

BOARD OF DIRECTORS' MEETING ANNOUNCEMENT

DATE: Friday, May 17, 2013
TIME: 9:00 AM
PLACE: Santa Barbara Board of Supervisors Hearing Room, 105 East Anapamu Street
4th floor, Santa Barbara, CA. 93101

MEETING AGENDA

1. **Call to Order, Roll Call and Introductions – Chair Sharkey**
2. **Approval of Agenda and Filing of Certificate of Agenda Posting**
Action: Approve and file.
3. **Consideration and Approval of Minutes of the BEACON Meetings held at April 19, 2013.**
Action: Approve and file.
4. **Public Comment and Other Matters not on the Agenda**
 - a. Receive public comments.
5. **Closed Session: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Gov. Code § 54956.9(d).(2.)) – Discuss with legal counsel the threat of litigation by Mr. Stephen Joseph regarding the Plastic Bag Ordinance EIR.**
6. **Reports**
 - a. Reports from legislative offices.
 - b. Boating and Waterways.
 - c. Cal Coast.
7. **Use Bag Reduction Ordinance EIR**
Actions:
 - a. Without acting under CEQA Guideline Section 15090 (“Certification of the Final EIR”), receive a report from the Executive Director and Rincon Consultants that the attached EIR was completed in compliance with the California Environmental Quality Act (CEQA).
 - b. Authorize and direct the Executive Director to distribute copies of the attached EIR to BEACON member agencies and other jurisdictions for those jurisdictions’ consideration and use, at their discretion, in adoption of a Single-Use Bag Reduction Ordinance,-as analyzed therein.
8. **Federal Authority for Regional Sediment Management Projects on the Coast of California**
Actions:
 - a. Receive Status Report on Federal Authority for Regional Sediment Management Projects on the Coast of California and WRDA 2013.
 - b. Authorize Executive Director to accept funding from other coastal Agencies for use in funding lobbying services for recommended WRDA 2013 language.
 - c. Authorize Executive Director to approve, subject to receipt of funding from other coastal agencies, an amendment to existing Agreement with Marlowe and Company for lobbying services for the recommended WRDA 2013 language.



A California Joint Powers Agency

Member Agencies

City of Carpinteria
City of Goleta
City of Oxnard
City of Port Hueneme
City of San Buenaventura
City of Santa Barbara
County of Santa Barbara
County of Ventura

Santa Barbara Address:

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Ventura Address:

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Staff@Beacon.ca.gov

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9. Auditor-Controller Recommended Actions

Actions:

- a. Receive and file the Budget-to-Actual report for the year-to-date period ending April 30, 2013 (Exhibit 1).
- b. Authorize the Auditor-Controller’s Office to make budgetary adjustments as follows (requires 8/10th vote):

INCREASE	State Aid – CRSMP	\$15,033
INCREASE	State Aid – RSM-FA	\$8,089
INCREASE	CRSMP – Noble	\$8,306
INCREASE	RSM-FA – Noble	\$8,663
DECREASE	RSM-FA – Contingency	\$6,000
DECREASE	RSM-FA – Bailard	\$3,563
INCREASE	Lobbyist Services	\$10,000
INCREASE	Contingency	\$5,716

- c. Adopt the Recommended Fiscal Year 2013-14 Budget (Exhibit 2).
- d. Authorize the Auditor-Controller’s Office to adjust Contingency for the Fiscal Year 2013-14 budget where the fiscal year 2012-13 actual year-end closing fund balance differs from the budget estimate.
- e. Receive and file the Audited Financial Statements for the fiscal years ended June 30, 2011 and 2012 (Exhibit 3).

10. California Coastal Commission

Actions: Approve Resolution of Support for Increased Funding for Local Coastal Planning by the California Coastal Commission.

11. Executive Director’s Report and Communications.

Adjourn to next regular meeting, July 19, 2013 at 9:00 AM in Carpinteria City Hall

STAFF REPORT

Meeting Date: 5/17/13
Agenda Item: 3

To: BEACON Board of Directors
From: Brian Brennan
Date 5/17/13

**Subject: Consideration and Approval of Minutes of the
BEACON Meeting held April 19, 2013.**

REQUIRED ACTION:

- a. Approve and file.



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Minutes BEACON MEETING APRIL 19, 2013

DATE: Friday, April 19, 2013

TIME: 9:00 AM

PLACE: Santa Barbara Board of Supervisors Hearing Room, 105 Anapamu Street 4th floor

MEETING AGENDA

- 1. Call to Order, Roll Call and Introductions – Present- Brennan, Zaragoza, House, Wolf, Carbajal, Perotte, Shaw**
- 2. Approval of Agenda and Filing of Certificate of Agenda Posting**
Action: Approve and file. **Motion- House/ Zaragoza- Passed**
- 3. Consideration and Approval of Minutes of the BEACON Meeting held January 18, 2013.**
Action: Approve and file. **Motion- Carbajal/House Abstain-Shaw-Passed**
- 4. Public Comment and Other Matters not on the Agenda**
 - a. Receive public comments. **1 Speaker—Edward Easton**
- 5. Reports - No reports**
 - a. Reports from legislative offices.
 - b. Boating and Waterways.
 - c. Cal Coast.
- 6. Single-Use Bag Reduction Ordinance EIR - Grant Funding**
Action: Motion-House/Carbajal-Passed
 - a. Accept grant as presented as required by BEACON Resolution 2012-1 adopted by the Board May 12th, 2012.
- 7. Single-Use Bag Reduction Ordinance EIR Speakers; **KK Holland, Kathi King, Kira Redmond**

Anthony Van Leeuwen, Bill Hickman, Nathan Alley, Sarah Sheehy, Hillary Blackerby, Bob Davidson, Hillary Hauser
Action: Item continued to May 17th meeting Motion-House/Zaragoza-Passed
 - a. Approve the Final Program EIR for the Single-Use Bag Reduction Ordinance consistent with Attachment 2, and forward Final Program EIR to member agencies and other local jurisdictions for their certification, at their discretion, and use in adoption of a Draft Ordinance.**
- 8. Federal Authority for Regional Sediment Management Projects on the Coast of California**
Actions: Speaker- Brian Trautwein Motion- House/Carbajal Passed
 - a. Receive Status Report on Federal Authority for Regional Sediment Management Projects on the Coast of California and WRDA 2013.
 - b. Approve Amendment No. 2. to Agreement with Noble Consulting Inc. for additional \$9,700. (Appendixes)

- c. Approve an Agreement with Howard Marlowe and Company for \$10,000 to Lobbying Services in Washington DC towards the inclusion into WRDA 2013 of a Federal Authority for Regional Sediment Management Projects on the Coast of California (Appendix A Appendix B)
- d. Authorize Executive Director to pursue funding contributions from other California Coastal Regional Agencies towards the cost of the previously referenced Agreement with Howard Marlowe and Company.

9. Auditor-Controller Recommended Actions

Actions: a,b,c only, d continued until May 17th Motion- Zaragoza/House Passed

- a. Receive and file Recommended Fiscal Year 2013-14 Budget.
- b. Approve membership dues for Fiscal Year 2013-14
- c. Receive and file the Budget-to-Actual report for the year-to-date period ending 03/31/13.
- d. Authorize the Auditor-Controller's Office to make budgetary adjustments as follows (requires 8/10ths vote)

10. Approve Letter of Support for initiative for Use of Cap-and-Trade Auction Funds for a Vessel Speed Reduction Incentive Program along the California coast

- a. Approve letter of support **Motion- House/ Carbajal Passed**

11. Executive Director's Report and Communications.

Adjourn to next regular meeting, May 17, 2013 at 9:00 AM : Santa Barbara Board of Supervisors Hearing Room, 105 Anapamu Street 4th floor, Santa Barbara, CA 93101.

STAFF REPORT

Meeting Date: 05/17/13
Agenda Item: 7

To: BEACON Board of Directors
From: Executive Director
Date: 05/03/13

Subject: Single-Use Bag Reduction Ordinance Environmental Impact Report (EIR)

REQUIRED ACTION:

- a. Without acting under CEQA Guideline Section 15090 (“Certification of the Final EIR”), receive a report from the Executive Director and Rincon Consultants that the attached EIR was completed in compliance with the California Environmental Quality Act (CEQA).
- b. Authorize and direct the Executive Director to distribute copies of the attached EIR to BEACON member agencies and other jurisdictions for those jurisdictions’ consideration and use, at their discretion, in adoption of a Single-Use Bag Reduction Ordinance, as analyzed therein.

DISCUSSION:

BEACON has prepared an Environmental Impact Report (EIR) as a Co-Lead Agency under CEQA pursuant to CEQA Guidelines 15051(d) to assess the consequences of a Single-Use Carryout Bag Ordinance that participating agencies within Santa Barbara and Ventura counties may consider for adoption (see Attachment 1).

The objectives for the Proposed Ordinance include:

- Reducing the environmental impacts related to single use plastic carryout bags, such as impacts to biological resources (including marine environments), water quality and utilities (solid waste equipment and facilities)
- Deterring the use of paper bags by retail customers
- Promoting a shift toward the use of reusable carryout bags by retail customer
- Reducing the amount of single-use bags in trash loads to reduce landfill volumes
- Reducing litter and the associated adverse impacts to storm-water systems, aesthetics and marine and terrestrial environments

The Adoption of the Proposed Ordinance would be a discretionary action subject to the environmental review requirements of the California Environmental Quality Act (CEQA). BEACON member agencies determined that an EIR should be prepared examining the Ordinance’s potential environmental impacts. The analysis of the Proposed Ordinance in this EIR considers a bag ordinance that would be adopted within Santa Barbara and Ventura counties, including the incorporated cities within the two counties. The Proposed Ordinance would prohibit retail establishments engaged in the sale of groceries (excluding restaurants) in the Counties of Ventura and Santa Barbara from distributing single-use plastic carryout bags. It would also create a mandatory minimum charge of ten cents (\$0.10) for each recyclable paper bag provided to a customer.



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Friday, May 17, 2013

Page 2

The analyses included in the EIR assesses the impacts of a ban on single-use plastic bags from certain retail establishments as described below as well as a 10 Cent fee on single-use paper bags. The EIR provides no assessment or opinion of the merits or failures of single use plastic bags.

The BEACON Board will not adopt nor certify the EIR, nor is BEACON approving any CEQA project as a lead agency. Each participating jurisdiction within the two counties interested in approving a Bag Ban Ordinance will first adopt and certify the EIR and file a Notice of Determination (NOD), and thereafter approve the Project (Bag-Ban Ordinance) by finally adopting a specific ordinance through that jurisdiction's ordinance approval process.

