>					
Sales	\$ 31,512,114	\$ 16,890,853	\$ -	\$ -	\$ 20,082,751
Service charges	3,078,486	851,054	2,077,019	9,075,598	-
Leases and rents	22,872	34,412	15,560,800	5,263,241	-
Other revenues	290,546	1,850	475,101	643,012	744,706
<b>Total Operating Revenues</b>	<b>34,904,018</b>	<b>17,778,169</b>	<b>18,112,920</b>	<b>14,981,851</b>	<b>20,827,457</b>
<b>Operating Expenses:</b>					
Salaries, wages and benefits	8,328,947	5,223,349	5,124,006	5,651,856	874,377
Materials, supplies and services	23,494,522	6,550,951	8,119,699	4,360,412	19,322,238
Depreciation expense	6,212,153	4,533,066	5,732,090	1,427,393	-
<b>Total Operating Expenses</b>	<b>38,035,622</b>	<b>16,307,366</b>	<b>18,975,795</b>	<b>11,439,661</b>	<b>20,196,615</b>
<b>Operating Income (Loss)</b>	<b>(3,131,604)</b>	<b>1,470,803</b>	<b>(862,875)</b>	<b>3,542,190</b>	<b>630,842</b>
Nonoperating Revenues (Expenses):					
Interest revenue	444,917	236,309	230,251	152,425	15,187
Interest expense	(1,563,858)	(802,449)	(2,474,470)	(645,771)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,118,941)</b>	<b>(566,140)</b>	<b>(2,244,219)</b>	<b>(493,346)</b>	<b>15,187</b>
<b>Income (Loss) Before Transfers and Contributions</b>	<b>(4,250,545)</b>	<b>904,663</b>	<b>(3,107,094)</b>	<b>3,048,844</b>	<b>646,029</b>
Capital Contributions	-	-	2,735,051	30,625	-
Transfers in	259,089	-	-	-	-
Transfers out	(26,156)	(259,089)	-	-	(50,000)
<b>Changes in Net Position</b>	<b>(4,017,612)</b>	<b>645,574</b>	<b>(372,043)</b>	<b>3,079,469</b>	<b>596,029</b>
<b>Net Position:</b>					
Beginning of Year, as previously reported	151,275,274	81,255,058	128,473,531	13,973,229	1,913,369
Restatements	(13,374,042)	(8,929,134)	(8,386,659)	(6,180,128)	(1,520,584)
Beginning of Fiscal Year, as restated	137,901,232	72,325,924	120,086,872	7,793,101	392,785
<b>End of Fiscal Year</b>	<b>\$ 133,883,620</b>	<b>\$ 72,971,498</b>	<b>\$ 119,714,829</b>	<b>\$ 10,872,570</b>	<b>\$ 988,814</b>

See Notes to Financial Statements

CITY OF SANTA BARBARA

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		Governmental
	Other Enterprise Funds	Totals	Activities- Internal Service Funds
<b>Operating Revenues:</b>			
Sales	\$ -	\$ 68,485,718	\$ -
Service charges	9,916,408	24,998,565	22,434,612
Leases and rents	411,227	21,292,552	-
Other revenues	54,544	2,209,759	591,599
<b>Total Operating Revenues</b>	<b>10,382,179</b>	<b>116,986,594</b>	<b>23,026,211</b>
<b>Operating Expenses:</b>			
Salaries, wages and benefits	5,130,957	30,333,492	11,701,307
Materials, supplies and services	3,627,142	65,474,964	12,334,861
Depreciation expense	1,429,235	19,333,937	1,307,362
<b>Total Operating Expenses</b>	<b>10,187,334</b>	<b>115,142,393</b>	<b>25,343,530</b>
Operating Income (Loss)	194,845	1,844,201	(2,317,319)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	115,590	1,194,679	162,480
Interest expense	(77,039)	(5,563,587)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>38,551</b>	<b>(4,368,908)</b>	<b>162,480</b>
Income (Loss) Before Transfers and Contributions	233,396	(2,524,707)	(2,154,839)
Capital Contributions	23,019	2,788,695	1
Transfers in	43,500	302,589	606,981
Transfers out	(309,125)	(644,370)	-
Changes in Net Position	(9,210)	(77,793)	(1,547,857)
<b>Net Position:</b>			
Beginning of Year, as previously reported	50,530,726	427,421,187	12,464,530
Restatements	(5,991,349)	(44,381,896)	(11,788,977)
Beginning of Fiscal Year, as restated	44,539,377	383,039,291	675,553
<b>End of Fiscal Year</b>	<b>\$ 44,530,167</b>	<b>\$ 382,961,498</b>	<b>\$ (872,304)</b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>			
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds		\$ (77,793)	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds		(936,376)	
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>		<b>\$ (1,014,169)</b>	

CITY OF SANTA BARBARA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Water	Wastewater	Airport	Waterfront	Solid Waste
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 33,982,486	\$ 17,712,246	\$ 17,547,939	\$ 14,404,417	\$ 20,081,236
Cash paid to suppliers for goods and services	(23,857,286)	(6,534,468)	(8,531,398)	(4,594,628)	(19,255,314)
Cash paid to employees for services	(8,495,326)	(5,380,236)	(5,258,944)	(5,782,876)	(895,353)
Cash received from (payments to) others	290,546	1,850	475,101	643,012	744,706
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,920,420</b>	<b>5,799,392</b>	<b>4,232,698</b>	<b>4,669,925</b>	<b>675,275</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	259,089	-	-	-	-
Cash transfers out	(26,156)	(259,089)	-	-	(50,000)
Advance from (to) other funds	1,535,873	454,669	-	(901,248)	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,768,806</b>	<b>195,580</b>	<b>-</b>	<b>(901,248)</b>	<b>(50,000)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Loan proceeds	281,138	1,151,568	-	-	-
Acquisition and construction of capital assets	(14,139,621)	(6,599,422)	(743,261)	(2,702,656)	-
Principal paid on capital debt	(2,234,835)	(206,530)	(1,068,198)	(895,392)	-
Interest paid on capital debt	(1,483,379)	(1,477,217)	(2,254,159)	(730,105)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(17,576,697)</b>	<b>(7,131,601)</b>	<b>(4,065,618)</b>	<b>(4,328,153)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>					
Collection of loans receivable	347,309	-	-	-	-
Interest received	444,917	236,309	230,252	152,423	15,187
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>792,226</b>	<b>236,309</b>	<b>230,252</b>	<b>152,423</b>	<b>15,187</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(13,095,245)</b>	<b>(900,320)</b>	<b>397,332</b>	<b>(407,053)</b>	<b>640,462</b>
Cash and Cash Equivalents at Beginning of Year	43,118,165	15,901,675	19,187,628	10,586,194	1,177,640
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 30,022,920</b>	<b>\$ 15,001,355</b>	<b>\$ 19,584,960</b>	<b>\$ 10,179,141</b>	<b>\$ 1,818,102</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (3,131,604)	\$ 1,470,803	\$ (862,875)	\$ 3,542,190	\$ 630,842
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	6,212,153	4,533,066	5,732,090	1,427,393	-
(Increase) decrease in accounts receivable	(283,677)	(64,073)	(226,100)	-	(1,515)
Increase (decrease) in accrued liabilities	53,962	30,424	20,884	11,109	3,525
(Increase) decrease in prepaid expense	(335,036)	-	-	-	-
Increase (decrease) in accounts payable	(24,272)	16,483	(184,185)	23,227	66,924
Increase (decrease) in Pensions	(247,648)	(165,342)	(155,297)	(114,438)	(28,156)
Increase (decrease) in deposits payable	(3,456)	-	(227,514)	(257,443)	-
Increase (decrease) in unearned revenue	(347,309)	-	136,220	65,578	-
Increase (decrease) in compensated absences	27,307	(21,969)	(525)	(27,691)	3,655
<b>Total Adjustments</b>	<b>5,052,024</b>	<b>4,328,589</b>	<b>5,095,573</b>	<b>1,127,735</b>	<b>44,433</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,920,420</b>	<b>\$ 5,799,392</b>	<b>\$ 4,232,698</b>	<b>\$ 4,669,925</b>	<b>\$ 675,275</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Change in Fair Value of Investments	\$ 2,613	\$ (362)	\$ 20,447	\$ (263)	\$ (33)

See Notes to Financial Statements

CITY OF SANTA BARBARA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		Governmental
	Other Enterprise Funds	Totals	Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 10,354,131	\$ 114,082,455	\$ -
Cash received from/(paid to) interfund service provided	-	-	22,651,625
Cash paid to suppliers for goods and services	(3,604,018)	(66,377,112)	(12,076,805)
Cash paid to employees for services	(5,236,482)	(31,049,217)	(9,206,433)
Cash received from (payments to) others	54,544	2,209,759	591,599
	<u>1,568,175</u>	<u>18,865,885</u>	<u>1,959,986</u>
<b>Net Cash Provided (Used) by Operating Activities</b>			
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers in	43,500	302,589	606,981
Cash transfers out	(309,125)	(644,370)	-
Advance from (to) other funds	260,507	1,349,801	531,473
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(5,118)</u>	<u>1,008,020</u>	<u>1,138,454</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Loan proceeds	-	1,432,706	-
Acquisition and construction of capital assets	(191,693)	(24,376,653)	(5,035,815)
Principal paid on capital debt	(154,700)	(4,559,655)	-
Interest paid on capital debt	(37,646)	(5,982,506)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(384,039)</u>	<u>(33,486,108)</u>	<u>(5,035,815)</u>
<b>Cash Flows from Investing Activities:</b>			
Collection of loans receivable	-	347,309	-
Interest received	115,591	1,194,679	162,480
	<u>115,591</u>	<u>1,541,988</u>	<u>162,480</u>
<b>Net Cash Provided (Used) by Investing Activities</b>			
Net Increase (Decrease) in Cash and Cash Equivalents	1,294,609	(12,070,215)	(1,774,895)
Cash and Cash Equivalents at Beginning of Year	9,671,128	99,642,430	23,534,653
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 10,965,737</u>	<u>\$ 87,572,215</u>	<u>\$ 21,759,758</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 194,845	\$ 1,844,201	\$ (2,317,319)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	1,429,235	19,333,937	1,307,362
(Increase) decrease in accounts receivable	23,149	(552,216)	217,013
(Increase) decrease in inventory	-	-	(102,480)
(Increase) decrease in accrued liabilities	4,795	124,699	49,328
(Increase) decrease in prepaid expense	-	(335,036)	-
Increase (decrease) in accounts payable	38,182	(63,641)	54,851
Increase (decrease) in OPEB Obligation	-	-	2,627,000
Increase (decrease) in Pensions	(111,459)	(822,340)	(218,298)
Increase (decrease) in deposits payable	(15,058)	(503,471)	-
Increase (decrease) in unearned revenue	3,347	(142,164)	-
Increase (decrease) in claims and judgments	-	-	305,685
Increase (decrease) in compensated absences	1,139	(18,084)	36,844
<b>Total Adjustments</b>	<u>1,373,330</u>	<u>17,021,684</u>	<u>4,277,305</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,568,175</u>	<u>18,865,885</u>	<u>1,959,986</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Change in Fair Value of Investments	\$ (254)	\$ 22,148	\$ (357)

See Notes to Financial Statements

CITY OF SANTA BARBARA

STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 1,359,579	\$ -	\$ 3,323,229
Accounts receivable, net	45,637	-	-
Loans receivable	2,007,942	-	3,500,000
Land held for resale	-	-	2,873,528
Restricted assets:			
Cash and investments	-	491,971	-
Cash and investments with fiscal agents	-	-	11,478,859
Non-current assets:			
Capital assets:			
Land	-	-	23,494,588
Building improvements	-	-	2,174,794
Improvements other than building	-	-	5,065,237
Construction in progress	-	-	1,246,334
Less: accumulated depreciation	-	-	(4,048,589)
Total capital assets	<u>-</u>	<u>-</u>	<u>27,932,364</u>
<b>Total Assets</b>	<u>\$ 3,413,158</u>	<u>491,971</u>	<u>49,107,980</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on debt refunding		<u>-</u>	<u>75,061</u>
<b>Total Deferred Outflows of Resources</b>		<u>-</u>	<u>75,061</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 56,677	\$ -	\$ 84,092
Salaries and benefits payable	-	-	6,489
Accrued interest payable	-	-	427,379
Due to the City of Santa Barbara	-	692,398	-
Trust liability	3,356,481	-	-
Current portion of long-term debt	-	-	6,790,000
Non-current liabilities:			
Long-term debt, net of current portion	<u>-</u>	<u>-</u>	<u>22,442,302</u>
<b>Total Liabilities</b>	<u>\$ 3,413,158</u>	<u>692,398</u>	<u>29,750,262</u>
<b>NET POSITION</b>			
Held in trust:			
Employees' pension benefit		(200,427)	-
Police		-	68,256
Library		-	2,801,013
Successor Agency of the Former RDA		<u>-</u>	<u>16,563,510</u>
<b>Total Net Position</b>		<u>\$ (200,427)</u>	<u>\$ 19,432,779</u>

CITY OF SANTA BARBARA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2015

	Pension Trust Funds	Private Purpose Trust Funds
<b>ADDITIONS</b>		
Employer Contributions	\$ 120,000	\$ -
Contributions	-	2,052,995
Taxes	-	8,247,221
Investment earnings:		
Net appreciation (depreciation) in fair value	(5,362)	-
Interest	5,525	9,527
Dividends	6,931	2,728
Total investment earnings	7,094	12,255
Less: investment expense	(5,972)	-
Net investment income	1,122	12,255
Other	-	500
<b>Total Additions</b>	<b>121,122</b>	<b>10,312,971</b>
<b>DEDUCTIONS</b>		
Benefits	113,370	-
Administrative expenses	-	130,092
Contractual services	-	73,401
Interest expense	-	1,552,639
Depreciation expense	-	224,703
Community Services	-	1,763,951
<b>Total Deductions</b>	<b>113,370</b>	<b>3,744,786</b>
Changes in Net Position	7,752	6,568,185
NET POSITION - Beginning of the Year	(208,179)	12,864,594
<b>NET POSITION - End of the Year</b>	<b>\$ (200,427)</b>	<b>\$ 19,432,779</b>



Notes To The  
Basic Financial Statements

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Santa Barbara, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

**A. Description of the Financial Reporting Entity**

The City's reporting entity includes the City (the primary government) and its component units. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," which the City adopted effective July 1, 1993. The basic, but not the only, criterion for including a potential component unit within the City's reporting entity is whether the City Council, as the City's governing body, has financial accountability for the potential component unit. The most significant manifestations of financial accountability include the ability of the Council to appoint a voting majority of the organization's governing body and the ability to impose its will on the organization; or that there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be deemed to be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. In addition to those organizations for which the City may be financially accountable, other organizations for which the City is not financially accountable, but for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete, may also be component units. Component units are presented on a "blended" basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Based upon the application of these criteria, the following is a brief review of the City and each component unit within the City's reporting entity.

City of Santa Barbara

The City of Santa Barbara (the primary government) was incorporated on August 26, 1850. The City is a charter city under the laws of the State of California and operates under a Council-Administrator form of government. The Council consists of six council members elected by district, and a mayor elected at-large. The City moved to district elections starting 2015 with three district seats elected on November 3rd, with the remaining three districts to be elected in 2017. The current City Charter was adopted on May 2, 1967 and provides for the following services: public safety (police and fire), construction and maintenance of highways and streets, sanitation, culture and recreation, public improvements, planning, zoning and general administration. Enterprise funds, operated in a manner similar to a private business, include water, wastewater, solid waste, airport, parking, golf and waterfront.

Redevelopment Agency of the City of Santa Barbara

The Redevelopment Agency of the City of Santa Barbara (Agency) was established in 1968 with the broad authority to acquire, rehabilitate, develop, administer, and sell or lease property in a "Redevelopment Area". It was formerly a separate governmental entity as prescribed in the State of California's Community Redevelopment law as set forth in the State's Health and Safety Code. However, on December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California, effective January 31, 2012. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill (see footnote 19). Also upon dissolution, the City Council elected to retain the housing assets, functions and powers previously performed by the Agency.

The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Agency. The Successor Agency is a separate entity of the City, subject to the direction of an Oversight Board. The

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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Oversight Board is comprised of seven-member representatives from local government bodies. In general, the Successor Agency's assets can only be used to pay for enforceable obligations in existence at the date of dissolution. In future fiscal years, the Successor Agency will only be allocated revenue in the amount necessary to pay the estimated payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, it is reported in a fiduciary fund (private-purpose trust fund).

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of inter-fund activity has been removed from these statements. *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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position (i.e., fund balances) as presented in these statements to the net position presented in the Government-wide financial statements.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, a portion of the internal service balances and activities have been combined with the governmental activities in the Government-wide financial statements.

The following are the major governmental funds of the City:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Affordable Housing* fund accounts for affordable housing financial activity of the City. This includes monitoring low and moderate income housing covenants and accounting for payments on outstanding housing loans. Revenues are derived from principal and interest payments made by loan recipients.
- The *Street Grant Capital Fund* accounts for streets-related capital projects financed by Grants.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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The following are the major proprietary funds of the City:

- The *Water Fund* accounts for the provisions of water services to the residents of the City and some residents of the County.
- The *Wastewater Fund* accounts for the provision of sewer services to the residents of the City and some residents of the County.
- The *Airport Fund* accounts for the operation of the municipal airport and the administration of leases of airport property.
- The *Waterfront Fund* accounts for the operation of the City managed waterfront that includes a public wharf, a small craft harbor, and parking facilities.
- The *Solid Waste Fund* accounts for refuse revenues received from customers, payments remitted to the trash hauler, and franchise and recycling fees paid by hauler that are used for recycling programs in the City.

Additionally, the City reports the following fund types:

- *Internal Service Funds* account for 1) a maintenance facility for fleet and motor pool equipment used by all City departments, 2) intra-city service building maintenance operations, 3) information systems and computer support services, and 4) self-insurance operations of workers' compensation, unemployment, general liability insurance coverage, and post employment benefits.
- *Private Purpose Trust Funds* are used to account for monies held on behalf of others in a fiduciary capacity, typically pursuant to a formal trust agreement. The City uses private purpose trust funds to account for 1) the Successor Agency of the Former Redevelopment Agency which was dissolved on January 31, 2012, pursuant to state law; 2) resources legally held in trust for use by a not-for-profit organization devoted to library functions; and 3) the contributions made for the Police Canine Unit program. All resources of the funds, including any earnings on invested resources, may be used to support these activities. There is no requirement that any portion of these resources be preserved as capital.
- The *Pension Trust Funds* account for the activities of the Safety Retirement Fund and the Service Retirement Fund that accumulate resources for pension benefit payments to qualified safety employees.
- *Agency Funds* are used to account for resources held by the City in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The agency funds account for 1) moneys received from agencies for low and moderate income applicant's rehabilitation housing loans, 2) moneys received from agencies for the California Law Enforcement Tracking System (CLETS), and 3) financial activities of the Seismic Assessment District #1.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental funds 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. For this purpose, the City considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Grant funds earned but not received by the end of the fiscal period are recorded as a receivable, and revenue is recognized if collected within 120 days of the end of the current fiscal period. Property and

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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sales taxes, utility users' taxes, transient occupancy taxes, franchise taxes, licenses and other charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary, pension and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilizes the *accrual basis of accounting* for reporting assets and liabilities.

**D. Adoption of New Accounting Principles**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension plans – an amendment of GASB Statement No. 27*, to improve the financial reporting requirements by state and local governmental pension plans. This statement replaces the requirements of Statements No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The City has fully conformed to the requirements of this statement for the fiscal year ending June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, to clarify the application of the transition provisions of Statement No. 68, relating to amounts associated with contributions after the measurement date. This statement amends the requirements of Statements No. 68, *Accounting and Financial Reporting for Pension plans*, as they relate to the financial reporting requirements by state and local governmental pension plans. The City has fully conformed to the requirements of this statement for the fiscal year ending June 30, 2015.

**E. Interfund Activities**

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except 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. In the statement of activities, internal services funds transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: Due to and from other funds, Advances to and from other funds, and Transfers in and out.

**F. Description of Program Revenue**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**G. Definition of Operating and Non-operating Revenues**

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The principal operating revenues of the water, wastewater, solid waste, parking, golf, airport and waterfront enterprise funds and the City's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue service charges, leases and rents, and miscellaneous revenue. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**H. Flow Assumption for Restricted Resources**

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

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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**I. Property Tax Calendar**

In 1978, a State constitutional amendment (Article XIII A) provided that the ad valorem real property tax rate be limited to 1% of market value and be levied only by the county and shared with all other jurisdictions. The County of Santa Barbara collects the property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations, subject to adjustments for voter approved debt.

Property taxes are formally due on November 1 and February 1 and become delinquent as of December 10 and April 10 respectively. Taxes become a lien on the property effective March 1 of the preceding year.

The City is a participant of the County's Teeter plan, which means the City would receive the full amount of tax due regardless of the amount actually collected. The County would assume the risk associated with collecting all existing and future past due property tax balances.

**J. Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of acquisition. With respect to cash and investments with fiscal agents, all investments have an original maturity of less than three months and are considered to be cash equivalents.

**K. Investment Policies**

Effective July 1, 1997, the City adopted the provisions of GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires that governmental entities, including governmental external investment pools, report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The fair value of pooled investments is determined annually and is based on current market prices received from the City's securities custodian. The Local Agency Investment Fund (LAIF) is required to invest in accordance with State statutes. At June 30, 2015, the fair value of the City's position in LAIF is the same as the value of the pool shares. Investments held in the Pension Trust Funds are stated at fair value. Short-term investments are reported at cost, which approximates fair value.

The City has developed a formal investment policy that is more restrictive than the State of California Government Code. The policy is adopted annually by the City Council. The City has adhered to established policies for all investment activities.

**L. Receivables and Payables**

Interfund transactions are reflected as either: loans, services, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable amount in applicable governmental funds to indicate that they are not currently available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Loans receivable in the governmental funds include the City Housing Fund, Community Development Block Grant loans, Home Investment Partnership loans, loans held with the Successor Agency, Water fund loans and Employee Mortgages. A portion of fund balance is classified as nonspendable for the Employee Mortgages due to the long-term nature of loans.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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All accounts receivables are shown net of an allowance for uncollectible amounts, including water, wastewater, airport waterfront, solid waste, golf and parking. The estimate allowance is based on historical collections and a review of accounts receivable.

**M. Inventories and Prepaid Assets**

Inventories are stated at cost (first-in, first-out basis) and lower of average cost or market for proprietary funds. Governmental fund inventories are recorded as expenses when consumed rather than when purchased. Proprietary fund inventories consist primarily of materials and supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and fund financial statements.

**N. Capital Assets**

Capital assets which include land, buildings, improvements to buildings, improvements other than buildings, equipment, construction in progress, and infrastructure (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide basic financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of \$10,000 or more for equipment, \$25,000 or more for building improvements and other improvements, \$50,000 or more for buildings and \$100,000 or more for infrastructure. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in results of operations. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets (except land, works of art and construction in progress) of the primary government are depreciated using the straight-line method using the estimated useful lives listed below.

	<u>Years</u>
Buildings	40-50
Building Improvements	40-50
Improvements other than Buildings	25-50
Equipment	5-20
Infrastructure (except for the maintained pavement subsystem)	10-100

The City has networks of infrastructure assets such as roads, water and wastewater treatment plants, drainage systems and sidewalks. The streets pavement subsystem of the road network is reported using the modified approach. The City has established a pavement condition assessment process. Approximately one-third of the entire sub-system is assessed on a rotating basis each year. The City's streets pavement subsystem has been classified as roads with or without formal structural sections. Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0-100), where PCI's of 40 or higher are assigned to be in "Fair" or better condition, and roads with PCI's of 55 or higher to be in "Good" or better condition. Accordingly, depreciation is not reported for this subsystem and all costs, except for betterments and major improvements made to the subsystem, are expensed rather than capitalized.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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**O. Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 4 and Note 10 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

**P. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. For fire safety employees the value of the sick pay benefit is converted to additional years of service for purposes of calculating retirement benefits provided by the Public Employees Retirement System (PERS) and the employee is, therefore, compensated through an increased retirement benefit. All other employees upon retirement and with a minimum of 500 hours of accumulated sick pay benefits may elect to have an annuity or the cash value of an annuity for the value of those accumulated hours, calculated based on comparable actuarial assumptions used by PERS.

Governmental funds recognize the cost of vacation and sick pay benefits when payments are made to employees. The City has determined that 90 percent of the liability for compensated absences in both the governmental activities and the business-type activities at June 30, 2015, is deemed current and expected to be paid within the next 12 months with current financial resources.

The compensated absences for governmental funds will generally be liquidated through the general fund. The balances in the proprietary funds will generally be liquidated through the individual funds.

**Q. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and gains and losses on defeasance, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Beginning in fiscal year 2013, bond issuance costs are reported as expenses when incurred per GASB Statement No. 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and gains and losses on defeasance, during the current period. The proceeds of long-term debt issued are reported as "other financing sources". Bonds payable are reported net of the applicable bond premium or discount and gains and losses on refunding. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums received on debt issuances are reported as "other financing sources" while discounts are reported as "other financing uses".

**R. Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office, and are in accordance with the implementation of GASB Statement No. 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**S. Restricted Assets**

The City has funds held by trustees or fiscal agents pledged to the payment or security of bonds and certificates of participation and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The California Government Code provides that these funds, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments the trustees or fiscal agents may make.

**CITY OF SANTA BARBARA**  
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**T. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**U. Allocated Costs Policy**

Expenses reported for functional activities include allocated indirect expenses pursuant to a cost allocation plan prepared in accordance with OMB Circular A-87.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 156,771,761
Cash and investments with fiscal agents	9,867,445
Fiduciary funds:	
Cash and investments	4,682,808
Restricted cash	491,971
Cash and investments with fiscal agents	<u>11,478,859</u>
Total cash and investments	<u>\$ 183,292,844</u>
Cash on hand	\$ 31,378
Demand deposit accounts with financial institutions	14,853,215
Investments	<u>168,408,251</u>
Total cash and investments	<u>\$ 183,292,844</u>

All of the City's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure the City's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits. The City may waive collateral requirements for the portion of cash deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), statutorily limited to \$250,000. As of June 30, 2015, the City maintains cash deposits that are partially insured by FDIC insurance. All uninsured cash deposited are fully collateralized.

**Investments Authorized by the California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by trustees/fiscal agents that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

**CITY OF SANTA BARBARA**  
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<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California/Local Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Certificates of Deposit	5 years	15%	3%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	5%
U.S. Government Money Market Funds	N/A	20%	10%
Bank/Time Deposits/Non-Negotiable CD's	5 years	None	None
State Investment Pool (LAIF)	N/A	\$50 million*	N/A

\* Excluding amounts held by trustees/fiscal agents that are not subject to California Government Code restrictions.

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by trustees/fiscal agents are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by trustees/fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
State Investment Pool (LAIF)	N/A	None	None

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of the overall investment portfolio to 2 ½ years. In addition, the City employs a "buy and hold" investment strategy whereby investments are held to maturity at which time the investment is redeemed at par. This strategy limits the City's exposure to declines in fair value to unforeseen emergencies when the need for cash beyond that which is planned and anticipated may arise.

Portfolio diversification is also employed as a way to control risk, including those associated with market changes or issuer default. To control market price risks, volatile investments are avoided, and to control risks of illiquidity, a minimum of 10% of the total portfolio is held in highly marketable U.S. Treasury Bills and Notes and/or the State of California Local Agency Investment Fund (LAIF) and/or Money Market Funds and/or securities maturing within 90 days.

**CITY OF SANTA BARBARA**  
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<u>Investment type</u>		<b>Weighted Average Maturity (in years)</b>
U.S. Treasury Notes	\$ 8,116,880	1.0
U.S. Agency Securities	80,271,470	2.8
Corporate Medium Term Notes	12,106,240	1.4
U.S. Government Money Market Fund	2,000,000	0.1
Certificates of Deposit	9,003,103	1.6
Local Agency Obligations	5,061,003	14.0*
State Investment Pool (LAIF)	30,011,279	0.7
Held by Trustees/Fiscal Agents:		
Money Market Fund	14,884,922	N/A
Corporate Bond Funds	227,303	N/A
U.S. Agency Securities	3,811,856	3.5
Investment Contracts	2,914,195	N/A
	<u>\$ 168,408,251</u>	

\*In accordance with the City's investment policy, weighted average maturity exceeds the maximum allowed maturity of 5 years due to express authority granted by City Council on April 14, 2009.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Market Value of Investment</u>	<u>Min. Legal Rating</u>	<u>Not Required To Be Rated</u>	<u>Rating as of Year End</u>			
				<u>AA+</u>	<u>AA</u>	<u>AA-</u>	<u>Unrated</u>
U.S. Treasury Notes	\$ 8,116,880	N/A	\$ 8,116,880	-	-	-	-
U.S. Agency Securities	80,271,470	N/A	-	80,271,470	-	-	-
Corporate Med Term Notes	12,106,240	A	-	4,039,780	4,026,840	4,039,620	-
Certificates of Deposit	9,003,103	Collateralized	-	-	-	-	9,003,103
U.S. Government Money Market Fund	2,000,000	N/A	-	-	-	-	2,000,000
Local Agency Obligations	5,061,003	N/A	-	-	-	-	5,061,003
State Investment Pool (LAIF)	30,011,279	N/A	-	-	-	-	30,011,279
Held by Trustees/Fiscal Agents:		N/A	-	-	-	-	-
Money Market Funds	14,884,922	N/A	-	-	-	-	14,884,922
State Investment Pool (LAIF)	-	N/A	-	-	-	-	-
Corporate Bond Funds	227,303	N/A	-	-	-	-	227,303
U.S. Agency Securities	3,811,856	N/A	-	3,811,856	-	-	-
Investment Contracts	2,914,195	N/A	2,914,195	-	-	-	-
<b>Total</b>	<u>\$ 168,408,251</u>	N/A	<u>\$ 11,031,075</u>	<u>\$ 88,123,106</u>	<u>\$ 4,026,840</u>	<u>\$ 4,039,620</u>	<u>\$ 61,187,610</u>

**CITY OF SANTA BARBARA**  
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**Disclosure Relating to Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>%</u>
Federal Farm Credit Bank	U.S. Agency Securities	20,073,520	11.9
Federal Home Loan Bank	U.S. Agency Securities	22,781,296	13.5
Federal Home Loan Mortgage Corp.	U.S. Agency Securities	9,007,880	5.3
Federal Natl Mortgage Assn	U.S. Agency Securities	28,160,790	16.7

**Disclosure Risk Relating to Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2015, \$25,272,559 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investment in Local Agency Obligations**

In July 2009, the Airport Fund issued a promissory note in the amount of \$7,300,000 at an interest rate of the higher of 7.0% or the LAIF rate, but not to exceed 9%, for the purpose of constructing a new joint use rental car facility for use by the rental car companies serving the Airport. In July 2013, the City reduced the interest rate on the promissory note from 7.0% to 3.5%. In accordance with the California Government Code Section 53601 (e), the City is allowed to invest in bonds, notes, warrants, or other evidence of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

**CITY OF SANTA BARBARA**  
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**NOTE 3. UNEARNED REVENUE**

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

At June 30, 2015, the various components of unearned revenue reported are as follows:

<b>Governmental funds:</b>	<u>Unearned</u>
General Fund:	
Deferred business license tax	\$ 1,281,165
Prepaid Parks and Recreation fees	738,128
Street Grant Capital Fund:	
Advances on grants for streets projects	<u>347,769</u>
Total governmental funds	<u>\$ 2,367,062</u>
<b>Business-type activities:</b>	
Water Fund:	
Joint Venture Agreement	\$ 3,994,754
Airport Fund:	
Prepaid lease revenue	136,220
Golf Course Fund:	
Golf gift cards	49,877
Downtown Parking:	
Parking	4,000
Waterfront Fund:	
Prepaid lease and slipholder revenue	<u>65,578</u>
Total business-type activities	<u>\$ 4,250,429</u>

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

**NOTE 4. 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 City recognized deferred outflows of resources in the entity-wide and proprietary fund statements. This item is a consumption of net position by the City 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.