The Proposed Ordinance would apply to retail establishments, including, but not limited to, drug stores, pharmacies, supermarkets, grocery stores, convenience food stores, food marts, or other similar retail stores or entities engaged in the retail sale of grocery items; and is located within the geographical limits of unincorporated Santa Barbara or Ventura Counties or any of the following participating municipalities:

Santa Barbara County	Ventura County
Buellton	Camarillo
Goleta	Fillmore
Guadalupe	Moorpark
Lompoc	Oxnard
Santa Barbara	Port Hueneme
Santa Maria	Santa Paula
Solvang	Simi Valley
	Thousand Oaks
	Ventura

For the purposes of this EIR, the geographical limits of Santa Barbara and Ventura Counties and all of the participating municipalities listed above shall be known as the "Study Area." The cities of Ojai and Carpinteria currently have bag ordinances that apply to retail stores located in these jurisdictions and, therefore, are not part of the Study Area. The analysis contained in the EIR is intended to evaluate impacts from a regional perspective. As such, the analysis takes into consideration the cumulative impacts throughout the Study Area and includes those municipalities that are not BEACON members. For example, it is anticipated that a Bag Ordinance would reduce impacts associated with litter from plastic bags in creeks, waterways and coastal areas. However, since inland communities are connected with coastal communities as both share waterways (such as the Santa Clara River in Ventura County), litter from plastic bags in upstream communities (such as Fillmore or Santa Paula) could still impact the Santa Clara River watershed and coastal areas downstream in Oxnard. While not all communities in the region may implement a Bag Ordinance, the EIR analysis seeks to consider the "worst-case" scenario estimating the maximum impacts associated with bag ordinances region-wide.

The EIR addresses the potentially significant effects that BEACON determined could result from adoption of the Proposed Ordinance. The issues addressed in the EIR include:

- *Air Quality*
- *Biological Resources*
- *Greenhouse Gas Emissions*
- *Hydrology/Water Quality*
- *Utilities and Service Systems*

BEACON BOARD OF DIRECTORS' MEETING

Friday, May 17, 2013

Page 3

The EIR references pertinent policies and guidelines of Santa Barbara and Ventura Counties, certified EIR's and other adopted CEQA documents, and background documents prepared by BEACON in preparing the Proposed Ordinance. The EIR concluded that none of the impacts exceeded allowable thresholds and that no mitigation was required.

BEACON prepared a Notice of Preparation (NOP) of the EIR for the Bag Reduction Ordinance and distributed the NOP for agency and public review for a 30-day review period beginning November 30, 2012. BEACON received five letters in response to the NOP. BEACON also conducted two public scoping meetings during the NOP comment period. These took place in City of Santa Barbara (December 12, 2012) and the City of Oxnard (December 19, 2012). On February 12, 2013, BEACON released the Draft EIR for the Bag Reduction Ordinance. The public review period was closed on March 28, 2013. A total of twelve comment letters were received. Responses to these comments are included under Section 8 of the Final EIR.

The Final EIR is posted on the BEACON website (BEACON.CA.GOV).

*Proposed Model City Ordinance
Single Use Bag Ordinance
May 22, 2012
Ordinance Committee Draft*

DRAFT

Ordinance No.

**AN ORDINANCE OF THE COUNCIL OF THE
CITY OF SANTA BARBARA AMENDING THE
MUNICIPAL CODE BY ADDING CHAPTER 9.150
PERTAINING TO SINGLE-USE CARRY OUT BAGS
AT CERTAIN RETAIL FOOD AND GROCERY
STORE ESTABLISHMENTS IN THE CITY.**

THE COUNCIL OF THE CITY OF SANTA BARBARA DOES ORDAIN AS FOLLOWS:

SECTION ONE: Title 9 of the Santa Barbara Municipal Code is amended by adding a new chapter, Chapter 9.150 ("Single-Use Carry Out Bags"), which reads as follows:

Section 9.150.010 Definitions.

The following definitions apply to this Chapter:

- A. Customer.** Any person purchasing goods from a store.
- B. Operator.** The person in control of, or having the responsibility for, the operation of a store, which may include, but is not limited to, the owner of the store.
- C. Person.** Any natural person, firm, corporation, partnership, or other organization or group however organized.
- D. Plastic carryout bag.** Any bag made predominantly of plastic derived from either petroleum or a biologically-based source, such as corn or other plant sources, which is provided to a customer at the point of sale. "Plastic carryout bag" includes compostable and biodegradable bags but does not include reusable bags, produce bags, or product bags.
- E. Postconsumer recycled material.** A material that would otherwise be destined for solid waste disposal, having completed its intended end use and product life cycle. "Postconsumer recycled material" does not include materials and by-products

generated from, and commonly reused within, an original manufacturing and fabrication process.

F. Produce bag or product bag. Any bag without handles used exclusively to carry produce, meats, or other food items from a display case within a store to the point of sale inside a store or to prevent such food items from coming into direct contact with other purchased items.

G. Recyclable. Material that can be sorted, cleansed, and reconstituted using available recycling collection programs for the purpose of using the altered form in the manufacture of a new product. "Recycling" does not include burning, incinerating, converting, or otherwise thermally destroying solid waste.

H. Recyclable paper carryout bag. A paper bag (of any size) that meets all of the following requirements: 1. contains no old growth fiber; 2. is one hundred percent (100%) recyclable overall and contains a minimum of forty percent (40%) post-consumer recycled material; 3. is capable of composting, consistent with the timeline and specifications of the American Society of Testing and Materials (ASTM) Standard D6400; 4. is accepted for recycling in curbside programs in the City; 5. has printed on the bag the name of the manufacturer, the location (country) where the bag was manufactured, and the percentage of postconsumer recycled material used; and 6. displays the word "Recyclable" in a highly visible manner on the outside of the bag.

I. Reusable bag. A bag with handles that is specifically designed and manufactured for multiple reuse and meets all of the following requirements: 1. has a minimum lifetime of 125 uses, which for purposes of this subsection, means the capability of carrying a minimum of 22 pounds 125 times over a distance of at least 175 feet; 2. has a minimum volume of 15 liters; 3. is machine washable or is made from a material that can be cleaned or disinfected; 4. does not contain lead, cadmium, or any other heavy metal in toxic amounts; 5. has printed on the bag, or on a tag that is permanently affixed to the bag, the name of the manufacturer, the location (country) where the bag was manufactured, a statement that the bag does not contain lead, cadmium, or any other heavy metal in toxic amounts, and the percentage of postconsumer recycled material used, if any; and 6. if made of plastic, is a minimum of at least 2.25 mils thick.

J. Store. Any of the following retail establishments located and operating within the City:

1. A store of at least 10,000 square feet of retail space that generates sales or use tax pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) which sells a line of dry grocery or canned goods, or non-food items and some perishable food items for sale or a store that has a pharmacy licensed pursuant to Chapter 9 (commencing with Section 4000) of Division 2 of the Business and Professions Code; or

2. A drug store, pharmacy, supermarket, grocery store, convenience food store, food mart, or other similar retail store or entity engaged in the retail sale of a limited line of grocery items or goods which typically includes, but is not limited to, milk, bread, soda, and snack foods, including those stores with a Type 20 or 21 liquor license issued by the state Department of Alcoholic Beverage Control.

Section 9.150.020 Plastic carryout bags prohibited.

A. No store shall provide to any customer with a plastic carryout bag.

B. The prohibition on providing plastic carryout bags applies only to bags provided by a store for the purpose of carrying away goods from the point of sale within the store and does not apply to produce bags or product bags supplied by a store.

Section 9.150.030 Permitted bags.

All stores shall provide or make available to a customer only recyclable paper carryout bags or reusable bags for the purpose of carrying away goods or other materials from the point of sale, subject to the terms of this Chapter. Nothing in this Chapter prohibits customers from using bags of any type which the customer may bring to the store themselves or from carrying away goods that are not placed in a bag, in lieu of using bags provided by the store.

Section 9.150.040 Regulation of recyclable paper carryout bags.

A. Any store that provides a recyclable paper carryout bag to a customer must charge the customer ten cents (\$0.10) for each bag provided, except as otherwise allowed by this Chapter.

B. No store shall rebate or otherwise reimburse a customer any portion of the ten cent (\$0.10) charge required in subparagraph A, except as otherwise allowed by this Chapter.

C. All stores must indicate on the customer receipt the number of recyclable paper carryout bags provided and the total amount charged the customer for such bags.

D. All charges collected by a store under this Chapter may be retained by the store and used for one or more of the following purposes: 1. the costs associated with complying with the requirements of this Chapter; 2. the actual costs of providing recyclable paper carryout bags; 3. the costs of providing low or no cost reusable bags to customers of the store who are exempted by section 9.150.060; or 4. the costs associated with a store's educational materials or education campaign encouraging the use of reusable bags, if any.

E. All stores shall report to the City Finance Director, on an annual (calendar year) basis, the total number of recyclable paper carryout bags provided, the total amount of monies collected for providing recyclable paper carryout bags, and a summary of any efforts a store has undertaken to promote the use of reusable bags by customers in the prior year. Such reporting must be done on a form prescribed by the City Finance Director, and must be signed by a responsible agent or officer of the store in order to confirm that the information provided on the form is accurate and complete. Such reports shall be filed no later than ninety (90) days after the end of each year following the year in which this chapter becomes effective.

Section 9.150.050 Use of reusable bags.

A. All stores must provide reusable bags to customers, either for sale or at no charge.

B. Stores are strongly encouraged to educate their staff to promote the use of reusable bags and to post signs and other informational materials encouraging customers to use reusable bags.

Section 9.150.060 Exempt customers.

All stores must provide at the point of sale, free of charge, either reusable bags or recyclable paper carryout bags or both, at the store's option, to any customer participating either in the California Special Supplemental Food Program for Women, Infants, and Children pursuant to Article 2 (commencing with Section 123275) of Chapter 1 of Part 2 of Division 106 of the Health and Safety Code or in the Supplemental Food Program pursuant to Chapter 10 (commencing with Section 15500) of Part 3 of Division 9 of the state Welfare and Institutions Code.

Section 9.150.070 Enforcement and violations - penalties.

A. Administrative Enforcement. The City Finance Director (or his designee) shall have the primary responsibility for enforcement of this Chapter. The Director is authorized to promulgate Departmental regulations to assist stores in understanding and in complying with this Chapter and to take any and all other actions reasonable and necessary to enforce and interpret this Chapter.

B. Regulations on Free Reusable Bags. If determined to be appropriate and necessary, the City Finance Director may adopt regulations restricting or limiting the ability of those stores defined in subparagraphs J(1) and J(2) of section 9.150.010 to offer customers free reusable bags as a promotional item.

Section 9.150.080 Operative date.

For those stores defined in subparagraph (J)1) of section 9.150.010, this Chapter shall become operative One Hundred Eighty (180) days after the effective date of the City ordinance adopting this Chapter. For stores defined in subparagraph J(2) of Section 9.150.010, this Chapter shall become operative one year after the effective date of the City ordinance adopting this Chapter.

SECTION TWO: Within two years of the adoption date of this ordinance, the staff of the City Finance Department shall submit a written agenda report to the City Council describing, among other things, whether it appears to the Finance Department that this ordinance has reduced the number of plastic and paper bags used within the City by those stores regulated by this ordinance.

STAFF REPORT

Meeting Date: 05/17/13
Agenda Item: 8

To: BEACON Board of Directors
From: Gerald Comati, Program Manager
Date 05-08-13

Subject: Federal Authority for Regional Sediment Management Projects
on the Coast of California

ACTION:

- a. Receive Status Report on Federal Authority for Regional Sediment Management Projects on the Coast of California and WRDA 2013.
- b. Authorize Executive Director to accept funding from other Coastal Agencies for use in funding lobbying services for recommended WRDA 2013 language.
- c. Authorize Executive Director to approve, subject to receipt of funding from other coastal agencies, an amendment to existing Agreement with Marlowe and Company for lobbying services for the recommended WRDA 2013 language.

DISCUSSION:

In 2012 BEACON staff began work to implement a strategy to provide State-wide funding for Regional Sediment Management (RSM) projects. This objective can be accomplished through the establishment of a new Federal Authority. BEACON formed a team of consultants and using grants funding secured from the Department of Boating and Waterways, prepared language that defines a frame work for this new authority for inclusion into WRDA 2013 (Water Resources Development Act). BEACON has also secured support for this initiative from Governor Brown. At the April 2013 Board Meeting, the Board approved an agreement with Marlowe and Company for \$10,000 to lobby the new WRDA language. This lobbying effort is now underway in Washington DC.

The proposed new Federal authority as defined in the proposed WRDA Language will benefit the whole of the California Coast and while BEACON has carried the flag on this initiative to date, funding contributions for our lobbying efforts from other coastal agencies that will receive a direct benefit if we are successful, is both logical and fair. As a result, per direction from the Board in April, Staff is reaching out to other coastal agencies such as SANDAG (San Diego Association of Governments), LA County and Orange County and others. If contributing funding is received, the funds will contribute towards an amendment to the existing lobbying agreement.

The latest status report from Washington is that we were unable to include our language in the Senate version of the WRDA 2013. The Senate Bill was first introduced in November 2012 and we were therefore too late. Our lobbyist is now focusing on the House version of WRDA 2013 which will be in process over the next few months and into the summer.



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STAFF REPORT

Meeting Date: 05/17/13
Agenda Item: 9

To: BEACON Board of Directors
From: Ventura County Auditor-Controller's Office
Date: May 8, 2013

Subject: Auditor-Controller Recommended Actions
(Recommendation b requires 8/10th vote)

Recommendations:

- a. Receive and file the Budget-to-Actual report for the year-to-date period ending April 30, 2013 (Exhibit 1).
- b. Authorize the Auditor-Controller's Office to make budgetary adjustments as follows (requires 8/10th vote):

INCREASE	State Aid – CRSMP	\$15,033
INCREASE	State Aid – RSM-FA	\$8,089

INCREASE	CRSMP – Noble	\$8,306
INCREASE	RSM-FA – Noble	\$8,663
DECREASE	RSM-FA – Contingency	\$6,000
DECREASE	RSM-FA – Bailard	\$3,563

INCREASE	Lobbyist Services	\$10,000
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INCREASE	Contingency	\$5,716
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- c. Adopt the Recommended Fiscal Year 2013-14 Budget (Exhibit 2).
- d. Authorize the Auditor-Controller's Office to adjust Contingency for the Fiscal Year 2013-14 budget where the fiscal year 2012-13 actual year-end closing fund balance differs from the budget estimate.
- e. Receive and file the Audited Financial Statements for the fiscal years ended June 30, 2011 and 2012 (Exhibit 3).

Discussion for Recommendation a:

Receive and file report from Ventura County Auditor-Controller's Office on Budget-to-Actual for Fiscal Year 2012-13 for the period ending April 30, 2013.

Discussion for Recommendation b (requires 8/10th vote):

To increase State Aid – CRSMP \$15,033 to reflect the reimbursement of fiscal year 2012-13 Noble expenditures (\$8,306) and release of the 10% DBAW withholding.

To increase State Aid – RSM-FA \$8,089 to reflect expenditure of the balance of the grant contract (increase Noble \$8,663, decrease Bailard \$3,563, and decrease RSM-FA Contingency \$6,000) and release of the 10% DBAW withholding.

To increase Lobbyist Services with a corresponding decrease to Contingency for \$10,000 to establish appropriations for a new lobbyist contract.

The net effect to Contingency of \$5,716 would leave a balance of \$21,886.



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BEACON BOARD OF DIRECTORS' MEETING

Friday, May 17, 2013

Page 2

Discussion for Recommendation c:

The Recommended Budget for fiscal year 2013-14 includes total Financing Sources of \$152,087, made up primarily of member dues and interest revenue totaling \$103,558, and projected fund balance forward from fiscal year 2012-13 totaling \$48,529. This budget assumes the regular annual member dues.

Total Expenditures of \$152,087 are primarily Overhead, combined with a Contingency totaling \$37,187.

This budget reflects a balanced budget whereby overhead costs are less than annual revenues from membership dues plus interest earnings and appropriated fund balance, and results in a contingency of 32% of total budgeted expenditures.

Discussion for Recommendation d:

Every year the actual year-end closing fund balance differs slightly from the estimated year-end closing fund balance. This allows the Auditor-Controller's Office to adjust the fund balance, with a corresponding increase or decrease to Contingency to balance the budget.

Discussion for Recommendation e:

Receive and file the Audited Financial Statements for fiscal years 2011 and 2012.

**BEACON FUND 7125
YEAR TO DATE BUDGET TO ACTUAL FY 2012-13
FOR THE MONTH ENDING APRIL 30, 2013 (83.3% of year)**

EXHIBIT 1

Org	Account Number	Title	BUDGET			ACTUAL YTD				
			Adopted Budget	Budget Mod	Revised Budget	Actual	Encumbered	Total Revenue/Obligation	Variance Favorable (Unfavorable)	
UNASSIGNED FUND BALANCE										
		Beginning Balance	40,316		33,027	33,026.55		33,026.55	(0.45)	
	5395	Unassigned Fund Balance	40,316	-	33,027	33,026.55		33,026.55	(0.45)	
REVENUE										
9601	8911	Interest Earnings	700		700	186.51		186.51	(513.49)	27%
9601	9372	Member Dues/Assessments	103,000		103,000	103,000.00		103,000.00	-	100%
9601	9779	Other Grant Revenue (Bag Ban)	-		5,000	10,000.00		10,000.00	5,000.00	200%
9601	9791	Contributions - Donations (Bag Ban)	-		61,000	56,000.00		56,000.00	(5,000.00)	92%
9608	9161	State Aid - CSMMP	-		208	-		-	(208.00)	0%
9613	9161	State Aid - CRSMP (ecological study)	51,250		46,125	-		-	(46,125.00)	0%
9614	9161	State Aid - RSM-FA	67,000		52,060	27,751.32		27,751.32	(24,308.68)	53%
		Total Revenue	221,950		268,093	196,937.83		196,937.83	(71,155.17)	73%
		TOTAL SOURCES	262,266		301,120	229,964.38		229,964.38	(71,155.62)	76%
EXPENDITURES										
9601	2072	Insurance Premiums	3,000		3,000	2,899.11		2,899.11	100.89	97%
9601	2141	Membership Dues (Cal Coast)	2,000		2,000	2,000.00		2,000.00	-	100%
9601	2159	Misc Payments/Pub Ed + Travel	3,000		3,000	-		-	3,000.00	0%
9601	2179	Misc Office Exp/Public Relations	1,000		1,000	-		-	1,000.00	0%
9601	2180	Spec Off Exp (Website, Teleph, Pub Info)	1,000		1,000	51.48		51.48	948.52	5%
9601	2303	Accounting Svcs - Co of Ventura	15,000		15,000	-		-	15,000.00	0%
9601	2304	Tech Advisor Svcs - J Bailard	8,000		12,000	9,917.00	2,083.00	12,000.00	-	100%
9601	2305	Proj Mgmt - COM3	45,000		45,000	37,100.47	7,899.53	45,000.00	-	100%
9601	2306	Attorney Svcs - Co of Santa Barbara	10,000		15,000	2,660.00	12,340.00	15,000.00	-	100%
9601	2307	Biennial Audit Services - Collins	3,000		3,000	-	2,700.00	2,700.00	300.00	90%
9601	2312	Lobbyist Svcs - Marlowe & Co	-		-	-		-	-	0%
9601	2313	Tech Svcs - SAIC	477		648	-		-	648.00	0%
9601	2319	SCCBEP Permit Renewals	4,000		4,000	-		-	4,000.00	0%
9601	2320	Kelp Anchor Permits	5,000		5,000	-		-	5,000.00	0%
9601	2321	Permit/Planning Fees	-		-	-		-	-	0%
9601	2323	Admin/Legal - Bag Ban	-		9,905	-		-	9,905.00	0%
		Overhead	100,477		119,553	54,628.06	25,022.53	79,650.59	39,902.41	67%
9608	2313	CSMMP - Turb Study - SAIC	-		208	-		-	208.00	0%
		Grant - CSMMP	-		208	-	-	-	208.00	0%
9613	2302	CRSMP - Noble (ecological study)	-		-	-		-	-	0%
9613	2305	CRSMP - COM3 (ecological study)	750		750	-	750.00	750.00	-	100%
9613	2316	CRSMP - King (ecological study)	50,500		50,500	-	50,500.00	50,500.00	-	100%
		Grant - CRSMP (ecological study)	51,250		51,250	-	51,250.00	51,250.00	-	100%
9614	2302	RSM-FA - Noble	46,000		36,844	22,301.95	14,542.05	36,844.00	-	100%
9614	2302	RSM-FA - Contingency	6,000		6,000	-	6,000.00	6,000.00	-	0%
9614	2304	RSM-FA - Bailard	4,000		4,000	250.00	3,750.00	4,000.00	-	100%
9614	2305	RSM-FA - COM3	11,000		11,000	5,181.37	5,818.63	11,000.00	-	100%
		Grant - RSM-FA	67,000		57,844	27,733.32	30,110.68	57,844.00	-	100%
9601	2322	Rincon EIR Contract (Bag Ban)	-		56,095	38,412.70	17,682.30	56,095.00	-	100%
		Plastic Bag Ban EIR	-		56,095	38,412.70	17,682.30	56,095.00	-	-
		Total Overhead, Grant Expenditures	218,727		284,950	120,774.08	124,065.51	244,839.59	40,110.41	86%
9601	6101	Contingency	33,539		16,170	0.06		-	16,170.00	0%
		TOTAL EXPENDITURES	252,266		301,120	120,774.08	124,065.51	244,839.59	56,280.41	81%
		Ending Unassigned Fund Balance			-	109,190.30				

BEACON
EXPENDITURES AND REVENUE DETAIL
RECOMMENDED BUDGET
FY 2013 - 2014

Fund 7125	Org Code	Account Code	FY 2011-12 Actual	FY 2012-13 Estimated Actual	FY 2013-14 Recommended April 19, 2013	FY 2013-14 Adopted by BEACON Board May 17, 2013
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EXPENDITURES**Services and Supplies****Overhead:**

Insurance Premiums	9601	2072	2,801	2,899	3,500	3,500
Membership Dues (Cal Coast)	9601	2141	2,000	2,000	2,000	2,000
Misc Payments/Pub Ed, Travel & Conf.	9601	2159	-	2,000	3,000	3,000
Misc Office Exp/Public Relations	9601	2179	1,664	-	1,000	1,000
Spec Off Exp (Website, Teleph, Pub Info)	9601	2180	-	51	1,000	1,000
Accounting Services - Co of Ventura	9601	2303	10,091	15,000	15,000	15,000
Tech Advisor - J Bailard	9601	2304	6,859	12,000	12,000	12,000
Proj Mgmt - COM3	9601	2305	47,903	45,000	45,000	45,000
Attorney Services - Co of Sta Barbara	9601	2306	10,360	8,660	12,000	12,000
Biennial Audit Services - Collins	9601	2307	-	2,700	-	-
Lobbyist Svcs - Marlowe & Co	9601	2312	10,000	10,000	-	-
Tech Services - SAIC	9601	2313	-	-	648	648
SCCBEP Permit Renewals	9601	2319	-	-	4,000	4,000
Kelp Anchor Permits	9601	2320	4,270	250	4,750	4,750
Permit/Planning Fees	9601	2321	2,889	-	2,889	2,889
Admin/Legal - Bag Ban	9601	2323	-	2,000	7,905	7,905
Total Overhead			98,837	102,560	114,692	114,692