Deferred outflows of resources balances as reported on the Statement of Net Position for the year ended June 30, 2015, were as follows:

	Balance <u>June 30, 2015</u>
<b>Governmental Activities</b>	
2002 Certificates of Participation Refunding	\$ 29,552
Deferred pension-related items	<u>18,165,897</u>
	<u>\$ 18,195,449</u>
 <b>Business-type Activities</b>	
2002 Golf Course Certificates of Participation	\$ 31,992
2013 Water Certificates of Participation refunding	778,756
2014 Waterfront Certificates of Participation refunding	518,745
Deferred pension-related items	<u>4,013,409</u>
	<u>\$ 5,342,902</u>

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CITY OF SANTA BARBARA**  
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**JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance July 1, 2014	Increases	Transfers/ Reclassifications	Ending Balance June 30, 2015	Internal Service Fund Activity	Total Governmental Capital Assets
<b>Governmental Activities:</b>						
Non-depreciating capital assets:						
Construction in progress	\$ 20,455,919	\$ 21,042,296	\$ (5,471,428)	\$ 36,026,787	\$ 2,468,799	\$ 38,495,586
Land held for resale	3,767,605	-	-	3,767,605	-	3,767,605
Land	22,654,567	-	-	22,654,567	-	22,654,567
Streets	<u>160,949,223</u>	<u>-</u>	<u>(848,045)</u>	<u>160,101,178</u>	<u>-</u>	<u>160,101,178</u>
Total non-depreciating capital assets	<u>207,827,314</u>	<u>21,042,296</u>	<u>(6,319,473)</u>	<u>222,550,137</u>	<u>2,468,799</u>	<u>225,018,936</u>
Depreciating capital assets:						
Buildings	26,261,303	-	-	26,261,303	105,889	26,367,192
Building improvements	20,092,573	-	66,115	20,158,688	1,323,139	21,481,827
Improvements other than buildings	34,320,614	-	962,917	35,283,531	1,470,823	36,754,354
Equipment	13,833,315	22,979	142,431	13,998,725	24,117,121	38,115,846
Infrastructure	<u>162,147,156</u>	<u>-</u>	<u>5,148,010</u>	<u>167,295,166</u>	<u>-</u>	<u>167,295,166</u>
Total depreciating capital assets	<u>256,654,961</u>	<u>22,979</u>	<u>6,319,473</u>	<u>262,997,413</u>	<u>27,016,972</u>	<u>290,014,385</u>
Less accumulated depreciation:						
Buildings	13,226,426	453,996	-	13,680,422	105,889	13,786,311
Building improvements	4,729,391	466,129	-	5,195,520	146,552	5,342,072
Improvements other than buildings	13,188,148	1,197,351	-	14,385,499	195,114	14,580,613
Equipment	10,856,799	629,755	-	11,486,554	16,427,200	27,913,754
Infrastructure	<u>68,156,768</u>	<u>3,341,187</u>	<u>-</u>	<u>71,497,955</u>	<u>-</u>	<u>71,497,955</u>
Total accumulated depreciation	<u>110,157,532</u>	<u>6,088,418</u>	<u>-</u>	<u>116,245,950</u>	<u>16,874,755</u>	<u>133,120,705</u>
Total capital assets, being depreciated, net	<u>146,497,429</u>	<u>(6,065,439)</u>	<u>6,319,473</u>	<u>146,751,463</u>	<u>10,142,217</u>	<u>156,893,680</u>
Governmental activities capital assets, net	<u>\$ 354,324,743</u>	<u>\$ 14,976,857</u>	<u>\$ -</u>	<u>\$ 369,301,600</u>	<u>\$ 12,611,016</u>	<u>\$ 381,912,616</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
Administration	\$ 107,001
Public safety	160,491
Public works	5,000,089
Community services	626,713
Community development	<u>194,124</u>
General governmental depreciation	6,088,418
Capital assets held by the city's internal service funds are charged to the various functions based on usage of the assets	<u>1,307,362</u>
Total depreciation expense - governmental activities	<u>\$ 7,395,780</u>

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
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	<b>Beginning Balance July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers/ Reclassifications</b>	<b>Ending Balance June 30, 2015</b>
<b>Business-Type Activities:</b>					
Non-depreciating capital assets:					
Land	24,963,955	-	-	-	24,963,955
Construction in progress	<u>55,815,471</u>	<u>27,147,120</u>	-	<u>(18,430,824)</u>	<u>64,531,767</u>
Total non-depreciating capital assets	<u>80,779,426</u>	<u>27,147,120</u>	-	<u>(18,430,824)</u>	<u>89,495,722</u>
Depreciating capital assets:					
Buildings	124,432,970	-	-	-	124,432,970
Building improvements	10,223,463	-	-	79,290	10,302,753
Other improvements and drainage	407,440,734	-	-	9,861,579	417,302,313
Equipment	43,208,576	18,230	(32,493)	4,415,587	47,609,900
Underground piping	188,066,220	-	-	2,257,152	190,323,372
Infrastructure	<u>16,592,128</u>	-	-	<u>1,817,216</u>	<u>18,409,344</u>
Total depreciating capital assets	<u>789,964,091</u>	<u>18,230</u>	<u>(32,493)</u>	<u>18,430,824</u>	<u>808,380,652</u>
Less accumulated depreciation:					
Buildings	33,207,652	2,488,768	-	-	35,696,420
Building improvements	3,625,896	238,657	-	-	3,864,553
Other improvements and drainage	209,565,611	8,854,156	-	-	218,419,767
Equipment	29,126,055	2,936,510	(32,493)	-	32,030,072
Underground piping	110,148,664	4,343,137	-	-	114,491,801
Infrastructure	<u>8,659,583</u>	<u>472,709</u>	-	-	<u>9,132,292</u>
Total accumulated depreciation	<u>394,333,461</u>	<u>19,333,937</u>	<u>(32,493)</u>	-	<u>413,634,905</u>
Total capital assets, being depreciated, net	<u>395,630,630</u>	<u>(19,315,707)</u>	-	<u>18,430,824</u>	<u>394,745,747</u>
Business-type activities capital assets, net	<u>\$ 476,410,056</u>	<u>\$ 7,831,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,241,469</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water	\$ 6,212,153
Wastewater	4,533,066
Airport	5,732,090
Waterfront	1,427,393
Downtown parking	1,153,417
Golf	<u>275,818</u>
Total depreciation expense - business-type activities	<u>\$ 19,333,937</u>

**CITY OF SANTA BARBARA**  
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**JUNE 30, 2015**

**NOTE 6. INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of inter-fund balances as of June 30, 2015, is as follows:

Receivable Fund	<u>Due to/from other funds</u> Payable Fund	Amount
<b>Governmental Activities:</b>		
General Fund	Home Program Fund	\$ 18,955
	Street Grant Capital Fund	2,862,141
		\$ 2,881,096
Receivable Fund	<u>Advances to/from other funds</u> Payable Fund	Amount
<b>Governmental Activities:</b>		
General Fund	Waterfront Fund	\$ 1,011,894
General Fund	Golf Course Fund	500,000
Vehicle Capital Fund	Golf Course Fund	169,851
		\$ 1,681,745

The interfund balances at June 30, 2015, are generally short-term loans to cover temporary cash deficits in various funds.

The City's General Fund advanced money to the Waterfront Enterprise Fund. This advance, totaling \$1,011,894 at June 30, 2015, was for the purpose of construction of administrative offices and the remodel of the Chandlery Building. The advance bears interest at the City's portfolio rate of return, and has payments due annually.

The City's General Fund advanced money to the Golf Course Enterprise Fund. This advance, totaling \$500,000 at June 30, 2015, was for the purpose of the Golf Safety Improvement Master Plan. The advance bears interest at 4%, with payments due annually.

The Vehicle Capital Fund advanced money to the Golf Course Enterprise Fund. This advance, totalling \$169,851 at June 30, 2015, was for the purpose of Golf Course equipment purchase. The advance bears interest at 3.0%, and has payments due annually.

A summary of interfund transfers during the year follows:

Fund Transferred From	Fund Transferred To						
	General Fund	Street Grant Capital Fund	Other Governmental Funds	Water	Other Enterprise Funds	Internal Service	Total
<b>Governmental Funds</b>							
General Fund	\$ -	\$ -	\$ 2,461,759	\$ -	\$ 43,500	\$ 505,000	\$ 3,010,259
Street Grant Capital	-	-	32,734	-	-	-	32,734
Other Govt Funds	1,050,577	1,715,032	14,390,207	-	-	75,825	17,231,641
<b>Enterprise Funds</b>							
Water	-	-	-	-	-	26,156	26,156
Wastewater	-	-	-	259,089	-	-	259,089
Solid Waste	50,000	-	-	-	-	-	50,000
Other Enterprise Funds	309,125	-	-	-	-	-	309,125
<b>Total</b>	\$ 1,409,702	\$ 1,715,032	\$ 16,884,700	\$ 259,089	\$ 43,500	\$ 606,981	\$ 20,919,004

**CITY OF SANTA BARBARA**  
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The most significant interfund transfers related to the following:

1. Transfers from the General Fund to Other Governmental Funds were primarily due to transfers of \$608,321 to the General Capital Improvements Fund for capital projects, and \$861,435 for 25% of the General Fund surplus pursuant to City reserve policies for future appropriation for capital programs. In addition, the General Fund made capital outlay transfers of \$593,716 to the Street Capital Improvements Fund for road improvement projects, and debt service transfers of \$340,901 to the 2002 Municipal Refunding Certificates of Participation Fund.
2. Transfers from the General Fund to the Internal Service Funds of \$500,000 were to the Intra-City Service Fund for the replacement of the heating, ventilation and air conditioning systems at the Police Department.
3. Transfers from Other Governmental Funds to the General Fund included operating transfers from the Street Sweeping Fund for Police Department Street Sweeping Enforcement efforts (\$394,064); from the Traffic Safety Fund for Police Department traffic safety costs (\$345,513); and from the General Capital Improvements Fund for Fire Department breathing apparatus equipment (\$340,000).
4. Transfers from the Other Governmental Funds to the Street Grants Capital Fund were primarily capital outlay transfers from the Street Capital Improvement Fund for the city matching funds for grants (\$1,619,256).
5. Transfers between Other Governmental Funds are primarily comprised of capital outlay transfers from the Streets Fund to the Street Capital Improvement Fund (\$9,439,203); from the Measure A Fund to the Measure A Capital Improvement Fund (\$2,900,222); and from the Creek Restoration Fund to the Creek Restoration Capital Improvement Fund for capital projects (\$1,499,870).

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**NOTE 7. LONG-TERM DEBT**

The City has issued debt in both the governmental and business-type activities to provide funds for the acquisition and construction of major capital facilities. The types of debt include (1) Revenue Bonds where the City pledges income derived from a business-type activity to pay debt service, (2) certificates of participation that pledge general government revenue to pay base rent payments to the Santa Barbara Public Financing Corporation for real property and improvements owned by the City, and (3) loans from other governmental agencies. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. The claims liability item is generally liquidated by the general fund (see note 12).

Long-term liability activity for the year ended June 30, 2015, is as follows:

	Beginning Balance July 1, 2014	Additions	Deductions	Ending Balance June 30, 2015	Due Within One Year	Due in More Than One Year
<b>Governmental Activities</b>						
Certificates of participation	\$ 1,270,500	\$ -	\$ 300,300	\$ 970,200	\$ 306,900	\$ 663,300
Unamortized debt discount	(2,416)	-	(604)	(1,812)	-	(1,812)
Governmental funds debt issues	1,268,084	-	299,696	968,388	306,900	661,488
Compensated absences	7,049,362	5,647,748	5,654,986	7,042,124	6,377,585	664,539
Claims liability	7,613,961	4,005,384	3,699,699	7,919,646	2,921,831	4,997,815
Governmental activity						
Long-term liabilities	15,931,407	9,653,132	9,654,381	15,930,158	9,606,316	6,323,842
<b>Business-Type Activities</b>						
Revenue bonds	72,000,391	-	2,373,061	69,627,330	2,459,849	67,167,481
Certificates of participation	21,859,500	-	1,514,700	20,344,800	1,548,100	18,796,700
Loans	56,307,085	1,571,462	1,647,857	56,230,690	1,643,484	54,587,206
Unamortized debt premium	2,675,408	-	205,800	2,469,608	-	2,469,608
Unamortized debt discount	(1,121,956)	-	(51,232)	(1,070,724)	-	(1,070,724)
	151,720,428	1,571,462	5,690,186	147,601,704	5,651,433	141,950,271
Compensated absences	1,543,780	1,220,335	1,238,418	1,525,697	1,373,127	152,570
Business-type activity						
Long-term liabilities	153,264,208	2,791,797	6,928,604	149,127,401	7,024,560	142,102,841
<b>Total debt activity</b>	<b>\$ 169,195,615</b>	<b>\$ 12,444,929</b>	<b>\$ 16,582,985</b>	<b>\$ 165,057,559</b>	<b>\$ 16,630,876</b>	<b>\$ 148,426,683</b>

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A description of long-term obligations outstanding at June 30, 2015, by category follows:

	<u>Amount Outstanding June 30, 2015</u>
<b><u>Governmental Activities</u></b>	
<b><u>Certificates of Participation</u></b>	
<u>General Fund</u> :	
\$4,184,400 - 2002 Refunding Municipal Certificates of Participation. Certificates issued to provide funds in order to refund the outstanding City of Santa Barbara Refunding Certificates of Participation Series 1993, which were used to finance capital improvements in the City's Municipal Improvements Program. Remaining annual principal installments range from \$306,900 to \$339,900 through August 1, 2017. Interest rates range from 3.0% to 4.625% payable semi-annually.	\$ 970,200
Total Governmental Activities	<u>970,200</u>
 <b><u>Business-Type Activities</u></b>	
<b><u>Revenue Bonds</u></b>	
<u>Wastewater Fund</u> :	
\$20,410,000 – 2004A sewer revenue serial bonds. Bond proceeds are used to provide funds for the acquisition of certain capital improvements to the Wastewater system. Remaining annual principal installments range from \$730,000 to \$1,290,000 through May 1, 2029. Interest rates range from 2.4% to 4.7% payable semi-annually.	13,655,000
 <u>Waterfront Fund</u> :	
\$12,334,391 - Waterfront Harbor Refunding Revenue Bonds, Series 2014. Revenue bonds were issued to provide funds in order to refund the outstanding City of Santa Barbara Waterfront Revenue Refunding Certificates of Participation, Series 2002 which were used to finance capital improvements at the waterfront. Remaining annual principal installments range from \$345,000 to \$1,092,700 through October 1, 2027. The interest rate is 3.530%.	11,402,330
 <u>Airport Fund</u> :	
\$47,270,000 – 2009 Airport Revenue Bonds. Bonds issued to provide funds to construct a new passenger terminal building and related parking and roadway improvements at the Santa Barbara Municipal Airport. Remaining annual principal installments range from \$970,000 to \$2,995,000 through July 1, 2039.	<u>44,570,000</u>
Total revenue bonds	<u>69,627,330</u>
 <b><u>Certificates of Participation</u></b>	
<u>Golf Fund</u> :	
\$2,155,600 - 2002 Refunding Municipal Certificates of Participation. Certificates issued to provide funds in order to refund the outstanding City of Santa Barbara Refunding Certificates of Participation Series 1993, which were used to finance capital improvements at the golf course. Remaining annual principal installments range from \$158,100 to \$175,100 through August 1, 2017. Interest rates range from 3.0% to 4.625% payable semiannually.	499,800
 <u>Water Fund</u> :	
\$22,680,000 - 2013 Refunding Water Certificates of Participation. Certificates issued to provide funds to refund the outstanding City of Santa Barbara 2002 Certificates, which were used to finance capital improvements to the water distribution system. Certificates were also used to defease a California Department of Health Services Safe Drinking Water State Revolving Fund loan, which was used to finance construction of a project that enabled the City to meet safe drinking water standards. Remaining annual principal installments range from \$1,390,000 to \$2,055,000 through October 1, 2026. Interest rates range from 2.0% to 6.85% payable semi-annually.	<u>19,845,000</u>
Total certificates of participation	<u>\$ 20,344,800</u>

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**Loans Payable**

Water Fund:

\$17,900,849 - California Department of Health Services Safe Drinking Water State Revolving Fund loan. Funds used to assist in financing construction of a project which will enable the City to meet safe drinking water standards. Due in semi-annual payments of \$572,123. Interest is 2.5132% per annum. The final payment is due July 1, 2025. \$ 10,062,353

\$29,283,000 California Department of Health Services Safe Drinking Water State Revolving Fund loan. Funds used to assist in financing construction of a project which will enable the City to meet safe drinking water standards. Once all phases of the project are complete, the total amount borrowed will be repaid to the State with semi-annual payments for 20 years. Interest is 2.5017% per annum. 26,563,527

Wastewater Fund:

\$1,600,000 - California State Water Resources Control Board loan. Funds used to assist in financing a two phase project to increase energy generated at the El Estero Wastewater Treatment Plant. Once the project is complete, the total amount borrowed will be repaid to the State with semi-annual payments for 20 years. Interest is 1.8% per annum. 763,669

\$5,200,000 - California State Water Resources Control Board loan. Funds used to assist in financing the replacement design, modifications to the washer compactor area, replacement of water compactor units, and a study of the electrical generators use for new mechanical screens and conveyance. Due in 20 annual payments of \$341,981. Interest is 2.6% per annum. The final payment is due August 4, 2033. 5,076,511

\$20,000,000 - California State Water Resources Control Board loan. Funds used to assist in financing the upgrade to the aeration system and improve the secondary treatment process at the El Estero Wastewater Treatment Plant. Once the project is complete, the total amount borrowed will be repaid to the State with annual principal and interest payments for 20 years. Interest is 1.9% per annum. 1,111,361

Airport Fund:

\$2,450,339 - State Department of Transportation Loan. Funds used to finance capital improvements at the airport. Due in 17 annual payments of \$218,714. Interest is 5.0843% per annum. The final payment is due June 30, 2024. 1,548,758

\$7,300,000 - Airport Promissory Note. Funds used to finance construction of a joint use rental car facility for use by the rental car companies serving the Airport. Due in semi-annual payments of \$230,182. Interest is 3.5% per annum. The final payment is due June 30, 2029. 5,061,003

Waterfront Fund:

\$9,101,000 - State Department of Boating and Waterways loan. Funds used to finance capital improvements at the marina. Interest is 4.5% per annum. Once all phases of the project are complete, the total amount borrowed will be repaid to the State with fixed annual principal and interest payments due each year on August 1 for 30 years. 6,043,508

Total Business-Type Activities Total loans payable 56,230,690  
\$ 146,202,820

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The annual requirements to amortize all long-term debt outstanding as of June 30, 2015, are as follows:

Fiscal Year Ending	Gov't Activities		Business-type Activities			Total
	Principal Payments					
	Certificates of Participation	Revenue Bonds	Certificates of Participation	Other Loans		
2016	\$ 306,900	\$ 2,459,849	\$ 1,548,100	\$ 1,643,484	\$ 5,958,333	
2017	323,400	2,574,241	1,591,600	2,950,984	7,440,225	
2018	339,900	2,669,357	1,645,100	3,034,728	7,689,085	
2019	-	2,767,141	1,520,000	3,120,233	7,407,374	
2020	-	2,887,919	1,585,000	3,208,311	7,681,230	
2021-2025	-	16,324,886	8,975,000	17,238,677	42,538,563	
2026-2030	-	15,673,937	3,480,000	12,009,026	31,162,963	
2031-2035	-	10,660,000	-	10,491,957	21,151,957	
2036-2040	-	13,610,000	-	1,493,083	15,103,083	
2041-2045	-	-	-	1,040,207	1,040,207	
Total Principal	<u>970,200</u>	<u>69,627,330</u>	<u>20,344,800</u>	<u>56,230,690</u>	<u>147,173,020</u>	

Fiscal Year Ending	Interest Payments				Total
2016	37,502	3,167,322	766,469	1,686,265	5,657,558
2017	23,159	3,066,346	723,805	1,605,684	5,418,994
2018	7,860	2,966,031	672,499	1,521,176	5,167,566
2019	-	2,855,724	616,000	1,434,889	4,906,613
2020	-	2,734,660	553,900	1,346,009	4,634,569
2021-2025	-	11,750,362	1,706,925	5,301,463	18,758,750
2026-2030	-	7,891,808	105,225	3,154,732	11,151,765
2031-2035	-	4,786,750	-	1,493,005	6,279,755
2036-2040	-	1,767,500	-	452,047	2,219,547
2041-2045	-	-	-	100,074	100,074
Total Interest	<u>68,521</u>	<u>40,986,503</u>	<u>5,144,823</u>	<u>18,095,344</u>	<u>64,295,191</u>
Total Debt	<u>\$ 1,038,721</u>	<u>\$ 110,613,833</u>	<u>\$ 25,489,623</u>	<u>\$ 74,326,034</u>	<u>\$ 211,468,211</u>

GASB 48 Disclosure – Pledging of revenues:

Revenue Bonds:

Sewer Revenue Bonds, Series 2004

Annual principal and interest payment on the wastewater revenue bonds are expected to require approximately 45% of net available revenues. Total principal and interest remaining to be paid on the Bonds is \$18,967,238 as of June 30, 2015. For the current year, principal and interest paid on the Bonds was \$1,352,238 and total wastewater net revenues were \$6,003,869. The Bonds required 23% of net revenues. The City has complied with all bond covenants.

Waterfront Harbor Refunding Revenue Bonds, Series 2014

On March 7, 2014, the City issued Waterfront Harbor Refunding Revenue Bonds, Series 2014 in the amount of \$12,334,391 to refund the 2002 Waterfront Certificates of Participation. The net proceeds of \$12,898,420 (less payment of \$141,112 in underwriting fees, bond insurance, and other issuance costs and a net additional \$581,456 contribution from the Waterfront reserve fund and \$1,431,597 of 2002 COP's reserve fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2002 COPs, and all future debt service payments on the advance refunding. As a result, the 2002 COP's are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Waterfront Enterprise Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of \$598,552. This difference, reported in the accompanying basic financial statements as a deferred charge, is being charged to operations through the final maturity date of the 2014 Refunding Revenue Bonds of October 1, 2027 using the straight-line method. The City completed the refunding to reduce its total debt service payments over the next 13 years by \$2,627,198 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$360,609.

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Santa Barbara Financing Authority Revenue Bonds (Airport Project), Series 2009

On May 27, 2009, the Santa Barbara Financing Authority (Authority) issued Revenue Bonds in the amount of \$47,270,000 to provide funds to finance the construction of a new passenger terminal building and related parking and roadway improvements at the Santa Barbara Municipal Airport serving the City of Santa Barbara (City). The City and Authority entered into a Facility Lease agreement whereby the City pledges to make the necessary annual appropriations and make base rental payments equal to the annual debt service requirements. The remaining annual payments range between \$3,069,875 to \$3,125,238. The final payment is due July 1, 2039.

Certificates of Participation:

City of Santa Barbara Refunding Certificates of Participation, Series 2002

On May 29, 2002, the City issued City of Santa Barbara Refunding Certificates of Participation, Series 2002 Evidencing the Proportionate Undivided Interest of the Owners Thereof in Base Rental Payments to be Made by the City of Santa Barbara, California to the Santa Barbara Financing Authority in the amount of \$6,340,000 to refund the City of Santa Barbara Refunding Certificates of Participation, Series 1993. The City pledges to make the necessary annual appropriations and make base rental payments equal to the annual debt service requirements. The remaining annual payments range between \$521,821 to \$526,909. The final payment is due August 1, 2017.

Water Revenue Refunding Certificates of Participation, Series 2013

On May 22, 2013, the City issued Water Revenue Refunding Certificates of Participation, Series 2013 in the amount of \$22,680,000 to refund the 2003 California Department of Health Services Safe Drinking Water Loan and Water Revenue Certificates of Participation, Series 2002. The net proceeds of \$26,005,018 (including an original issue premium of \$2,881,209, less payment of \$334,568 in underwriting fees, bond insurance, and other issuance costs and a net additional \$761,108 contribution from the Water Revenue Fund and \$1,088,269 of 2002 COP's reserve fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2003 State loan, and all future debt service payments on the advance refunding of the 2002 COP's. As a result, the 2002 COP's are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Water Enterprise Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of \$908,549. This difference, reported in the accompanying basic financial statements as a deferred charge, is being charged to operations through the final maturity date of the 2013 Refunding COP's of October 1, 2026 using the straight-line method. The City completed the refunding to reduce its total debt service payments over the next 13 years by \$3,862,551 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,205,039.

This debt issue is subject to a reserve requirement in conjunction with non-subordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net revenues of the water system to be at least equal to 1.25 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

Loans:

Airport Promissory Note

The Airport issued a \$7,300,000 promissory note in July 2009, which was purchased by the City's Investment Pool. The note was for the purpose of constructing a new joint use rental car facility for use by the rental car companies serving the Airport. Pledged revenues are derived from a Customer Facility Charge (CFC) of \$10 per rental car contract on all rentals at Airport rental car locations. CFC revenues of \$815,000 were received in the current year. In July 2013, the City revised the interest rate from 7% to 3.5% with annual payments being reduced from \$587,714 to \$460,364. The final payment is due June 30, 2029.

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**NOTE 8. CONTINGENCIES AND COMMITMENTS**

**Litigation and Claims**

The City is presently involved in matters of litigation and claims that have arisen in the normal course of conducting City business. City management believes that, based upon consultation with the City Attorney, these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City.

**Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

**Construction**

Various construction projects were in progress at June 30, 2015. The following material construction commitments existed at June 30, 2015, with an estimated cost to complete of approximately \$38,035,938 in all fund types:

<u>Project Name</u>	<u>Amount</u>	<u>Expenditures to date as of June 30, 2015</u>	<u>Commitments</u>
Cabrillo Bridge at Mission Creek	\$ 18,377,082	\$ 3,395,751	\$ 14,981,331
Recycled Water Plant	12,291,532	6,961,234	5,330,298
Mason Street Bridge Replacement	8,895,985	3,742,783	5,153,202
Cota Street Bridge at Mission Creek	6,707,917	2,037,226	4,670,691
Street Pavement Overlay Projects	2,728,717	2,344,396	384,321
Desalination Facility	5,757,862	1,743,481	4,014,381
Ground Water Development	2,990,889	1,683,630	1,307,259
Sewer Overflow Compliance Projects	2,304,564	710,597	1,593,967
Children's Library Project	2,153,413	1,552,925	600,488

**NOTE 9. RETIREMENT COMMITMENTS**

**A. Agent Multiple-Employer Defined Benefit Pension Plans**

**1. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (Tier 1 Miscellaneous Plan), age 52 (PEPRA Miscellaneous Plan) and age 50 (Tier 1 and PEPRA Safety Police Plans) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous and Safety Police “Classic” plans are closed to new entrants as of January 1, 2013.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

	<u>Miscellaneous Plan</u>	<u>Miscellaneous Plan</u>	<u>Safety Police Plan</u>	<u>Safety Police Plan</u>
Hire date	Prior to April 1, 2012 (Tier 1)	After January 1, 2013 (PEPRA)	Prior to April 1, 2012 (Tier 1)	After January 1, 2013 (PEPRA)
Benefit formula	2.7% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of credited service			
Benefit payments	monthly for life			
Retirement age	50 and up	52 and up	50 and up	50 and up
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%	3.0%	2.0% - 2.7%
Required employee contribution rates	8.0%	N/A	9.0%	N/A
Required employer contribution rates	23.635%	N/A	35.163%	N/A

**Employees Covered** – At June 30, 2015, the following employees were covered by the benefit

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	803	196
Inactive employees entitled to but not yet receiving benefits	824	62
Active employees	719	147
Total	<u>2,346</u>	<u>405</u>

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**2. Net Pension Liability**

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Police Plan</u>
Valuation date	June 30, 2013	June 30, 2013
Measurement date	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial assumptions:		
Discount rate	7.5% (net of administrative expenses)	7.5% (net of administrative expenses)
Inflation	2.75%	2.75%
Payroll growth	3.0%	3.0%
Projected salary increase	3.0% to 14.20%	3.0% to 14.20%
Investment rate of return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality	Derived using CalPERS' Membership Data	Derived using CalPERS' Membership Data

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website .

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments 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.