Grants - CSMMP:

CSMMP - DBAW Turb Study - SAIC	9608	2313	-	-	208	208
CSMMP - Sanctuary - SAIC	9608	2314	-	-	-	-
Total Grants - CSMMP			-	-	208	208

Grants - CRSMP (Ecology Study):

CRSMP - Noble	9613	2302	-	8,306	-	-
CRSMP - COM3	9613	2305	875	750	-	-
CRSMP - King	9613	2316	15,400	50,500	-	-
Total Grants - CRSMP (Ecology Study)			16,275	59,556	-	-

Grants - RSM-FA:

RSM-FA - Noble	9614	2302	26,840	45,507	-	-
RSM-FA - Contingency	9614	2302	-	-	-	-
RSM-FA - Bailard	9614	2304	281	437	-	-
RSM-FA - COM3	9614	2305	4,935	11,000	-	-
Total Grants - RSM-FA			32,056	56,944	-	-

Project - Rincon EIR Contract (Bag Ban)

Rincon EIR Contract (Bag Ban)	9601	2322	-	56,095	-	-
Total Rincon EIR Contract (Bag Ban)			-	56,095	-	-

Total Services and Supplies			147,168	275,155	114,900	114,900
Contingencies	9601	6101	-	-	37,187	37,187
Total Contingencies			-	-	37,187	37,187
TOTAL EXPENDITURES			147,168	275,155	152,087	152,087

FINANCING SOURCES

Appropriated Fund Balance			43,966	33,027	48,529	48,529
Interest Earnings	9601	8911	606	350	350	350
Member Dues/Assessments	9601	9372	92,100	103,000	103,000	103,000
Other Grant Revenue (Bag Ban) - Orfalea	9601	9779	-	10,000	-	-
Contributions - Donations (Bag Ban)	9601	9791	-	56,000	-	-
State Aid - CSMMP	9608	9161	-	-	208	208
State Aid - CRSMP (Ecology Study)	9613	9161	14,673	61,158	-	-
State Aid - RSM-FA	9614	9161	28,851	60,149	-	-
Total Revenue			136,229	290,657	103,558	103,558
TOTAL FINANCING SOURCES			180,194	323,684	152,087	152,087
Actual / Projected Fund Balance			33,027	48,529		

EXHIBIT 3

REPORT WILL BE AVAILABLE MONDAY, MAY 13, 2013.



Basic Financial Statements
For Fiscal Years Ended
June 30, 2012 and June 30, 2011

INTRODUCTORY SECTION

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	PAGE
Table of Contents.....	1
List of Officials.....	2

FINANCIAL SECTION

Independent Auditor's Report.....	3
Management's Discussion and Analysis (MD&A - Unaudited).....	5
Basic Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Balance Sheet - Governmental Fund.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	15
Notes to the Basic Financial Statements.....	16
Required Supplementary Information (Other than MD & A - Unaudited):	
Budgetary Comparison Schedules - General Fund.....	27
Notes to the Required Supplementary Information.....	29
Supplementary Information:	
Project Descriptions.....	31
Project Revenue and Expenditures.....	33
Project Expenditures by Category.....	35

COMPLIANCE SECTION

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards.....	37
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**BEACH EROSION AUTHORITY FOR CLEAN
OCEANS AND NOURISHMENT**

BEACON

LIST OF OFFICIALS

June 30, 2012

Board Members:

Steve Bennett	Supervisor, County of Ventura
Brian Brennan	Councilmember, City of San Buenaventura
John Zaragoza	Supervisor, County of Ventura
Kathleen Reddington	Councilmember, City of Carpinteria
Janet Wolf	Supervisor, County of Santa Barbara
Salud Carbajal	Supervisor, County of Santa Barbara
Grant House	Mayor, Pro Tempore, City of Santa Barbara
Jon Sharkey	Councilmember, City of Port Hueneme
Tim Flynn	Councilmember, City of Oxnard
Ed Easton	Mayor, City of Goleta

Administrative:

Brian Brennan	Executive Director
Kevin Ready	Legal Counsel
Christine L. Cohen	Auditor-Controller
	BEACON Chief Financial Officer

FINANCIAL SECTION

COLLINS ACCOUNTANCY COMPANY

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Independent Auditor's Report on Basic Financial Statements

Board of Directors
Beach Erosion Authority for Clean Oceans and Nourishment

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Beach Erosion Authority for Clean Oceans and Nourishment (the "Authority"), as of June 30, 2012 and 2011 and for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Authority, as of June 30, 2012 and 2011, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

In accordance with *Government Auditing Standards*, we have issued our report dated May 14, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, and Notes to the Required Supplementary Information identified in the accompanying table of contents 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

Board of Directors
Beach Erosion Authority for Clean Oceans and Nourishment

consisted of comparing the information for consistency with the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Project Revenue and Expenditures, and Project Expenditures by Category are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Project Descriptions are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.


Collins Accountancy Company
Lincoln, California
May 14, 2013

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Beach Erosion Authority for Clean Oceans and Nourishment (BEACON) basic financial statements presents a discussion and analysis of BEACON's financial performance during the fiscal years ended June 30, 2012 and 2011.

FINANCIAL HIGHLIGHTS

- The assets of BEACON exceeded its liabilities at the close of fiscal years 2011-12 and 2010-11 by \$37,915 and \$44,317 (net assets) respectively. These amounts are unrestricted and may be used to meet BEACON's ongoing obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to BEACON's basic financial statements. BEACON's basic financial statements comprise three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the basic financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of BEACON's finances, in a manner similar to private-sector business. The *statement of net assets* and *statement of activities* use the flow of economic resources measurement focus and accrual basis of accounting. The focus and basis emphasize the *long-term* view of BEACON's finances.

The *statement of net assets* presents information on all of BEACON's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BEACON is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement include some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11 to 13 of this report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of BEACON rather than BEACON as a whole. They are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. BEACON is a single purpose, single fund entity and utilizes a governmental fund to account for its activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The fund financial statements consist of the balance sheet and statement of revenues, expenditures, and changes in fund balance. These are prepared on the modified-accrual basis of accounting. The government-wide statements are prepared on the full-accrual basis.

In general, these financial statements under the modified-accrual basis have a short-term emphasis and for the most part, measure and account for assets that are current financial resources, and liabilities that are expected to be liquidated with current financial resources. Specifically, cash and receivables collectible within a very short period of time are reported on the balance sheet.

Fund liabilities include amounts that are to be paid within a very short time after the end of the fiscal year. The long-term liabilities are not included. The difference between a fund's total assets and total liabilities represents the fund balance. The assigned and unassigned portions of the fund balance represents the amount available to finance future activities. For fiscal years 2012 and 2011, fund balances were assigned to finance the budgetary deficits of the ensuing fiscal years.

The operating statement for the governmental fund reports all expenditures incurred, but only those revenues that were collected in cash during the current period or very shortly after the end of the year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. When differences exist, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The fund financial statements can be found on pages 14 to 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning BEACON's budgetary schedules. BEACON adopts an annual appropriated budget. Budgetary comparison schedules for the general fund have been provided to demonstrate compliance at the legal level of budgetary control. Required supplementary information can be found on pages 27 to 29 of this report.

Supplementary Information

Supplementary information includes the project descriptions and the schedules for revenue and expenditures by project and project expenditures by category. Supplementary information can be found on pages 31 through 36 of this report.

See accompanying auditor's report

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of BEACON, at the close of fiscal years 2012 and 2011, assets exceeded liabilities by \$37,915 and \$44,317 respectively, primarily due to unexpended membership dues.

The following is a summary of BEACON's assets, liabilities and net assets comparing FY 2011-12 with FY 2010-11, and FY 2010-11 with FY 2009-10:

Summary of Net Assets Governmental Activities June 30, 2012, 2011 and 2010						
	FY 2011-12	FY 2010-11	Percent Increase (Decrease)	FY 2010-11	FY 2009-10	Percent Increase (Decrease)
Cash and investments	\$ 49,368	\$ 49,515	-%	\$ 49,515	\$ 86,547	(43)%
Current assets	43,929	58,833	(25)%	58,833	46,914	25%
Long-term assets	4,808	-	100%	-	-	-%
Total assets	98,105	108,348	(9)%	108,348	133,461	(19)%
Current liabilities	\$ 55,382	\$ 64,031	(14)%	\$ 64,031	\$ 73,027	(12)%
Long-term liabilities	4,808	-	100%	-	-	-%
Total liabilities	60,190	64,031	(6)%	64,031	73,027	(12)%
Net assets						
Unrestricted	37,915	44,317	(14)%	44,317	60,434	(27)%
Total net assets	\$ 37,915	\$ 44,317	(14)%	\$ 44,317	\$ 60,434	(27)%

BEACON's total net assets in FY 2011-12 of \$37,915 decreased by 14% compared with FY 2010-11. Total net assets in FY 2010-11 of \$44,317 decreased by 27% compared with FY 2009-10.

At the end of each fiscal year, BEACON accrues all amounts owed but not yet paid by year-end. Total liabilities of \$60,190 for FY 2011-12 decreased by \$3,841, compared to FY 2010-11, primarily due to the completion of the Coastal Regional Sediment Management Plan (CRSMP) Programmatic Environmental Impact Report (PEIR) by Noble Consultants, Inc.. Total liabilities of \$64,031 for FY 2010-11 decreased by \$8,996, compared to FY 2009-10, primarily due to the completion of most of the Coastal Sediment Management Master Plan (CSMMP) Biological Study contract.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table summarizes the changes in net assets comparing FY 2011-12 with FY 2010-11, and FY 2010-11 with FY 2009-10:

Summary of Activities Governmental Activities						
	<u>FY 2011-12</u>	<u>FY 2010-11</u>	Percent Increase (Decrease)	<u>FY 2010-11</u>	<u>FY 2009-10</u>	Percent Increase (Decrease)
Revenues:						
Program revenues:						
Membership dues	\$ 92,100	\$ 87,550	5%	\$ 87,550	\$ 79,900	10%
Grant revenue	\$ 48,331	\$ 90,690	(47)%	\$ 90,690	\$ 113,780	(20)%
General revenues:						
Interest and investment earnings	<u>335</u>	<u>931</u>	(64)%	<u>931</u>	<u>1,301</u>	(28)%
Total revenues	<u>140,766</u>	<u>179,171</u>	(21)%	<u>179,171</u>	<u>194,981</u>	(8)%
Expenses:						
Administrative	80,629	83,689	(4)%	83,689	82,468	1%
Technical and engineering services	56,539	99,599	(43)%	99,599	128,806	(23)%
Advocacy	<u>10,000</u>	<u>12,000</u>	(17)%	<u>12,000</u>	<u>12,000</u>	-%
Total expenses	<u>147,168</u>	<u>195,288</u>	(25)%	<u>195,288</u>	<u>223,274</u>	(13)%
Change in net assets	(6,402)	(16,117)	(60)%	(16,117)	(28,293)	(43)%
Net assets, beginning	<u>44,317</u>	<u>60,434</u>	(27)%	<u>60,434</u>	<u>88,727</u>	(32)%
Net assets, ending	<u>\$ 37,915</u>	<u>\$ 44,317</u>	(14)%	<u>\$ 44,317</u>	<u>\$ 60,434</u>	(27)%

BEACON received total revenue of \$140,766 in FY 2011-12, which is a decrease of \$38,405 compared with FY 2010-11. This is primarily due to a decrease in the remaining grant funding for the CRSMP and CSMMP grants from Department of Boating and Waterways (DBAW). Total revenue received in FY 2010-11 is \$179,171, a decrease of \$15,810 compared with FY 2009-10, primarily due to a decrease in the remaining grant funding for the CRSMP grant from DBAW offset by an increase in membership dues.

In FY 2011-12, BEACON received \$48,331 in grant revenue from DBAW for the CRSMP and the Coastal Regional Sediment Management -Federal Authority (CRSM-FA) projects. This represents a \$42,359 decrease in grants and contributions revenue as compared with FY 2010-11. For the CSMMP, the Coast of California Storm and Tidal Wave Study (CCSTWS), and the CRSMP projects, \$90,690 was received from DBAW and the Monterey Bay and Channel Islands Sanctuary Foundation (MBSF) in FY 2010-11, a \$23,090 decrease compared with FY 2009-10. As of June 30, 2012, \$118,458 of DBAW grant awards is available for FY 2012-13 expenditures, compared to \$76,335 available as of June 30, 2011, for FY 2011-12 expenditures.

BEACON had interest and investment earnings including the allocated portion of the County Treasurer's Pooled Investment Program's unrealized gain or loss in the fair value of investments at June 30, 2012 and June 30, 2011 of \$335 in FY 2011-12, which was a 64% decrease compared to the \$931 earned in FY 2010-11. Interest and investment earnings for FY 2010-11 was a 28% decrease compared to the \$1,301 earned in FY 2009-10. The County Treasurer's Pooled Investment Program earned an average rate of 0.65% in FY 2011-12 for funds invested in the investment pool compared to an average rate of 0.99% in FY 2010-11.

See accompanying auditor's report

MANAGEMENT'S DISCUSSION AND ANALYSIS

In FY 2011-12, BEACON spent \$80,629 for administrative expenses compared to \$83,689 for the prior year, a decrease of \$3,060 which was primarily due to slight decreases in the contract budgets for management and legal services. Administrative expenses in FY 2010-11 increased slightly by \$1,221 as compared to FY 2009-10 expenses of \$82,468.

The following is a summary of BEACON's governmental activities expenditures, and the related operating grants and contributions, comparing FY 2011-12 with FY 2010-11, and FY 2010-11 with FY 2009-10:

<u>Governmental Activities</u>	<u>FY 2011-12</u>	<u>FY 2010-11</u>	<u>Increase (Decrease)</u>	<u>FY 2010-11</u>	<u>FY 2009-10</u>	<u>Increase (Decrease)</u>
Administrative	\$ 5,810	\$ 750	\$ 5,060	\$ 750	\$ -	\$ 750
Technical and Engineering Services	42,521	89,940	(47,419)	89,940	113,780	(23,840)
Total	<u>\$ 48,331</u>	<u>\$ 90,690</u>	<u>\$ (42,359)</u>	<u>\$ 90,690</u>	<u>\$ 113,780</u>	<u>\$ (23,090)</u>
Total Operating Grants and Contributions	\$ 48,331	\$ 90,690	\$ (42,359)	\$ 90,690	\$ 113,780	\$ (23,090)

In FY 2011-12, BEACON expended \$48,331 of grant funds primarily for technical and engineering services, compared to \$90,690 spent in the prior year, a decrease of \$42,359. This decrease was a result of completion of the CRSMP PEIR. Expenditures funded by grants and contributions in FY 2010-11 decreased \$23,090 as compared to FY 2009-10 expenditures of \$113,780 which was due to the completion of the CRSMP.

OPERATING FUND BUDGETARY HIGHLIGHTS

Due to unspent funds, BEACON had a favorable budgetary variance for FY 2011-12 and FY 2010-11 of \$32,093 and \$43,966 respectively primarily due to amounts budgeted for contingencies which were unspent. Additional budgetary information is provided on pages 27 through 29.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years 2011-12 and 2010-11, BEACON did not have any capital assets.

Debt Administration

At the end of fiscal years 2011-12 and 2010-11, BEACON did not have any long-term obligations outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Completion of the CRSMP Strategic Plan will occur in FY 2012-13 and work on the Federal Authority Project will continue. Funding for both these efforts will be received from the CRSMP grant funds from DBAW. In addition, BEACON will complete the environmental impact report for the single use bag reduction which is being funded from member agency contributions and private contributions.
- BEACON local sponsorship, oversight or management will continue in FY 2012-13 for the following projects: Oil Piers, Kelp Anchor Demonstration Project and Goleta Beach Project. No grant funding has been secured by BEACON for these projects.
- During FY 2012-13, BEACON will pursue funding from the DBAW for the Rincon Parkway Nourishment Project.

In FY 2012-13 BEACON will continue to seek other grant funding opportunities to fund the projects listed above as well as BEACON's Policy and Management Initiatives.

The FY 2012-13 adopted budget totals \$254,977 with \$26,250 budgeted for contingencies. Financing Sources included revenues of \$221,950 and fund balance of \$33,027 was used to balance the budget.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of BEACON's finances for all those with an interest in BEACON's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeffery S. Burgh, BEACON Chief Financial Officer, County of Ventura, 800 South Victoria Avenue, Ventura, California, 93009.

BASIC FINANCIAL STATEMENTS

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
 JUNE 30, 2012 AND 2011

	FY 2011-12	FY 2010-11
<u>ASSETS</u>		
Cash and investments	\$ 49,368	\$ 49,515
Grants receivable	-	24,999
Interest receivable	156	156
Due from other governmental agencies	43,773	33,678
Retention receivable	4,808	-
Total assets	\$ 98,105	\$ 108,348
<u>LIABILITIES</u>		
Accounts payable	\$ 55,174	\$ 63,823
Deferred revenue	208	208
Accrued liabilities	4,808	-
Total liabilities	60,190	64,031
<u>NET ASSETS</u>		
Unrestricted	37,915	44,317
Total net assets	37,915	44,317
Total liabilities and net assets	\$ 98,105	\$ 108,348

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Membership Dues</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Administrative	\$ 80,629	\$ 65,492	\$ 5,810	\$ (9,327)
Technical and engineering services	56,539	17,877	42,521	3,859
Advocacy	<u>10,000</u>	<u>8,731</u>	<u>-</u>	<u>(1,269)</u>
Total governmental activities	<u>\$ 147,168</u>	<u>\$ 92,100</u>	<u>\$ 48,331</u>	(6,737)

General Revenues:	
Interest and investment earnings	<u>335</u>
Change in net assets	(6,402)
Net assets - July 1, 2011	<u>44,317</u>
Net assets - June 30, 2012	<u>\$ 37,915</u>

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Membership Dues</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Administrative	\$ 83,689	\$ 66,433	\$ 750	\$ (16,506)
Technical and Engineering Services	99,599	12,527	89,940	2,868
Advocacy	<u>12,000</u>	<u>8,590</u>	<u>-</u>	<u>(3,410)</u>
Total governmental activities	<u>\$ 195,288</u>	<u>\$ 87,550</u>	<u>\$ 90,690</u>	(17,048)

General Revenues:	
Interest and investment earnings	<u>931</u>
Change in net assets	(16,117)
Net assets - July 1, 2010	<u>60,434</u>
Net assets - June 30, 2011	<u>\$ 44,317</u>

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 BALANCE SHEET
 GOVERNMENTAL FUND
 JUNE 30, 2012 and 2011

	FY 2011-12	FY 2010-11
	<u>General Fund</u>	<u>General Fund</u>
<u>ASSETS</u>		
Cash and investments	\$ 49,368	\$ 49,515
Grants receivable	-	24,999
Interest receivable	156	156
Due from other governmental agencies	43,773	33,678
Retention receivable	4,808	-
Total assets	\$ 98,105	\$ 108,348
<u>LIABILITIES</u>		
Accounts payable	\$ 55,174	\$ 63,823
Deferred revenue	5,016	208
Accrued liabilities	4,808	-
Total liabilities	64,998	64,031
<u>FUND BALANCE</u>		
Assigned	33,027	43,032
Unassigned	80	1,285
Total fund balance	33,107	44,317
Total liabilities and fund balance	\$ 98,105	\$ 108,348
Fund balance - total governmental fund	\$ 33,107	\$ 44,317
Retention receivable is not available to pay for current-period expenditures, and therefore is not reported as revenues in the governmental fund.	4,808	-
Net assets of governmental activities	\$ 37,915	\$ 44,317

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	FY 2011-12	FY 2010-11
	<u>General Fund</u>	<u>General Fund</u>
Revenues:		
Grant revenue	\$ 43,523	\$ 90,690
Membership dues	92,100	87,550
Investment Earnings	335	931
Total revenues	135,958	179,171
Expenditures:		
Administrative		
Project management	53,712	50,716
Accounting services	10,091	16,402
Legal services	10,360	9,220
Audit services	-	2,800
Membership and dues	2,000	-
Insurance	2,801	2,810
Miscellaneous expenses	1,665	1,741
Total administrative	80,629	83,689
Technical and engineering services	56,539	99,599
Advocacy	10,000	12,000
Total expenditures	147,168	195,288
Net change in fund balance	(11,210)	(16,117)
Fund balance - beginning	44,317	60,434
Fund balance - ending	\$ 33,107	\$ 44,317
Net change in fund balance - total governmental fund	\$ (11,210)	\$ (16,117)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,808	-
Change in net assets of governmental activities	\$ (6,402)	\$ (16,117)

See the accompanying notes to the basic financial statements

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

B.E.A.C.O.N. was established by a Joint Powers Agreement on July 1, 1986, by the Cities of Carpinteria, Oxnard, Port Hueneme, Santa Barbara, and Ventura, and the Counties of Santa Barbara and Ventura (member agencies). This joint powers agency was established under authority of Title 1, Division 7, Chapter 5 of the California Government Code (6500 et seq.). On May 14, 1999, an amended Joint Powers Agreement established a name change to Beach Erosion Authority for Clean Oceans and Nourishment (BEACON). The City of Goleta joined BEACON in fiscal year 2003-04.

BEACON is a public entity separate and apart from any Member Agency. All powers of BEACON are exercised by the Board of Directors. The Board of Directors is composed of one designated representative and one alternate from each member city, and two designated representatives and two alternates each, from the County of Santa Barbara and the County of Ventura. Each designated director and alternate must be a mayor, councilperson or supervisor.

The purpose of BEACON is to foster greater cooperation toward the maintenance and enhancement of the beaches within the jurisdiction of BEACON member agencies.