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In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**3. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follows:

**Miscellaneous Plan**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability / (Asset)</u>
<b>Balance at June 30, 2014</b>	<u>\$ 467,173,631</u>	<u>\$ 315,871,322</u>	<u>\$ 151,302,309</u>
<b>Changes in the year:</b>			
Service cost	9,676,642	-	9,676,642
Interest on the total pension liability	34,649,348	-	34,649,348
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	11,818,133	(11,818,133)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	4,587,261	(4,587,261)
Net investment income	-	54,806,585	(54,806,585)
Administrative expenses	-	-	-
Benefit payments, included refunds of employee contributions	(20,041,269)	(20,041,269)	-
<b>Net changes</b>	<u>24,284,721</u>	<u>51,170,710</u>	<u>(26,885,989)</u>
<b>Balance at June 30, 2015</b>	<u>\$ 491,458,352</u>	<u>\$ 367,042,032</u>	<u>\$ 124,416,319</u>

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**Safety Police Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
<b>Balance at June 30, 2014</b>	\$ 224,103,068	\$ 146,281,803	\$ 77,821,265
<b>Changes in the year:</b>			
Service cost	5,186,081	-	5,186,081
Interest on the total pension liability	16,640,662	-	16,640,662
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	5,804,938	(5,804,938)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	1,514,918	(1,514,918)
Net investment income	-	25,268,419	(25,268,419)
Administrative expenses	-	-	-
Benefit payments, included refunds of employee contributions	(9,641,215)	(9,641,215)	-
<b>Net changes</b>	<u>12,185,528</u>	<u>22,947,060</u>	<u>(10,761,532)</u>
<b>Balance at June 30, 2015</b>	<u>\$ 236,288,596</u>	<u>\$ 169,228,863</u>	<u>\$ 67,059,733</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Plan Type	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	6.50%	7.50%	8.50%
Miscellaneous	\$ 189,653,297	\$ 124,416,319	\$ 71,093,685
Safety Police	99,186,626	67,059,733	40,660,865
<b>Total</b>	<u>\$ 288,839,923</u>	<u>\$ 191,476,052</u>	<u>\$ 111,754,550</u>

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**4. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City of Santa Barbara Miscellaneous and Safety Policy Plans recognized pension expense of \$16,598,056. At June 30, 2015, the City 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
Difference between Expected and Actual Experience	\$ 18,351,896	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(36,622,506)
<b>Total</b>	<u>\$ 18,351,896</u>	<u>\$ (36,622,506)</u>

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\$18,351,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (9,155,626)
2017	(9,155,626)
2018	(9,155,626)
2019	(9,155,628)

**B. Cost Sharing Multiple-Employer Defined Benefit Pension Plans**

**1. General Information about the Pension Plan**

**Plan Descriptions** – The City’s Safety Fire Plan is a cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in the City’s Safety Fire Plan. Benefit provisions under the Safety Fire Plan are established by State statute and Agency Board Approval. CalPERS issues publicly available reports that include a full description of the Safety Fire Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in new Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013 risk-pool valuations. Therefore, pursuant to PEPRA, the Safety Fire “Classic” plan is closed to new entrants as of January 1, 2013.

The Safety Fire Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety Fire	Safety Fire
	Prior to January 1, 2013	After January 1, 2013 PEPRA
Hire Date		
Benefit Formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	50 and up
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	8.986%	N/A
Required employer contribution rates	35.264%	N/A

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**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Miscellaneous Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

	<u>Safety Fire</u>
<b>Contributions - employer</b>	\$ 3,535,869

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability (NPL) as follows:

	<u>Proportionate Share of NPL</u>
<b>Safety Fire Plan</b>	\$ 45,980,620

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Safety Fire</u>
Proportion - June 30, 2013	1.13729%
Proportion - June 30, 2014	1.22583%
Change - Increase (Decrease)	0.08854%

For the year ended June 30, 2015, the City recognized pension expense of \$3,738,440. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Safety Fire Plan</b>		
Contributions subsequent to measurement date	\$ 3,672,002	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(8,606,022)
Difference between employer's contributions and employer's proportionate share of contributions	42,038	-
Adjustment due to differences in proportions	-	(27,586)
<b>Total</b>	<u>\$ 3,714,040</u>	<u>\$ (8,633,608)</u>

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\$3,672,002 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended <u>June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources-Safety Fire</u>
2016	(2,150,295)
2017	(2,150,295)
2018	(2,148,325)
2019	(2,142,655)
Thereafter	-

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

1. Depending on age, service and type of employment
2. Net of Pension Plan Investment and Administrative Expenses; includes Inflation
3. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for each of the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the assumed 7.50% discount rate is adequate and the use of the municipal bond rate is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0 %	5.25 %	5.71 %
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	4.50	5.09

1. An expected inflation of 2.5% used for this period
2. An expected inflation of 3.0% used for this period

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**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Safety Fire Plan</u>	<u>Discount Rate -1%</u> <u>(6.50%)</u>	<u>Current Discount Rate</u> <u>(7.50%)</u>	<u>Discount Rate +1%</u> <u>(8.50%)</u>
Plan's Net Pension Liability/(Assets)	\$ 68,868,724	\$ 45,980,620	\$ 27,121,810

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. City Safety and Service Retirement Pension Plans**

**Plan Description** - In addition to the CalPERS, the City provides two additional single-employer, defined benefit pension plans. One, the Safety Retirement Plan, was established to account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 1937 and May 1965. The second plan, the Service Retirement Plan, was established to account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 1937 and May 1965, and who were disabled due to job related injuries.

**Benefits Provided & Employees Covered** - A total of ten (10) former public safety (police and fire) employees receive a monthly pension retirement benefit in the form of a cash stipend directly from the City. Both plans have been closed to all other employees as of May 1965 and contributions from the employer and employees also ceased on that date. The City administers the plans in compliance with and under the authority of Article XVA of the City Charter. The costs of administering the plans are financed with investment earnings. As of June 30, 2015, seven (7) retirees (or beneficiaries) are receiving benefits from the Safety Retirement Pension Trust Fund, and three (3) retirees (or beneficiaries) are receiving benefits from the Service Retirement Pension Trust Fund. Separate audited financial statements are not issued for either plan.

Method used to value investments

The City of Santa Barbara Fire and Police Pension Plans (the Plans) investments are reported at fair value. Securities that are traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment Policy

The City administers the Plans in compliance with and under the authority of Articles XV and XVA of the 1926 City Charter. The City has plan assets in a Trust fund. The City will pay any benefit payments not paid from the Trust.

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability

The Plan's annual required contribution is based on an actuarially determined amount that is estimated to finance costs of benefits earned by plan members during the year; with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, the Plan's actuarially determined annual required contribution was \$108,000, in which the Employer paid \$102,000.

The components of the net pension liability of the Plan at June 30, 2015, were as follows:

Total pension liability	\$	1,120,596
Plan fiduciary net pension		(554,608)
Net pension liability		565,988
Plan fiduciary net position as a percentage of the total pension liability		49.49 %

Actuarial Assumptions

Valuation Date	July 1, 2013
Discount Rate	5.5%
Salary Increases	Not assumed

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2014.

Discount Rate

The discount rate used to measure the total pension liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that employer contributions would be equal to the actuarially determined contribution amount. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 4.00%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.5%) or 1% higher (6.5%) than the current rate:

	1% Lower* (4.50%)	Current Discount Rate (5.50%)	1% Higher* (6.50%)
Net pension liability	\$ -	\$ 565,988	\$ -

**\*This information was not available as of July 1, 2014 valuation date.**

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**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2015, for the Safety and Service Retirement Plan, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

<u>Safety and Service Retirement Plan</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Contributions made subsequent to measurement date	\$ 113,370	\$ -
Net difference between projected and actual earnings	-	(26,948)
Total	<u>\$ 113,370</u>	<u>\$ (26,948)</u>

\$113,370 reported as deferred outflows of resources related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30:</u>	<u>Deferred outflows/ Inflows of Resources</u>
2016	\$ (6,737)
2017	(6,737)
2018	(6,737)
2019	(6,737)

**Deferred Compensation Plan**

The City offers two deferred compensation plans for regular employees and one for hourly employees created in accordance with Internal Revenue Code Section 457. Under the terms of these plans, employees may defer amounts of income up to a maximum of \$17,500 per year or one-hundred percent (100%) of includable compensation, whichever is less. Amounts so deferred may be withdrawn or directed for future payment at separation of employment but may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue and unforeseen financial hardship for the employee.

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Effective January 1, 1999, Federal legislation (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. The City's deferred compensation administrator qualifies as the plan trustee to meet Federal requirements. Since the plan assets are no longer considered the property and rights of the City, such assets are no longer reflected in the accompanying basic financial statements.

**NOTE 10. 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 City recognized deferred inflows of resources in the entity-wide and proprietary fund statements. This item is a consumption of net position by the City 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.

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

Deferred inflows of resources balances as reported on the Statement of Net Position for the year ended June 30, 2015, were as follows:

<b><u>Government Wide Financials</u></b>	<b>Balance</b>
<b>Governmental Activities</b>	<b><u>June 30, 2015</u></b>
Deferred pension-related items	\$ 37,297,144
<b>Business-type Activities</b>	
Deferred pension-related items	7,985,918

Deferred inflows of resources balances as reported on the Governmental Funds Balance Sheet for the year ended June 30, 2015, were as follows:

<b><u>Governmental Fund Financials</u></b>	<b>Balance</b>
<b>General Fund</b>	<b><u>June 30, 2015</u></b>
Fire Dept-Unavailable Mutual Aid revenue	\$ 18,828
<b>Nonmajor Governmental Funds</b>	
Misc Grants Fund-Unavailable grant revenue	83,314
Street Grant Capital Fund-Unavailable grant revenue	29,423
CDBG Fund-Advances on federal housing grants	5,080,930
Home Fund-Advances on federal housing grants	8,001,779

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**NOTE 11. CLASSIFICATION OF NET POSITION**

In the Government-wide financial statements, net position are classified as the following:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents all external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of Capital Projects, Specific Projects and Programs, and Debt Service as established by the City Council.
- *Unrestricted Net Position* – This category represents the net position of the City, which are not restricted for any project or other purpose.

In the Fund financial statements, governmental funds report the following fund balance classifications:

- *Nonspendable* – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – Amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- *Committed* – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority, the City Council of the City of Santa Barbara. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the City Council of the City of Santa Barbara.
- *Assigned* – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Administrator or Finance Director are authorized to assign amounts to a specific purpose as per the approved City Council Resolution No. 12-069.
- *Unassigned* – Residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that may report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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The components of the City's fund balances at June 30, 2015, consist of the following:

	General Fund	Special Revenue Funds Affordable Housing	Capital Projects Funds Street Grant Capital Improvement	Other Governmental Fund	Governmental Funds
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid assets and deposits	\$ 106,128	\$ -	\$ -	\$ -	\$ 106,128
Loans receivable	2,414,919	-	-	-	2,414,919
Advances to other funds	1,511,894	-	-	-	1,511,894
<b>Restricted for:</b>					
Administration	251,577	-	-	-	251,577
Public safety	69,107	-	-	208,878	277,985
Livescan program	-	-	-	149,100	149,100
Auto anti-theft	-	-	-	198,266	198,266
Asset forfeiture programs	-	-	-	506,072	506,072
Public works	153,724	-	-	1,107,264	1,260,988
Transportation and highways	-	-	-	791,324	791,324
Creek restoration/ water quality	-	-	-	2,305,150	2,305,150
Community services	22,016	-	-	38,239	60,255
Library programs	-	-	-	536,896	536,896
Parks and recreation	357,781	-	-	434,918	792,699
Community development	100,789	-	-	352,435	453,224
Overnight accommodation	1,171,849	-	-	-	1,171,849
Inclusionary housing	336,975	-	-	-	336,975
Capital improvements	-	-	-	3,176,475	3,176,475
Debt service reserve	-	-	-	579,781	579,781
Affordable housing	-	51,916,303	-	-	51,916,303
<b>Committed for:</b>					
Public safety	338,000	-	-	-	338,000
Capital improvements	-	-	-	1,662,759	1,662,759
Transportation and highways	-	-	-	4,964,487	4,964,487
Creeks improvements	-	-	-	1,821,298	1,821,298
Estero Wetland restoration	-	-	-	1,512,991	1,512,991
Lower Arroyo Burro restoration	-	-	-	1,036,330	1,036,330
Cabrillo Ballfield renovation	-	-	-	665,015	665,015
Kids' World refurbishment	-	-	-	507,113	507,113
Contingencies	7,830,396	-	-	-	7,830,396
Disaster contingency	18,406,319	-	-	-	18,406,319
<b>Assigned to:</b>					
Administration	25,000	-	-	-	25,000
Public safety	4,262	-	-	-	4,262
Community services	6,371	-	-	-	6,371
Community development	141,782	-	-	-	141,782
Capital improvements	-	-	-	2,837,744	2,837,744
Transportation and highways	-	-	-	296,721	296,721
Creeks improvements	-	-	-	4,127,431	4,127,431
Technology improvements	-	-	-	894,071	894,071
<b>Unassigned:</b>	-	-	(84,992)	(66,578)	(151,570)
<b>Total Fund Balances</b>	<u>\$ 33,248,889</u>	<u>\$ 51,916,303</u>	<u>\$ (84,992)</u>	<u>\$ 30,644,180</u>	<u>\$ 115,724,380</u>

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**NOTE 12. SELF-INSURANCE FUND**

The City is partially self-insured for workers' compensation and general and automobile liability claims, and fully self-insured for unemployment claims. The City has been partially self-insured for workers' compensation since 1974, and partially self-insured for general and automobile liability since 1978. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in any of the past three fiscal years.

The City's workers' compensation program maintains a self-insured retention of \$750,000. The City purchases an excess insurance policy that provides statutory limits in excess of the City's self-insured retention. The excess insurance coverage consists of a \$5 million pooled layer above the City's self-insured retention amount plus the use of commercial insurance above the pooled layer. Employers' Liability coverage is also included within the limits of the \$5 million pooled layer.

The City's general and automobile liability program maintains a self-insured retention of \$1,000,000. Excess liability coverage is provided through a Joint Powers Agreement. The City joined the Authority of California Cities Excess Liability (ACCEL) in May 1986. ACCEL is a public entity risk sharing pool created for the purpose of pooling various public sector risks. ACCEL began its twenty-ninth program year July 2014 with membership totaling twelve (12) cities. ACCEL was formed under the Joint Powers Agreement (JPA) provisions of State Law (Government Code Sections 990, 990.4, 990.8 and 65006515). In addition to the joint powers agreement, ACCEL is governed by bylaws, an investment policy, and a Memorandum of Coverage, adopted by the ACCEL members.

Claim settlements administered by ACCEL have not exceeded the pooled coverage layer in any of the past fiscal years. ACCEL now transfers most of its risk sharing exposures through the purchase of a four layer commercial policy underwritten by various carriers. ACCEL members have a \$1 million self-insured retention. ACCEL pools the next \$4 million and commercial carriers provide \$45 million in coverage above that level. Thus the City's participation in ACCEL provides liability coverage of \$50 million.

A Memorandum of Coverage acts as the instrument by which member cities are protected against covered losses above the self-insured retention (SIR). This document also serves as the manuscript form for which the commercial carriers provide coverage. Coverage includes comprehensive general and automobile liability protecting against bodily injury, property damage, public officials errors and omissions, personal injury, employment practices, as well as damages arising from owned, non-owned, and hired automobiles.

A Board of Directors consisting of one representative from each member city governs ACCEL. This Board controls all aspects of ACCEL policy including budgeting, finance, underwriting, and claims. ACCEL conducts annual financial, claims, and payroll audits, with an actuarial review performed every two years. A retrospective rating is performed each year on the program year ended five years earlier. The retrospective rating determines each member's share of losses and deposit return. ACCEL members share pooled losses above their self-insured retention. Losses are paid from a pool of funds comprised of member deposits. Deposits are actuarially determined to ensure that funds are available to pay any losses within the pooled layer. ACCEL collects a deposit from each member for each program year in which the member participates. Separate deposit accounts are set for each member for each year of participation. Deposits are invested into pre-approved vehicles and each member account is credited monthly with investment income at the rate earned by the investment vehicle. ACCEL adopted its investment policy in accordance with existing government code criteria.

Insurable property is covered for all risks by policies with a pooled aggregate limit of \$1 billion. Earthquake and flood coverage have designated limits of \$50 million per peril. Unique risks such as airport liability, marine hull protection and indemnity, and boiler and machinery are fully insured. The City also maintains a faithful performance bond. No claims were filed against the various insurance policies during fiscal year 2015.

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The City's self-insurance fund is financed through contributions made by the City's General and Enterprise Funds. A cost allocation plan is used to apportion self-insurance fund costs. An actuarial study is performed every two-years. Actuarially determined liabilities in the fund include provisions for "incurred but not reported" claims. As of June 30, 2015, the estimated outstanding liabilities are \$6,865,379 for workers' compensation and \$1,054,267 for general and automobile liability. These liabilities are based on an actuarial valuation as of June 30, 2015. There are no unpaid claims for which annuity contracts have been purchased.

The City is self-insured for unemployment claims. At June 30, 2015, the liability for unemployment claims was \$42,242.

A summary of changes in claims liabilities is shown below:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Claims liabilities, July 1	\$ 7,613,961	\$ 8,225,412	\$ 5,355,598
Incurred claims	3,699,699	2,409,563	3,161,792
Actuarial adjustment	305,685	(611,451)	2,869,814
Payments on claims attributable to events of current and prior years	<u>(3,699,699)</u>	<u>(2,409,563)</u>	<u>(3,161,792)</u>
Claims liabilities, June 30	<u>\$ 7,919,646</u>	<u>\$ 7,613,961</u>	<u>\$ 8,225,412</u>

**NOTE 13. JOINT VENTURES**

In 1991, the City's electorate approved participation in the State Water Project (SWP). As a result, the City joined in the formation of the Central Coast Water Authority (CCWA) in September 1991. The purpose of the Central Coast Water Authority is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each Santa Barbara Project participant, including the City of Santa Barbara, has entered into a Water Supply Agreement in order to provide for the development, financing, construction, operation, and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by: (1) requiring CCWA to sell, and the Santa Barbara Project participants to buy, a specified amount of water from CCWA ("take or pay"); and (2) assigning the Santa Barbara Project participant's entitlement rights in the State Water Project to CCWA. Although the City does have an ongoing financial responsibility pursuant to the Water Supply Agreement between the City and CCWA, the City does not have an equity interest as defined by GASB Cod. Sec. J50.105.

Each Santa Barbara Project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the Santa Barbara Project participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power, and replacement costs of the DWR facilities), debt service on CCWA bonds, and all CCWA operating and administrative costs.

Each Santa Barbara Project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each participant has agreed in its Water Supply Agreement to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payments required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

CCWA is composed of eight members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are apportioned between the entities based upon each entity's pro-rata share of the water provided by the project. The City's share of the project, based upon number of acre-feet of water, is 11.47%. Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

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On October 1, 1992, CCWA sold \$177,200,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

On November 1, 1996, CCWA sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of CCWA facilities.

On September 28, 2006, CCWA sold \$123,190,000 of revenue bonds at an average interest rate of 4.24% to refund \$142,985,000 of outstanding 1996 Revenue Bonds with an average interest rate of 5.47%.

Pursuant to the Water Supply Agreement, the City of Santa Barbara's payments to CCWA includes its share of DWR's fixed and variable costs, the debt service requirements on the CCWA Bonds, CCWA's fixed operating and maintenance costs, and variable costs, as shown on the following table:

City of Santa Barbara  
 Projected DWR and CCWA Fixed Costs Through 2035

Fiscal Year	DWR COSTS		CCWA COSTS			Total CCWA Costs	TOTAL CCWA AND DWR COSTS
	Fixed Costs	Variable Costs (1)	Fixed Costs	Variable Costs (1)	Debt Service		
2015/16	\$ 2,949,687	\$ 1,178,630	\$ 355,366	\$ 504,519	\$ 1,725,379	\$ 2,585,264	\$ 6,713,581
2016/17	2,912,464	609,418	271,984	462,650	1,722,243	2,456,877	5,978,759
2017/18	2,886,433	719,666	280,143	555,142	1,727,360	2,562,645	6,168,744
2018/19	2,786,659	741,256	288,548	565,806	1,719,657	2,574,011	6,101,926
2019/20	2,776,144	763,493	297,204	576,790	1,718,287	2,592,281	6,131,918
Thereafter	40,125,925	-	6,364,454	-	3,441,453	9,805,907	49,931,832
<b>TOTAL:</b>	<b>\$ 54,437,312</b>	<b>\$ 4,012,463</b>	<b>\$ 7,857,699</b>	<b>\$ 2,664,907</b>	<b>\$ 12,054,379</b>	<b>\$ 22,576,985</b>	<b>\$ 81,026,760</b>

(1) Variable costs only shown through 2019/20 because delivery information is not available thereafter.

Additional information and complete financial statements for the CCWA are available for public inspection in the Finance Department at City Hall, 735 Anacapa Street, between the hours of 7:30 am and 5:30 p.m., Monday through Thursday.

The City of Santa Barbara has entered into a cost sharing agreement with the Carpinteria Valley Water District (Carpinteria) and the Montecito Water District (Montecito) for water treatment. Under the agreement, Carpinteria reimburses the City 20% of the costs to operate the City's Cater Treatment Plant and Montecito reimburses 19.7% of the costs.

The Districts also agreed to reimburse the City for a pro rata portion of capital expenses of the Treatment Plant including debt issued by and loans secured by the City to make the capital improvements. The City currently has two loans outstanding with the California State Department of Water Resources for improvements to the Plant (see Note 7) with principal balances outstanding totaling \$36,625,880. Of these loan balances, \$10,062,353 is shared by the City of Santa Barbara (60.3%), Carpinteria (20%) and Montecito (19.7%); \$17,559,274 is shared by the City of Santa Barbara (75.37%) and Montecito (24.63%); and \$9,004,253 is for the City of Santa Barbara (100%) for improvements to the Ortega Groundwater Treatment Plant.

The Districts repay the City semi-annually for the costs of the water treatment improvements plus interest. These repayments by the Districts will be paid through June 30, 2036.

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**Cachuma Operation and Maintenance Board**

The Cachuma Operation and Maintenance Board (COMB) is a California Joint Powers Agency formed in 1956 pursuant to an agreement with the Bureau of Reclamation. The agreement transferred to the Cachuma Member Units the responsibility to operate, repair and maintain all Cachuma Project facilities, except Bradbury Dam, which the Bureau of Reclamation has continued to operate. COMB's Member Units include Carpinteria Valley Water District, City of Santa Barbara, Goleta Water District, Montecito Water District, and Santa Ynez River Water Conservation District-Improvement District No. 1. An Amended and Restated Agreement for the Establishment of a Board of Control to Operate and Maintain the Cachuma Project (Cachuma Operation and Maintenance Board) was adopted on May 23, 1996, and amended on September 16, 2003.

COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and operation and maintenance of the South Coast Conduit pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the South Coast Conduit and at four regulating reservoirs. COMB coordinates closely with the Bureau of Reclamation and Member Units' staff to ensure that water supplies meet daily demands. The Fisheries Division of COMB conducts fish monitoring and habitat improvement projects to implement provisions of the October 2000 Lower Santa Ynez River Fish Management Plan. Following is a summary of the FY 2015 COMB adopted budget:

<b>Operations Division</b>	
Operating & Maintenance	\$ 1,059,736
General & Administrative	\$ 908,943
Special General & Administrative	\$ 5,000
Special Projects - Infrastructure & Drought Planning	\$ 746,000
Special Projects - Emergency Pumping Facility	\$ 4,708,000
<b>Operations Subtotal:</b>	<b>\$ 7,427,679</b>
<b>Fisheries Division</b>	
Operating & Maintenance	\$ 634,641
General & Administrative	\$ 401,507
Special Projects	\$ 217,000
Habitat Improvement Plan Projects	\$ 235,000
<b>Fisheries Subtotal:</b>	<b>\$ 1,488,148</b>
<b>Total FY 2015 Expenditures:</b>	<b>\$ 8,915,827</b>

Expenditures for FY 2015 represent normal costs for operation and maintenance of Cachuma Project facilities, as well as extraordinary costs associated with severe drought. Expenditures are allocated to Member Units in relation to percentage share of Cachuma Project yield. The City's share is typically 32.19% for costs apportioned among all Member Units, and 35.89% for costs apportioned only among South Coast Member Units.

**Cachuma Conservation Release Board**

The Cachuma Conservation Release Board (CCRB) is a joint powers agency formed in January 1973 by Carpinteria Valley Water District, the City of Santa Barbara, Goleta Water District, and the Montecito Water District. In January 2011, Carpinteria withdrew its membership. CCRB was established to represent its members in protecting their Cachuma Project water rights and other related interests. CCRB's activities are funded by its Members, which in turn are funded by their water rate payers.

In 1993, CCRB began development of a Fish Management Plan Program in the Lower Santa Ynez River with many federal, state, and local partners. CCRB was the primary implementing agency of the fisheries program until January 2011. At that time, implementation of the Fish Management Plan was transferred to the Cachuma Operation and Maintenance Board (COMB). Since that time, CCRB has focused on issues related to the Cachuma Project water rights.

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The U.S. Bureau of Reclamation, on behalf of the Cachuma Project Member Units, holds the Cachuma Project water right permits, and CCRB is the agency responsible for the actions and decisions relative to the terms and conditions of those permits for CCRB Member Units. These include issues related to downstream releases of water from Cachuma Reservoir for the benefit and protection of steelhead/rainbow trout and their habitats, and protection of the Cachuma Project water supply. Since 2000, CCRB has participated in various water rights hearings before the State Water Resources Control Board to establish the Cachuma Project operating parameters necessary to conform to the various parties' water rights, the most recent of which occurred in 2012. Since that time CCRB has participated in hearings related the Final EIR on the water rights issues and continued legal and technical preparations for an anticipated draft water rights order. In some instances, the costs for this work are shared with other parties that have similar interests. Following is a summary of preliminary FY 2015 year-end CCRB expenditures as of June 30, 2015 for the portion of these activities that CCRB funds:

General & Administrative	\$ 89,941
Legal Activities	\$ 123,092
Consultant Activities	\$ 548,050
<b>Total FY 2015 Expenditures:</b>	<b>\$ 761,083</b>

CCRB members share costs based each member's proportionate share of Cachuma Project yield, resulting in a City cost share percentage of 40.88%, for most items. This represents approximately \$311,100 in City costs for FY 2015. This year, the CCRB board decided to return surplus funds carried over from previous years; as a result, approximately \$190,200 is anticipated to be returned to the City.

**NOTE 14. PROPOSITION 218 IMPACTS**

Proposition 218, which was approved by the state's voters in November 1996, will regulate the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired.

The taxes, fees, and assessments that are subject to the provisions of Proposition 218 that the City currently imposes for its own benefit or as an agent for a special district, or receives from other governmental agencies potentially include business license fees. At this time, it is uncertain how Proposition 218 will affect the City's ability to establish new, or increase existing, revenues it receives from taxes, assessments and fees. All other taxes, fees and assessments were approved by vote prior to the effective date of Proposition 218.

**NOTE 15. EMPLOYEE MORTGAGE LOAN ASSISTANCE PROGRAM**

On October 2, 2001 the City Council created an Employee Mortgage Loan Assistance Program ("EMLAP"). The purpose of the program was to help the City attract and retain highly qualified employees by providing assistance in dealing with the high cost of home ownership in the Santa Barbara area. The goals of the program included establishing a more stable workforce and, by promoting local homeownership, reducing commuting distances and times. The program was open to all permanent employees who are "first-time homebuyers" (defined as not having owned a market-rate home on the South Coast of Santa Barbara County within the last three years). Homes purchased under the City's EMLAP must be located on the South Coast of Santa Barbara County. The City's EMLAP was structured using a combination of an employee down payment, traditional bank mortgage financing, and City-provided financing as follows:

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Employee Down Payment (minimum)	5 %
Bank-provided 1st Deed of Trust Loan	80 %
City-funded 2nd Deed of Trust Loan (maximum)	<u>15 %</u>
Total Financing	<u>100 %</u>

Under the terms of the EMLAP, City participation was limited to a purchase price of \$1,250,000. Therefore, the maximum second deed of trust loan available to an employee was \$187,500 (15% of \$1,250,000). Interest on the City loan is variable, adjusted annually, and is set equal to the most recent quarterly interest rate paid the City on its State of California Local Agency Investment Fund (“LAIF rate”) balances. The loan is repayable over 15 years, with interest only due for the first five years, converting to a thirty year amortization schedule payable over 10 years with a balloon payment due at the end of 15 years. Payment is made by payroll deduction. To assist the employee, the City also paid up to four (4) points to the bank on the employee’s first deed of trust loan up to \$40,000 in order to “buy down” the interest rate on the first trust deed. The points paid by the City are to be repaid when the second trust deed is refinanced or if the home is sold. However, if the employee maintains continuous employment with the City for 5 years from the date of the loan, 25% of the value of the points loan obligation will be forgiven, and after 10 years 50% will be forgiven. Upon termination of employment the second deed of trust loan, and any related points, are payable either on the fifth anniversary of the loan, or 180 days from the last day of employment, whichever is longer.

As of June 30, 2015, the City has \$2,109,835 in employee loans outstanding. The City has loaned all approved funds and is not currently accepting any new applications for EMLAP loans.

**NOTE 16. DEFICIT FUND EQUITY**

The following funds had deficit balances as of June 30, 2015:

Self-Insurance Internal Service	\$(19,326,648)
Safety Retirement Service Trust Fund	(692,398)
Street Grant Capital Improvement Fund	(84,992)

**NOTE 17. OTHER POST-EMPLOYMENT BENEFITS**

**Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance Premiums**

**Plan Description.** The City provides a retiree medical insurance contribution benefit, in accordance with employee Memorandum of Understanding, to retired employees. This is a single employer defined benefits OPEB plan. The benefit is applicable to employees who retire from City service and,

1. Have at least 10 or 15 years of classified or unclassified service, depending on bargaining unit; or
2. Retire from City with an industrial disability.

The City contributes an amount each month towards the purchase of medical insurance for the retiree and his/her spouse or domestic partner registered with the City Clerk or the Secretary of State, if applicable. The monthly amount is determined by the applicable Memorandum of Agreement of the retired employee. The payment is based upon the employees’ years of service up to a maximum of 35 years, multiplied by the annual amount for the respective employee unit. The City will continue to make its contribution until the retiree reaches age 65 or dies, whichever occurs first, provided however, that if the retiree dies before reaching the age of 65 and there is a surviving spouse or registered domestic partner, the City’s contribution shall cease when the retiree would have reached age 65. Thereafter, the spouse may remain on the insurance plan, at his/her own cost, subject to the conditions set forth by the insurance company.