BEACON accounts for its financial position and results of operation in accordance with generally accepted accounting principles (GAAP) applicable to governmental units.

External Investment Trust. BEACON participates in an external investment trust fund managed by the County of Ventura Treasurer. The County Treasurer's investment pool is defined in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The external investment pool commingles the moneys of more than one legally separate entity, not part of the sponsor's reporting entity, and invests on the participants' behalf in an investment portfolio for the purpose of increasing investment earnings.

Fund Accounting. The accounts of BEACON are organized on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

General Fund – The General Fund accounts for the legally authorized activities of BEACON. For financial reporting, the General Fund includes grant and investment revenues and program and administrative expenditures. The activity of an agency fund is combined with the General Fund. During FY 2010-11, the agency fund recorded advances received from various grants. The agency fund was closed during FY 2011-12, and the grant advances remaining were reclassified to the general fund deferred income account.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

GOVERNMENTAL ACCOUNTING STANDARD BOARD STATEMENTS

GASB Pronouncements. BEACON has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, respectively. They establish accounting and financial reporting standards over the recording of nonexchange transactions (e.g. grants).

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*. In March 2000, the GASB issued interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. In June 2001, the GASB issued Statement No. 37, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments—Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. BEACON adopted these pronouncements as of July 1, 2003.

For the fiscal year ended June 30, 2005 and periods thereafter, BEACON implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. This Statement is effective for the fiscal period beginning after June 15, 2004. This Statement addresses common deposits and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Cash and investment policies related to the risks identified in this Statement are also required to be disclosed.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. BEACON implemented the new requirements for the FY 2010-11 financial statements.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, effective for periods beginning after December 15, 2011, improves financial reporting by addressing issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. The new requirements are not applicable to BEACON.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. BEACON intends to implement the new requirements for the fiscal year 2012-13 financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. BEACON intends to implement the new requirements for the fiscal year 2012-13 financial statements.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

GASB Statement No. 64, *Derivative instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The new requirements are not applicable to BEACON.

GASB Statement No. 65, *Items Previously Reported As Assets and Liabilities*, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. BEACON intends to implement the new requirements for the fiscal year 2013-14 financial statements.

GASB Statement No. 66, *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. BEACON intends to implement the new requirements for the fiscal year 2013-14 financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, effective for periods beginning after June 15, 2013, improves financial reporting by state and local governmental pension plans. The new requirements are not applicable to BEACON.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, improves accounting and financial reporting by state and local governments for pensions. The new requirements are not applicable to BEACON.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

BASIS OF PRESENTATION

The basic financial statements of BEACON are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net assets and the statement of activities and display information about the primary government (BEACON). BEACON reports only governmental type activities. The statement of activities presents a comparison of direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function. Indirect expenses are not allocated to a program or function. Program revenues include grants and contributions, and membership dues, that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not presented as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance. These statements are presented on a current-financial resources measurement focus. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

BEACON reports only governmental funds as follows:

General Fund – The General Fund accounts for the legally authorized activities of BEACON. For financial reporting information, the general fund includes the state grants and investment revenue and program and administration expenditures.

NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Assets (RNA) – This category reflects net assets that are subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of BEACON not restricted for any project or

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

Fund Statement - Fund Balances

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which BEACON is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and may also include the long-term receivables.

Restricted fund balance - includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for the specific purposes determined by formal action of the highest level of decision-making authority, the BEACON Board of Directors (Board). Commitments may be changed only by the Board taking the same formal action that originally imposed the constraint.

Assigned fund balance – includes amounts that are constrained by BEACON’s intent to be used for specific purposes. The intent is expressed by the highest level of decision-making, the Board. Assigned fund balance does not require the same formal action required for committed fund balance. Fund balance assignments for subsequent years' adopted budgets were \$33,027 and \$43,032 in FY 2011-12 and FY 2010-11 respectively.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications.

When restricted and unrestricted (committed, assigned, or unassigned) resources are available, restricted resources are generally considered to be used first, followed by committed, assigned, and unassigned resources as they are needed.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting.

The governmental-wide financial statements use the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets. Under the accrual basis of accounting, revenues and contributions are recognized in the period in which they are earned and become due; expenses are recognized in the period incurred.

The accompanying fund financial statements have been prepared using a current financial resources

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet.

The fund financial statements have been prepared using the modified-accrual basis of accounting. The modified-accrual basis of accounting is defined as the basis of accounting under which expenditures are recorded at the time liabilities are incurred. Revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" is defined as the amount that can be determined. "Available" is defined as collectible in the current period or soon enough thereafter to be used to pay the liabilities of the current period. The availability period is defined as six months. Revenue sources of BEACON susceptible to accrual include state grants, miscellaneous agreements, and interest on investments.

Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented which explains the adjustments necessary to reconcile fund financial statements to the government-wide financial statements.

The accounting policies of BEACON conform with generally accepted accounting principles. The following summary of BEACON'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 financial statements.

Budgetary Information

BEACON is required to adopt an annual budget and adheres to the provisions of the applicable sections of the California Government Code on budgetary matters, commonly known as the County Budget Act. Annually, the Board conducts a public hearing for discussion of the proposed budget. The Board adopts the final budget including revisions. Subsequent revisions, which occur during the year, are also adopted by the Board.

Encumbrances

BEACON utilizes an encumbrance system as an extension of normal budgetary accounting to assist in controlling expenditures. Under this system, purchases and other significant commitments for expenditures are recorded in order to reserve that portion of applicable appropriations. When the related goods or services are received, the encumbrance is reversed and an expenditure and liability for payment to the vendor are recorded. All unencumbered and unexpended appropriations lapse at the end of each fiscal year and become available for financing of next year's budget. Encumbered appropriations are reappropriated in the next year's budget. At June 30, 2012 and June 30, 2011, no encumbrance balances remained and none were reappropriated.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and intangible assets, are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. At June 30, 2012 and June 30, 2011, there were no capital assets.

Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

In March 2003, GASB issued Statement 40, *Deposits and Investment Risk Disclosures - an Amendment of GASB Statement No. 3*. The deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. This statement establishes and modifies disclosure requirements related to common deposit and investment risks: credit risk (including custodial risk and concentration risk), interest rate risk and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposits and investment policies related to the risk identified in this statement are also disclosed. The County implemented this new reporting requirement for its fiscal year 2004-05 basic financial statements, and accordingly, BEACON implemented the statement concurrent with the County. Due to the nature of BEACON's deposits, this statement had no significant impact on BEACON's financial statement risk disclosures.

As BEACON's Joint Powers Agreement designates their treasurer to be the Treasurer of Ventura County (a member agency), and as Section 6505.5 of the California Government Code specifies that all money of BEACON be placed in the treasury of the treasurer, all cash as of June 30, 2012 and June 30, 2011 is held by the investment pool managed by the County Treasurer. As provided for by California Government Code Section 53635, the cash balances are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The County Treasurer invests BEACON's funds in accordance with state statutes and the County's Investment Policy Statement (IPS), as approved by the Treasury Oversight Committee and the County Board of Supervisors. The policy emphasizes safety, liquidity and yield and follows the "prudent investor rule." Investments permitted by the IPS include obligations of the U.S. Treasury, agencies and instrumentalities, or commercial paper rated A-1 or better by Standard and Poor's Ratings Services (S & P) or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, corporate notes, negotiable certificates of deposit, obligations of the State of California and obligations of any local agency within California. Investment earnings are allocated based on average daily balance in the Treasurer's pool for the calendar quarter. The earnings are distributed to participants twice per quarter as cash is received, and accrued at year-end. The Investment Pool includes both voluntary and involuntary participants for whom cash and investments are held by the County Treasurer. The total percentage share of the Investment Pool related to involuntary participants is estimated at 41 percent.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

The County's total pooled investments held by the County Treasurer as of June 30, 2012 and 2011, are comprised of the following (in thousands):

	FY 2011-12			FY 2010-11		
	Fair Value	Weighted Average Maturity (Years)	Credit Rating (S & P/ Moody's)	Fair Value	Weighted Average Maturity Years)	Credit Rating (S & P/ Moody's)
Local agency investment fund	\$ 25,000	-	Unrated	\$ 50,000	-	Unrated
Medium term corporate notes	63,641	0.59	AA+, Aa2	-	-	
Commercial paper	176,228	0.25	A-1+, P-1	128,948	0.15	A-1+, P-1
U.S. agency securities	<u>1,388,467</u>	1.04	AAA, Aaa	<u>1,775,868</u>	1.05	AAA, Aaa
Total pooled investments	<u>\$1,653,336</u>	0.92		<u>\$1,954,816</u>	0.97	

BEACON's cash and investments of \$49,368 in FY 2011-12 and \$49,515 in FY 2010-11 consists of a ratable portion of the total investment pool of the County of Ventura (County). Disclosures required by GASB Statement No. 40 - *Deposit and Investment Risk Disclosures* are provided in the County's Comprehensive Annual Financial Report. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are stated at fair value. Fair value is determined based on values provided by the County's investment advisory firm. The fair value of BEACON's position in the pool approximates the value of the pool shares. For BEACON, the net change in fair value from carrying value at June 30, 2012, from June 30, 2011, is a decrease of \$94; the net change in fair value from carrying value at June 30, 2011, from June 30, 2010, is a decrease of \$164. The realized and unrealized gains and losses are included in investment earnings. However, County investments are primarily held to maturity and only actual earnings are distributed to pool participants. Therefore, the unrealized fair value gain or loss is not available for allocation except if actually realized.

3. RISK MANAGEMENT

BEACON is exposed to various risks of loss related to torts; errors and omissions; for which BEACON is either self-insured, commercially insured, or a combination of both.

Insurance coverage has been obtained in the name of BEACON; there have been no claims or insurance settlements. Coverage includes \$1,000,000 in personal injury (including bodily injury and property damage), non-owned and hired automobile liability, products/completed operations, and public officials errors and omissions. The deductible is \$1,000. Also included is a sublimit of \$1,000,000 in fire damage liability with a \$1,000 deductible.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

4. RECEIVABLES

Year-end receivables for BEACON are as follows:

	<u>FY 2011-12</u>	<u>FY 2010-11</u>
	<u>General Fund</u>	<u>General Fund</u>
Receivables:		
Monterey Bay Sanctuary Foundation	\$ -	\$ 24,999
Interest receivable	156	156
Due from other governmental agencies	<u>43,773</u>	<u>33,678</u>
Gross receivables	43,929	58,833
Retention receivable	<u>4,808</u>	-
Total receivables	<u>\$ 48,737</u>	<u>\$ 58,833</u>

During FY2011-12, DBAW implemented a policy of retaining 10% of any claims for payment submitted pending satisfactory completion of the applicable project. Amounts estimated to be retained for a period of greater than one year have been included in retention receivable at year end.

5. ACCRUED LIABILITIES

Accrued liabilities are the result of the implementation of DBAW's 10% retention policy, as BEACON has reserved the right to retain 10% of that portion of compensation invoiced by contractors that is to be reimbursed through DBAW's grant awards. Any retention withheld by BEACON will be released upon release of the grant funding by DBAW.