For the Police bargaining unit only: The City will continue the normal retiree medical allowance past the age of 65 for the six (6) specified employees named in the Police Memorandum of Understanding who retire after December 23, 2006 and thereafter certify, on an annual basis, that they are not eligible to apply for Medicare Part A (hospitalization) coverage on the basis of their City service, other covered employment, through a spouse’s covered employment, or through any other means. The OPEB plan does not have a stand-alone financial report.

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In addition to the direct City paid contributions, retirees covered under the City's plans receive pre-65 benefits that are subsidized as the cost of their coverage is based on blended (active and retiree) premium rates instead of normally higher retiree only rates. This implicit subsidy is also considered in the valuation for retirees electing City healthcare plan coverage. However, it does not apply to retirees electing coverage in non-City plans.

**Funding Policy.** The City currently administers its retiree medical plan. There is no requirement to contribute any amount beyond the pay-as-you-go contributions. If retirees elect medical insurance coverage through the City, the retiree pays the entire cost of the premiums, less the City's monthly payment to the retiree.

The City is evaluating various options for funding the post retirement health benefits liability. The City has not set up a trust for purposes of funding the required retiree medical payments but continues to fund the benefit on a pay-as-you-go basis in the current year. The City plans to fund the Annual Required Contribution each year based upon projections from the July 1, 2013 actuarial valuation study performed by Aon Consultants. This study was conducted in accordance with GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 45).

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB costs for the year, the estimated amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 3,827,000
Interest on net OPEB obligation	530,000
Adjustment to annual required contribution	<u>(484,000)</u>
Annual OPEB cost (expense)	3,873,000
Contributions made	<u>(1,431,000)</u>
Increase/(decrease) in Net OPEB obligation	2,442,000
Net OPEB obligation - beginning of year	<u>13,259,000</u>
Net OPEB obligation - end of year	<u>\$ 15,701,000</u>

The City Retiree Medical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and each of the preceding two years was as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Annual Cost Contributed	% of APC Contributed	Net Pension Obligation
6/30/2013	\$ 3,540,000	\$ 1,325,000	37.4 %	\$10,743,000
6/30/2014	3,690,000	1,174,000	31.8 %	13,259,000
6/30/2015	3,873,000	1,431,000	36.9 %	15,701,000

**Funded Status and Funding Progress.** The funding status of the City's OPEB plan is as follows (in \$000's):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/09	\$ -	\$ 30,697	\$ 30,697	- %	\$ 76,267	40.2 %
07/01/11	-	34,113	34,113	- %	74,178	46.0 %
07/01/13	-	32,870	32,870	- %	81,322	40.4 %

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Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities and 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 the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Actuarial Cost Method** - In the July 1, 2013 actuarial valuation, the actuarial cost shown in the report was developed using the Entry Age Normal (EAN) cost method.

**The Entry Age Normal (EAN)** - Level Percentage of Pay cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee's hire date) to the expected retirement date. Under this method, the plan's normal cost is developed as a level percentage of payroll spread over the participants' working lifetime. The Actuarial Accrued liability (AAL) is the present value of all projected benefits less the present value of all future normal costs. For retirees, the AAL is simply the present value of all projected benefits.

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year open amortization period
- Level percentage of future payroll amounts

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

**City Contribution Increase** – 3.25% - This is the rate the monthly benefit amounts are assumed to increase per year after the end of the current respective bargaining agreements.

**Discount Rate (Investment Return Assumption)** - 4.00% - This is based upon the assumption that benefits will be paid from general City assets, or paid from a separate trust where assets are invested relatively conservatively.

**Payroll Increases** - 3.25% - This is the annual rate at which total payroll (\$81 million) is expected to increase and is used in the cost method to calculate the ARC as a level percent of payroll.

**Mortality, Disability, Retirement Age, & Turnover** - Mortality, disability, retirement age, and turnover rates developed in the CalPERS 1997-2011 Experience Study were used in the valuation.

**General Inflation Rate** – 2.5% - This is the annual rate at which consumer inflation is expected to increase and is the basis for setting other interest rates.

**Healthcare Cost Trend Rate (Inflation Rate)** - 7.0% - This is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

**Sick Leave Retiree Benefits**

**Plan Description.** The City provides additional retirement benefits based on unused accumulated sick leave to eligible employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. Under this plan, unused accumulated sick leave balances are converted to credited service that is used to provide additional retirement benefits. Annuity benefits are determined based on credited service, final average compensation, and the CalPERS benefit formulas. Employees are eligible for benefits if they terminate employment at a minimum of age 50 and 5 years' service. Eligibility is applicable to employees who have accrued at least 500 hours of unused sick leave.

**Funding Policy.** The City is evaluating various options for funding the sick leave retirement benefits. The City has not set up a trust for purposes of funding the required sick leave retiree benefits but continues to fund the benefit on a pay-as-you-go basis in the current year. The City plans to fund the Annual Required Contribution each year based upon projections from the July 1, 2013 actuarial valuation study performed by Aon Consultants. This study was conducted in accordance with GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 45).

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based upon the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution (ARC)	\$	529,000
Interest on Net OPEB Obligation		18,000
Adjustment to the ARC		<u>(18,000)</u>
Annual OPEB Cost		529,000
Contributions Made		<u>(344,000)</u>
Increase (Decrease) in Net OPEB Obligation		185,000
Net OPEB Obligation – Beginning of Year		<u>441,000</u>
Net OPEB Obligation – End of Year	\$	<u><u>626,000</u></u>

The City Sick Leave Retirement Benefits annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2015, was as follows:

Fiscal Year	Annual Pension	Cost	% of APC	Net Pension
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2013	\$ 469,000	\$ 416,000	88.7 %	\$ 275,000
6/30/2014	510,000	344,000	67.5 %	441,000
6/30/2015	529,000	344,000	65.0 %	626,000

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

**Funded Status and Funding Progress.** The funding status of the City’s OPEB plan is as follows: (in \$000’s)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/09	\$ -	\$ 3,805	\$ 3,805	- %	\$ 68,107	5.6 %
07/01/11	-	4,910	4,910	- %	65,904	7.5 %
07/01/13	-	5,616	5,616	- %	68,806	8.2 %

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities and 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 the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Actuarial Cost Method** - In the July 1, 2013 actuarial valuation, the actuarial cost shown in the report was developed using the Entry Age Normal (EAN) cost method.

**The Entry Age Normal (EAN)** - Level Percentage of Pay cost method spreads plan costs for each participant from entry date (assuming the plan existed on the employee’s hire date) to the expected retirement date. Under this method, the plan’s normal cost is developed as a level percentage of payroll spread over the participants’ working lifetime. The Actuarial Accrued liability (AAL) is the present value of all projected benefits less the present value of all future normal costs. For retirees, the AAL is simply the present value of all projected benefits. The ARC under this method equals the normal cost plus the amortization of the unfunded AAL based on the following:

- 30-year open amortization period
- Level percentage of future payroll amounts

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

**Discount Rate (Investment Return Assumption)** - 4.00% - This is based upon the assumption that benefits will be paid from general City assets, or paid from a separate trust where assets are invested relatively conservatively.

**Payroll Increases** - 3.25% - This is the annual rate at which total payroll (\$69 million) is expected to increase and is used in the cost method to calculate the ARC as a level percent of payroll.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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**Salary Increases** – 4.00% - This is the annual rate at which individual salaries are expected to increase and is used in the determination of benefits.

**General Inflation Rate** – 2.5% - This is the annual rate at which consumer inflation is expected to increase and is the basis for setting other interest rates.

**Healthcare Cost Trend Rate** - N/A - This is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

**NOTE 18. RESTATEMENT OF BEGINNING NET POSITION**

Net position has been restated by (\$218,518,595) for governmental activities and (\$44,381,896) for business-type activities as a result of the implementation of Governmental Accounting Standards Board Statement No. 68 related to pensions. The restatement is to record the beginning balances.

**NOTE 19. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Barbara that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

**A. Cash and investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 453,238
Cash and investments with fiscal agent	<u>11,478,859</u>
	<u>\$ 11,932,097</u>

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance July 1, 2014	Increases	Decreases	Ending Balance June 30, 2015
<b>Fiduciary Activities:</b>				
Non-depreciating capital assets:				
Construction in progress	\$ 1,392,077	\$ 2,257,418	\$ (2,403,161)	\$ 1,246,334
Land	<u>26,368,116</u>	<u>-</u>	<u>(2,873,528)</u>	<u>23,494,588</u>
Total non-depreciating capital assets	<u>27,760,193</u>	<u>2,257,418</u>	<u>(5,276,689)</u>	<u>24,740,922</u>
Depreciating capital assets:				
Buildings	-	-	-	-
Building improvements	-	2,174,794	-	2,174,794
Improvements other than buildings	4,836,870	228,367	-	5,065,237
Equipment	-	-	-	-
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total depreciating capital assets	<u>4,836,870</u>	<u>2,403,161</u>	<u>-</u>	<u>7,240,031</u>
Less accumulated depreciation:				
Buildings	-	-	-	-
Building improvements	-	4,531	-	4,531
Improvements other than buildings	3,823,887	220,171	-	4,044,058
Equipment	-	-	-	-
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>3,823,887</u>	<u>224,702</u>	<u>-</u>	<u>4,048,589</u>
Total capital assets, being depreciated, net	<u>1,012,983</u>	<u>2,178,459</u>	<u>-</u>	<u>3,191,442</u>
Fiduciary activities capital assets, net	<u>\$ 28,773,176</u>	<u>\$ 4,435,877</u>	<u>\$ (5,276,689)</u>	<u>\$ 27,932,364</u>

**C. Long-Term Debt**

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution.

A description of long-term debt outstanding of the Successor Agency as of June 30, 2015, follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
<b>Fiduciary Funds:</b>						
Tax allocation bonds	\$ 35,585,000	\$ -	\$ 6,485,000	\$ 29,100,000	\$ 6,790,000	\$ 22,310,000
Unamortized debt premium	365,644	-	73,128	292,516	-	292,516
Unamortized debt discount	<u>(200,268)</u>	<u>-</u>	<u>(40,054)</u>	<u>(160,214)</u>	<u>-</u>	<u>(160,214)</u>
<b>Total Fiduciary Funds</b>	<u>\$ 35,750,376</u>	<u>\$ -</u>	<u>\$ 6,518,074</u>	<u>\$ 29,232,302</u>	<u>\$ 6,790,000</u>	<u>\$ 22,442,302</u>

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

	Amount Outstanding June 30, 2015
<b><u>Successor Agency</u></b>	
<b>Tax Allocation Bonds</b>	
\$7,150,000 - 2004 Redevelopment Agency Tax Allocation Housing Bonds, Series A. Proceeds were used to provide funds to finance redevelopment housing activities in the Central City Redevelopment Project Area. Remaining annual principal installments on serial bonds range from \$560,000 to \$620,000 through July 1, 2018. Interest rates range from 2.00% to 5.00% payable semi-annually on January and July 1st.	\$ 2,350,000
\$34,810,000 - 2003 Redevelopment Agency Tax Allocation Refunding Bonds, Series A. Proceeds to provide funds to finance redevelopment activities in the Central City Redevelopment Project Area. Remaining annual principal installments on serial bonds range from \$2,470,000 to \$2,835,000 through March 1, 2019. Interest rates range from 2.00% to 5.00% payable semi-annually on September and March 1st.	10,575,000
\$38,855,000 - 2001 Redevelopment Agency Tax Allocation Refunding Bonds, Series A. Proceeds to provide funds to finance redevelopment activities in the Central City Redevelopment Project Area. Remaining annual principal installments on serial bonds range from \$3,760,000 to \$4,340,000 through March 1, 2019. Interest rates range from 4.00% to 5.00% payable semi-annually on September and March 1st.	<u>16,175,000</u>
Total tax allocation bonds	<u>\$ 29,100,000</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2015, are as follows:

	Tax Allocation Bonds
Fiscal Year Ending	Principal Payments
2016	\$ 6,790,000
2017	7,085,000
2018	7,430,000
2019	<u>7,795,000</u>
Total Principal	<u>\$ 29,100,000</u>
Fiscal Year Ending	Interest Payments
2016	\$ 1,356,980
2017	1,057,830
2018	714,913
2019	<u>350,530</u>
Total Interest	<u>\$ 3,480,253</u>
Total Debt	<u>\$ 32,580,253</u>

GASB 48 Disclosure – Pledging of revenues:

**Tax Allocation Bonds:**

The total principal and interest remaining to be paid on the Bonds is \$32,580,253 as of June 30, 2015. For the current year, principal and interest paid on the Bonds was \$8,147,175, and property tax received in the Successor Agency was \$8,247,221. With the elimination of the Redevelopment Agency on January 31, 2012, the outstanding tax allocation bonds have been assumed by the Successor Agency. However, the security for the debt continues to be property taxes to be distributed by the County pursuant ABx1 26 and AB 1484 whereby the outstanding tax allocation bonds are considered enforceable obligations. As such, the City will receive property taxes sufficient to meet the annual debt service payments each year until the bonds are fully retired.

The City has complied with all bond covenants.

**CITY OF SANTA BARBARA**  
**Notes to the Basic Financial Statements**  
**JUNE 30, 2015**

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**D. Commitments and Contingencies**

Various construction projects were in progress at June 30, 2015. The following material construction commitments existed at June 30, 2015, with an estimated cost to complete of approximately \$ 1,041,359 in all fund types:

<u>Project Name</u>		<u>Contract Amount</u>		<u>Expenditures to date as of June 30, 2015</u>		<u>Remaining Commitments</u>
Cabrillo Pavilion and Bathhouse Renovation	\$	1,137,198	\$	528,543	\$	608,655
West Downtown Lighting Project		424,654		70,637		354,017
Police Department 911 Call Center		1,965,999		1,887,311		78,688

**CITY OF SANTA BARBARA**

**SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS**

**SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

	<u>2013</u>	<u>2014</u>
<b>Total pension liability:</b>		
Interest	\$ 277,220	\$ 63,008
Experience losses/(gains)	(175,058)	(173,700)
<b>Net change in total pension liability</b>	<u>102,162</u>	<u>(110,692)</u>
Total pension liability, beginning of year	<u>1,129,126</u>	<u>1,231,288</u>
<b>Total pension liability, end of year</b>	1,231,288	1,120,596
<b>Plan fiduciary net position:</b>		
Contributions - employer	96,992	102,126
Miscellaneous income	-	-
Net investment income	36,741	62,733
Benefit payments, including refunds of member contributions	<u>(175,058)</u>	<u>(173,700)</u>
<b>Net change in plan fiduciary net position</b>	<u>(41,325)</u>	<u>(8,841)</u>
Total fiduciary net position, beginning of year	<u>604,774</u>	<u>563,449</u>
<b>Total fiduciary net position, end of year</b>	<u>563,449</u>	<u>554,608</u>
<b>Net pension liability (asset), end of year</b>	<u>\$ 667,839</u>	<u>\$ 565,988</u>
Plan fiduciary net position as a percentage of the total pension liability	45.76 %	49.49 %
Covered-employee payroll	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A

(A) GASB Statement No. 67 and No. 68, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014 and June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS**

**SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

	<b>2013</b>	<b>2014</b>
Actuarially determined contribution	\$ 105,000	\$ 108,000
Contributions in relation to the actuarially determined contributions	(97,000)	(104,000)
Contribution deficiency (excess)	<u>\$ 8,000</u>	<u>\$ 4,000</u>
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2013 valuations.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Average Remaining Lifetime of participants
Asset Valuation Method	N/A
Inflation	5.5%
Salary Increases	N/A
Payroll Growth	N/A
Investment Rate of Return	11.82%, Net of Investment Expense
Retirement Age	Various
Mortality	The RP-2014 Healthy Annuitant Mortality tables for males and females with adjustments for mortality improvements based on Scale MP-2014. (RP-2000 Annuitant Mortality tables for males and females projected 7 years beyond the valuation year previously)

(A) GASB Statement No. 68, was implemented during fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS**

**SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**

**SCHEDULE OF FUNDING PROGRESS**

**AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	07/01/2005	\$ 837	\$ 1,963	\$ 1,126	42.6 %	N/A	N/A	7.00 %	N/A
Actual	07/01/2008	\$ 190	\$ 1,586	\$ 1,396	12.0 %	N/A	N/A	7.00 %	N/A
Actual	07/01/2009	\$ 322	\$ 1,472	\$ 1,150	21.9 %	N/A	N/A	7.00 %	N/A
Projected	07/01/2010	\$ 226	\$ 1,337	\$ 1,111	16.9 %	N/A	N/A	7.00 %	N/A
Actual	07/01/2011	\$ 682	\$ 1,248	\$ 566	54.6 %	N/A	N/A	7.00 %	N/A
Projected	07/01/2012	\$ 605	\$ 1,129	\$ 524	53.6 %	N/A	N/A	7.00 %	N/A
Actual	07/01/2013	\$ 563	\$ 1,231	\$ 668	54.3 %	N/A	N/A	5.50 %	N/A
Projected	07/01/2014	\$ 555	\$ 1,121	\$ 566	49.5 %	N/A	N/A	5.50 %	N/A

(A) GASB Statement No. 67 and No. 68, was implemented during fiscal year ended June 30, 2014 and fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS**

**SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

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	<u>2013</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	11.82 %	11.82 %

(A) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF SANTA BARBARA

MISCELLANEOUS AND SAFETY PLANS

AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)

	<u>2014</u>
<b><u>MISCELLANEOUS PLAN</u></b>	
Total Pension Liability	
Service cost	\$ 9,676,642
Interest on total pension liability	34,649,348
Benefit payments, including refunds of employee contributions	<u>(20,041,269)</u>
<b>Net change in total pension liability</b>	<b>24,284,721</b>
<b>Total pension liability - beginning</b>	<b>467,173,631</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 491,458,352</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 11,818,133
Contributions - employee	4,587,261
Net investment income	54,806,586
Benefit payments	<u>(20,041,269)</u>
<b>Net change in plan fiduciary net position</b>	<b>51,170,711</b>
<b>Plan fiduciary net position - beginning</b>	<b>315,871,322</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 367,042,033</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 124,416,319</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.68 %
Covered-Employee Payroll	\$ 50,588,886
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	245.94 %
<b><u>SAFETY POLICE PLAN</u></b>	
Total Pension Liability	
Service cost	\$ 5,186,081
Interest on total pension liability	16,640,662
Benefit payments, including refunds of employee contributions	<u>(9,641,215)</u>
<b>Net change in total pension liability</b>	<b>12,185,528</b>
<b>Total pension liability - beginning</b>	<b>224,103,068</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 236,288,596</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 5,804,938
Contributions - employee	1,514,918
Net investment income	25,268,419
Benefit payments	<u>(9,641,215)</u>
<b>Net change in plan fiduciary net position</b>	<b>22,947,060</b>
<b>Plan fiduciary net position - beginning</b>	<b>146,281,803</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 169,228,863</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 67,059,733</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.62 %
Covered-Employee Payroll	\$ 17,126,518
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	391.55 %

(A) GASB Statement No. 68, was implemented during fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**MISCELLANEOUS AND SAFETY PLANS**

**AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

	<u>2014</u>
<b><u>MISCELLANEOUS PLAN</u></b>	
Actuarially determined contribution	\$ 11,818,133
Contributions in relation to the actuarially determined contributions	<u>(11,818,133)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 50,588,886
Contributions as a percentage of covered-employee payroll	23.36 %
<b><u>SAFETY POLICE PLAN</u></b>	
Actuarially determined contribution	\$ 5,804,938
Contributions in relation to the actuarially determined contributions	<u>(5,804,938)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 17,126,518
Contributions as a percentage of covered-employee payroll	33.89 %

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2013 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post- retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

(A) GASB Statement No. 68, was implemented during fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**SAFETY FIRE PLAN**

**COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

---

<b>Fire Plan</b>	<b>2014</b>
Proportion of the net pension liability	0.73895 %
Proportionate share of the net pension liability	\$ 45,980,620
Covered - employee payroll	\$ 10,382,054
Proportionate share of the net pension liability as percentage of covered-employee payroll	442.89 %
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	73.09 %
Plan's proportionate share of aggregate employer contributions	\$ 3,535,869
Notes to Schedule:	
Benefit changes - None	
Changes in assumptions - None	

(A) GASB Statement No. 68, was implemented during fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**SAFETY FIRE PLAN**

**COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2015, FOR THE LAST TEN FISCAL YEARS (A)**

<b>Fire Plan</b>	<b>2014</b>
Contractually required contribution (actuarially determined)	3,577,907
Contributions in relation to the actuarially determined contribution	(3,577,907)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	10,382,054
Contributions as percentage of covered-employee payroll	34.46 %

**Notes to Schedule**

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	54 yrs.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

(A) GASB Statement No. 68, was implemented during fiscal year ended June 30, 2015. Additional years will be added as they become available in the future.

**CITY OF SANTA BARBARA**

**PENSION PLAN  
 SCHEDULE OF FUNDING PROGRESS - OPEB (000s Omitted)  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (A)**

Retiree Medical

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>	<u>Interest Rate</u>	<u>Salary Scale</u>
2008	7/1/2007	\$ -	\$ 19,627	\$ 19,627	- %	\$ 69,293	28.3 %	5.00 %	3.25 %
2009	7/1/2008	-	20,755	20,755	- %	71,545	29.0 %	5.00 %	3.25 %
2010	7/1/2009	-	30,697	30,697	- %	76,267	40.2 %	4.00 %	3.25 %
2011	7/1/2010	-	33,009	33,009	- %	78,746	41.9 %	4.00 %	3.25 %
2012	7/1/2011	-	34,113	34,113	- %	74,178	46.0 %	4.00 %	3.25 %
2013	7/1/2012	-	36,502	36,502	- %	76,589	47.7 %	4.00 %	3.25 %
2014	7/1/2013	-	32,870	32,870	- %	81,322	40.4 %	4.00 %	3.25 %
2015	7/1/2014	-	35,488	35,488	- %	87,799	40.4 %	4.00 %	3.25 %

(A) Information is not available in preceding years as the City adopted GASB Statement No. 45 for this plan in 2008.

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 77,038,515	\$ 77,038,515	\$ 78,588,416	\$ 1,549,901
Franchise fees	3,771,000	3,771,000	3,750,793	(20,207)
Intergovernmental	583,434	1,069,517	1,096,393	26,876
Charges for services	20,630,962	20,803,132	21,281,307	478,175
Use of money and property	1,026,021	1,026,021	1,009,514	(16,507)
Fines and forfeitures	3,207,487	3,207,487	3,026,042	(181,445)
Other revenues	9,260,145	10,907,642	8,596,972	(2,310,670)
<b>Total Revenues</b>	<b>115,517,564</b>	<b>117,823,314</b>	<b>117,349,437</b>	<b>(473,877)</b>
<b>Expenditures:</b>				
Current:				
Mayor and city council	3,372,116	3,420,715	3,420,279	436
City attorney	2,230,664	4,173,368	4,088,606	84,762
City administration	2,140,571	2,172,173	1,998,315	173,858
Administrative services	2,031,566	2,112,450	1,846,200	266,250
Finance	5,037,010	5,129,491	4,783,375	346,116
Public safety	61,098,737	62,255,693	60,719,100	1,536,593
Public works	7,778,696	7,862,169	7,354,237	507,932
Community services	20,237,609	20,839,147	19,567,132	1,272,015
Community development	10,080,442	10,366,242	9,643,506	722,736
<b>Total Expenditures</b>	<b>114,007,411</b>	<b>118,331,448</b>	<b>113,420,750</b>	<b>4,910,698</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,510,153	(508,134)	3,928,687	4,436,821
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,476,189	1,847,189	1,409,702	(437,487)
Transfers out	(2,986,342)	(3,422,593)	(3,010,259)	412,334
<b>Total Other Financing Sources (Uses)</b>	<b>(1,510,153)</b>	<b>(1,575,404)</b>	<b>(1,600,557)</b>	<b>(25,153)</b>
Net Change in Fund Balances	-	(2,083,538)	2,328,130	4,411,668
Fund Balances, Beginning of Year	30,920,759	30,920,759	30,920,759	-
<b>Fund Balances, End of Year</b>	<b>\$ 30,920,759</b>	<b>\$ 28,837,221</b>	<b>\$ 33,248,889</b>	<b>\$ 4,411,668</b>

\*See Notes to RSI

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
AFFORDABLE HOUSING  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 500,000	\$ 500,000	\$ 692,241	\$ 192,241
<b>Total Revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>692,241</u>	<u>192,241</u>
<b>Expenditures:</b>				
Current:				
Community development	500,000	1,036,738	465,937	570,801
<b>Total Expenditures</b>	<u>500,000</u>	<u>1,036,738</u>	<u>465,937</u>	<u>570,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(536,738)</u>	<u>226,304</u>	<u>763,042</u>
Net Change in Fund Balances	<u>-</u>	<u>(536,738)</u>	<u>226,304</u>	<u>763,042</u>
Fund Balances, Beginning of Year	<u>51,689,999</u>	<u>51,689,999</u>	<u>51,689,999</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 51,689,999</u>	<u>\$ 51,153,261</u>	<u>\$ 51,916,303</u>	<u>\$ 763,042</u>

\*See Notes to RSI

**CITY OF SANTA BARBARA**  
**Notes to Required Supplementary Information**  
**JUNE 30, 2015**

**BUDGETARY INFORMATION**

A two-year financial plan is prepared from which annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Effective fiscal control for debt service is achieved through bond indenture provisions. While budgets are prepared for the City's capital projects, capital projects generally span more than one year and are effectively controlled at the project level.

In February of each year, departments submit their proposed budgets to the City Administrator. These proposals are reviewed and considered, and adjusted as necessary based on funding limitations and priorities. In mid-April, the City Administrator presents a recommended budget to the City Council. From April through mid-June, public hearings are held and the recommended budget is reviewed in detail with the Council and Finance Committee. The budget is adopted by June 30.

The appropriated budget is prepared by fund, department and program. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed appropriations at the department level for the General Fund and at the fund level for all other legally budgeted funds. Department heads may make transfers of appropriations between line items within a program and across programs as long as they are within the same major object category (i.e., Salaries & Benefits, Supplies & Services, Capital, etc.). The City Administrator is authorized to transfer amounts within individual departmental budgets, both between programs and between major object categories. All other adjustments to appropriations that change the total of a department (within the General Fund) or fund must be approved by Council. The 2002 Municipal Refunding Certificates Fund is used to accumulate funds for the payment of the General Fund's portion of the 2002 municipal improvement refunding certificates of participation. The fund did not have a legally adopted budget during the current year since the debt service transfer is budgeted in the General Fund.

Budgeted amounts, as shown, reflect the originally adopted budget and the final budget that includes re-appropriated prior year encumbrances as well as any approved revisions as detailed below. Except for the General Fund, individual amendments were not material in relation to the original appropriations. The original and amended operating budget for the General Fund is shown in the table below.

Originally Adopted Budget	\$ 116,993,753
Re-appropriated Prior Year Encumbrances	1,024,921
Amendments	<u>3,735,367</u>
Amended Budget	<u>\$ 121,754,041</u>

**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the streets system, water and wastewater treatment plants, drainage systems, bridges, and sidewalks. Each major infrastructure network can be divided into subsystems. For example, the street network can be divided into concrete and asphalt pavements, curbs and gutters, sidewalks, streetlights, traffic control devices, landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with the characteristics of (1) an up-to-date periodic inventory is performed; (2) condition assessments and summary of results using a measurement scale is completed, and (3) annual amounts to maintain and preserve the

**CITY OF SANTA BARBARA**  
**Notes to Required Supplementary Information**  
**JUNE 30, 2015**

eligible infrastructure capital assets at the established condition assessment level are estimated.

- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The pavement network within the City has approximately 245 miles of paved surfaces, comprised of 126 miles of residential streets, 47 miles of principal arterial and minor arterial streets, 69 miles of collector streets and 3 miles of alleys. This equates to almost 41,000,000 square feet of pavement.

The City has developed a Pavement Management System to inventory and document the physical condition of the City's street network, including a pavement preservation program. Every two years the City updates a Pavement Management System Report, which identifies and documents the updated condition of the City's street network. City-owned streets are classified based on land use, access, and traffic utilization into the following five classifications: principal arterial, minor arterial, collector, residential, and alley. A condition assessment is performed, through physical street inspections, as part of each biennial report update covering at least one-third of the City's streets on a rotating basis. As part of the report, each street segment is assigned a condition rating based on a variety of potential defects. A Pavement Condition Index (PCI) rating, a nationally recognized index, is calculated for each street segment and is expressed in a continuous scale from 0 to 100, with 100 being a brand new street and 0 being a badly deteriorated street with virtually no remaining life. The following PCI thresholds, which are generally accepted industry standards, were assigned to each street segment:

<u>Condition</u>	<u>Rating</u>
Excellent/Good	71-100
At Risk	51-70
Poor	25-50
Very Poor/Failed	0-24

The City's Pavement Management System provides staff with current technical data to target a desirable level of pavement performance, while optimizing the expenditure of limited fiscal resources. The following table summarizes the average citywide PCI biennially reported since 2004.

<u>Year</u>	<u>PCI</u>
2004	72
2006	71
2008	71
2010	69
2012	63
2014	64

Prior to 2012, the City previously used the then industry standard MicroPAVER pavement management software, but in 2012 transitioned to the StreetSaver pavement management software, which is widely used throughout California. The StreetSaver program has several advantages over MicroPAVER, one being the fact that StreetSaver provides PCI information in real-time. StreetSaver utilizes a street segment's actual inspection and maintenance history, in conjunction with standard pavement deterioration curves, to provide a real-time PCI. Real-time PCI information, as reported by StreetSaver, is more accurate than PCI information based on a past inspection or maintenance and repair treatment, as reported by MicroPAVER. This real-time PCI information provides the City with the greatest opportunity to effectively manage the PMS and accurately report the current condition of the street network. As a result of this software change coupled with ongoing budgetary constraints, the average citywide PCI dropped significantly between 2010 (PCI 69) and 2012 (63). The PCI has generally been declining since 2002 due to budgetary constraints.

PCI rating levels in the mid 60's to low 70's range allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. The City's formal policy with regard to pavement

**CITY OF SANTA BARBARA**  
**Notes to Required Supplementary Information**  
**JUNE 30, 2015**

condition levels is to maintain a minimum average rating of no less than 60 (“At Risk”) for all streets. This PCI was selected because there is a significant cost increase to maintain streets averaging below a PCI of 60.

In the most recent Pavement Management System report that was completed for fiscal year 2015, the City’s street network was rated an average PCI index value of 64 (“At Risk”) with the detail condition as follows:

<u>Condition</u>	<u>Approximate % of Streets</u>
Excellent/Good (PCI 71-100)	42%
At Risk (PCI 51-70)	37%
Poor (PCI 25-50)	16%
Very Poor/Failed (PCI 0-24)	5%

In January 2014, the former State Route 225 was relinquished to the City from the State, adding over 4.5 centerline miles of primary arterial roadway to the City’s network. This equates to nearly 1.4 million additional square feet of asphalt pavement. The additional roadway segments were inspected in summer 2014 and were included in the analyses used for the 2014 report. Caltrans micro-surfaced the entire route in summer 2011 and as a result, the roadway segments are currently in “good/excellent” condition, with PCIs generally in the 80s. As a result of adding a large amount of square footage with relatively high PCIs, the citywide PCI has increased slightly since the last report in 2012. While this addition has a short-term positive effect on the citywide PCI, over the long term, the unfunded backlog will be increased due to the increase in pavement square footage requiring maintenance. This resulted in the PCI increasing to 64 in 2014 as compared to the rating of 63 in 2012.

In general, streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun’s ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to minimize the deterioration through short-term maintenance activities such as pothole patching.

The City expended \$3,596,617 on street maintenance for the fiscal year ended June 30, 2015. The City has estimated that the average amount of annual expenditures required for fiscal years 2015-2019 to maintain the City’s streets at an average PCI rating of at least 70 is approximately \$12,600,000. The estimated amount of deferred maintenance with an average PCI rating of 70 is \$23.7 million. A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below:

<u>Fiscal Year</u>	<u>Estimate (to maintain current PCI)</u>	<u>Expenditures</u>	<u>PCI Rating</u>
2010-2011	\$4,700,000	\$4,748,006*	69
2011-2012	\$6,700,000	\$4,491,598*	63
2012-2013	\$6,700,000	\$2,285,772	63
2013-2014	\$7,500,000	\$2,839,154	64
2014-2015	\$7,500,000	\$3,596,617	63

\* City received American Recovery and Reinvestment Act of 2009 funds, which were expended in FY 10/11 (\$1,367,567) and FY 11/12 (\$1,450,307).

The City’s on-going street preservation program is also intended to maintain the condition rating of City streets. The preservation program is developed with a six-year cycle that is tied to 6 maintenance zones with one zone completed each year. The strategy objective is to maintain City streets over the next 6 years and maintain the overall condition of the road network, and involves both slurry seal and pavement resurfacing as preservation components. For pavements that are beyond economical preservation, reconstruction may be proposed to restore the pavement.





# Nonmajor Governmental Funds

## **NONMAJOR GOVERNMENTAL FUNDS**

**Traffic Safety Fund** - To account for the receipt of fines collected pursuant to the California Vehicle Code. The State of California Government Code restricts use of these funds to traffic control devices, equipment and supplies related to traffic control or traffic safety and maintenance of public streets. The funds may not be used to pay compensation of traffic or police officers.

**Creek Restoration/Water Quality Fund** - To account for funds received from a two-percent tax increase in the City's transient occupancy tax. The proceeds are restricted for use in the City's Creeks Restoration and Water Quality Improvement Program. Measure B was approved by the voters of Santa Barbara County in an election held on November 7, 2000. The tax became effective on January 1, 2001.

**Wildland Fire Suppression Fund**- To account for funds received and expended for wildland fire suppression.

**Transportation Development Fund** - To account for the receipt and disbursement of the City's share of gasoline sales tax pursuant to the Transportation Development Act of 1971. These funds are restricted for use in support of alternative transportation, including sidewalks and bikeways.

**Community Development Block Grant Fund** - To account for the receipt and disbursement of the City's Community Development Block Grant funds.

**Police - Asset Forfeiture Fund** - To account for assets confiscated by police special operations. These funds are restricted to use in support of police operations.

**County Library Fund**- To account for funds received and expended for library services on behalf of the County (non-City) residents.

**Measure A Fund** - To account for funds received from a one-half cent sales tax levied Countywide pursuant to Measure A. This measure was approved by the voters of Santa Barbara County in an election held on November 4, 2008, and became effective on April 1, 2010. The proceeds are restricted to transportation uses.

**Miscellaneous Grants Fund**- To account for resources received from various granting agencies.

**Street Sweeping Fund**- To account for funds received and expended for street sweeping services.

**HOME Program Fund** - To account for the receipt and disbursement of the City's Federal HOME grant funds.

**Disaster Recovery Initiative Fund** - To account for the receipt and disbursement of the Disaster Recovery Initiative funds from the State Community Development Block Grant Program.

**FEMA Reimbursement Fund** - To account for costs incurred as a result of the three federally declared disasters for wildfires from July,2007 through May 2009.

**Police – Supplemental Law Enforcement Fund** - To account for State voter-approved grant funds (AB 3229) restricted to public safety and law enforcement.

**Streets Fund** - To account for street maintenance and operating costs.

**General Capital Improvements Fund** - To account for all capital projects financed by the General Fund.

**Creeks Restoration Capital Improvement Fund** – To account for creeks restoration capital improvements funded by Measure B.

**Measure A Capital Fund** - To account for capital projects financed by Measure A.

**Street Capital Improvements Fund** - To account for street-related capital projects not financed by Grants.

**2002 Municipal Refunding Certificates of Participation Fund (Unbudgeted)** - To accumulate funds for the payment of the General Fund's portion of the 2002 municipal improvement refunding certificates of participation.



CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Traffic Safety Fund</b>	<b>Creek Restoration/Water Quality</b>	<b>Wildland Fire Suppression</b>	<b>Transportation Development</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 1,365	\$ 2,045,866	\$ 66,848	\$ 227,098
Accounts receivable, net	-	364,601	-	-
Loans receivable	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,365</b>	<b>\$ 2,410,467</b>	<b>\$ 66,848</b>	<b>\$ 227,098</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,365	\$ 55,204	\$ 3,876	\$ 299
Salaries and benefits payable	-	50,111	4,409	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Interfund payables	-	-	-	-
<b>Total Liabilities</b>	<b>1,365</b>	<b>105,315</b>	<b>8,285</b>	<b>299</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Administration	-	-	-	-
Public safety	-	-	58,563	-
Public works	-	2,305,152	-	226,799
Community services	-	-	-	-
Community development	-	-	-	-
Capital improvements	-	-	-	-
Debt service reserve	-	-	-	-
<b>Committed to:</b>				
Capital improvements	-	-	-	-
<b>Assigned to:</b>				
Capital improvements	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>2,305,152</b>	<b>58,563</b>	<b>226,799</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,365</b>	<b>\$ 2,410,467</b>	<b>\$ 66,848</b>	<b>\$ 227,098</b>

CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Community Development Block Grant</b>	<b>Police - Asset Forfeiture Grants</b>	<b>County Library</b>	<b>Measure A</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 28,623	\$ 1,159,237	\$ 390,429	\$ 686,131
Accounts receivable, net	562,384	22,396	251,995	247,896
Loans receivable	5,067,367	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,658,374</b>	<b>\$ 1,181,633</b>	<b>\$ 642,424</b>	<b>\$ 934,027</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 244,194	\$ 237	\$ 48,412	\$ 90,252
Salaries and benefits payable	6,787	62,687	57,116	52,451
Unearned revenues	-	-	-	-
Deposits	-	247,079	-	-
Interfund payables	-	-	-	-
<b>Total Liabilities</b>	<b>250,981</b>	<b>310,003</b>	<b>105,528</b>	<b>142,703</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	5,080,930	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>5,080,930</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Administration	-	-	-	-
Public safety	-	871,630	-	-
Public works	-	-	-	791,324
Community services	-	-	536,896	-
Community development	326,463	-	-	-
Capital improvements	-	-	-	-
Debt service reserve	-	-	-	-
<b>Committed to:</b>				
Capital improvements	-	-	-	-
<b>Assigned to:</b>				
Capital improvements	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>326,463</b>	<b>871,630</b>	<b>536,896</b>	<b>791,324</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,658,374</b>	<b>\$ 1,181,633</b>	<b>\$ 642,424</b>	<b>\$ 934,027</b>

CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Misc. Grants Fund</b>	<b>Street Sweeping Fund</b>	<b>HOME Program Fund</b>	<b>Disaster Recovery Initiative</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 589,311	\$ 321,969	\$ -	\$ -
Accounts receivable, net	311,501	-	50,459	-
Loans receivable	-	-	8,000,508	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 900,812</b>	<b>\$ 321,969</b>	<b>\$ 8,050,967</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 76,312	\$ 39,626	\$ 28,893	\$ -
Salaries and benefits payable	-	4,806	1,340	-
Deposits	176,512	-	-	-
Interfund payables	-	-	18,955	-
<b>Total Liabilities</b>	<b>252,824</b>	<b>44,432</b>	<b>49,188</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	83,314	-	8,001,779	-
<b>Total Deferred Inflows of Resources</b>	<b>83,314</b>	<b>-</b>	<b>8,001,779</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Public safety	132,123	-	-	-
Public works	-	277,537	-	-
Community services	473,157	-	-	-
Community development	25,972	-	-	-
Capital improvements	-	-	-	-
Debt service reserve	-	-	-	-
<b>Committed to:</b>				
Capital improvements	-	-	-	-
<b>Assigned to:</b>				
Capital improvements	-	-	-	-
<b>Unassigned</b>	<b>(66,578)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>564,674</b>	<b>277,537</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 900,812</b>	<b>\$ 321,969</b>	<b>\$ 8,050,967</b>	<b>\$ -</b>

CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds			Capital Project Funds
	FEMA Reimbursement Fund	Police - Supplemental Law Enforcement Fund	Streets Fund	General Capital Improvements
<b>Assets:</b>				
Pooled cash and investments	\$ 133,554	\$ 5,807	\$ 399,191	\$ 7,987,099
Accounts receivable, net	-	-	478,153	-
Loans receivable	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<u>\$ 133,554</u>	<u>\$ 5,807</u>	<u>\$ 877,344</u>	<u>\$ 7,987,099</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 93,275	\$ 653,438
Salaries and benefits payable	-	5,807	181,143	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Interfund payables	-	-	-	-
<b>Total Liabilities</b>	-	5,807	274,418	653,438
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-	-
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	602,926	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital improvements	-	-	-	1,036,916
Debt service reserve	-	-	-	-
<b>Committed to:</b>				
Capital improvements	-	-	-	2,698,483
<b>Assigned to:</b>				
Capital improvements	133,554	-	-	3,598,262
<b>Unassigned</b>	-	-	-	-
<b>Total Fund Balances</b>	<u>133,554</u>	<u>-</u>	<u>602,926</u>	<u>7,333,661</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 133,554</u>	<u>\$ 5,807</u>	<u>\$ 877,344</u>	<u>\$ 7,987,099</u>

CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Capital Project Funds			Debt Service Funds
	Creeks Restoration Capital	Measure A Capital Fund	Street Capital Improvements Fund	2002 Municipal Refunding Certificates
<b>Assets:</b>				
Pooled cash and investments	\$ 9,785,200	\$ 1,836,702	\$ 4,659,651	\$ -
Accounts receivable, net	43,282	-	-	-
Loans receivable	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	579,781
<b>Total Assets</b>	<u>\$ 9,828,482</u>	<u>\$ 1,836,702</u>	<u>\$ 4,659,651</u>	<u>\$ 579,781</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 23,510	\$ 131,782	\$ 134,323	\$ -
Salaries and benefits payable	-	-	-	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
Interfund payables	-	-	-	-
<b>Total Liabilities</b>	<u>23,510</u>	<u>131,782</u>	<u>134,323</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital improvements	1,306,922	147,854	684,783	-
Debt service reserve	-	-	-	579,781
<b>Committed to:</b>				
Capital improvements	4,370,619	1,532,676	3,568,215	-
<b>Assigned to:</b>				
Capital improvements	4,127,431	24,390	272,330	-
<b>Unassigned</b>	-	-	-	-
<b>Total Fund Balances</b>	<u>9,804,972</u>	<u>1,704,920</u>	<u>4,525,328</u>	<u>579,781</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 9,828,482</u>	<u>\$ 1,836,702</u>	<u>\$ 4,659,651</u>	<u>\$ 579,781</u>

CITY OF SANTA BARBARA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	<b>Total Non-Major Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 30,324,081
Accounts receivable, net	2,332,667
Loans receivable	13,067,875
Restricted assets:	
Cash and investments with fiscal agents	579,781
<b>Total Assets</b>	<b>\$ 46,304,404</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 1,624,998
Salaries and benefits payable	426,657
Deposits	423,591
Interfund payables	18,955
<b>Total Liabilities</b>	<b>2,494,201</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	13,166,023
<b>Total Deferred Inflows of Resources</b>	<b>13,166,023</b>
<b>Fund Balances:</b>	
<b>Restricted for:</b>	
Public safety	1,062,316
Public works	4,203,738
Community services	1,010,053
Community development	352,435
Capital improvements	3,176,475
Debt service reserve	579,781
<b>Committed to:</b>	
Capital improvements	12,169,993
<b>Assigned to:</b>	
Capital improvements	8,155,967
<b>Unassigned</b>	<b>(66,578)</b>
<b>Total Fund Balances</b>	<b>30,644,180</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 46,304,404</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Traffic Safety Fund</b>	<b>Creek Restoration/Water Quality Improvements</b>	<b>Wildland Fire Suppression</b>	<b>Transportation Development</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 3,754,900	\$ -	\$ 69,472
Intergovernmental	-	-	-	-
Charges for services	-	80	-	-
Use of money and property	-	120,444	-	2,388
Fines and forfeitures	372,883	3,625	-	-
Program income	-	-	-	-
Other revenues	-	18,101	246,642	-
<b>Total Revenues</b>	<b>372,883</b>	<b>3,897,150</b>	<b>246,642</b>	<b>71,860</b>
<b>Expenditures:</b>				
Current:				
Administrative services	-	-	-	-
Public safety	27,370	-	313,754	-
Public works	-	1,764,584	-	24,492
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>27,370</b>	<b>1,764,584</b>	<b>313,754</b>	<b>24,492</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>345,513</b>	<b>2,132,566</b>	<b>(67,112)</b>	<b>47,368</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(345,513)	(1,615,125)	-	(43,000)
Total Other Financing Sources (Uses)	(345,513)	(1,615,125)	-	(43,000)
Net Change in Fund Balances	-	517,441	(67,112)	4,368
Fund Balances, Beginning of Year	-	1,787,711	125,675	222,431
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 2,305,152</b>	<b>\$ 58,563</b>	<b>\$ 226,799</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Community Development Block Grant</b>	<b>Police - Asset Forfeiture Grants</b>	<b>County Library</b>	<b>Measure A</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 3,570,627
Intergovernmental	810,268	47,274	1,486,457	-
Charges for services	-	86,004	-	-
Use of money and property	-	1,565	23,209	23,361
Fines and forfeitures	-	-	102,703	-
Program income	447,410	-	-	-
Other revenues	1,162	51,883	310,857	-
<b>Total Revenues</b>	<b>1,258,840</b>	<b>186,726</b>	<b>1,923,226</b>	<b>3,593,988</b>
<b>Expenditures:</b>				
Current:				
Administrative services	-	-	-	-
Public safety	-	197,417	-	-
Public works	-	-	-	2,109,878
Community services	-	-	2,010,634	-
Community development	1,374,497	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,374,497</b>	<b>197,417</b>	<b>2,010,634</b>	<b>2,109,878</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,657)	(10,691)	(87,408)	1,484,110
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(2,900,222)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,900,222)</b>
Net Change in Fund Balances	(115,657)	(10,691)	(87,408)	(1,416,112)
Fund Balances, Beginning of Year	442,120	882,321	624,304	2,207,436
<b>Fund Balances, End of Year</b>	<b>\$ 326,463</b>	<b>\$ 871,630</b>	<b>\$ 536,896</b>	<b>\$ 791,324</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	<b>Special Revenue Funds</b>			
	<b>Misc. Grants Fund</b>	<b>Street Sweeping Fund</b>	<b>HOME Program Fund</b>	<b>Disaster Recovery Initiative</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,470,641	-	148,442	1,656,102
Charges for services	43,084	-	-	-
Use of money and property	-	-	-	-
Fines and forfeitures	-	672,126	-	-
Program income	-	-	63,849	-
Other revenues	358,319	-	-	-
<b>Total Revenues</b>	<b>1,872,044</b>	<b>672,126</b>	<b>212,291</b>	<b>1,656,102</b>
<b>Expenditures:</b>				
Current:				
Administrative services	276,437	-	-	-
Public safety	1,152,441	-	-	-
Public works	-	550,807	-	1,484,566
Community services	431,618	-	-	-
Community development	75,659	-	212,291	3,398
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,936,155</b>	<b>550,807</b>	<b>212,291</b>	<b>1,487,964</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,111)	121,319	-	168,138
<b>Other Financing Sources (Uses):</b>				
Transfers in	145,042	265,255	-	-
Transfers out	-	(349,064)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>145,042</b>	<b>(83,809)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	80,931	37,510	-	168,138
Fund Balances, Beginning of Year	483,743	240,027	-	(168,138)
<b>Fund Balances, End of Year</b>	<b>\$ 564,674</b>	<b>\$ 277,537</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			Capital Project Funds
	FEMA Reimbursement Fund	Police - Supplemental Law Enforcement Fund	Streets Fund	General Capital Improvements
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 6,905,154	\$ -
Intergovernmental	-	154,256	2,305,030	-
Charges for services	-	-	151,949	-
Use of money and property	-	55	36,968	-
Fines and forfeitures	-	-	-	-
Program income	-	-	-	-
Other revenues	-	-	294,176	1,620,586
<b>Total Revenues</b>	<b>-</b>	<b>154,311</b>	<b>9,693,277</b>	<b>1,620,586</b>
<b>Expenditures:</b>				
Current:				
Administrative services	-	-	-	-
Public safety	-	148,947	-	-
Public works	-	-	7,798,412	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	2,224,335
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>148,947</b>	<b>7,798,412</b>	<b>2,224,335</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5,364	1,894,865	(603,749)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	1,519,757
Transfers out	-	-	(9,717,801)	(443,657)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(9,717,801)</b>	<b>1,076,100</b>
Net Change in Fund Balances	-	5,364	(7,822,936)	472,351
Fund Balances, Beginning of Year	133,554	(5,364)	8,425,862	6,861,310
<b>Fund Balances, End of Year</b>	<b>\$ 133,554</b>	<b>\$ -</b>	<b>\$ 602,926</b>	<b>\$ 7,333,661</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Capital Projects Funds			Debt Service Funds
	Creeks Restoration Capital Improvement Fund	Measure A Capital Fund	Street Capital Improvements Fund	2002 Municipal Refunding Certificates
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	255,222	-	-	-
Charges for services	-	-	4,675	-
Use of money and property	-	-	-	28,906
Fines and forfeitures	-	-	-	-
Program income	-	-	-	-
Other revenues	-	-	38,066	-
<b>Total Revenues</b>	<u>255,222</u>	<u>-</u>	<u>42,741</u>	<u>28,906</u>
<b>Expenditures:</b>				
Current:				
Administrative services	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	348,840	1,047,302	4,061,807	-
Debt service:				
Principal retirement	-	-	-	300,300
Interest and fiscal charges	-	-	-	50,976
<b>Total Expenditures</b>	<u>348,840</u>	<u>1,047,302</u>	<u>4,061,807</u>	<u>351,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(93,618)</u>	<u>(1,047,302)</u>	<u>(4,019,066)</u>	<u>(322,370)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,499,870	2,900,222	10,213,653	340,901
Transfers out	-	(148,000)	(1,669,259)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,499,870</u>	<u>2,752,222</u>	<u>8,544,394</u>	<u>340,901</u>
Net Change in Fund Balances	<u>1,406,252</u>	<u>1,704,920</u>	<u>4,525,328</u>	<u>18,531</u>
Fund Balances, Beginning of Year	<u>8,398,720</u>	<u>-</u>	<u>-</u>	<u>561,250</u>
<b>Fund Balances, End of Year</b>	<u>\$ 9,804,972</u>	<u>\$ 1,704,920</u>	<u>\$ 4,525,328</u>	<u>\$ 579,781</u>

**CITY OF SANTA BARBARA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015**

	<b>Total Non-Major Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 14,300,153
Intergovernmental	8,333,692
Charges for services	285,792
Use of money and property	236,896
Fines and forfeitures	1,151,337
Program income	511,259
Other revenues	<u>2,939,792</u>
<b>Total Revenues</b>	<u>27,758,921</u>
<b>Expenditures:</b>	
Current:	
Administrative services	276,437
Public safety	1,839,929
Public works	13,732,739
Community services	2,442,252
Community development	1,665,845
Capital outlay	7,682,284
Debt service:	
Principal retirement	300,300
Interest and fiscal charges	<u>50,976</u>
<b>Total Expenditures</b>	<u>27,990,762</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(231,841)</u>
<b>Other Financing Sources (Uses):</b>	
Transfers in	16,884,700
Transfers out	<u>(17,231,641)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(346,941)</u>
Net Change in Fund Balances	<u>(578,782)</u>
Fund Balances, Beginning of Year	<u>31,222,962</u>
<b>Fund Balances, End of Year</b>	<u>\$ 30,644,180</u>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 525,000	\$ 525,000	\$ 372,883	\$ (152,117)
<b>Total Revenues</b>	<u>525,000</u>	<u>525,000</u>	<u>372,883</u>	<u>(152,117)</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>35,000</u>	<u>35,000</u>	<u>27,370</u>	<u>7,630</u>
<b>Total Expenditures</b>	<u>35,000</u>	<u>35,000</u>	<u>27,370</u>	<u>7,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>490,000</u>	<u>490,000</u>	<u>345,513</u>	<u>(144,487)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(490,000)</u>	<u>(490,000)</u>	<u>(345,513)</u>	<u>144,487</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(490,000)</u>	<u>(490,000)</u>	<u>(345,513)</u>	<u>144,487</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA BARBARA

**BUDGETARY COMPARISON SCHEDULE  
CREEK RESTORATION/WATER QUALITY IMPROVEMENTS  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 3,509,480	\$ 3,509,480	\$ 3,754,900	\$ 245,420
Charges for services	-	-	80	80
Use of money and property	103,100	103,100	120,444	17,344
Fines and forfeitures	-	-	3,625	3,625
Other revenues	13,072	13,072	18,101	5,029
<b>Total Revenues</b>	<b>3,625,652</b>	<b>3,625,652</b>	<b>3,897,150</b>	<b>271,498</b>
<b>Expenditures:</b>				
Current:				
Public works	2,255,740	2,457,562	1,764,584	692,978
<b>Total Expenditures</b>	<b>2,255,740</b>	<b>2,457,562</b>	<b>1,764,584</b>	<b>692,978</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,369,912	1,168,090	2,132,566	964,476
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,590,255)	(1,615,125)	(1,615,125)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,590,255)</b>	<b>(1,615,125)</b>	<b>(1,615,125)</b>	<b>-</b>
Net Change in Fund Balances	(220,343)	(447,035)	517,441	964,476
<b>Fund Balances, Beginning of Year</b>	<b>1,787,711</b>	<b>1,787,711</b>	<b>1,787,711</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,567,368</b>	<b>\$ 1,340,676</b>	<b>\$ 2,305,152</b>	<b>\$ 964,476</b>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
WILDLAND FIRE SUPPRESSION  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other revenues	\$ 246,285	\$ 246,285	\$ 246,642	\$ 357
<b>Total Revenues</b>	<u>246,285</u>	<u>246,285</u>	<u>246,642</u>	<u>357</u>
<b>Expenditures:</b>				
Current:				
Public safety	316,652	347,709	313,754	33,955
<b>Total Expenditures</b>	<u>316,652</u>	<u>347,709</u>	<u>313,754</u>	<u>33,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(70,367)</u>	<u>(101,424)</u>	<u>(67,112)</u>	<u>34,312</u>
Net Change in Fund Balances	<u>(70,367)</u>	<u>(101,424)</u>	<u>(67,112)</u>	<u>34,312</u>
Fund Balances, Beginning of Year	<u>125,675</u>	<u>125,675</u>	<u>125,675</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 55,308</u>	<u>\$ 24,251</u>	<u>\$ 58,563</u>	<u>\$ 34,312</u>

CITY OF SANTA BARBARA

BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION DEVELOPMENT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 69,472	\$ 69,472	\$ 69,472	\$ -
Use of money and property	2,000	2,000	2,388	388
<b>Total Revenues</b>	<b>71,472</b>	<b>71,472</b>	<b>71,860</b>	<b>388</b>
<b>Expenditures:</b>				
Current:				
Public works	71,472	198,187	24,492	173,695
<b>Total Expenditures</b>	<b>71,472</b>	<b>198,187</b>	<b>24,492</b>	<b>173,695</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(126,715)	47,368	174,083
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(43,000)	(43,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(43,000)</b>	<b>(43,000)</b>	<b>-</b>
Net Change in Fund Balances	-	(169,715)	4,368	174,083
Fund Balances, Beginning of Year	222,431	222,431	222,431	-
<b>Fund Balances, End of Year</b>	<b>\$ 222,431</b>	<b>\$ 52,716</b>	<b>\$ 226,799</b>	<b>\$ 174,083</b>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 788,961	\$ 1,438,117	\$ 810,268	\$ (627,849)
Program income	400,000	400,000	447,410	47,410
Other revenues	-	-	1,162	1,162
<b>Total Revenues</b>	<u>1,188,961</u>	<u>1,838,117</u>	<u>1,258,840</u>	<u>(579,277)</u>
<b>Expenditures:</b>				
Current:				
Community development	1,188,961	2,280,238	1,374,497	905,741
<b>Total Expenditures</b>	<u>1,188,961</u>	<u>2,280,238</u>	<u>1,374,497</u>	<u>905,741</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(442,121)</u>	<u>(115,657)</u>	<u>326,464</u>
Net Change in Fund Balances	<u>-</u>	<u>(442,121)</u>	<u>(115,657)</u>	<u>326,464</u>
Fund Balances, Beginning of Year	<u>442,120</u>	<u>442,120</u>	<u>442,120</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 442,120</u>	<u>\$ (1)</u>	<u>\$ 326,463</u>	<u>\$ 326,464</u>

CITY OF SANTA BARBARA

**BUDGETARY COMPARISON SCHEDULE  
POLICE-ASSET FORFEITURE GRANTS  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 40,004	\$ 45,604	\$ 47,274	\$ 1,670
Charges for services	80,532	80,532	86,004	5,472
Use of money and property	-	-	1,565	1,565
Other revenues	-	-	51,883	51,883
<b>Total Revenues</b>	<u>120,536</u>	<u>126,136</u>	<u>186,726</u>	<u>60,590</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>120,536</u>	<u>301,107</u>	<u>197,417</u>	<u>103,690</u>
<b>Total Expenditures</b>	<u>120,536</u>	<u>301,107</u>	<u>197,417</u>	<u>103,690</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(174,971)</u>	<u>(10,691)</u>	<u>164,280</u>
Net Change in Fund Balances	<u>-</u>	<u>(174,971)</u>	<u>(10,691)</u>	<u>164,280</u>
Fund Balances, Beginning of Year	<u>882,321</u>	<u>882,321</u>	<u>882,321</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 882,321</u>	<u>\$ 707,350</u>	<u>\$ 871,630</u>	<u>\$ 164,280</u>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
COUNTY LIBRARY  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,464,237	\$ 1,507,737	\$ 1,486,457	\$ (21,280)
Use of money and property	27,600	27,600	23,209	(4,391)
Fines and forfeitures	103,300	103,300	102,703	(597)
Other revenues	287,278	314,378	310,857	(3,521)
<b>Total Revenues</b>	<u>1,882,415</u>	<u>1,953,015</u>	<u>1,923,226</u>	<u>(29,789)</u>
<b>Expenditures:</b>				
Current:				
Community services	<u>2,050,394</u>	<u>2,099,199</u>	<u>2,010,634</u>	<u>88,565</u>
<b>Total Expenditures</b>	<u>2,050,394</u>	<u>2,099,199</u>	<u>2,010,634</u>	<u>88,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(167,979)</u>	<u>(146,184)</u>	<u>(87,408)</u>	<u>58,776</u>
Net Change in Fund Balances	<u>(167,979)</u>	<u>(146,184)</u>	<u>(87,408)</u>	<u>58,776</u>
Fund Balances, Beginning of Year	<u>624,304</u>	<u>624,304</u>	<u>624,304</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 456,325</u>	<u>\$ 478,120</u>	<u>\$ 536,896</u>	<u>\$ 58,776</u>

ITY OF SANTA BARBARA

**BUDGETARY COMPARISON SCHEDULE  
MEASURE A  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 3,355,376	\$ 3,355,376	\$ 3,570,627	\$ 215,251
Use of money and property	21,600	21,600	23,361	1,761
<b>Total Revenues</b>	<b>3,376,976</b>	<b>3,376,976</b>	<b>3,593,988</b>	<b>217,012</b>
<b>Expenditures:</b>				
Current:				
Public works	2,316,978	2,335,329	2,109,878	225,451
<b>Total Expenditures</b>	<b>2,316,978</b>	<b>2,335,329</b>	<b>2,109,878</b>	<b>225,451</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,059,998	1,041,647	1,484,110	442,463
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,565,368)	(2,900,222)	(2,900,222)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,565,368)</b>	<b>(2,900,222)</b>	<b>(2,900,222)</b>	<b>-</b>
Net Change in Fund Balances	(505,370)	(1,858,575)	(1,416,112)	442,463
Fund Balances, Beginning of Year	2,207,436	2,207,436	2,207,436	-
<b>Fund Balances, End of Year</b>	<b>\$ 1,702,066</b>	<b>\$ 348,861</b>	<b>\$ 791,324</b>	<b>\$ 442,463</b>