Accrued liabilities at year-end are as follows:

<u>Vendor</u>	<u>FY 2011-12</u>	<u>FY 2010-11</u>
COM3	\$ 556	\$ -
Noble Consultants, Inc.	2,684	-
Philip King	1,540	-
James Bailard & Associates	<u>28</u>	<u>-</u>
Total accrued liabilities	<u>\$ 4,808</u>	<u>\$ -</u>

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

6. SUPPORT SERVICES

BEACON has no employees. BEACON contracts with the County of Santa Barbara for legal services and the County of Ventura for accounting services. A summary of amounts paid to each, as well as amounts payable at year end are as follows:

	<u>2012</u>	<u>2011</u>
Total expenditure for fiscal year ending June 30:		
County of Santa Barbara (Legal)	\$ 10,360	\$ 9,220
County of Ventura (Accounting)	10,091	16,402
Accounts payable as at June 30:		
County of Santa Barbara (Legal)	\$ 4,760	\$ 140
County of Ventura (Accounting)	3,642	2,444

7. COMMITMENTS AND CONTINGENCIES

Work committed to under contract but not yet performed totaled \$111,512 and \$75,062 as of June 30, 2012 and June 30, 2011, respectively.

BEACON management is not aware of any outstanding claims or litigation.

BEACON has limited revenue sources from member dues, DBAW grant revenues, and revenues from miscellaneous agreements. BEACON is dependent on continued available funding and has relied on both the payment of the annual dues by all member agencies, as well as grant and agreement reimbursements and advances, to provide cash flow. Grant expenditures are subject to audit by grantors that could result in return of funds, although management does not anticipate any questioned costs.

During FY 2011-12, DBAW implemented a policy of retaining 10% of any claims for payment submitted pending satisfactory completion of the applicable project; at year end, amounts estimated to be retained for a period of greater than one year have been included in retention receivable. The Statement of Revenues, Expenditures and Changes in Fund Balance (modified-accrual basis of accounting) reflects grant revenues of \$43,523, or 32% of total revenues of \$135,958; the Statement of Activities-Governmental Activities (accrual basis of accounting) reflects grant revenues of \$48,331, or 34% of total revenues of \$140,766. In FY 2010-11, grant and agreement revenues of \$90,690 represent 51% of total revenues of \$179,171. Careful monitoring is required to assure positive fund balance, as well as positive cash positioning for payment of obligations.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2012 and 2011

8. SUBSEQUENT EVENTS

Department of Boating and Waterways

In an effort to streamline state government, the Government Reorganization Plan #2, set to become operative July 1, 2013, recreated the Department of Boating and Waterways (DBAW) as a division within the Department of Parks and Recreation. As grant revenue from DBAW is a considerable funding source for BEACON, the impact of this consolidation is a concern to the BEACON Board of Directors and will be closely monitored.

Litigation

BEACON has been the recipient of a conditional threat of litigation regarding the Plastic Bag Ordinance Environmental Impact Report (EIR). However, it is not anticipated that BEACON will take those actions which would be the initiating cause of the threatened litigation, therefore BEACON does not believe that the threatened litigation is likely to occur.

**REQUIRED
SUPPLEMENTARY
INFORMATION
(OTHER THAN MD & A)
(UNAUDITED)**

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 BUDGETARY COMPARISON SCHEDULE - ON BUDGETARY BASIS
 GENERAL FUND
 for the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Grant revenue	\$ 162,335	\$ 165,335	\$ 43,523	\$ (121,812)
Membership dues	92,100	92,100	92,100	-
Revenues from use of money and property	<u>1,200</u>	<u>1,200</u>	<u>606</u>	<u>(594)</u>
Amount available for appropriation	<u>255,635</u>	<u>258,635</u>	<u>136,229</u>	<u>(122,406)</u>
Charges to appropriations (outflows):				
Services and supplies:				
Administrative:				
Project management	61,750	65,750	53,712	12,038
Accounting services	15,000	12,000	10,091	1,909
Legal services	8,000	8,000	10,360	(2,360)
Membership and dues	2,000	2,000	2,000	-
Insurance	3,000	3,000	2,801	199
Miscellaneous expenses	<u>2,000</u>	<u>2,000</u>	<u>1,665</u>	<u>335</u>
Total administrative	<u>91,750</u>	<u>92,750</u>	<u>80,629</u>	<u>12,121</u>
Technical and engineering services	<u>163,062</u>	<u>168,062</u>	<u>56,539</u>	<u>111,523</u>
Advocacy	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Contingencies	<u>33,855</u>	<u>30,855</u>	<u>-</u>	<u>30,855</u>
Total charges to appropriation	<u>298,667</u>	<u>301,667</u>	<u>147,168</u>	<u>154,499</u>
Deficiency of revenues under expenditures	<u>(43,032)</u>	<u>(43,032)</u>	<u>(10,939)</u>	<u>32,093</u>
Fund balance - beginning	<u>44,317</u>	<u>44,317</u>	<u>44,317</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,285</u>	<u>\$ 1,285</u>	<u>\$ 33,378</u>	<u>\$ 32,093</u>

See accompanying auditor's report

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 BUDGETARY COMPARISON SCHEDULE - ON BUDGETARY BASIS
 GENERAL FUND
 for the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (inflows):				
Grant revenue	\$ 72,003	\$ 167,003	\$ 90,690	\$ (76,313)
Membership dues	79,900	87,550	87,550	-
Revenues from use of money and property	<u>2,000</u>	<u>2,000</u>	<u>1,074</u>	<u>(926)</u>
Amount available for appropriation	<u>153,903</u>	<u>256,553</u>	<u>179,314</u>	<u>(77,239)</u>
Charges to appropriations (outflows):				
Services and supplies:				
Administrative:				
Project management	50,000	52,500	50,716	1,784
Accounting services	19,000	19,000	16,402	2,598
Legal services	8,000	12,000	9,220	2,780
Audit services	2,800	2,800	2,800	-
Membership and dues	2,000	2,000	-	2,000
Insurance	3,000	3,000	2,810	190
Miscellaneous expenses	<u>4,000</u>	<u>4,000</u>	<u>1,741</u>	<u>2,259</u>
Total administrative	<u>88,800</u>	<u>95,300</u>	<u>83,689</u>	<u>11,611</u>
Technical and engineering services	<u>89,502</u>	<u>182,002</u>	<u>99,599</u>	<u>82,403</u>
Advocacy	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Contingencies	<u>23,635</u>	<u>27,191</u>	<u>-</u>	<u>27,191</u>
Total charges to appropriation	<u>213,937</u>	<u>316,493</u>	<u>195,288</u>	<u>121,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,034)</u>	<u>(59,940)</u>	<u>(15,974)</u>	<u>43,966</u>
Fund balance - beginning	<u>60,434</u>	<u>60,434</u>	<u>60,434</u>	<u>-</u>
Fund balance - ending	<u>\$ 400</u>	<u>\$ 494</u>	<u>\$ 44,460</u>	<u>\$ 43,966</u>

See accompanying auditor's report

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 for the Fiscal Years Ended June 30, 2012 and 2011

BUDGETARY COMPARISONS AND BASIS OF ACCOUNTING

BEACON adopts a balanced annual budget and adheres to the applicable section of the California Government Code on budgetary matters, commonly known as the County Budget Act.

The Budgetary Comparison Schedule, as required by GASB 34 for the General Fund presents the original budget, final budget and actual amount. The “original budget” includes the adopted budget plus appropriations for prior year approved rollover encumbrances. The “final budget” is the budget as Board approved at the end of the fiscal year. The “actual amount” includes the actual revenues and expenditures incurred on a budgetary basis and as adjusted for the basic financial statements. Variances are provided between the Final Budget Amounts and the Actual Amounts on a budgetary basis.

This information is presented as Required Supplementary Information. Analysis of the final budget to actual variances is discussed in the Management’s Discussion and Analysis.

The budget is adopted on a basis of accounting, which is different from the generally accepted accounting principles (GAAP). The primary differences are:

- For budgetary purposes, changes in the fair value of investments are not recognized as increases or decreases to revenue. Under GAAP, such changes are recognized as increases or decreases to revenue.
- For budgetary purposes, BEACON's agency fund revenue is recognized when planned for use. Under GAAP, BEACON's agency fund must be included within the general fund as revenue, deferred revenue, or a liability. BEACON's agency fund was closed during FY 2011-12.

The following schedule is a reconciliation of the difference between the fund balances on the actual on a budgetary basis and the GAAP basis on the fund financial statements at June 30, 2012 and 2011 :

	<u>FY 2011-12</u>	<u>FY 2010-11</u>
	<u>General</u>	<u>General</u>
Fund balance - actual on budgetary basis	\$ 33,378	\$ 44,460
Adjustment:		
Change in fair value of investments	(94)	(164)
Change in agency fund	<u>(177)</u>	<u>21</u>
Total adjustments	<u>(271)</u>	<u>(143)</u>
Fund balance - GAAP basis	<u>\$ 33,107</u>	<u>\$ 44,317</u>

Level of Budgetary Control

BEACON's expenditures are controlled at the object level (services and supplies, contingencies) and sub-object level (capital assets) within budget units for BEACON. The object level is the level at which expenditures may not legally exceed appropriations.

See accompanying auditor's report

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SUPPLEMENTARY INFORMATION

**BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
BEACON
PROJECT DESCRIPTIONS**

The projects for BEACON include the following:

South Central Coast Beach Enhancement Program (SCCBEP): This program has been in place since 2005. The program allows for the potential annual nourishment of five pre selected beaches within Santa Barbara and Ventura Counties. Permits were secured from the resource agencies for all five beaches for a five year period. These permits expired in 2010. BEACON Staff are working to extend the permits for an additional five years.

Coastal Sediment Management Master Plan (CSMMP): The purpose of this project is to evaluate sediment compatibility issues. This project was fully funded through a Department of Boating and Waterways grant and the effort is now effectively complete. However, in 2011, additional funding for the Biological Study portion of this project was provided to BEACON through a Monterey Bay Marine Sanctuary Foundation (MBSF) grant. While most of the additional work was completed, finalization of the study will occur in 2013.

Coastal Regional Sediment Management Plan (CRSMP): The purpose of this project is to formulate consensus driven regional sediment management guidance and policy, under the direction of BEACON. Actual implementation of the CRSMP will restore and maintain coastal beaches and other critical areas of sediment deficient or excess, reduce the proliferation of protective shoreline structures, sustain recreation and tourism, and enhance public safety and access and to restore coastal sandy habitats. In 2007 work on the CRSMP began and in 2009 the BEACON Board adopted the CRSMP. In 2011, the BEACON Board approved a Programmatic EIR for the Capital Projects identified in the approved CRSMP. Work on the CRSMP Strategic Plan continues and will be completed in 2013. Work on all elements of the CRSMP was provided through the Department of Boating and Waterways.

CRSMP – Ecology Study: The CRSMP Ecology Study creates an inventory and investigates the many ecological functions and services provided by open coast sandy beaches on the mainland coast of the Santa Barbara Channel. The study concurrently examines and broadly estimates the economic benefits and impacts of these ecological services. This project is funded through a Department of Boating and Waterways Grant and the work is being performed by Dr. Phil King from San Francisco State University. The Study is expected to be completed in 2013.