CITY OF SANTA BARBARA

BUDGETARY COMPARISON SCHEDULE  
 MISC. GRANTS  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 197,925	\$ 2,245,386	\$ 1,470,641	\$ (774,745)
Charges for services	102,212	102,212	43,084	(59,128)
Other revenues	142,838	428,815	358,319	(70,496)
<b>Total Revenues</b>	<b>442,975</b>	<b>2,776,413</b>	<b>1,872,044</b>	<b>(904,369)</b>
<b>Expenditures:</b>				
Current:				
Administrative services	-	697,420	276,437	420,983
Public safety	111,000	1,390,901	1,152,441	238,460
Community services	389,360	1,039,496	431,618	607,878
Community development	-	109,638	75,659	33,979
<b>Total Expenditures</b>	<b>500,360</b>	<b>3,237,455</b>	<b>1,936,155</b>	<b>1,301,300</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,385)	(461,042)	(64,111)	396,931
<b>Other Financing Sources (Uses):</b>				
Transfers in	57,385	145,042	145,042	-
<b>Total Other Financing Sources (Uses)</b>	<b>57,385</b>	<b>145,042</b>	<b>145,042</b>	<b>-</b>
Net Change in Fund Balances	-	(316,000)	80,931	396,931
Fund Balances, Beginning of Year	483,743	483,743	483,743	-
<b>Fund Balances, End of Year</b>	<b>\$ 483,743</b>	<b>\$ 167,743</b>	<b>\$ 564,674</b>	<b>\$ 396,931</b>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
STREET SWEEPING  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 646,000	\$ 646,000	\$ 672,126	\$ 26,126
<b>Total Revenues</b>	<u>646,000</u>	<u>646,000</u>	<u>672,126</u>	<u>26,126</u>
<b>Expenditures:</b>				
Current:				
Public works	597,746	602,261	550,807	51,454
<b>Total Expenditures</b>	<u>597,746</u>	<u>602,261</u>	<u>550,807</u>	<u>51,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>48,254</u>	<u>43,739</u>	<u>121,319</u>	<u>77,580</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	265,255	265,255	265,255	-
Transfers out	<u>(349,064)</u>	<u>(349,064)</u>	<u>(349,064)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(83,809)</u>	<u>(83,809)</u>	<u>(83,809)</u>	<u>-</u>
Net Change in Fund Balances	<u>(35,555)</u>	<u>(40,070)</u>	<u>37,510</u>	<u>77,580</u>
Fund Balances, Beginning of Year	<u>240,027</u>	<u>240,027</u>	<u>240,027</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 204,472</u>	<u>\$ 199,957</u>	<u>\$ 277,537</u>	<u>\$ 77,580</u>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
DISASTER RECOVERY INITIATIVE  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 1,658,582	\$ 1,656,102	\$ (2,480)
<b>Total Revenues</b>	<u>-</u>	<u>1,658,582</u>	<u>1,656,102</u>	<u>(2,480)</u>
<b>Expenditures:</b>				
Current:				
Public works	-	1,484,566	1,484,566	-
Community development	-	5,878	3,398	2,480
<b>Total Expenditures</b>	<u>-</u>	<u>1,490,444</u>	<u>1,487,964</u>	<u>2,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>168,138</u>	<u>168,138</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>168,138</u>	<u>168,138</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>(168,138)</u>	<u>(168,138)</u>	<u>(168,138)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ (168,138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
HOME PROGRAM  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 384,457	\$ 1,946,801	\$ 148,442	\$ (1,798,359)
Program income	10,000	10,000	63,849	53,849
<b>Total Revenues</b>	<u>394,457</u>	<u>1,956,801</u>	<u>212,291</u>	<u>(1,744,510)</u>
<b>Expenditures:</b>				
Current:				
Community development	394,457	1,940,898	212,291	1,728,607
<b>Total Expenditures</b>	<u>394,457</u>	<u>1,940,898</u>	<u>212,291</u>	<u>1,728,607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>15,903</u>	<u>-</u>	<u>(15,903)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA BARBARA**

**BUDGETARY COMPARISON SCHEDULE  
POLICE-SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 144,188	\$ 149,188	\$ 154,256	\$ 5,068
Use of money and property	-	-	55	55
<b>Total Revenues</b>	<u>144,188</u>	<u>149,188</u>	<u>154,311</u>	<u>5,123</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>144,188</u>	<u>149,188</u>	<u>148,947</u>	<u>241</u>
<b>Total Expenditures</b>	<u>144,188</u>	<u>149,188</u>	<u>148,947</u>	<u>241</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>
Fund Balances, Beginning of Year	<u>(5,364)</u>	<u>(5,364)</u>	<u>(5,364)</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ (5,364)</u>	<u>\$ (5,364)</u>	<u>\$ -</u>	<u>\$ 5,364</u>

CITY OF SANTA BARBARA

BUDGETARY COMPARISON SCHEDULE  
STREETS FUND  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,375,809	\$ 7,257,800	\$ 6,905,154	\$ (352,646)
Intergovernmental	2,362,190	2,362,190	2,305,030	(57,160)
Charges for services	213,647	220,620	151,949	(68,671)
Use of money and property	36,968	36,968	36,968	-
Other revenues	228,221	228,221	294,176	65,955
<b>Total Revenues</b>	<b>10,216,835</b>	<b>10,105,799</b>	<b>9,693,277</b>	<b>(412,522)</b>
<b>Expenditures:</b>				
Current:				
Public works	8,110,513	8,403,184	7,798,412	604,772
<b>Total Expenditures</b>	<b>8,110,513</b>	<b>8,403,184</b>	<b>7,798,412</b>	<b>604,772</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,106,322	1,702,615	1,894,865	192,250
Other Financing Sources (Uses):				
Transfers out	(2,106,322)	(9,717,801)	(9,717,801)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,106,322)</b>	<b>(9,717,801)</b>	<b>(9,717,801)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(8,015,186)</b>	<b>(7,822,936)</b>	<b>192,250</b>
Fund Balances, Beginning of Year	8,425,862	8,425,862	8,425,862	-
Fund Balances, End of Year	\$ 8,425,862	\$ 410,676	\$ 602,926	\$ 192,250

CITY OF SANTA BARBARA

**BUDGETARY COMPARISON SCHEDULE  
GENERAL CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Other revenues	\$ 120,000	\$ 2,053,586	\$ 1,620,586	\$ (433,000)
<b>Total Revenues</b>	<u>120,000</u>	<u>2,053,586</u>	<u>1,620,586</u>	<u>(433,000)</u>
<b>Expenditures:</b>				
Capital outlay	2,115,000	6,184,168	2,224,335	3,959,833
<b>Total Expenditures</b>	<u>2,115,000</u>	<u>6,184,168</u>	<u>2,224,335</u>	<u>3,959,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,995,000)</u>	<u>(4,130,582)</u>	<u>(603,749)</u>	<u>3,526,833</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	601,164	1,517,498	1,519,757	2,259
Transfers out	-	(443,657)	(443,657)	-
<b>Total Other Financing Sources (Uses)</b>	<u>601,164</u>	<u>1,073,841</u>	<u>1,076,100</u>	<u>2,259</u>
Net Change in Fund Balances	<u>(1,393,836)</u>	<u>(3,056,741)</u>	<u>472,351</u>	<u>3,529,092</u>
Fund Balances, Beginning of Year	<u>6,861,310</u>	<u>6,861,310</u>	<u>6,861,310</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,467,474</u>	<u>\$ 3,804,569</u>	<u>\$ 7,333,661</u>	<u>\$ 3,529,092</u>

CITY OF SANTA BARBARA

**BUDGETARY COMPARISON SCHEDULE  
STREET CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 4,675	\$ 4,675
Other revenues	-	139,890	38,066	(101,824)
<b>Total Revenues</b>	<b>-</b>	<b>139,890</b>	<b>42,741</b>	<b>(97,149)</b>
<b>Expenditures:</b>				
Capital outlay	2,474,213	8,830,378	4,061,807	4,768,571
<b>Total Expenditures</b>	<b>2,474,213</b>	<b>8,830,378</b>	<b>4,061,807</b>	<b>4,768,571</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,474,213)	(8,690,488)	(4,019,066)	4,671,422
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,474,213	10,213,653	10,213,653	-
Transfers out	-	(1,669,259)	(1,669,259)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,474,213</b>	<b>8,544,394</b>	<b>8,544,394</b>	<b>-</b>
Net Change in Fund Balances	-	(146,094)	4,525,328	4,671,422
Fund Balances, Beginning of Year	-	-	-	-
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ (146,094)</b>	<b>\$ 4,525,328</b>	<b>\$ 4,671,422</b>

CITY OF SANTA BARBARA

BUDGETARY COMPARISON SCHEDULE  
 CREEKS RESTORATION CAPITAL IMPROVEMENTS  
 YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 10,000	\$ 2,513,950	\$ 255,222	\$ (2,258,728)
<b>Total Revenues</b>	<u>10,000</u>	<u>2,513,950</u>	<u>255,222</u>	<u>(2,258,728)</u>
<b>Expenditures:</b>				
Capital outlay	1,485,000	9,078,032	348,840	8,729,192
<b>Total Expenditures</b>	<u>1,485,000</u>	<u>9,078,032</u>	<u>348,840</u>	<u>8,729,192</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,475,000)</u>	<u>(6,564,082)</u>	<u>(93,618)</u>	<u>6,470,464</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,475,000	1,499,870	1,499,870	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,475,000</u>	<u>1,499,870</u>	<u>1,499,870</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(5,064,212)</u>	<u>1,406,252</u>	<u>6,470,464</u>
Fund Balances, Beginning of Year	<u>8,398,720</u>	<u>8,398,720</u>	<u>8,398,720</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 8,398,720</u>	<u>\$ 3,334,508</u>	<u>\$ 9,804,972</u>	<u>\$ 6,470,464</u>

CITY OF SANTA BARBARA

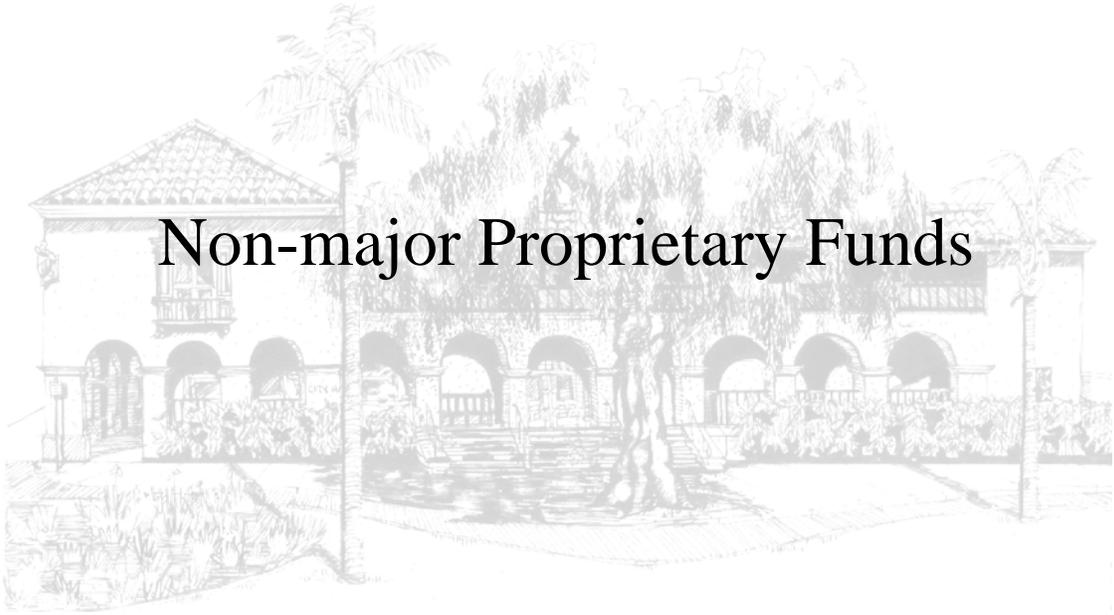
BUDGETARY COMPARISON SCHEDULE  
 MEASURE A CAPITAL FUND  
 YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive Negative</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Capital outlay	\$ 1,565,368	\$ 2,900,222	\$ 1,047,302	\$ 1,852,920
<b>Total Expenditures</b>	<u>1,565,368</u>	<u>2,900,222</u>	<u>1,047,302</u>	<u>1,852,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,565,368)</u>	<u>(2,900,222)</u>	<u>(1,047,302)</u>	<u>(1,852,920)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,565,368	2,900,222	2,900,222	-
Transfers out	<u>-</u>	<u>(148,000)</u>	<u>(148,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,565,368</u>	<u>2,752,222</u>	<u>2,752,222</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(148,000)</u>	<u>1,704,920</u>	<u>(1,852,920)</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ (148,000)</u>	<u>\$ 1,704,920</u>	<u>\$ 6,470,464</u>

CITY OF SANTA BARBARA

BUDGETARY COMPARISON SCHEDULE  
 STREET GRANT CAPITAL IMPROVEMENT  
 YEAR ENDED JUNE 30, 2015

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 344,717	\$ 42,222,965	\$ 14,469,240	\$ (27,753,725)
Other revenues	-	3,629,739	-	(3,629,739)
<b>Total Revenues</b>	<u>344,717</u>	<u>45,852,704</u>	<u>14,469,240</u>	<u>(31,383,464)</u>
<b>Expenditures:</b>				
Capital outlay	344,717	47,229,597	15,687,711	31,541,886
<b>Total Expenditures</b>	<u>344,717</u>	<u>47,229,597</u>	<u>15,687,711</u>	<u>31,541,886</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,376,893)	(1,218,471)	158,422
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,715,032	1,715,032	-
Transfers out	-	(32,734)	(32,734)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,682,298</u>	<u>1,682,298</u>	<u>-</u>
Net Change in Fund Balances	-	305,405	463,827	158,422
Fund Balances, Beginning of Year	(548,819)	(548,819)	(548,819)	-
<b>Fund Balances, End of Year</b>	<u>\$ (548,819)</u>	<u>\$ (243,414)</u>	<u>\$ (84,992)</u>	<u>\$ 158,422</u>



## Non-major Proprietary Funds

## **NONMAJOR PROPRIETARY FUNDS**

**Downtown Parking Fund** - To account for the provision of parking services in the downtown area of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, capital acquisition and construction, financing and related debt service, and billing and collection of fees.

**Golf Course Fund** - To account for the operation of a municipal golf course. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, capital acquisition and construction, financing and related debt service, and billing and collection of fees.

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
NON-MAJOR PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Downtown Parking	Golf Course	Totals
<b>ASSETS</b>			
Current Assets:			
Pooled cash and investments	\$ 10,155,363	\$ 810,374	\$ 10,965,737
Accounts receivable, net	21,262	-	21,262
<b>Total Current Assets</b>	<b>10,176,625</b>	<b>810,374</b>	<b>10,986,999</b>
Noncurrent:			
Capital assets:			
Land	10,641,593	342,302	10,983,895
Buildings	30,660,763	1,198,600	31,859,363
Building improvements	-	227,526	227,526
Improvements other than building	23,206,783	4,225,277	27,432,060
Equipment	2,646,202	1,466,297	4,112,499
Other infrastructure	340,131	-	340,131
Construction in progress	84,395	29,400	113,795
Less: accumulated depreciation	(29,477,504)	(4,250,987)	(33,728,491)
Total capital assets, net	38,102,363	3,238,415	41,340,778
<b>Total Noncurrent Assets</b>	<b>38,102,363</b>	<b>3,238,415</b>	<b>41,340,778</b>
<b>Total Assets</b>	<b>48,278,988</b>	<b>4,048,789</b>	<b>52,327,777</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on debt refunding	-	31,992	31,992
Deferred pension-related items	378,099	163,652	541,751
<b>Total Deferred Outflows of Resources</b>	<b>378,099</b>	<b>195,644</b>	<b>573,743</b>
<b>LIABILITIES</b>			
Current:			
Accounts payable	109,180	35,686	144,866
Salaries and benefits payable	189,905	46,373	236,278
Accrued interest payable	-	125,912	125,912
Unearned revenues	4,000	49,877	53,877
Deposits	40,313	-	40,313
Compensated absences payable	116,627	44,306	160,933
Current portion long-term debt	-	158,100	158,100
<b>Total Current Liabilities</b>	<b>460,025</b>	<b>460,254</b>	<b>920,279</b>
Noncurrent:			
Advances from other funds	-	669,851	669,851
Net pension-liability	3,729,451	1,614,210	5,343,661
Compensated absences payable	12,959	4,923	17,882
Long-term debt, net of current portion	-	341,700	341,700
<b>Total Noncurrent Liabilities</b>	<b>3,742,410</b>	<b>2,630,684</b>	<b>6,373,094</b>
<b>Total Liabilities</b>	<b>4,202,435</b>	<b>3,090,938</b>	<b>7,293,373</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension-related items	752,344	325,636	1,077,980
<b>Total Deferred Inflows of Resources</b>	<b>752,344</b>	<b>325,636</b>	<b>1,077,980</b>
<b>Net Position:</b>			
Net investment in capital assets	38,102,363	2,770,607	40,872,970
Unrestricted	5,599,945	(1,942,748)	3,657,197
<b>Total Net Position</b>	<b>\$ 43,702,308</b>	<b>\$ 827,859</b>	<b>\$ 44,530,167</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Downtown Parking</b>	<b>Golf Course</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Service charges	\$ 8,275,485	\$ 1,640,923	\$ 9,916,408
Leases and rents	103,993	307,234	411,227
Other revenues	52,507	2,037	54,544
<b>Total Operating Revenues</b>	<b>8,431,985</b>	<b>1,950,194</b>	<b>10,382,179</b>
<b>Operating Expenses:</b>			
Salaries, wages and benefits	4,073,052	1,057,905	5,130,957
Materials, supplies and services	3,035,120	592,022	3,627,142
Depreciation expense	1,153,417	275,818	1,429,235
<b>Total Operating Expenses</b>	<b>8,261,589</b>	<b>1,925,745</b>	<b>10,187,334</b>
Operating Income (Loss)	170,396	24,449	194,845
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	107,315	8,275	115,590
Interest expense	-	(77,039)	(77,039)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>107,315</b>	<b>(68,764)</b>	<b>38,551</b>
Income (Loss) Before Transfers and Contributions	277,711	(44,315)	233,396
Capital Contributions	23,019	-	23,019
Transfers in	43,500	-	43,500
Transfers out	(309,125)	-	(309,125)
Changes in Net Position	35,105	(44,315)	(9,210)
<b>Net Position:</b>			
Beginning of Year, as originally reported	47,848,847	2,681,879	50,530,726
Restatements	(4,181,644)	(1,809,705)	(5,991,349)
Beginning of Fiscal Year, as restated	43,667,203	872,174	44,539,377
<b>End of Fiscal Year</b>	<b>\$ 43,702,308</b>	<b>\$ 827,859</b>	<b>\$ 44,530,167</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Downtown Parking	Golf Course	Totals
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 8,358,214	\$ 1,995,917	\$ 10,354,131
Cash paid to suppliers for goods and services	(3,026,100)	(577,918)	(3,604,018)
Cash paid to employees for services	(4,136,198)	(1,100,284)	(5,236,482)
Cash received from (payments to) others	52,507	2,037	54,544
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,248,423</b>	<b>319,752</b>	<b>1,568,175</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers in	43,500	-	43,500
Cash transfers out	(309,125)	-	(309,125)
Advance from (to) other funds	287,450	(26,943)	260,507
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>21,825</b>	<b>(26,943)</b>	<b>(5,118)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(162,294)	(29,399)	(191,693)
Principal paid on capital debt	-	(154,700)	(154,700)
Interest paid on capital debt	-	(37,646)	(37,646)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(162,294)</b>	<b>(221,745)</b>	<b>(384,039)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	107,316	8,275	115,591
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>107,316</b>	<b>8,275</b>	<b>115,591</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,215,270</b>	<b>79,339</b>	<b>1,294,609</b>
Cash and Cash Equivalents at Beginning of Year	8,940,093	731,035	9,671,128
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 10,155,363</b>	<b>\$ 810,374</b>	<b>\$ 10,965,737</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 170,396	\$ 24,449	\$ 194,845
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	1,153,417	275,818	1,429,235
(Increase) decrease in accounts receivable	(21,264)	44,413	23,149
Increase (decrease) in accrued liabilities	6,454	(1,659)	4,795
Increase (decrease) in accounts payable	24,078	14,104	38,182
Increase (decrease) in pensions	(77,948)	(33,511)	(111,459)
Increase (decrease) in deposits payable	(15,058)	-	(15,058)
Increase (decrease) in unearned revenue	-	3,347	3,347
Increase (decrease) in compensated absences	8,348	(7,209)	1,139
<b>Total Adjustments</b>	<b>1,078,027</b>	<b>295,303</b>	<b>1,373,330</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,248,423</b>	<b>319,752</b>	<b>1,568,175</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Change in Fair Value of Investments	\$ (236)	\$ (18)	\$ (254)



# Internal Service Funds

## **INTERNAL SERVICE FUNDS**

**Intra-City Service Fund** – To account for the operating and capital costs of City-wide building maintenance operations, custodial services, and communications.

**Self Insurance Fund** - To account for the cost of providing workers' compensation, unemployment, liability, employee health insurance coverage, and other post employment benefits, on a City-wide basis.

**Information Systems Fund** - To account for the cost of providing computer equipment and service to all departments and funds within the City.

**Vehicle Capital Fund** - To account for the costs of operating an automotive maintenance facility, maintaining all City departmental vehicles, and purchasing new vehicles for use within the City-wide organization.

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015

	Governmental Activities - Internal Service Funds				Totals
	Intra-City Service Fund	Self Insurance Fund	Information Systems Fund	Vehicle Capital Fund	
<b>ASSETS</b>					
Current Assets:					
Pooled cash and investments	\$ 1,799,984	\$ 4,902,755	\$ 2,265,319	\$ 12,791,700	\$ 21,759,758
Accounts receivable, net	-	1,031,388	-	28,144	1,059,532
Inventories	801,953	-	-	145,551	947,504
<b>Total Current Assets</b>	<b>2,601,937</b>	<b>5,934,143</b>	<b>2,265,319</b>	<b>12,965,395</b>	<b>23,766,794</b>
Noncurrent:					
Advances to other funds	-	-	-	169,851	169,851
Capital assets:					
Buildings	105,889	-	-	-	105,889
Building improvements	1,323,139	-	-	-	1,323,139
Improvements other than building	1,470,823	-	-	-	1,470,823
Equipment	392,230	-	1,741,960	21,982,932	24,117,122
Construction in progress	1,796,377	-	-	672,422	2,468,799
Less: accumulated depreciation	(631,762)	-	(60,600)	(16,182,394)	(16,874,756)
Total capital assets, net	4,456,696	-	1,681,360	6,472,960	12,611,016
<b>Total Noncurrent Assets</b>	<b>4,456,696</b>	<b>-</b>	<b>1,681,360</b>	<b>6,642,811</b>	<b>12,780,867</b>
<b>Total Assets</b>	<b>7,058,633</b>	<b>5,934,143</b>	<b>3,946,679</b>	<b>19,608,206</b>	<b>36,547,661</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension-related items	525,189	74,987	263,760	202,142	1,066,078
<b>Total Deferred Outflows of Resources</b>	<b>525,189</b>	<b>74,987</b>	<b>263,760</b>	<b>202,142</b>	<b>1,066,078</b>
<b>LIABILITIES</b>					
Current:					
Accounts payable	333,725	95,742	98,187	280,997	808,651
Salaries and benefits payable	163,354	75,759	86,398	69,770	395,281
Compensated absences payable	165,098	25,899	96,551	71,289	358,837
Current portion claims payable	-	2,921,831	-	-	2,921,831
<b>Total Current Liabilities</b>	<b>662,177</b>	<b>3,119,231</b>	<b>281,136</b>	<b>422,056</b>	<b>4,484,600</b>
Noncurrent:					
Net pension liability	5,180,308	739,646	2,601,641	1,993,872	10,515,467
Other post-employment (OPEB) obligation	-	16,327,000	-	-	16,327,000
Compensated absences payable	18,345	2,877	10,728	7,921	39,871
Estimated claims liability, net of current portion	-	4,997,815	-	-	4,997,815
<b>Total Noncurrent Liabilities</b>	<b>5,198,653</b>	<b>22,067,338</b>	<b>2,612,369</b>	<b>2,001,793</b>	<b>31,880,153</b>
<b>Total Liabilities</b>	<b>5,860,830</b>	<b>25,186,569</b>	<b>2,893,505</b>	<b>2,423,849</b>	<b>36,364,753</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension-related items	1,045,026	149,209	524,831	402,224	2,121,290
<b>Total Deferred Inflows of Resources</b>	<b>1,045,026</b>	<b>149,209</b>	<b>524,831</b>	<b>402,224</b>	<b>2,121,290</b>
<b>Net Position:</b>					
Investment in capital assets	4,456,696	-	1,681,360	6,472,960	12,611,016
Unrestricted	(3,778,730)	(19,326,648)	(889,257)	10,511,315	(13,483,320)
<b>Total Net Position</b>	<b>\$ 677,966</b>	<b>\$ (19,326,648)</b>	<b>\$ 792,103</b>	<b>\$ 16,984,275</b>	<b>\$ (872,304)</b>

CITY OF SANTA BARBARA

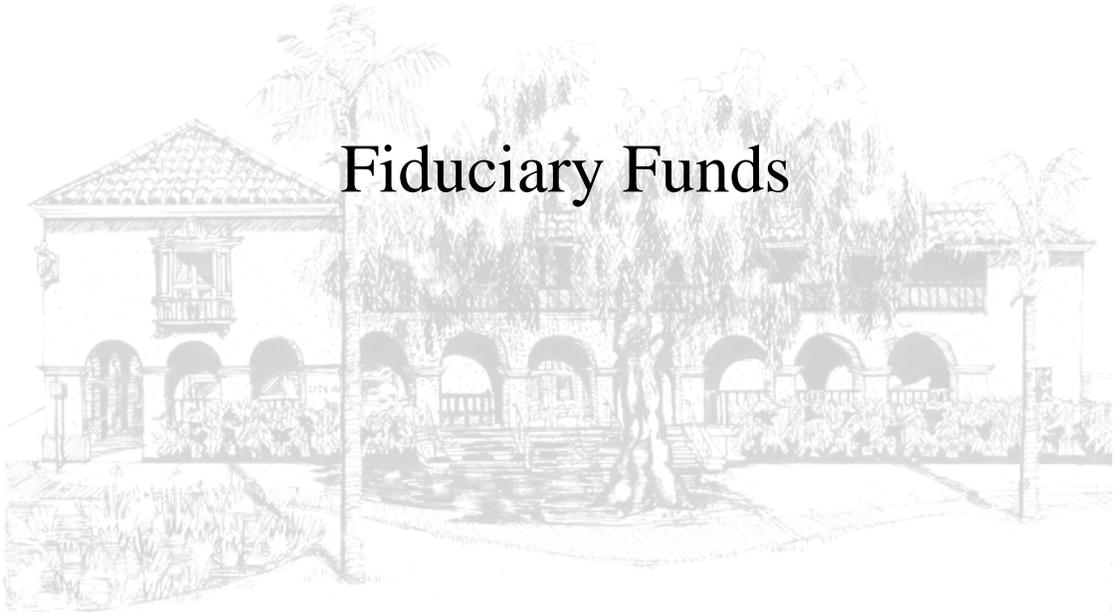
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds				Totals
	Intra-City Service Fund	Self Insurance Fund	Information Systems Fund	Vehicle Capital Fund	
<b>Operating Revenues:</b>					
Service charges	\$ 6,327,646	\$ 7,980,649	\$ 3,120,587	\$ 5,005,730	\$ 22,434,612
Other revenues	93,035	200,576	-	297,988	591,599
<b>Total Operating Revenues</b>	<b>6,420,681</b>	<b>8,181,225</b>	<b>3,120,587</b>	<b>5,303,718</b>	<b>23,026,211</b>
<b>Operating Expenses:</b>					
Salaries, wages and benefits	3,424,012	5,044,077	1,809,935	1,423,283	11,701,307
Materials, supplies and services	3,002,523	7,096,937	990,567	1,244,834	12,334,861
Depreciation expense	98,385	-	42,398	1,166,579	1,307,362
<b>Total Operating Expenses</b>	<b>6,524,920</b>	<b>12,141,014</b>	<b>2,842,900</b>	<b>3,834,696</b>	<b>25,343,530</b>
Operating Income (Loss)	(104,239)	(3,959,789)	277,687	1,469,022	(2,317,319)
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	-	43,481	-	118,999	162,480
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>43,481</b>	<b>-</b>	<b>118,999</b>	<b>162,480</b>
Income (Loss) Before Transfers and Contributions	(104,239)	(3,916,308)	277,687	1,588,021	(2,154,839)
Capital Contributions	1	-	-	-	1
Transfers in	505,000	75,825	-	26,156	606,981
Changes in Net Position	400,762	(3,840,483)	277,687	1,614,177	(1,547,857)
<b>Net Position:</b>					
Beginning of Year, as originally reported	6,084,890	(14,656,942)	3,431,138	17,605,444	12,464,530
Restatements	(5,807,686)	(829,223)	(2,916,722)	(2,235,346)	(11,788,977)
Beginning of Fiscal Year, as restated	277,204	(15,486,165)	514,416	15,370,098	675,553
<b>End of Fiscal Year</b>	<b>\$ 677,966</b>	<b>\$ (19,326,648)</b>	<b>\$ 792,103</b>	<b>\$ 16,984,275</b>	<b>\$ (872,304)</b>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds				Totals
	Intra-City Service Fund	Self Insurance Fund	Information Systems Fund	Vehicle Capital Fund	
<b>Cash Flows from Operating Activities:</b>					
Cash received from/(paid to) interfund service provided	6,511,728	8,024,996	3,120,587	4,994,314	22,651,625
Cash paid to suppliers for goods and services	(3,061,588)	(6,813,970)	(1,048,357)	(1,152,890)	(12,076,805)
Cash paid to employees for services	(3,536,193)	(2,418,813)	(1,844,100)	(1,407,327)	(9,206,433)
Cash received from (payments to) others	93,035	200,576	-	297,988	591,599
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,982</b>	<b>(1,007,211)</b>	<b>228,130</b>	<b>2,732,085</b>	<b>1,959,986</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	505,000	75,825	-	26,156	606,981
Advance from (to) other funds	-	134,291	-	397,182	531,473
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>505,000</b>	<b>210,116</b>	<b>-</b>	<b>423,338</b>	<b>1,138,454</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(1,661,829)	-	(599,149)	(2,774,837)	(5,035,815)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,661,829)</b>	<b>-</b>	<b>(599,149)</b>	<b>(2,774,837)</b>	<b>(5,035,815)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	-	43,481	-	118,999	162,480
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>43,481</b>	<b>-</b>	<b>118,999</b>	<b>162,480</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,149,847)</b>	<b>(753,614)</b>	<b>(371,019)</b>	<b>499,585</b>	<b>(1,774,895)</b>
Cash and Cash Equivalents at Beginning of Year	2,949,831	5,656,369	2,636,338	12,292,115	23,534,653
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,799,984</b>	<b>\$ 4,902,755</b>	<b>\$ 2,265,319</b>	<b>\$ 12,791,700</b>	<b>\$ 21,759,758</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	(104,239)	(3,959,789)	277,687	1,469,022	(2,317,319)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	98,385	-	42,398	1,166,579	1,307,362
(Increase) decrease in accounts receivable	184,082	44,347	-	(11,416)	217,013
(Increase) decrease in inventory	(93,537)	-	-	(8,943)	(102,480)
Increase (decrease) in accrued liabilities	(15,468)	10,376	5,213	49,207	49,328
Increase (decrease) in accounts payable	34,472	(22,718)	(57,790)	100,887	54,851
Increase (decrease) in OPEB Obligation	-	2,627,000	-	-	2,627,000
Increase (decrease) in pensions	(107,541)	(15,355)	(54,010)	(41,392)	(218,298)
Increase (decrease) in claims and judgments	-	305,685	-	-	305,685
Increase (decrease) in compensated absences	10,828	3,243	14,632	8,141	36,844
<b>Total Adjustments</b>	<b>111,221</b>	<b>2,952,578</b>	<b>(49,557)</b>	<b>1,263,063</b>	<b>4,277,305</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 6,982</b>	<b>\$ (1,007,211)</b>	<b>\$ 228,130</b>	<b>\$ 2,732,085</b>	<b>\$ 1,959,986</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Change in Fair Value of Investments	\$ -	\$ (95)	\$ -	\$ (262)	\$ (357)



# Fiduciary Funds

## **FIDUCIARY FUNDS**

### **PENSION TRUST FUNDS**

Service Retirement Fund - To account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 17, 1937 and May 28, 1965, and who were disabled due to job related injuries.

Safety Retirement Fund - To account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 17, 1937 and May 28, 1965.

### **PRIVATE PURPOSE TRUST FUNDS**

Successor Agency of the former RDA Fund - To account for assets held until they are distributed to other units of state and local government and to receive revenue from the County to pay enforceable obligations of the former redevelopment agency.

Library Gifts Fund - To account for gifts and bequests made to the City library. Funds are used for library functions.

Canine Unit Fund - To account for contributions made for the Police's Canine Unit program.

### **AGENCY FUNDS**

Revolving Rehabilitation Loan Fund - To account for moneys received from various public agencies for funding of rehabilitation loans to low and moderate income applicants.

Law Enforcement Telecommunications System Fund - To account for moneys received from various participating public agencies for the purchase of computer equipment for communication with the California Law Enforcement Tracking System (CLETS).

Seismic Safety Assessment Fund - To account for the financial activities of the Seismic Assessment District #1.

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
 ALL PENSION TRUST FUNDS  
 JUNE 30, 2015

	<u>Service Retirement Fund</u>	<u>Safety Retirement Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Restricted assets:			
Cash and investments	\$ 491,971	\$ -	\$ 491,971
<b>Total Assets</b>	<u>491,971</u>	<u>-</u>	<u>491,971</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Santa Barbara	-	692,398	692,398
<b>Total Liabilities</b>	<u>-</u>	<u>692,398</u>	<u>692,398</u>
<b>NET POSITION</b>			
Held in trust:			
Employees' pension benefit	491,971	(692,398)	(200,427)
<b>Total Net Position</b>	<u>\$ 491,971</u>	<u>\$ (692,398)</u>	<u>\$ (200,427)</u>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 ALL PENSION TRUST FUNDS  
 YEAR ENDED JUNE 30, 2015

	<u>Service Retirement Fund</u>	<u>Safety Retirement Fund</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Employer contributions	\$ -	\$ 120,000	\$ 120,000
Investment earnings:			
Net appreciation (depreciation) in fair value	(5,362)	-	(5,362)
Interest	5,525	-	5,525
Dividends	6,931	-	6,931
Total investment earnings	<u>7,094</u>	<u>-</u>	<u>7,094</u>
Less: investment expense	<u>(5,972)</u>	<u>-</u>	<u>(5,972)</u>
Net investment income	<u>1,122</u>	<u>-</u>	<u>1,122</u>
<b>Total Additions</b>	<u>1,122</u>	<u>120,000</u>	<u>121,122</u>
<b>DEDUCTIONS</b>			
Benefits	<u>63,759</u>	<u>49,611</u>	<u>113,370</u>
<b>Total Deductions</b>	<u>63,759</u>	<u>49,611</u>	<u>113,370</u>
Changes in Net Position	(62,637)	70,389	7,752
NET POSITION - Beginning of the Year	<u>554,608</u>	<u>(762,787)</u>	<u>(208,179)</u>
<b>NET POSITION - End of the Year</b>	<u>\$ 491,971</u>	<u>\$ (692,398)</u>	<u>\$ (200,427)</u>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
 ALL PRIVATE-PURPOSE TRUST FUNDS  
 JUNE 30, 2015

	<u>Successor Agency of the Former RDA</u>	<u>Library Gift Trust</u>	<u>Canine Unit Trust</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 453,238	\$ 2,801,013	\$ 68,978	\$ 3,323,229
Loans receivable	3,500,000	-	-	3,500,000
Land held for resale	2,873,528	-	-	2,873,528
Restricted assets:				
Cash and investments with fiscal agents	11,478,859	-	-	11,478,859
Non-current assets:				
Capital assets:				
Land	23,494,588	-	-	23,494,588
Building improvements	2,174,794	-	-	2,174,794
Improvements other than building	5,065,237	-	-	5,065,237
Construction in progress	1,246,334	-	-	1,246,334
Less: accumulated depreciation	(4,048,589)	-	-	(4,048,589)
Total capital assets	<u>27,932,364</u>	<u>-</u>	<u>-</u>	<u>27,932,364</u>
<b>Total Assets</b>	<u>46,237,989</u>	<u>2,801,013</u>	<u>68,978</u>	<u>49,107,980</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on debt refunding	<u>75,061</u>	<u>-</u>	<u>-</u>	<u>75,061</u>
<b>Total Deferred Outflows of Resources</b>	<u>75,061</u>	<u>-</u>	<u>-</u>	<u>75,061</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	83,383	-	709	84,092
Salaries and benefits payable	6,476	-	13	6,489
Accrued interest payable	427,379	-	-	427,379
Current portion of long-term debt	6,790,000	-	-	6,790,000
Non-current liabilities:				
Long-term debt, net of current portion	<u>22,442,302</u>	<u>-</u>	<u>-</u>	<u>22,442,302</u>
<b>Total Liabilities</b>	<u>29,749,540</u>	<u>-</u>	<u>722</u>	<u>29,750,262</u>
<b>NET POSITION</b>				
Held in trust:				
Police	-	-	68,256	68,256
Library	-	2,801,013	-	2,801,013
Successor Agency of the Former RDA	<u>16,563,510</u>	<u>-</u>	<u>-</u>	<u>16,563,510</u>
<b>Total Net Position</b>	<u>\$ 16,563,510</u>	<u>\$ 2,801,013</u>	<u>\$ 68,256</u>	<u>\$ 19,432,779</u>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 ALL PRIVATE PURPOSE TRUST FUNDS  
 YEAR ENDED JUNE 30, 2015

	<u>Successor Agency of the Former RDA</u>	<u>Library Gift Trust</u>	<u>Canine Unit Trust</u>	<u>Totals</u>
<b>ADDITIONS</b>				
Contributions	\$ -	\$ 2,052,995	\$ -	\$ 2,052,995
Taxes	8,247,221	-	-	8,247,221
Investment earnings:				
Interest	-	9,320	207	9,527
Dividends	2,728	-	-	2,728
Total investment earnings	<u>2,728</u>	<u>9,320</u>	<u>207</u>	<u>12,255</u>
Other	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
<b>Total Additions</b>	<u>8,249,949</u>	<u>2,062,315</u>	<u>707</u>	<u>10,312,971</u>
<b>DEDUCTIONS</b>				
Administrative expenses	130,092	-	-	130,092
Contractual services	73,401	-	-	73,401
Interest expense	1,552,639	-	-	1,552,639
Depreciation expense	224,703	-	-	224,703
Community services	<u>-</u>	<u>1,741,251</u>	<u>22,700</u>	<u>1,763,951</u>
<b>Total Deductions</b>	<u>1,980,835</u>	<u>1,741,251</u>	<u>22,700</u>	<u>3,744,786</u>
<b>Changes in Net Position</b>	<u>6,269,114</u>	<u>321,064</u>	<u>(21,993)</u>	<u>6,568,185</u>
NET POSITION - Beginning of the Year	<u>10,294,396</u>	<u>2,479,949</u>	<u>90,249</u>	<u>12,864,594</u>
<b>NET POSITION - End of the Year</b>	<u>\$ 16,563,510</u>	<u>\$ 2,801,013</u>	<u>\$ 68,256</u>	<u>\$ 19,432,779</u>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015

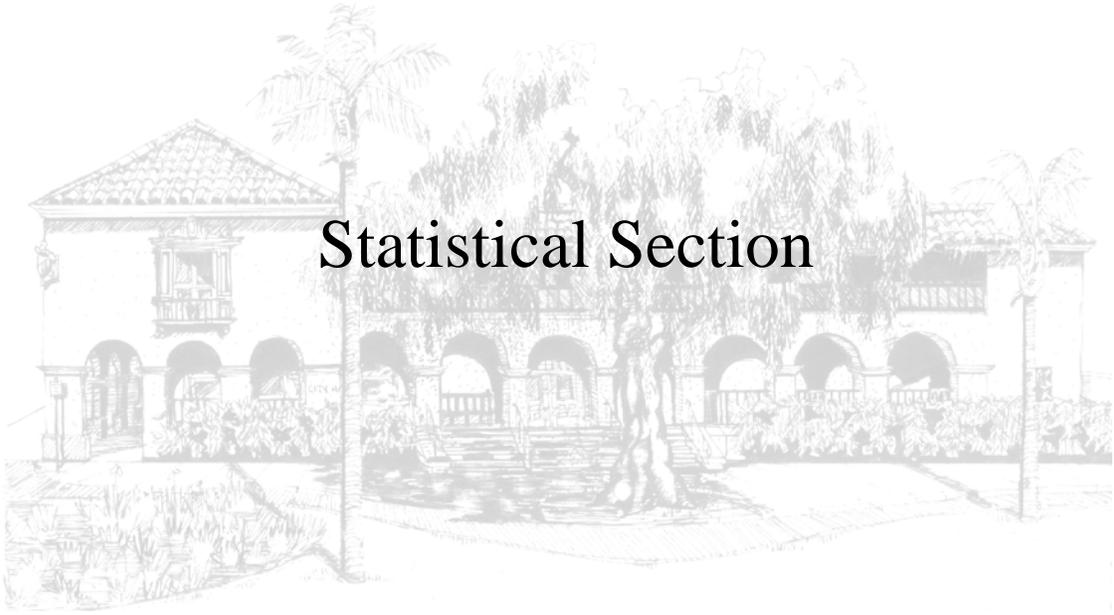
	<u>Revolving Rehab Loan</u>	<u>California Law Enforcement Telecommunications</u>	<u>Seismic Safety Assessment Fund</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 1,075,507	\$ 80,055	\$ 204,017	\$ 1,359,579
Accounts receivable, net	-	45,637	-	45,637
Loans receivable	<u>2,007,942</u>	<u>-</u>	<u>-</u>	<u>2,007,942</u>
<b>Total Assets</b>	<u>\$ 3,083,449</u>	<u>\$ 125,692</u>	<u>\$ 204,017</u>	<u>\$ 3,413,158</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,569	\$ 55,108	\$ -	\$ 56,677
Trust Liability	<u>3,081,880</u>	<u>70,584</u>	<u>204,017</u>	<u>3,356,481</u>
<b>Total Liabilities</b>	<u>\$ 3,083,449</u>	<u>\$ 125,692</u>	<u>\$ 204,017</u>	<u>\$ 3,413,158</u>

CITY OF SANTA BARBARA

COMBINING STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2015

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2015</u>
<b>Revolving Rehab Loan</b>				
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 1,488,824	\$ -	\$ 413,317	\$ 1,075,507
Loans receivable	2,053,844	-	45,902	2,007,942
<b>Total Assets</b>	<u>\$ 3,542,668</u>	<u>\$ -</u>	<u>\$ 459,219</u>	<u>\$ 3,083,449</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,569	\$ -	\$ -	\$ 1,569
Trust liability	3,541,099	-	459,219	3,081,880
<b>Total Liabilities</b>	<u>\$ 3,542,668</u>	<u>\$ -</u>	<u>\$ 459,219</u>	<u>\$ 3,083,449</u>
<b>California Law Enforcement Telecommunications</b>				
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	-	80,055	-	80,055
Accounts receivable, net	145,689	-	100,052	45,637
<b>Total Assets</b>	<u>\$ 145,689</u>	<u>\$ 80,055</u>	<u>\$ 100,052</u>	<u>\$ 125,692</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 187	\$ 54,921	\$ -	\$ 55,108
Due to the City of Santa Barbara	89,703	-	89,703	-
Trust liability	55,799	14,785	-	70,584
<b>Total Liabilities</b>	<u>\$ 145,689</u>	<u>\$ 69,706</u>	<u>\$ 89,703</u>	<u>\$ 125,692</u>
<b>Seismic Safety Assessment Fund</b>				
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 204,017	\$ -	\$ -	\$ 204,017
<b>Total Assets</b>	<u>\$ 204,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,017</u>
<b>LIABILITIES</b>				
Current liabilities:				
Trust liability	\$ 204,017	\$ -	\$ -	\$ 204,017
<b>Total Liabilities</b>	<u>\$ 204,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,017</u>
<b>Totals - All Agency Funds</b>				
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 1,692,841	\$ 80,055	\$ 413,317	\$ 1,359,579
Accounts receivable, net	145,689	-	100,052	45,637
Loans receivable	2,053,844	-	45,902	2,007,942
<b>Total Assets</b>	<u>\$ 3,892,374</u>	<u>\$ 80,055</u>	<u>\$ 559,271</u>	<u>\$ 3,413,158</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,756	\$ 54,921	\$ -	\$ 56,677
Due to the City of Santa Barbara	89,703	-	89,703	-
Trust liability	3,800,915	14,785	459,219	3,356,481
<b>Total Liabilities</b>	<u>\$ 3,892,374</u>	<u>\$ 69,706</u>	<u>\$ 548,922</u>	<u>\$ 3,413,158</u>





## Statistical Section

## STATISTICAL SECTION

This part of the City of Santa Barbara's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	162
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	170
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	174
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	179
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	182

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

**City of Santa Barbara  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 301,827	\$ 305,449	\$ 319,070	\$ 331,171	\$ 340,824	\$ 325,209	\$ 304,586	\$ 312,891	\$ 362,540	\$ 381,554
Restricted	77,906	85,569	89,964	99,248	94,789	110,947	63,244	66,510	65,614	81,979
Unrestricted	33,815	36,228	36,948	32,329	33,148	22,625	41,161	42,378	45,146	(190,965)
Total governmental activities net position	<u>\$ 413,548</u>	<u>\$ 427,246</u>	<u>\$ 445,982</u>	<u>\$ 462,748</u>	<u>\$ 468,761</u>	<u>\$ 458,781</u>	<u>\$ 408,991</u>	<u>\$ 421,779</u>	<u>\$ 473,300</u>	<u>\$ 272,568</u>
Business-type activities										
Net investment in capital assets	\$ 245,095	\$ 255,451	\$ 275,594	\$ 285,547	\$ 290,085	\$ 309,659	\$ 296,692	\$ 300,997	\$ 340,246	\$ 347,257
Restricted	4,266	12,303	9,784	8,377	7,618	17,223	18,565	1,358	3,659	3,794
Unrestricted	78,148	84,159	87,716	83,993	83,606	86,528	78,969	98,908	95,656	43,114
Total business-type activities net position	<u>\$ 327,509</u>	<u>\$ 351,913</u>	<u>\$ 373,094</u>	<u>\$ 377,917</u>	<u>\$ 381,309</u>	<u>\$ 413,410</u>	<u>\$ 394,226</u>	<u>\$ 401,263</u>	<u>\$ 439,561</u>	<u>\$ 394,165</u>
Primary government										
Net investment in capital assets	\$ 546,922	\$ 560,900	\$ 594,664	\$ 616,718	\$ 630,909	\$ 634,868	\$ 601,278	\$ 613,888	\$ 702,786	\$ 728,811
Restricted	82,172	97,872	99,748	107,625	102,407	128,170	81,809	67,868	69,273	85,773
Unrestricted	111,963	120,387	124,664	116,322	116,754	109,153	120,130	141,286	140,802	(147,851)
Total primary government net position	<u>\$ 741,057</u>	<u>\$ 779,159</u>	<u>\$ 819,076</u>	<u>\$ 840,665</u>	<u>\$ 850,070</u>	<u>\$ 872,191</u>	<u>\$ 803,217</u>	<u>\$ 823,042</u>	<u>\$ 912,861</u>	<u>\$ 666,733</u>

**City of Santa Barbara**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
Administration	\$ 11,385	\$ 12,329	\$ 12,197	\$ 12,217	\$ 11,255	\$ 10,519	\$ 11,081	\$ 11,851	\$ 14,650	\$ 17,100
Public safety	48,836	51,186	54,395	55,394	55,564	54,707	57,457	61,719	66,525	65,260
Public works	39,887	45,284	44,528	46,914	43,082	44,407	25,878	25,252	24,552	29,672
Community services	20,959	22,032	22,983	23,610	21,657	21,251	19,969	24,104	24,083	25,377
Community development	20,804	17,939	19,948	19,676	29,336	21,314	17,017	11,864	13,567	12,077
Interest on long-term debt	4,069	3,810	3,408	3,186	3,040	2,876	572	82	74	56
<b>Total governmental activities expenses</b>	<b>145,940</b>	<b>152,580</b>	<b>157,459</b>	<b>160,997</b>	<b>163,934</b>	<b>155,074</b>	<b>131,974</b>	<b>134,872</b>	<b>143,451</b>	<b>149,542</b>
Business-type activities:										
Water	25,937	27,311	27,415	29,642	29,575	29,427	29,985	32,214	35,316	40,409
Wastewater	12,618	13,253	14,560	15,938	15,312	15,709	15,887	17,217	16,930	17,242
Airport	13,499	14,862	16,307	19,013	20,349	22,288	20,167	21,376	20,557	21,616
Waterfront	10,778	11,004	11,054	11,561	11,075	11,217	11,575	12,026	12,707	12,179
Solid Waste	-	-	-	-	-	-	18,773	19,124	19,732	20,353
Parking	5,839	6,018	6,262	6,949	6,219	6,666	6,849	7,359	7,693	8,325
Golf course	1,924	2,033	2,086	2,118	2,028	1,972	1,923	1,949	1,820	2,018
<b>Total business-type activities expenses</b>	<b>70,595</b>	<b>74,481</b>	<b>77,684</b>	<b>85,221</b>	<b>84,558</b>	<b>87,279</b>	<b>105,159</b>	<b>111,265</b>	<b>114,755</b>	<b>122,142</b>
<b>Total primary government expenses</b>	<b>\$ 216,535</b>	<b>\$ 227,061</b>	<b>\$ 235,143</b>	<b>\$ 246,218</b>	<b>\$ 248,492</b>	<b>\$ 242,353</b>	<b>\$ 237,133</b>	<b>\$ 246,137</b>	<b>\$ 258,206</b>	<b>\$ 271,684</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administration	\$ 1,825	\$ 1,982	\$ 1,845	\$ 1,836	\$ 1,120	\$ 1,042	\$ 1,074	\$ 1,259	\$ 2,008	\$ 4,851
Public safety	9,186	9,195	9,401	9,448	9,807	9,610	9,365	10,538	13,627	10,794
Public works	21,781	22,255	23,902	25,683	26,444	25,949	8,471	8,789	9,434	8,945
Community services	4,784	4,945	5,211	5,369	5,078	4,854	5,022	5,532	7,934	10,869
Community development	5,670	5,548	5,608	5,403	5,251	5,427	4,670	5,095	5,348	5,347
Operating grants and contributions	12,447	15,979	15,099	13,576	17,150	13,782	14,829	13,251	14,490	6,303
Capital grants and contributions	2,313	4,178	8,733	11,102	5,469	11,318	5,703	8,474	10,517	24,137
<b>Total governmental activities program revenues</b>	<b>58,006</b>	<b>64,082</b>	<b>69,799</b>	<b>72,417</b>	<b>70,319</b>	<b>71,982</b>	<b>49,134</b>	<b>52,938</b>	<b>63,358</b>	<b>71,246</b>
Business-type activities:										
Charges for services:										
Water	27,410	30,477	32,610	32,263	32,359	31,158	36,265	38,171	36,368	34,573
Wastewater	12,096	12,559	13,449	13,896	14,140	14,770	15,563	17,658	17,991	17,742
Airport	13,939	14,861	15,451	15,298	14,621	15,863	16,745	17,740	17,910	17,902
Waterfront	10,253	10,894	11,177	10,754	11,275	11,313	12,370	12,782	13,776	14,982
Solid Waste	-	-	-	-	-	-	18,741	19,354	20,689	20,827
Parking	5,859	6,592	6,669	6,615	6,661	6,579	7,231	7,691	7,955	8,432
Golf course	2,060	2,231	2,245	2,221	1,715	1,892	1,820	1,833	2,031	1,950
Operating grants and contributions	57	115	145	135	328	-	-	-	-	-
Capital grants and contributions	12,382	17,155	11,861	5,049	4,217	6,174	2,778	4,256	3,663	3,289
<b>Total business-type activities program revenues</b>	<b>84,056</b>	<b>94,884</b>	<b>93,607</b>	<b>86,231</b>	<b>85,316</b>	<b>87,749</b>	<b>111,513</b>	<b>119,485</b>	<b>120,383</b>	<b>119,697</b>
<b>Total primary government program revenues</b>	<b>\$ 142,062</b>	<b>\$ 158,966</b>	<b>\$ 163,406</b>	<b>\$ 158,648</b>	<b>\$ 155,635</b>	<b>\$ 159,731</b>	<b>\$ 160,647</b>	<b>\$ 172,423</b>	<b>\$ 183,741</b>	<b>\$ 190,943</b>

(Continued)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (87,934)	\$ (88,498)	\$ (87,660)	\$ (88,580)	\$ (93,615)	\$ (83,092)	\$ (82,840)	\$ (81,934)	\$ (80,093)	\$ (78,296)
Business-type activities	<u>13,461</u>	<u>20,403</u>	<u>15,923</u>	<u>1,010</u>	<u>758</u>	<u>470</u>	<u>6,354</u>	<u>8,220</u>	<u>5,628</u>	<u>(2,445)</u>
Total primary government net expense	<u>\$ (74,473)</u>	<u>\$ (68,095)</u>	<u>\$ (71,737)</u>	<u>\$ (87,570)</u>	<u>\$ (92,857)</u>	<u>\$ (82,622)</u>	<u>\$ (76,486)</u>	<u>\$ (73,714)</u>	<u>\$ (74,465)</u>	<u>\$ (80,741)</u>
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property	\$ 34,078	\$ 37,871	\$ 40,520	\$ 43,275	\$ 43,164	\$ 42,739	\$ 35,453	\$ 27,575	\$ 26,555	\$ 27,691
Sales & use	19,968	19,927	20,838	17,876	16,990	17,892	19,444	20,134	21,323	21,958
Transient occupancy	14,439	15,409	15,523	14,469	13,758	14,951	16,394	17,611	20,186	22,527
Utility users	12,422	13,133	12,525	12,654	11,711	13,887	13,974	14,054	14,016	13,810
Business license	2,169	2,214	2,252	2,302	2,245	2,207	2,202	2,345	2,555	2,574
Real property transfer	685	646	452	278	389	372	439	642	669	692
Franchise fees	3,260	3,583	3,181	3,284	3,351	3,480	3,579	3,579	3,822	3,751
Unrestricted motor vehicle license-in-lieu	659	853	418	320	276	478	6	77	40	39
Investment income	3,955	4,762	6,643	4,846	2,275	1,912	2,366	2,521	2,165	2,030
Other revenue	4,384	3,111	3,862	5,952	5,199	4,755	3,932	6,193	660	669
Extraordinary gain (2)	-	-	-	-	-	-	-	-	38,084	-
Extraordinary loss (1)	-	-	-	-	-	-	(91,210)	-	-	-
Gain/loss on sale of capital assets	-	-	-	-	-	-	-	(695)	-	-
Transfers	<u>12</u>	<u>687</u>	<u>182</u>	<u>91</u>	<u>269</u>	<u>(29,560)</u>	<u>27,861</u>	<u>748</u>	<u>918</u>	<u>342</u>
Total governmental activities	<u>96,031</u>	<u>102,196</u>	<u>106,396</u>	<u>105,347</u>	<u>99,627</u>	<u>73,113</u>	<u>34,440</u>	<u>94,784</u>	<u>130,993</u>	<u>96,083</u>
Business-type activities:										
Investment earnings	2,836	4,687	5,440	3,904	2,904	2,070	1,813	582	1,562	1,218
Other revenue	-	-	-	-	-	-	-	-	221	555
Extraordinary gain (2)	-	-	-	-	-	-	-	-	28,956	-
Transfers	<u>(12)</u>	<u>(687)</u>	<u>(182)</u>	<u>(91)</u>	<u>(269)</u>	<u>29,560</u>	<u>(27,861)</u>	<u>(748)</u>	<u>(918)</u>	<u>(342)</u>
Total business-type activities	<u>2,824</u>	<u>4,000</u>	<u>5,258</u>	<u>3,813</u>	<u>2,635</u>	<u>31,630</u>	<u>(26,048)</u>	<u>(166)</u>	<u>29,821</u>	<u>1,431</u>
Total primary government	<u>\$ 98,855</u>	<u>\$ 106,196</u>	<u>\$ 111,654</u>	<u>\$ 109,160</u>	<u>\$ 102,262</u>	<u>\$ 104,743</u>	<u>\$ 8,392</u>	<u>\$ 94,618</u>	<u>\$ 160,814</u>	<u>\$ 97,514</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 8,097	\$ 13,698	\$ 18,736	\$ 16,767	\$ 6,012	\$ (9,979)	\$ (48,400)	\$ 12,850	\$ 50,900	\$ 17,786
Business-type activities	<u>16,285</u>	<u>24,403</u>	<u>21,181</u>	<u>4,823</u>	<u>3,393</u>	<u>32,100</u>	<u>(19,694)</u>	<u>8,054</u>	<u>35,449</u>	<u>(1,014)</u>
Total primary government	<u>\$ 24,382</u>	<u>\$ 38,101</u>	<u>\$ 39,917</u>	<u>\$ 21,590</u>	<u>\$ 9,405</u>	<u>\$ 22,121</u>	<u>\$ (68,094)</u>	<u>\$ 20,904</u>	<u>\$ 86,349</u>	<u>\$ 16,772</u>

Note: Description of extraordinary gain / loss

(1) Extraordinary loss of dissolution of RDA

(2) Extraordinary gain from Successor Agency property transfer

**City of Santa Barbara**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Transient Occupancy Tax</b>	<b>Utility Users Tax</b>	<b>Transportation Tax</b>	<b>Business License Tax</b>	<b>Real Property Transfer Tax</b>	<b>Total</b>
2006	\$ 34,078	\$ 19,968	\$ 14,439	\$ 12,422	\$ 4,632	\$ 2,169	\$ 685	\$ 88,393
2007	37,871	19,927	15,409	13,133	4,877	2,214	646	94,077
2008	40,520	20,838	15,523	12,525	4,778	2,252	452	96,888
2009	43,275	17,876	14,469	12,654	4,224	2,301	278	95,077
2010	43,164	16,990	13,758	11,711	4,441	2,245	389	92,698
2011	42,738	17,891	14,951	13,887	2,885	2,207	372	94,933
2012	35,453	19,444	16,394	13,974	3,185	2,202	439	91,091
2013	27,575	20,134	17,611	14,054	3,322	2,345	642	85,683
2014	26,555	21,323	20,186	14,016	3,488	2,555	669	88,792
2015	27,691	21,958	22,527	13,810	3,637	2,574	692	92,889

\* Note: In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012.

**City of Santa Barbara**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 *	2012	2013	2014	2015
General Fund										
Reserved	\$ 4,866	\$ 5,175	\$ 7,060	\$ 6,249	\$ 8,959	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	24,949	23,033	17,965	17,973	15,686	-	-	-	-	-
Nonspendable	-	-	-	-	-	8,313	8,664	7,813	6,910	4,033
Restricted	-	-	-	-	-	463	405	421	2,213	2,464
Committed	-	-	-	-	-	-	18,304	20,762	21,644	26,575
Assigned	-	-	-	-	-	-	103	226	153	177
Unassigned	-	-	-	-	-	17,770	-	-	-	-
Total general fund	<u>\$ 29,815</u>	<u>\$ 28,208</u>	<u>\$ 25,025</u>	<u>\$ 24,222</u>	<u>\$ 24,645</u>	<u>\$ 26,546</u>	<u>\$ 27,476</u>	<u>\$ 29,222</u>	<u>\$ 30,920</u>	<u>\$ 33,249</u>
All other governmental funds										
Reserved	\$ 117,371	\$ 114,672	\$ 118,960	\$ 122,736	\$ 113,565	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(977)	1,346	2,582	3,015	1,419	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	49,642	434	-	-
Restricted	-	-	-	-	-	110,484	13,198	66,088	63,401	62,301
Committed	-	-	-	-	-	2,666	6,998	2,807	11,050	12,170
Assigned	-	-	-	-	-	2,208	4,165	10,603	8,636	8,156
Unassigned	-	-	-	-	-	(340)	(23)	(283)	(722)	(152)
Total all other governmental funds	<u>\$ 116,394</u>	<u>\$ 116,018</u>	<u>\$ 121,542</u>	<u>\$ 125,751</u>	<u>\$ 114,984</u>	<u>\$ 115,018</u>	<u>\$ 73,980</u>	<u>\$ 79,649</u>	<u>\$ 82,365</u>	<u>\$ 82,475</u>

\* Note: In FY 2011, the City implemented Standard GASB 54, that required new fund balance classifications.