Federal Authority Project: This project will allow the State of California to receive Federal Funding for Regional Sediment Management (RSM-FA) projects. The project scope calls for the crafting of amendment language to the Water Resources Development Act (WRDA) to identify a new Federal Authority to fund RSM projects in the State of California. It is hoped that the WRDA Amendment will be implemented in 2013. Funding for this project is through a grant with the Department of Boating and Waterways.

See accompanying auditor's report

Single Use Bag Reduction EIR: This project prepares an EIR for a regional single use bag reduction within the BEACON jurisdiction. The EIR is expected to be completed in 2013. The cost to prepare the EIR is funded through contributions from BEACON member agencies and private contributions.

Kelp Anchor Demonstration Project: This project consists of the placement of approximately 200 kelp anchors in the Goleta Bay located between the inner and outer boundaries of the historic kelp bed. BEACON is performing as Lead Agency for the project. The re establishment of a kelp bed in Goleta Bay is considered an environmental benefit to marine life and is consistent with BEACON's mission. As Lead Agency, BEACON has secured a California Environmental Quality Act (CEQA) exemption under CEQA Guidelines Section 15306 and is in the process of securing permits from resource agencies. Once permits are secured, installation of the anchors can commence. The schedule for kelp anchor installation is the Summer 2013. Funding requirements for the Kelp Anchor Demonstration Project are relatively small. The total project cost is estimated at approximately \$18,000. The cost of securing the project permits is being borne by BEACON. Funding for installation has not yet been identified.

Oil Piers Project: The Oil Piers Project is programmed in the Army Corps of Engineers (ACOE) Natural Erosion Control Development Program, Section 203 (previously Section 227) of the Water Resources Development Act (WRDA) of 2007. The project consists of the installation of an off shore artificial reef made up of sand filled geotextile bags. The ACOE is the lead on the project and all Federal funding flows through the ACOE. The project was design in 2004 and environmental approval secured. However, the project has evolved considerably since this initial effort. Due to delays in Federal funding and evolution in design protocols for artificial reefs, the design of the Oil Pier reef was re-started in 2009. The new design is now complete and a new environmental document is under development by the ACOE. The environmental document is expected to be completed by summer of 2013. At that time permits will be secured. There is currently no Federal funding authorized for fabrication and installation. BEACON is working with the ACOE to help secure the additional funding required, however, such funding is not anticipated prior to 2014.

Goleta Beach: BEACON continues to support the County of Santa Barbara Parks Department in their implementation of Goleta Beach 2.0. The project takes a managed retreat approach to the preservation of Goleta Beach and Park.

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 PROJECT REVENUE AND EXPENDITURES
 for the Fiscal Year Ended June 30, 2012

	CRSMP Ecology Study	RSM-FA	Total
REVENUE:			
GRANTS AND CONTRIBUTIONS			
Boating & Waterways #21	\$ 15,775	\$ -	\$ 15,775
Boating & Waterways #22	500	-	500
Boating & Waterways #01	-	11,400	11,400
Boating & Waterways #02	-	3,205	3,205
Boating & Waterways #03	-	17,451	17,451
TOTAL GRANTS AND CONTRIBUTIONS REVENUE	\$ 16,275	\$ 32,056	\$ 48,331
EXPENDITURES			
Direct reimbursables			
Boating & Waterways #21	15,775	-	15,775
Boating & Waterways #22	500	-	500
Boating & Waterways #01	-	11,400	11,400
Boating & Waterways #02	-	3,205	3,205
Boating & Waterways #03	-	17,451	17,451
Total direct reimbursables	\$ 16,275	\$ 32,056	48,331
Non-reimbursable expenditures			98,837
TOTAL EXPENDITURES			\$ 147,168

See accompanying auditor's report

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 PROJECT REVENUE AND EXPENDITURES
 for the Fiscal Year Ended June 30, 2011

	CRSMP Ecology Study	CSMMP Turbidity Study	CCSTWS Baseline Study	MBSF	Total
REVENUE:					
GRANTS AND CONTRIBUTIONS					
Boating & Waterways #17	\$ 14,447	\$ -	\$ -	\$ -	\$ 14,447
Boating & Waterways #18	5,412	-	-	-	5,412
Boating & Waterways #19	1,727	-	-	-	1,727
Boating & Waterways #20	33,429	-	-	-	33,429
Boating & Waterways #21	250	-	-	-	250
Boating & Waterways #21	-	1,851	-	-	1,851
Boating & Waterways #26	-	-	8,575	-	8,575
MBSF #01	-	-	-	24,999	24,999
TOTAL GRANTS AND CONTRIBUTIONS REVENUE	\$ 55,265	\$ 1,851	\$ 8,575	\$ 24,999	\$ 90,690
EXPENDITURES					
Direct reimbursables					
Boating & Waterways #17	14,447	-	-	-	14,447
Boating & Waterways #18	5,412	-	-	-	5,412
Boating & Waterways #19	1,727	-	-	-	1,727
Boating & Waterways #20	33,429	-	-	-	33,429
Boating & Waterways #21	250	-	-	-	250
Boating & Waterways #21	-	1,851	-	-	1,851
Boating & Waterways #26	-	-	8,575	-	8,575
MBSF #01	-	-	-	24,999	24,999
Total direct reimbursables	\$ 55,265	\$ 1,851	\$ 8,575	\$ 24,999	90,690
Non-reimbursable expenditures					104,598
TOTAL EXPENDITURES					\$ 195,288

See accompanying auditor's report

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 PROJECT EXPENDITURES BY CATEGORY
 for the Fiscal Year Ended June 30, 2012

	CRSMP	RSM-FA	Total
Administration:			
COM3 Consulting	\$ <u>875</u>	\$ <u>4,935</u>	\$ <u>5,810</u>
Total administration	<u>875</u>	<u>4,935</u>	<u>5,810</u>
Technical:			
Noble Consultants	8,235	18,605	26,840
James Bailard	-	281	281
Dr. Phillip King	<u>15,400</u>	<u>-</u>	<u>15,400</u>
Total technical	<u>23,635</u>	<u>18,886</u>	<u>42,521</u>
Total expenditures by project	\$ <u>24,510</u>	\$ <u>23,821</u>	48,331
Non reimbursable expenditures			<u>98,837</u>
Total expenditures			\$ <u>147,168</u>

See accompanying auditor's report

BEACH EROSION AUTHORITY FOR CLEAN OCEANS AND NOURISHMENT
 BEACON
 PROJECT EXPENDITURES BY CATEGORY
 for the Fiscal Year Ended June 30, 2011

	<u>CRSMP Ecology Study</u>	<u>CSMMP Turbidity Study</u>	<u>CCSTWS Baseline Study</u>	<u>MBSF</u>	<u>Total</u>
Administration:					
COM3 Consulting	\$ <u>750</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>750</u>
Total administration	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>
Technical:					
Noble Consultants	47,915	-	-	-	47,915
SAIC	-	1,851	8,575	24,999	35,425
Dr. Phillip King	<u>6,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,600</u>
Total technical	<u>54,515</u>	<u>1,851</u>	<u>8,575</u>	<u>24,999</u>	<u>89,940</u>
Total expenditures by project	<u>\$ 55,265</u>	<u>\$ 1,851</u>	<u>\$ 8,575</u>	<u>\$ 24,999</u>	90,690
Non reimbursable expenditures					<u>104,598</u>
Total expenditures					<u>\$ 195,288</u>

See accompanying auditor's report

COMPLIANCE SECTION

COLLINS ACCOUNTANCY COMPANY

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LINCOLN, CALIFORNIA 95648-0426
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Independent Auditor's 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*

Board of Directors
Beach Erosion Authority for Clean Oceans and Nourishment

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Beach Erosion Authority for Clean Oceans and Nourishment (the "Authority"), as of June 30, 2012 and 2011 and for the years then ended, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 14, 2013. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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.

Board of Directors
Beach Erosion Authority for Clean Oceans and Nourishment

We noted certain matters that we reported to management of the Authority in a separate letter dated May 14, 2013.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the Authority's grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.


Collins Accountancy Company
Lincoln, California
May 14, 2013

STAFF REPORT

Meeting Date: 05/17/13
Agenda Item: 10

To: BEACON Board of Directors
From: Executive Director
Date: May 13, 2013

Subject: California Coastal Commission

Action:

Approve Resolution of Support for Increased Funding for Local Coastal Planning by the California Coastal Commission.

DISCUSSION:

The Coastal Commission is continuing to work in Sacramento for increased funding for the Commission and local governments to support enhanced LCP planning and updates, including a focus on climate change and sea level rise.

The Senate Budget Subcommittee #2 voted to increase the Commission's budget to allocate \$4 million dollars/year to the Commission, which would include \$1 million/year for local government LCP planning grants. We are hoping that the Assembly Budget Subcommittee #3 will concur with this recommended action and that ultimately this would become part of the final 2013-14 budget. Kiana Buss appeared on behalf of CSAC and local governments to speak in support of the joint efforts to improve the LCP planning process.



A California Joint Powers Agency

Member Agencies

City of Carpinteria
City of Goleta
City of Oxnard
City of Port Hueneme
City of Santa Barbara
County of Santa Barbara
County of Ventura

Santa Barbara Address:

105 East Anapamu, Suite 201
Santa Barbara, CA 93101

Ventura Address:

501 Poli St.
P.O. Box 99
Ventura, CA 93001

Telephone:

(805) 662-6890

Facsimile:

(805) 568-2982

Email:

Beacon.ca.gov

Internet:

<http://www.beacon.ca.gov>

**BEACH EROSION AUTHORITY
FOR CLEAN OCEANS AND NOURISHMENT (BEACON)
VENTURA AND SANTA BARBARA COUNTIES, CALIFORNIA**

In the Matter of the California Coastal Commission

Resolution 2013-2

WHEREAS, BEACON, a California Joint Powers Authority represents the Coastal Cities of Goleta, Santa Barbara, Carpinteria, San Buenaventura, Oxnard, Port Hueneme and the Counties of Ventura and Santa Barbara, and;

WHEREAS, BEACON believes that additional funding should be used to support efforts to increase collaborative state-local planning and streamline the process for approving and amending or updating Local Coastal Plans (LCP), including providing additional planning staff for the California Coastal Commission and funding for new state LCP planning grants for local governments, and;

WHEREAS, BEACON believes that additional funding should be prioritized for Commission staffing and for resources to support early scoping, local coordination and communication on any proposed LCP amendment, to help identify key issues and address potential conflicts, as early as possible, and;

WHEREAS, BEACON believes that early coordination provides for more predictable and mutually-agreeable processing timelines for each stage of the LCP amendment process, and for mechanisms to provide maximum opportunity for the Commission and local governments to collaboratively-address important and pressing coastal management issues, including responding to climate change, extreme events, and global sea level rise, and addressing the need for updated LCP's to support new economic development consistent with local needs and the California Coastal Act, and:

WHEREAS, BEACON believes that early coordination also provides for maximizing local participation and discussion of LCP issues, and enhancing efficiency and accountability in the local coastal planning process,

THEREFORE, be it resolved that the Board of Directors of BEACON resolves to strongly support additional funding for the Local Coastal Plan (LCP) planning process established by the California Coastal Act.

Resolved by the Board of Directors of BEACON, this 17th day of May 2013.

Jon Sharkey
BEACON Chair

Attest:

Brian Brennan
Executive Director

beacon/resolutions/res2013-2.doc