**City of Santa Barbara**  
**Change in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 88,493	\$ 94,361	\$ 96,917	\$ 95,134	\$ 92,697	\$ 94,933	\$ 91,091	\$ 85,683	\$ 88,791	\$ 92,889
Franchise fees	3,260	3,583	3,181	3,284	3,351	3,480	3,579	3,579	3,822	3,751
Intergovernmental	9,061	14,599	18,296	19,328	16,724	20,603	15,722	16,801	19,569	23,899
Fines and forfeitures	4,547	4,016	4,335	4,167	4,392	4,331	4,166	4,416	4,529	4,177
Use of money and property	4,361	5,173	6,632	4,944	2,502	2,258	2,472	2,924	2,047	1,939
Charges for services	32,365	33,399	35,478	37,649	38,689	38,722	20,625	20,192	20,923	21,567
Program income	420	512	283	321	661	835	321	493	311	511
Other revenues	10,046	8,610	9,234	11,156	10,858	9,982	8,346	12,192	9,642	11,537
<b>Total revenues</b>	<b>152,553</b>	<b>164,253</b>	<b>174,356</b>	<b>175,983</b>	<b>169,874</b>	<b>175,144</b>	<b>146,322</b>	<b>146,280</b>	<b>149,634</b>	<b>160,270</b>
<b>Expenditures</b>										
General government/administration	11,025	12,008	12,007	11,931	10,941	10,008	10,699	10,788	11,444	13,794
Public safety	47,772	50,349	54,109	54,990	54,313	55,020	56,355	59,166	61,216	62,559
Public works	31,278	37,677	38,615	40,058	31,743	30,301	12,817	13,072	12,829	21,087
Community services	18,870	20,044	21,420	21,549	19,317	18,763	19,140	20,365	21,140	22,009
Community development	17,599	16,144	18,014	17,140	24,546	18,110	14,567	11,085	12,332	11,775
Community promotions	2,253	2,373	1,884	1,824	1,824	1,868	1,991	2,005	2,051	2,620
Capital outlay	28,434	19,217	17,169	19,855	29,279	30,875	22,580	22,229	22,943	23,370
Debt service										
Principal	5,411	5,571	5,076	5,341	6,282	5,724	754	274	287	300
Interest	3,904	3,687	3,459	3,126	2,981	2,776	1,396	75	64	51
<b>Total expenditures</b>	<b>166,546</b>	<b>167,070</b>	<b>171,753</b>	<b>175,814</b>	<b>181,226</b>	<b>173,445</b>	<b>140,299</b>	<b>139,059</b>	<b>144,306</b>	<b>157,565</b>
Excess of revenues over (under) expenditures	(13,993)	(2,817)	2,603	169	(11,352)	1,699	6,023	7,221	5,328	2,705

(Continued)

	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 11,563	\$ 19,202	\$ 16,291	\$ 25,002	\$ 15,126	\$ 75,713	\$ 68,994	\$ 12,433	\$ 11,605	\$ 20,009
Transfers out	(11,400)	(18,368)	(16,553)	(21,765)	(14,118)	(75,477)	(68,782)	(12,239)	(12,520)	(20,275)
Total other financing sources (uses)	<u>163</u>	<u>834</u>	<u>(262)</u>	<u>3,237</u>	<u>1,008</u>	<u>236</u>	<u>212</u>	<u>194</u>	<u>(915)</u>	<u>(266)</u>
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-	-	(44,954)	-	-	-
Net change in fund balances	<u>\$ (13,830)</u>	<u>\$ (1,983)</u>	<u>\$ 2,341</u>	<u>\$ 3,406</u>	<u>\$ (10,344)</u>	<u>\$ 1,935</u>	<u>\$ (38,719)</u>	<u>\$ 7,415</u>	<u>\$ 4,413</u>	<u>\$ 2,439</u>
Debt service as a percentage of noncapital expenditures	6.35 %	6.06 %	5.45 %	5.31 %	5.71 %	5.50 %	1.71 %	0.28 %	0.27 %	0.26 %

**City of Santa Barbara**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Sales &amp; Use Tax</b>	<b>Utility Users Tax</b>	<b>Property Tax</b>	<b>Real Property Transfer Tax</b>	<b>Transient Occupancy Tax</b>	<b>Business License tax</b>	<b>Trans- portation Tax</b>	<b>Total</b>
2006	\$ 20,068	\$ 12,422	\$ 34,078	\$ 685	\$ 14,439	\$ 2,169	\$ 4,632	\$ 88,493
2007	20,211	13,132	37,871	646	15,409	2,215	4,877	94,361
2008	20,838	12,525	40,520	452	15,523	2,252	4,778	96,888
2009	17,876	12,654	43,275	278	14,469	2,301	4,224	95,077
2010	16,990	11,711	43,164	389	13,758	2,245	4,441	92,698
2011	17,891	13,887	42,738	372	14,951	2,207	2,885	94,933
2012	19,444	13,974	35,453	439	16,394	2,202	3,185	91,091
2013	20,134	14,054	27,575	642	17,611	2,345	3,322	85,683
2014	21,323	14,016	26,555	669	20,186	2,555	3,488	88,792
2015	21,958	13,810	27,691	692	22,527	2,574	3,637	92,889

\* In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012.

**City of Santa Barbara**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	City			Taxable Assessed Value	Redevelopment Agency (1)			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		
2006	\$11,921,748	\$ 738,200	\$ (802,033)	\$11,857,915	\$ 1,415,448	\$ 256,338	\$ (93,142)	\$ 1,578,644	1.00 %
2007	13,005,939	757,276	(794,226)	12,968,989	1,532,199	288,274	(99,693)	1,720,780	1.00 %
2008	13,996,764	775,075	(947,703)	13,824,136	1,651,716	301,018	(116,640)	1,836,094	1.00 %
2009	14,896,566	908,857	(1,089,312)	14,716,111	1,851,532	336,783	(150,558)	2,037,757	1.00 %
2010	15,140,213	919,545	(1,221,317)	14,838,441	1,938,383	342,544	(166,008)	2,114,919	1.00 %
2011	15,225,027	908,676	(1,325,902)	14,807,801	1,918,388	353,339	(166,018)	2,105,709	1.00 %
2012	15,527,645	878,177	(1,514,963)	14,890,859	1,950,504	340,862	(181,263)	2,110,103	1.00 %
2013	15,885,111	881,840	(1,619,242)	15,147,709	1,981,494	342,346	(198,644)	2,125,196	1.00 %
2014	16,656,998	897,217	(1,734,827)	15,819,388	2,038,537	364,304	(199,484)	2,203,357	1.00 %
2015	17,405,530	924,854	(1,777,358)	16,553,026	2,081,120	370,269	(201,472)	2,249,917	1.00 %

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(1) In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012. Assessed taxable value of property is now reported under the Redevelopment Agency Property Tax Trust.

Sources: Santa Barbara County Auditor-Controller

**City of Santa Barbara  
Direct and Overlapping Property Tax Rates  
(\$1 per \$100 of assessed value)  
Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Rates:</b>										
City Direct Rate (1)	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
<b>Overlapping Rates: (2)</b>										
SB Elementary Bonds 1995 Int/Redem	0.01397 %	0.00271 %	0.00217 %	0.00217 %	0.00230 %	0.00230 %	0.00230 %	0.00150 %	0.00188 %	0.00182 %
SB Unified School District High School Bonds 2000	0.01189 %	0.01248 %	0.01248 %	0.01248 %	0.01248 %	0.01248 %	0.01273 %	0.01298 %	0.01298 %	0.01298 %
SB Elementary Bonds 1998 Int/Redem	- %	0.01112 %	0.01168 %	0.01168 %	0.01168 %	0.01168 %	0.01168 %	0.00888 %	0.01154 %	0.01096 %
SB City College - Bond 2008	- %	- %	- %	0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %
SB Unified School District High School Bonds 2010 Meas Q	- %	- %	- %	- %	- %	- %	0.00093 %	0.00093 %	0.00697 %	0.00697 %
SB Unified School District Elem School Bonds 2010 Meas R	- %	- %	- %	- %	- %	- %	0.00005 %	0.00010 %	0.00653 %	0.00717 %
SB Elementary Refunding Bonds 1995/1998	- %	- %	- %	- %	- %	- %	- %	0.00680 %	- %	- %
	0.02586 %	0.02631 %	0.02633 %	0.03483 %	0.03496 %	0.03496 %	0.03619 %	0.03969 %	0.04840 %	0.04840 %
<b>Total Direct and Overlapping Rates:</b>	1.02586 %	1.02631 %	1.02633 %	1.03483 %	1.03496 %	1.03496 %	1.03619 %	1.03969 %	1.04840 %	1.04840 %

Note:

- (1) In 1978 the voter of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed.  
(2) In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Santa Barbara School District and Santa Barbara City College bonds.

Sources: Santa Barbara County Auditor-Controller

**City of Santa Barbara  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
(amounts expressed in thousands)**

<u>Taxpayer</u>	<b>Fiscal Year 2015</b>	
	<b>Taxable Net Assessed Value</b>	<b>Percentage of Total Taxable Net Assessed Value</b>
Parker Fess Doubletree Hotel	\$ 87,327	0.53 %
El Encanto, Inc	79,700	0.48 %
Hitchcock Holdings, LLC	53,839	0.33 %
GRI - Regency, LLC	49,928	0.30 %
Levon Investments, LLC	48,553	0.29 %
Clark Huguette M/Estate of	47,031	0.28 %
I & G Direct Real Estate 3, LP	45,131	0.27 %
KHP II Canary LLC	43,873	0.27 %
MCC BB Property, LLC	43,837	0.26 %
Nettleship, Patricia S Trust	39,931	0.24 %
	<u>\$ 539,150</u>	<u>3.25 %</u>

<u>Taxpayer</u>	<b>Fiscal Year 2006</b>	
	<b>Taxable Net Assessed Value</b>	<b>Percentage of Total Taxable Net Assessed Value</b>
Redevelopment Agency / Santa Barbara	\$ 85,174	0.72 %
Parker Fess Doubletree Hotel	74,983	0.63 %
Nettleship, Patricia S Trust	43,707	0.37 %
MCC BB Property, LLC	38,937	0.33 %
FW CA-Five Points Shopping Center, LLC	33,131	0.28 %
HDG Associates	27,092	0.23 %
Riviera Dairy Products	25,983	0.22 %
El Encanto, Inc	25,075	0.21 %
Chapala Street Investors	23,977	0.20 %
Hotel Carrillo, LP	20,825	0.18 %
	<u>\$ 398,884</u>	<u>3.37 %</u>

In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012.  
Sources: Santa Barbara County Auditor-Controller

**City of Santa Barbara**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2006</b>	\$ 34,078	\$ 34,078	100 %	-	\$ 34,078	100 %
<b>2007</b>	37,871	37,871	100 %	-	37,871	100 %
<b>2008</b>	40,520	40,520	100 %	-	40,520	100 %
<b>2009</b>	43,275	43,275	100 %	-	43,275	100 %
<b>2010</b>	43,164	43,164	100 %	-	43,164	100 %
<b>2011</b>	42,738	42,738	100 %	-	42,738	100 %
<b>2012</b>	35,453	35,453	100 %	-	35,453	100 %
<b>2013</b>	27,575	27,575	100 %	-	27,575	100 %
<b>2014</b>	26,555	26,555	100 %	-	26,555	100 %
<b>2015</b>	27,691	27,691	100 %	-	27,691	100 %

\*Note: In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012.

**City of Santa Barbara**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Participation	Tax Allocation Bonds (2)	Loans	Revenue Bonds	Certificates of Participation	Loans			
2006	\$ 3,290	\$ 79,460	\$ 750	\$ 24,570	\$ 32,710	\$ 37,229	\$ 178,009	1.10 %	1,988
2007	3,069	74,110	750	23,545	31,656	40,303	173,433	1.02 %	1,939
2008	2,838	69,265	750	22,470	30,557	38,269	164,149	0.88 %	1,818
2009	2,597	64,165	750	68,625	29,423	36,159	201,719	1.02 %	2,234
2010	2,350	58,880	-	67,470	28,240	40,491	197,431	1.04 %	2,172
2011	2,095	53,410	-	66,270	27,100	33,907	182,782	0.95 %	2,048
2012	1,832	-	-	65,020	25,908	41,885	134,645	0.70 %	1,511
2013	1,555	-	-	60,384	39,569	45,071	146,579	0.71 %	1,634
2014	1,268	-	-	70,991	24,422	50,970	147,651	0.68 %	1,634
2015	968	-	-	68,660	22,711	56,231	148,570	0.68 %	1,631

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

(2) In Fiscal Year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective January 31, 2012. The bonds were assumed by the Successor Agency.

**City of Santa Barbara**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

<b>Fiscal Year</b>	<b>Certificates of Participation</b>	<b>Tax Allocation Bonds (3)</b>	<b>Loans</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2006	\$ 3,290	\$ 79,460	\$ 750	\$ 1,258	\$ 82,242	0.69 %	918
2007	3,069	74,110	750	1,260	76,669	0.59 %	857
2008	2,838	69,265	750	561	72,292	0.52 %	801
2009	2,597	64,165	750	561	66,951	0.45 %	741
2010	2,350	58,880	-	562	60,668	0.41 %	667
2011	2,095	53,410	-	561	54,944	0.37 %	616
2012	1,832	-	-	561	1,271	0.01 %	14
2013	1,555	-	-	561	994	0.01 %	11
2014	1,268	-	-	561	707	0.00 %	8
2015	968	-	-	580	388	0.00 %	4

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

(3) In Fiscal Year 2012, the Tax Allocation Bonds are no longer reported on this schedule, due to the dissolution of the Redevelopment Agency, effective January 31, 2012. The bonds were assumed by the Successor Agency.

**City of Santa Barbara**  
**Direct and Overlapping Governmental Activities Debt**  
**as of June 30, 2015**  
**(amounts expressed in thousands)**

<b>2014-15 Assessed Valuation</b>	\$ 18,330,384
<b>Redevelopment Agency Property Tax Trust Assessed Valuation</b>	<u>2,451,389</u>
<b>Adjusted Assessed Valuation</b>	<u>\$ 15,878,995</u>

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b><u>Overlapping Debt Repaid with Property Taxes</u></b>			
Santa Barbara Unified - Elementary Bonds	\$ 54,825	95 %	\$ 52,117
Santa Barbara Unified - High School Bonds	121,517	41 %	50,041
Cold Spring Elementary Bonds	4,295	6 %	251
Hope District Elementary Bonds	11,440	34 %	3,864
Montecito Union Elementary Bonds	2,980	2 %	51
Santa Barbara City College Bonds	<u>57,600</u>	36 %	<u>20,874</u>
Total overlapping debt repaid with property taxes	<u>\$ 252,657</u>		<u>\$ 127,198</u>
<b><u>Overlapping General Obligation Debt</u></b>			
Santa Barbara County Certificates of Participation	<u>\$ 59,260</u>	21 %	<u>\$ 12,334</u>
Total overlapping general obligation debt	<u>59,260</u>		<u>12,334</u>
Total overlapping debt	<u>\$ 311,917</u>		<u>\$ 139,532</u>
<b><u>Direct General Obligation Debt</u></b>			
City of Santa Barbara Certificates of Participation	<u>\$ 968</u>	100 %	<u>\$ 968</u>
Total direct general obligation debt	<u>968</u>		<u>968</u>
Total direct debt	<u>\$ 968</u>		<u>\$ 968</u>
Total direct and overlapping debt			<u>\$ 140,500</u>
<b><u>Ratio to 2014-15 Assessed Valuation</u></b>			
Total direct and overlapping debt			<u>0.77 %</u>

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The estimated percentage applicable for the school districts and City College debt were obtained from the County of Santa Barbara. Population estimates for the City and County were used to calculate the estimated percentage applicable for the County General Fund Obligations. Of the County's 437,643 population, 21% (or 91,088) reside within the city's boundaries.

Sources: County of Santa Barbara, California Department of Finance Demographic Research Unit

**City of Santa Barbara  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed valuation	\$ 12,659,948	\$ 13,763,215	\$ 14,771,839	\$ 15,805,423	\$ 16,059,758	\$ 16,133,703	\$ 16,405,822	\$ 16,766,951	\$ 17,554,215	\$ 18,330,384
Coverage percentage	<u>25 %</u>									
Adjusted assessed valuation	\$ 3,164,987	\$ 3,440,804	\$ 3,692,960	\$ 3,951,356	\$ 4,014,940	\$ 4,033,426	\$ 4,101,456	\$ 4,191,738	\$ 4,388,554	\$ 4,582,596
Debt limit percentage	<u>15 %</u>									
Debt limit	\$ 474,748	\$ 516,121	\$ 553,944	\$ 592,703	\$ 602,241	\$ 605,014	\$ 615,218	\$ 628,761	\$ 658,283	\$ 687,389
Legal debt margin	<u>\$ 474,748</u>	<u>\$ 516,121</u>	<u>\$ 553,944</u>	<u>\$ 592,703</u>	<u>\$ 602,241</u>	<u>\$ 605,014</u>	<u>\$ 615,218</u>	<u>\$ 628,761</u>	<u>\$ 658,283</u>	<u>\$ 687,389</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

**City of Santa Barbara  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

<u>Water Revenue Bonds</u>							<u>Wastewater Revenue Bonds</u>						<u>Tax Allocation Bonds (1)</u>				
<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Waste-water Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Tax Increment</u>	<u>Debt Service</u>			
				<u>Principal</u>	<u>Interest</u>					<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	
2006	\$ 27,410	\$ 19,770	\$ 7,640	\$ 460	\$ 268	10.49	\$ 12,096	\$ 8,828	\$ 3,268	\$ 525	\$ 829	2.41	\$ 15,273	\$ 5,190	\$ 3,733	1.71	
2007	30,477	20,170	10,307	480	246	14.20	12,559	9,320	3,239	545	808	2.39	16,831	5,350	3,522	1.90	
2008	32,610	21,351	11,259	510	222	15.38	13,471	10,718	2,753	565	789	2.03	18,081	4,845	3,302	2.22	
2009	32,263	22,694	9,569	535	197	13.07	13,915	11,493	2,422	580	775	1.79	20,038	5,100	3,053	2.46	
2010	32,359	22,601	9,758	560	171	13.35	14,141	10,746	3,395	595	760	2.51	20,124	5,285	2,869	2.47	
2011	31,158	21,996	9,162	590	143	12.50	14,771	10,920	3,851	610	742	2.85	19,957	5,470	2,680	2.45	
2012	36,265	21,912	14,353	620	114	19.55	15,563	10,878	4,685	630	722	3.47	11,740	5,705	2,443	1.44	
2013	38,172	23,577	14,595	655	83	19.78	17,658	11,688	5,970	655	701	4.40	8,145	5,925	2,220	1.00	
2014	36,485	27,675	8,810	1,475	666	4.11	18,030	11,788	6,242	675	677	4.62	8,145	6,195	1,950	1.00	
2015	34,904	31,823	3,081	1,360	775	1.44	17,778	11,774	6,004	700	652	4.44	8,147	6,485	1,662	1.00	

<u>Airport Revenue Bonds</u>							<u>Airport Promissory Note</u>						<u>Waterfront Revenue Bonds</u>					
<u>Fiscal Year</u>	<u>Airport Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Airport Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Waterfront Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		
				<u>Principal</u>	<u>Interest</u>					<u>Principal</u>	<u>Interest</u>					<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	14,621	13,119	1,502	-	1,272	1.18	14,621	13,119	1,502	1,176	490	0.90	-	-	-	-	-	-
2011	15,863	14,494	1,369	-	2,279	0.60	-	-	-	-	-	-	-	-	-	-	-	-
2012	16,745	12,350	4,395	-	2,279	1.93	16,745	12,350	4,395	173	414	7.49	-	-	-	-	-	-
2013	17,740	12,945	4,795	865	2,259	1.53	17,740	12,945	4,795	185	402	8.17	-	-	-	-	-	-
2014	17,997	13,498	4,499	900	2,226	1.44	17,997	13,498	4,499	267	194	9.76	13,776	10,035	3,741	194	29	16.78
2015	18,113	13,244	4,869	935	2,189	1.56	18,113	13,244	4,869	276	184	10.58	14,982	10,013	4,969	738	422	4.28

<u>Golf Certificates of Participation</u>						
<u>Fiscal Year</u>	<u>Golf Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2006	2,060	1,706	354	114	70	1.92
2007	2,231	1,798	433	114	67	2.39
2008	2,245	1,867	378	119	64	2.07
2009	2,222	1,894	328	124	60	1.78
2010	1,715	1,743	(28)	128	55	(0.15)
2011	1,892	1,679	213	131	50	1.18
2012	1,820	1,635	185	136	45	1.02
2013	1,833	1,613	220	141	39	1.22
2014	2,031	1,538	493	148	33	2.73
2015	1,950	1,650	300	155	26	1.66

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

(1) In Fiscal Year 2012, the Redevelopment Agency was dissolved, effective January 31, 2012. Debt service payments of the former Redevelopment Agency have become Recognized Obligation Payments of the Successor Agency Trust of the former Redevelopment Agency.

**City of Santa Barbara  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>City Population (1)</b>	<b>Personal Income (in millions) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>June 30 Unemployment Rate (3)</b>
2006	89,548	\$ 16,231	\$ 40,486	4.0 %
2007	89,456	16,968	42,385	4.2 %
2008	90,305	18,642	46,120	5.1 %
2009	90,308	19,740	48,693	8.2 %
2010	90,893	18,976	46,619	8.3 %
2011	89,253	19,262	45,353	8.9 %
2012	89,082	19,303	45,219	7.9 %
2013	89,681	20,641	47,862	6.3 %
2014	90,385	21,726	49,864	5.4 %
2015	91,088	22,264	50,523	4.6 %

Notes:

(2) (3) Data shown is for the metropolitan statistical area of Santa Barbara-Santa Maria-Goleta.

Sources:

(1) California Department of Finance, Demographic Research Unit

(2) U.S. Department of Commerce, Bureau of Economic Analysis

(3) California Employment Development Department

**City of Santa Barbara  
Principal Employers  
Ten Largest Employers - South Santa Barbara County  
Current Year and Nine Years Ago**

<u>As of June 30, 2015</u>			<u>As of June 30, 2006</u>		
<u>Employer</u>	<u>Number of Employees (1)</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Number of Employees (2)</u>	<u>Percentage of Total Employment</u>
University of California, Santa Barbara	10,592	11.93 %	University of California, Santa Barbara	9,578	17.90 %
County of Santa Barbara	4,582	5.16 %	County of Santa Barbara	4,144	7.75 %
Cottage Health System	3,449	3.88 %	Santa Barbara High School District	2,800	5.23 %
Santa Barbara City College	2,149	2.42 %	Santa Barbara Cottage Hospital	2,464	4.61 %
Santa Barbara Unified School District	2,000	2.25 %	Santa Barbara City College	2,241	4.19 %
City of Santa Barbara	1,795	2.02 %	Raytheon Electronic Systems	1,923	3.59 %
Raytheon Electronic Systems	1,100	1.24 %	Sansum Medical Foundation Clinic	1,170	2.19 %
Sansum Medical Foundation Clinic	1,002	1.13 %	City of Santa Barbara	1,061	1.98 %
Santa Barbara County Education	875	0.99 %	U.S. Postal Service	1,005	1.88 %
Goleta Union School District	<u>625</u>	<u>0.70 %</u>	Santa Barbara Bank & Trust	<u>820</u>	<u>1.53 %</u>
Ten largest companies or organizations	<u>28,169</u>	<u>31.72 %</u>		<u>27,206</u>	<u>50.85 %</u>

Sources:

(1) County of Santa Barbara, City of Santa Barbara, Pacific Coast Business Times

(2) City of Santa Barbara CAFR FY 2005-06.

Employment data is intended for use as a general guide only. The City of Santa Barbara does not warrant the accuracy of this data. Inquiries should be directed to the respective employer.

**City of Santa Barbara**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administration	107	110	113	113	107	104	103	103	107	107
Administrative services	30	32	32	32	29	26	26	26	29	31
City administrator	10	11	12	12	11	11	11	11	11	10
City attorney	12	13	13	13	12	11	11	11	12	11
Finance	46	45	47	47	46	48	47	47	47	48
Mayor and city council	9	9	9	9	9	8	8	8	8	8
Public safety	333	329	328	327	323	311	317	317	316	317
Police	221	214	213	212	209	201	207	207	211	212
Fire	112	115	115	115	114	110	110	110	105	105
Public works	142	142	143	154	152	139	138	139	144	143
Community services	134	137	141	144	128	121	116	117	122	126
Library	48	48	48	48	42	39	35	36	36	36
Parks and recreation	86	89	93	96	86	82	81	81	86	90
Community development	88	88	89	88	79	75	74	65	68	71
Water	60	64	68	62	62	68	68	67	69	74
Wastewater	53	53	53	50	49	49	49	49	49	49
Airport	53	53	54	54	53	54	54	52	56	56
Waterfront	46	46	46	46	46	46	46	46	46	46
Parking	32	34	36	38	34	34	34	34	30	31
Golf course	13	13	13	13	13	13	13	10	10	10
Total	<u>1,061</u>	<u>1,069</u>	<u>1,084</u>	<u>1,089</u>	<u>1,046</u>	<u>1,014</u>	<u>1,012</u>	<u>999</u>	<u>1,017</u>	<u>1,030</u>

**City of Santa Barbara  
Operating Indicators by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
Police										
Criminal citations issued	1,990	2,209	2,013	2,898	1,642	1,847	1,407	3,172	4,282	5,298
Parking citations	64,300	54,928	60,984	54,692	54,377	50,252	45,055	46,450	55,555	55,700
Street sweeping citations	35,392	32,065	33,017	30,184	27,400	25,989	25,660	25,612	26,187	27,109
Fire										
Number of calls received	7,302	7,441	7,500	13,768	15,632	15,249	14,984	8,038	8,165	8,341
Engine company fire inspections	946	1,334	1,417	2,668	1,340	2,611	2,650	2,773	2,661	3,116
Public works										
Street resurfacing (miles)	75	70	60	65	35	38	85	26	32	24
Tons of debris collected by street sweepers	1,056	1,545	1,673	2,122	2,399	2,210	1,846	2,143	2,287	2,119
Community services										
Library items checked out	726,375	740,703	730,598	758,046	689,391	656,488	703,639	826,627	853,177	782,860
Community development										
Building inspections completed	14,400	12,909	11,047	11,598	10,815	11,257	11,395	10,665	11,220	11,650
Total permits issued	3,000	2,478	2,704	2,696	2,425	2,308	2,282	2,373	2,412	2,580
Water										
Million gallons water treated	7,790	7,424	7,909	6,757	6,528	6,581	6,409	7,481	7,527	4,960
Percent of drinking water regulations met	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Wastewater										
Million gallons waste water treated	3,100	2,774	2,875	2,750	2,761	2,897	2,708	2,627	2,551	2,360
Miles of wastewater system pipes cleaned	200	202	206	173	214	256	186	217	230	219
Percent of discharge requirements met	100.0 %	99.9 %	100.0 %	99.9 %	99.9 %	99.9 %	99.7 %	100.0 %	100.0 %	100.0 %
Airport										
Total number of annual passengers	858,352	832,396	833,164	772,718	745,167	747,531	716,625	722,041	699,916	628,837
Annual tons of airfreight	3,019	3,053	2,948	2,436	2,132	2,138	2,007	1,813	1,764	1,800
Waterfront										
Number of lease contracts managed	58	60	67	64	62	64	64	65	65	64
Number of parking permits distributed	677,731	720,184	756,377	772,588	697,788	652,923	682,111	564,294	702,622	814,800
Parking										
Vehicles parked in city lots	4,042,042	4,414,764	4,290,998	4,304,337	4,315,418	4,233,333	4,308,000	4,324,000	4,430,000	4,488,773
Golf course										
Rounds of golf	76,600	78,532	74,484	70,546	59,091	62,800	63,620	61,558	62,512	57,089

Source: Various City Departments

**City of Santa Barbara  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	8	8	8	8	8	8	8	8	8	8
Public works Streets (miles)	238	238	238	238	238	238	238	238	254	254
Concrete installed-sidewalk, curb and gutter (sq ft.)	21,007	18,382	14,661	25,661	24,455	54,196	21,474	16,088	10,754	12,140
Community services Parks acreage	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765	1,765
Parks and sports facilities	59	59	59	59	54	54	54	54	56	57
Swimming	2	2	2	2	2	2	2	2	2	2
Tennis courts	34	34	34	34	34	34	34	34	34	34
Community buildings	8	8	8	8	12	12	12	12	15	15
Libraries	2	2	2	2	2	2	2	2	2	2
Number of volumes (books, periodicals, tapes, etc.)	423,019	410,010	401,160	384,880	380,617	365,839	357,256	319,898	330,703	330,773
Water Number of distribution system reservoirs	14	14	13	13	13	13	13	15	15	15
Number of water supply reservoirs	-	-	-	1	1	1	1	1	1	1
Number of pump stations	12	12	12	12	12	12	12	14	14	14
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of wells	9	9	9	9	9	9	9	9	9	9
Wastewater Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	10	10	9	9	9	9	9	9	9	9
Airport Runways and Taxiways, paved surface (sq. ft.)	5,793,480	6,011,280	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079
Waterfront Number of harbor slips	1,133	1,133	1,133	1,133	1,133	1,137	1,137	1,139	1,139	1,139
Parking Number of parking structures and lots	14	14	14	14	14	14	14	15	15	16
Number of parking spaces	3,595	3,595	3,595	3,595	3,591	3,591	3,591	3,620	3,548	3,628

Source: Various City Departments



# Compliance and Internal Control Section



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council  
City of Santa Barbara, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Santa Barbara, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2015.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Honorable Mayor and Members of the City Council  
City of Santa Barbara, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 3, 2015